## IMPORTANT NOTICE

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.**

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached offering circular. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached offering circular. In accessing the attached offering circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer or the Guarantor (as defined in the attached offering circular) as a result of such access.

**Confirmation of Your Representation:** This offering circular is being sent to you at your request and by accepting the e-mail and accessing the attached offering circular, you shall be deemed to represent to the Joint Lead Managers and Joint Bookrunners (as defined in the attached offering circular) that (1) you and any customers you represent are not, and the e-mail address that you gave us and to which this e-mail has been delivered is not, located in the United States, its territories or possessions, and (2) you consent to delivery of the attached offering circular and any amendments or supplements thereto by electronic transmission.

The attached offering circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, none of the Joint Lead Managers and Joint Bookrunners or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls the Joint Lead Managers and Joint Bookrunners or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Joint Lead Managers and Joint Bookrunners will provide a hard copy version to you upon request.

**Restrictions:** The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**") solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.**

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Guarantor or the Joint Lead Managers and Joint Bookrunners to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute, in the United States or elsewhere, a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers and Joint Bookrunners or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached offering circular on the basis that you are a person into whose possession this offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

**Actions that You May Not Take:** If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

**YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**You are responsible for protecting against viruses and other destructive items.** If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

**Offering Circular**

# CGNPC International Limited
# (中廣核國際有限公司)

*(Incorporated with limited liability in Hong Kong)*

**US$350,000,000 3.125 per cent. Guaranteed Bonds due 2022**
**US$550,000,000 3.750 per cent. Guaranteed Bonds due 2027**
**€500,000,000 1.625 per cent. Guaranteed Bonds due 2024**

Unconditionally and Irrevocably Guaranteed by

# China General Nuclear Power Corporation

*(Incorporated with limited liability in the People's Republic of China)*

**Issue Price for the 2022 USD Bonds: 99.514 per cent.**
**Issue Price for the 2027 USD Bonds: 99.258 per cent.**
**Issue Price for the Euro Bonds: 99.797 per cent.**

The US$350,000,000 3.125 per cent. guaranteed bonds due 2022 (the "**2022 USD Bonds**"), the US$550,000,000 3.750 per cent. guaranteed bonds due 2027 (the "**2027 USD Bonds**" and, together with the 2022 USD Bonds, the "**USD Bonds**") and the €500,000,000 1.625 per cent. guaranteed bonds due 2024 (the "**Euro Bonds**" and, together with the USD Bonds, the "**Bonds**" and each a "**Series**") will be issued by CGNPC International Limited (中廣核國際有限公司) (the "**Issuer**") and will each be unconditionally and irrevocably guaranteed (the "**Guarantee**") by China General Nuclear Power Corporation (the "**Guarantor**").

The 2022 USD Bonds will mature on 11 December 2022, the 2027 USD Bonds will mature on 11 December 2027 and the Euro Bonds will mature on 11 December 2024, in each case at their principal amount. Each of the USD Bonds and the Euro Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with interest accrued to the date of redemption) upon the occurrence of certain tax events as described under the Terms and Conditions of the relevant Series. Each of the USD Bonds and the Euro Bonds may also be redeemed at the option of the Bondholders (as defined in the Terms and Conditions of the relevant Series) at 101 per cent. of the principal amount, together with accrued interest, upon the occurrence of a Change of Control (as defined in the Terms and Conditions of the relevant Series) and at 100 per cent. of the principal amount, together with accrued interest, upon the occurrence of a No Registration Event (as defined in the Terms and Conditions of the relevant Series). On giving not less than 30 nor more than 60 days' notice to the Trustee and the Bondholders, the Issuer may at any time redeem the Bonds, in whole but not in part, at a redemption amount per Bond equal to the Make Whole Amount (as defined in the Terms and Conditions of the relevant Series) as at the date of redemption, together with interest accrued up to but excluding the date of redemption. See "Terms and Conditions of the 2022 USD Bonds — Redemption and Purchase", "Terms and Conditions of the 2027 USD Bonds—Redemption and Purchase" and "Terms and Conditions of the Euro Bonds — Redemption and Purchase".

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the relevant Series) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the relevant Series, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Following the Circular on Promoting the Reform of the Administration on the Filing and Registration System for Foreign Debts Issued by Enterprises (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》(發改外資[2015]2044號)) (the "**NDRC Circular**") promulgated in September 2015 by the National Development and Reform Commission (the "**NDRC**"), the NDRC further issued the Official Reply of the National Development and Reform Commission on the Pilot Enterprise (second batch) of Foreign Debt Scale Management Reform of 2017 (《國家發展改革委關於2017年度外債規模管理改革試點企業(第二批)的批覆》) (發改外資[2017]560號) and its appendixes (collectively the "**NDRC Reply**") on 22 March 2017, according to which the NDRC granted to the Guarantor and its controlled overseas enterprise 2017 annual foreign debt scale of US$1.5 billion which will expire on 31 March 2018. The Guarantor or its controlled overseas enterprise may issue foreign currency-denominated debts up to the said granted annual foreign debt scale according to the NDRC Reply without making a separate pre-issuance registration under the NDRC Circular, although it still has the obligation to make a post-issuance filing to the NDRC within 20 business days after the issuance of the foreign debts under the NDRC Reply.

The Guarantor will execute a deed of guarantee (the "**Deed of Guarantee**") in favour of Bank of Communications Trustee Limited (the "**Trustee**") on or about 11 December 2017 (the "**Issue Date**"). The Guarantor will be required to register or cause to be registered with the Shenzhen Bureau of the State Administration of Foreign Exchange ("**SAFE**") the Deed of Guarantee within the prescribed timeframe after execution of the Deed of Guarantee and in accordance with the Provisions on the Foreign Exchange Administration Rules of Cross-border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE. The Guarantor undertakes to use all reasonable endeavours to complete the registration of the Deed of Guarantee and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) as soon as practicable and in any event before the Registration Deadline (being 90 calendar days after the Issue Date). The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the relevant Series, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

For a more detailed description of the Bonds, see "Terms and Conditions of the 2022 USD Bonds" beginning on page 67, "Terms and Conditions of the 2027 USD Bonds" beginning on page 87 and "Terms and Conditions of the Euro Bonds" beginning on page 107.

The Bonds are expected to be rated "A3" and "A+" by Moody's Investors Services, Inc. ("**Moody's**") and Fitch Inc. ("**Fitch**"), respectively. In addition, the Guarantor has been assigned a rating of "A3" by Moody's, "A-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors ("**S&P**") and "A+" by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating of the Bonds or other securities of the Issuer or the Guarantor.

**Investing in the Bonds involves risks. See "Risk Factors" beginning on page 21 for a discussion of certain factors to be considered in connection with an investment in the Bonds.**

**The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered, sold or delivered within the United States. The Bonds are being offered and sold in an offshore transaction outside the United States in reliance on Regulation S of the Securities Act ("Regulation S").**

For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see "Subscription and Sale".

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of each Series of the USD Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, "**Professional Investors**") only. This Offering Circular in respect of the USD Bonds is for distribution to Professional Investors only. **Investors should not purchase the USD Bonds in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The USD Bonds are only suitable for Professional Investors.**

**The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the USD Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the USD Bonds or the Issuer and the Guarantor or quality of disclosure in this Offering Circular.** Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Application has been made to the Irish Stock Exchange for the Euro Bonds to be admitted to the Official List and traded on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. This document constitutes the Listing Particulars ("**Listing Particulars**") in respect of the admission of the Euro Bonds to the Official List and to trading on the Global Exchange Market of the Irish Stock Exchange and has been approved by the Irish Stock Exchange.

Each Series will be represented initially by beneficial interests in a global certificate (each, a "**Global Certificate**") evidencing the Bonds in the relevant Series in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") for the account of their respective accountholders. Beneficial interests in the Global Certificate for the relevant Series will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream for the Series. Except as described in the relevant Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate for the relevant Series.

*Joint Global Coordinators*

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| **Bank of China** | **BNP PARIBAS** | **Crédit Agricole CIB** | **ICBC** |

*Joint Lead Managers and Joint Bookrunners*

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| **Bank of China** | **BNP PARIBAS** | **Crédit Agricole CIB** | **ICBC** |
| **Agricultural Bank of China** | **China Construction Bank (Asia)** | **China Everbright Bank Hong Kong Branch** | **Société Générale Corporate & Investment Banking** |

Offering Circular dated 5 December 2017

## IMPORTANT NOTICE

The Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer and the Guarantor, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and their respective subsidiaries (collectively, the "**CGNPC Group**"), the Bonds and the Guarantee, which is material in the context of the issue and offering of the Bonds, (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor and the CGNPC Group are in every material respect true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the CGNPC Group are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) it has taken reasonable care in reproducing or extracting the statistical, industry and market-related data included in this Offering Circular from various sources, (v) there are no other facts in relation to the Issuer, the Guarantor, the CGNPC Group, the Bonds or the Guarantee, the omission of which would, in the context of the issue and offering of the Bonds and the Guarantee, make any statement expressed in this Offering Circular misleading in any material respect, and (vi) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain all facts in relation to the Issuer, the Guarantor, the CGNPC Group, the Bonds and the Guarantee and to verify the accuracy of all such information and statements in this Offering Circular. Subject as provided herein, the Issuer and the Guarantor accept full responsibility for the accuracy of all information contained in this Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Bank of China Limited together with Bank of China (Hong Kong) Limited ("**BOC**"), BNP Paribas ("**BNPP**"), Crédit Agricole Corporate and Investment Bank ("**Crédit Agricole CIB**") and ICBC International Securities Limited ("**ICBC**") (BOC, BNPP, Crédit Agricole CIB and ICBC together, the "**Joint Global Coordinators**"), ABCI Capital Limited, Agricultural Bank of China Limited Hong Kong Branch, China Construction Bank (Asia) Corporation Limited, China Everbright Bank Co., Ltd., Hong Kong Branch and Société Générale (together with the Joint Global Coordinators, the "**Joint Lead Managers and Joint Bookrunners**"), the Issuer or the Guarantor to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the Guarantee, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the European Economic Area, the United Kingdom, Singapore, the PRC and Hong Kong, and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see "Subscription and Sale". This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and agrees not to make photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the CGNPC Group, the Bonds or the Guarantee other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Global Coordinators, the Joint Lead

Managers and Joint Bookrunners, the Trustee or the Agents (as defined in the Terms and Conditions of the relevant Series) or their respective affiliates, employees, directors, agents or advisors. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the CGNPC Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee or the Agents to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

None of the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee or the Agents or any of their respective affiliates, employees, directors, agents or advisors has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee or the Agents or any of their respective affiliates, employees, directors, agents or advisors as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee or the Agents. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee, the Agents or on any of their respective affiliates, employees, directors, agents or advisors in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor and the CGNPC Group, and the merits and risks involved in investing in the Bonds. See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

It is expected that the Bonds will, when issued, be assigned a rating of "A3" and "A+" by Moody's and Fitch, respectively. The rating will relate to the timely payments of interest and principal on the Bonds. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

To the fullest extent permitted by law, none of the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee or the Agents or any of their respective affiliates, employees, directors, agents or advisors accepts any responsibility for the contents of this Offering Circular or for any statement made or purported to be made by any of them or on their behalf in connection with the Issuer, the Guarantor, the CGNPC Group, the Bonds or the Guarantee. Each of the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee, the Agents and their respective affiliates, employees, directors, agents or advisors accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee, the Agents or any of their respective affiliates, employees, directors, agents or advisors undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the CGNPC Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee or the Agents.

**IN CONNECTION WITH THIS OFFERING, CRÉDIT AGRICOLE CIB AS STABILISATION MANAGER (THE "STABILISATION MANAGER") OR ANY PERSON ACTING FOR THE STABILISATION MANAGER MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OF THE RELEVANT SERIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS OF THE RELEVANT SERIES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS OF THE RELEVANT SERIES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.**

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisors as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange for the purpose of giving information with regard to the Issuer and the Guarantor. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

**Industry and Market Data**

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on, among other sources, internal surveys, market research, publicly available information and industry publications. The Issuer confirms that third party information included in this Offering Circular is derived from the statistics or information published by the National Energy Administration of the PRC, the National Statistics Bureau of the PRC, Korea Electric Power Corporation, the International Atomic Energy Agency and The World Association of Nuclear Operators ("**WANO**"), the Report on the Work of the PRC Government in 2015 and the Report on the Current Situation and Prospect of China Power Industry. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Guarantor, the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee or the Agents or their respective affiliates, employees, directors, agents and advisors make any representation as to the correctness, accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Any information sourced from third parties contained in this Offering Circular has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

**Presentation of Financial Information**

This Offering Circular contains the audited consolidated financial information of the Issuer and of the Guarantor as at and for the years ended 31 December 2014, 2015 and 2016 and the unaudited and unreviewed consolidated financial information of the Issuer and of the Guarantor as at and for the nine months ended 30 September 2016 and 2017. The Issuer's audited consolidated financial information as at and for the years ended 31 December 2014, 2015 and 2016 is derived from the consolidated financial statements of the Issuer as at and for the years ended 31 December 2015 and 2016, which have been audited by ShineWing Certified Public Accountants Shenzhen Branch in accordance with the Accounting Standards for Business Enterprises of the PRC issued by the Ministry of Finance ("**PRC GAAP**"). The Guarantor's audited consolidated financial information as at and for the years ended 31 December 2014, 2015 and 2016 is derived from the consolidated financial statements of the Guarantor as at and for the years ended 31 December 2015 and 2016, which have been audited by ShineWing Certified Public Accountants in accordance with PRC GAAP.

The Issuer's and Guarantor's consolidated financial information as at and for the nine months ended 30 September 2016 and 2017 is derived from their respective management accounts as at and for the nine months ended 30 September 2016 and 2017, which have not been audited or reviewed by ShineWing Certified Public Accountants Shenzhen Branch, ShineWing Certified Public Accountants, or any other person. The Issuer's and Guarantor's unaudited and unreviewed consolidated financial information as at and for the nine months ended 30 September 2016 and 2017 should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. None of the Joint Lead Managers or the Agents or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of such unaudited and unreviewed consolidated financial statements. Potential investors must exercise caution when using such data to evaluate the financial condition and results of operations of the Issuer Group or the CGNPC Group. Such interim consolidated financial information should not be taken as an indication of the expected financial condition and results of operations of the Issuer Group or the CGNPC Group for the full financial year ending 31 December 2017 or any other future period.

PRC GAAP differs in certain material respects from the International Financial Reporting Standards ("**IFRS**"). For a discussion of certain material differences between PRC GAAP and IFRS, see "Description of Certain Differences between PRC GAAP and IFRS".

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## CERTAIN DEFINITIONS AND CONVENTIONS

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to:

- "CGN Energy" are to CGN Energy Development Co., Ltd. (中廣核能源開發有限責任公司), a direct subsidiary of the Company established in the PRC on 25 April 2003, in which 65.84 per cent. equity interest is owned by the Company;

- "CGN Europe" are to CGN European Energy UK Holding Limited, a wholly and directly owned subsidiary of the Issuer;

- "CGN New Energy" are to CGN New Energy Holdings Co., Ltd. (中國廣核新能源控股有限公司), formerly known as CGN Meiya Power Holdings Co., Ltd. (中國廣核美亞電力控股有限公司), incorporated in Bermuda on 28 September 1995 as an exempted company with limited liability;

- "CGN Power" are to CGN Power Co., Ltd. (中廣核電力股份有限公司), a joint stock company with limited liability established in the PRC on 25 March 2014 and listed on the Hong Kong Stock Exchange (stock code: 1816.HK);

- "CGN Uranium" are to CGN Uranium Resources Co., Ltd. (中廣核鈾業發展有限公司), a limited liability company established in the PRC on 15 August 2006, a wholly owned subsidiary of the Guarantor;

- "CGNPC" or "Guarantor" are to China General Nuclear Power Corporation (中國廣核集團有限公司) (Unified social credit code of 9144030010001694XX), formerly known as China Guangdong Nuclear Power Holding Co. Ltd. (中國廣東核電集團有限公司), a wholly state-owned company established in accordance with the laws of the PRC in the PRC on 29 September 1994;

- "CGNPC Group" are to the Issuer, the Guarantor and its consolidated subsidiaries;

- "CGNPC Huamei" are to CGNPC Huamei Investment Limited (中廣核華美投資有限公司), an indirectly and wholly owned subsidiary of the Guarantor incorporated in Hong Kong on 21 January 2010;

- "China" or "PRC" are to the People's Republic of China, but for the purposes of this Offering Circular and for geographical reference only and except where the context requires, references in this prospectus to China or the PRC excluding Taiwan, the Macau Special Administrative Region and Hong Kong;

- "CNEA" are to China Nuclear Energy Association, a national non-profit non-governmental organization established on 18 April 2007;

- "CNEIC" are China Nuclear Energy Industry Co., Ltd., a subsidiary of CNNC;

- "CNNC" are China National Nuclear Corporation (中國核工業集團公司), a state-owned enterprise established in the PRC on 29 June 1999;

- "Daesan I Power Project" or "Daesan I" are a 507.0 MW oil-fired project in Korea;

- "Daesan II Power Project" or "Daesan II" are a proposed 946.0 MW gas-fired project in Korea;

- "Daya Bay base" are to the area at Daya Bay, Guangdong province, where six of CGN Power's nuclear power generating units (namely Daya Bay units 1 and 2, Ling'ao units 1 and 2 and Lingdong units 1 and 2) are located, and where certain major related operations and management, support and oversight functions are based;

- "Daya Bay Nuclear Power Station" are to two generating units located at the Daya Bay base and controlled by GNPJVC;

- "DNMC" are to Daya Bay Nuclear Power Operations and Management Co., Ltd. (大亞灣核電運營管理有限責任公司), a limited liability company established in the PRC on 12 March 2003;

- "Douvan Wind Farm Project" are to a 228.0 MW wind power project in Ireland and Northern Ireland, the United Kingdom;

- "EDF" are to Electricite de France, a company limited by shares organized on 9 April 1946 and existing under the laws of France, whose registered head office is at 22-30 avenue de Wagram, 75382 Paris Cedex 08, France, and whose Paris Trade and Companies Registered number is 552 081 317;

- "Eligible Green Projects" are to include Douvan Wind Farm Project, Windfall Wind Farm Project, Esperance Wind Farm Project, Malicounda Solar Power Project, Paulette Wind Farm Project and Inovia Solar Power Project;

- "Esperance Wind Farm Project" are to a 81.0 MW wind power project in Belgium;

- "Fushi I Hydro Project" or "Fushi I" are to a 54.0 MW hydro project in Guangxi province, the PRC;

- "Fushi II Hydro Project" or "Fushi II" are to an 18.0 MW hydro project in Guangxi province, the PRC;

- "GNPJVC" are to Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司), a limited liability company established in the PRC on 26 January 1985;

- "Haian Cogen" are to Haian Meiya Cogeneration Co., Ltd. (海安美亞熱電有限公司), a wholly foreign-owned company with limited liability established in the PRC on 20 December 2002;

- "Haian Cogen Power Project" are to a 27.0 MW coal-fired cogen project in Jiangsu province, the PRC;

- "Hanneng JV" are to Wuhan Han-Neng Power Development Co., Ltd (武漢漢能電力發展有限公司), a Sino-foreign equity joint venture company with limited liability established in the PRC on 11 October 1995;

- "Hanneng Power Project" or "Hanneng" are to a 176.5 MW gas-fired project in Hubei province, the PRC;

- "Hexie Company" are to Sichuan Hexie Electric Power Co., Ltd. (四川和協電力有限公司), a wholly foreign-owned enterprise with limited liability established in the PRC on 25 February 1998;

- "Hexie Power Project" or "Hexie" are to a 98.2 MW gas-fired project in Sichuan province, the PRC;

- "Hengjian Investment" are to Guangdong Hengjian Investment Holdings Co., Ltd. (廣東恒健投資控股有限公司), an enterprise wholly owned by the People's Government of Guangdong Province established in the PRC on 16 March 2006;

- "Hong Kong" or "HK" are to the Hong Kong Special Administrative Region of the People's Republic of China;

- "Hong Kong Companies Ordinance" are to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3 March 2014 as amended, supplemented or otherwise modified from time to time;

- "Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance" are to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;

- "Hongyanhe Nuclear" are to Liaoning Hongyanhe Nuclear Power Co., Ltd. (遼寧紅沿河核電有限公司), a limited liability company established in the PRC on 28 August 2006;

- "Hongyanhe Nuclear Power Station" are to the four generating units of Hongyanhe Nuclear located in Liaoning province, the PRC;

- "Huangshi I JV" are to Hubei Xisaishan Power Generation Co., Ltd. (湖北西塞山發電有限公司), a Sino-foreign cooperative joint venture company with limited liability established in the PRC on 18 October 2000 in which Meiya indirectly holds a 49.0 per cent. interest;

- "Huangshi I Power Project" or "Huangshi I" are to a 760.0 MW coal-fired project in Huangshi, Hubei province, which consists of a 50.0 per cent. interest in a 200.0 MW coal-fired power unit and a 100.0 per cent. interest in two 330.0 MW coal-fired power units;

- "Huangshi II JV" are to Hubei Huadian Xisaishan Power Generation Co., Ltd. (湖北華電西塞山發電有限公司), a Sino-foreign equity joint venture company with limited liability established in the PRC on 15 August 2007 in which Meiya indirectly holds a 49 per cent. interest;

- "Huangshi II Power Project" or "Huangshi II" are to a 2 x 680.0 MW coal-fired project and base load facility located in Huangshi, Hubei province;

- "Huamei Holding" are to Huamei Holding Company Limited, a wholly-owned subsidiary of the Guarantor established under the laws of Bermuda on 29 November 2013;

- "Inovia Solar Power Project" are to a 50.0 MW solar power project in France;

- "Issuer" are to CGNPC International Limited (中廣核國際有限公司) (company number of 487184), a company incorporated with limited liability in accordance with the laws of Hong Kong in Hong Kong on 2 August 1994 and wholly owned by the Guarantor;

- "Issuer Group" are to the Issuer and its consolidated subsidiaries;

- "Jinqiao JV" are to Shanghai Meiya Jinqiao Energy Co., Ltd. (上海美亞金橋能源有限公司), a Sino-foreign equity joint venture company with limited liability established in the PRC on 14 July 1995 and a 60.0 per cent. subsidiary of Meiya;

- "Jinqiao Steam Project" or "Jinqiao" are to a 300 tonnes per hour steam coal-fired project in Shanghai, the PRC;

- "Korea" are to the Republic of Korea;

- "Korean Won" or "KRW" are to the lawful currency of the Republic of Korea;
- "KPX" are to the Korea Power Exchange;
- "Ling'ao Nuclear" are to Ling Ao Nuclear Power Co., Ltd. (嶺澳核電有限公司), a limited liability company established in the PRC on 4 October 1995;
- "Ling'ao Nuclear Power Station" are to the two nuclear power generating units of Ling'ao Nuclear at the Daya Bay base and controlled by Ling'ao Nuclear;
- "Lingdong Nuclear" are to Ling Dong Nuclear Power Co., Ltd. (嶺東核電有限公司), a limited liability company established in the PRC on 15 September 2004;
- "Lingdong Nuclear Power Station" are to the two nuclear power generating units of Lingdong Nuclear at the Daya Bay base and controlled by Lingdong Nuclear;
- "Malicounda Solar Power Project" are to a 44.0 MW solar power project in Senegal;
- "Mianyang Hydro Project" or "Mianyang" are to a 51.0 MW hydro project in Sichuan province, the PRC;
- "Nantong Cogen Power Project" or "Nantong" are to a 48.0 MW coal-fired cogen project in Jiangsu province, the PRC;
- "Nantong Company" are to Nantong Meiya Co-generation Co., Ltd. (南通美亞熱電有限公司), a wholly foreign-owned company with limited liability established in the PRC on 13 March 1997, which is a subsidiary of Meiya;
- "Ningde Nuclear" are to Fujian Ningde Nuclear Power Co., Ltd. (福建寧德核電有限公司), a limited liability company established in the PRC on 23 March 2006;
- "Ningde Nuclear Power Station" are to the four generating units of Ningde Nuclear and also known as Qingchuan Nuclear Power Station;
- "Operation and Management Services Framework Agreements" are to the framework agreements Meiya has entered into with each of CGN Energy and Huamei Holding in relation to the provision of certain operation and management services;
- "Paulette Wind Farm Project" are to a 40.0 MW wind power project in United Kingdom;
- "Puguang JV" are to Nanyang General Light Electric Co., Ltd. (南陽普光電力有限公司), a Sino-foreign cooperative joint venture company with limited liability established in the PRC on 1 January 1997, in which Meiya indirectly holds a 59.5 per cent. interest;
- "Puguang Power Project" or "Puguang" are to a 250.0 MW coal-fired project in Henan province, the PRC "Puguang";
- "Regulation S" are to Regulation S under the Securities Act;
- "Renminbi", "CNY" or "RMB" are to the Renminbi, the lawful currency of the PRC;
- "Securities Act" are to the U.S. Securities Act of 1933, as amended;
- "Securities and Futures Ordinance" are to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;

- "Taishan Investment" are to Taishan Nuclear Power Industry Investment Co., Ltd. (台山核電產業投資有限公司), a limited liability company established in the PRC on 8 December 2011 with 60.0 per cent. of its equity interests being held by the Guarantor;

- "Taishan Nuclear" are to Taishan Nuclear Power Joint Venture Co., Ltd. (台山核電合營有限公司), a limited liability company established in the PRC on 5 July 2007;

- "Taishan Nuclear Power Station" are to the two nuclear power generating units controlled by Taishan Nuclear;

- "United Kingdom" are to United Kingdom of Great Britain and Northern Ireland;

- "United States" or "U.S." are to the United States of America, including its territories and possessions;

- "Weigang JV" are to Shanghai Wei Gang Energy Co. Ltd. (上海威鋼能源有限公司), a Sino-foreign cooperative joint venture company with limited liability established in the PRC on 21 January 1998;

- "Weigang Power Project" or "Weigang" are to a 50.0 MW blast furnace gas-fired project in Shanghai, the PRC;

- "Windfall Wind Farm Project" or "Fujin II Wind Farm Project" are to a 124.0 MW wind power project in France;

- "XTI" are to Hunan Xiangtou International Investment Company Limited (湖南湘投國際投資有限公司), a limited liability company established in the PRC on 28 September 2005;

- "Yangjiang Nuclear Power Station" are to the six nuclear power generating units controlled by Yangjiang Nuclear;

- "Yulchon Company" are to MPC Yulchon Generation Co., Ltd., a joint stock company established in Korea on 28 July 2009;

- "Yulchon Fuel Cell Project" are to a 10.4 MW fuel cell project in Korea comprising a Phase I 4.8 MW fuel cell project, a Phase II 5.6 MW fuel cell project and a Phase III 5.0 MW fuel cell project;

- "Yulchon I Power Project" or "Yulchon I" are to a 577.4 MW gas-fired project in Korea;

- "Yulchon II Power Project" or "Yulchon II" are to a 946.3 MW gas-fired project in Korea; and

- "Zuojiang Hydro Project" or "Zuojiang" are to a 72.0 MW hydro project in Guangxi province, the PRC.

Solely for convenience, this Offering Circular contains translations of certain Hong Kong dollar amounts, Renminbi and Euro amounts into US dollars amounts. Unless indicated otherwise, the translation of Hong Kong dollar amounts into US dollars amounts, Renminbi amounts into US dollars amounts and Euro amounts into US dollars amounts has been made at the rate of HK$7.8110 to US$1.00, RMB6.6533 to US$1.00 and €1.00 to US$1.1813, respectively, the exchange rates set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 29 September 2017. These translations should not be construed as representations that the Hong Kong dollar or Renminbi amounts could actually be converted into any US dollars amounts at the rates indicated or at all. Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all. For further information relating to exchange rates, see "Exchange Rates".

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| "ACPR505" | a small modular offshore reactor featuring safety and adaptability, modularized design, and multi-purposes, providing solutions for combined supply of heat, electricity and fresh water for marine resource development activities, energy supply and emergency support on islands and along the coastal area. |
| "ACPR1000" | a gigawatt-level pressurized water reactor nuclear power technology developed by the CGNPC Group (including CGN Power) on the basis of CPR1000. By implementing 31 key technical improvements and drawing on experience and feedback from Fukushima accident, this technology features the main safety technical characteristics of the third-generation nuclear power technology, and meets the latest PRC national nuclear safety regulatory requirements. |
| "annual allocation" | a determination of power generation output by the local power grid company on an annual basis pursuant to PRC government regulations. |
| "attributable installed capacity" | the installed capacity of a power project multiplied by the percentage ownership of an equity owner. |
| "average installed capacity" | average installed capacity refers to the aggregate daily consolidated installed capacity in a specified period and divided by the number of days in the period. |
| "base load" | a power project that is planned to run continually, except for maintenance and scheduled or unscheduled outages. |
| "basic tariff" | Tariff for minimum take offtake arrangements. |
| "benchmark on-grid tariff" | the centralized pricing by the Chinese government authorities applicable to new power projects based on the average cost in in a particular region or province and tariffs during the operation period, which is implemented in order to promote tariff liberalization. |
| "BOP" | balance of plant, the parts besides the nuclear island and conventional island in a nuclear power station, mainly the peripheral buildings and systems. |
| "capacity charge" or "capacity payment" | payment or payments that power project owners receive for agreeing to provide standby power regardless of actual generation or dispatch, and usually supplementing the payment received for the electricity dispatched. |
| "cogen" or "cogeneration" | combined heat and power; cogeneration is the use of a heat engine or a power station to simultaneously generate both electricity and heat. |

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| "commercial operation date" or "COD" . . . . . . . . . . . . . . . . . . . | the date on which a power project commences commercial operations; usually determined following the end of construction and acceptance test to confirm project actual generating capacity and operating characteristics (such as contracted capacity, other operating parameters); and upon the issuance of certificates/consent by regulators. |
| "consolidated installed capacity" or "consolidated capacity under construction" . . . . . . . . . . . . . . | the aggregate installed capacity or capacity under construction (as the case may be) calculated by including 100 per cent. of the installed capacity or capacity under construction of all projects in which the Guarantor has a 50 per cent. or greater equity interest. |
| "conventional energy" . . . . . . . . . | energy derived from traditional fossil fuel sources such as coal and oil. |
| "conventional island". . . . . . . . . . | the steam turbine generator unit and its ancillary facilities in a nuclear power station together with the buildings in which they are located. |
| "CPR 1000". . . . . . . . . . . . . . . . . | an improved Chinese nuclear power station design for gigawatt-level pressurized water reactor, which is based on M310 technology and includes multiple technical improvements. It was designed, manufactured, constructed and operated by the CGN Group (including us) in a self-reliant manner. |
| "dispatch" . . . . . . . . . . . . . . . . . . | the process of apportioning the total demand of the grid through the issuance of dispatch instructions to the scheduled generating units and the generating units providing ancillary services in order to achieve the operational requirements of balancing demand with generation that will ensure the security of the grid. |
| "dispatch priority" . . . . . . . . . . . . | the ranking of preference of one producer or source of electricity generation capacity over other available producers or sources of electricity generation capacity. |
| "EPC" . . . . . . . . . . . . . . . . . . . . . | engineering, procurement and construction. |
| "EPR" . . . . . . . . . . . . . . . . . . . . . | European pressurized reactor, a third-generation nuclear power technology, which was jointly developed by France and Germany that adopts a four-loop pressurized water reactor and further improved safety by increasing the redundancy of the safety system. |
| "Euro" or "€" . . . . . . . . . . . . . . . | the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. |
| "FCD" . . . . . . . . . . . . . . . . . . . . . | the "First Concrete Date" of the nuclear island, which is the official starting point of the construction stage and the first milestone of nuclear power station construction, occurring after obtaining the construction permit and signifying the commencement of construction. |

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| "fuel assembly" . . . . . . . . . . . . . | a set of fuel elements and associated components which are loaded into and subsequently removed from a reactor core as a single unit. |
| "fuel cell" . . . . . . . . . . . . . . . . . | a type of power generation that converts hydrogen and oxygen into electricity without firing. Heat, as a by-product of the process, can be utilized for increased efficiency. |
| "FGD" . . . . . . . . . . . . . . . . . . . . | technology used for the removal of sulphur dioxide from the exhaust flue gases in power projects that burn coal or oil. |
| "gross electricity generated" . . . . | the quantity of electricity generated by a project prior to subtracting electricity consumed or retained by the project. |
| "gross installed capacity". . . . . . . | The installed capacity of a power project. |
| "GW" . . . . . . . . . . . . . . . . . . . . | gigawatt, equal to one million kilowatts. |
| "GWh". . . . . . . . . . . . . . . . . . . . | gigawatt-hour, or one million kilowatt-hours. GWh is typically used as a measure for the annual energy production of large power projects. |
| "HK$" or "Hong Kong dollars" . . | Hong Kong dollars, the lawful currency of Hong Kong. |
| "Hualong I" . . . . . . . . . . . . . . . . | the third generation nuclear technology jointed developed and owned by CGNPC Group and CNNC. |
| "hydro" or "hydro power" . . . . . . | hydro power which is commonly used to generate electricity; the production of power through the use of the gravitational force of falling or flowing water. |
| "installed capacity" . . . . . . . . . . . | the manufacturer's rated power output of a generating unit of a power project. |
| "kV" . . . . . . . . . . . . . . . . . . . . . | kilovolt, or one thousand volts. |
| "kW" . . . . . . . . . . . . . . . . . . . . . | kilowatt, or one thousand watts. |
| "kWh" . . . . . . . . . . . . . . . . . . . . | kilowatt-hour, the standard unit of energy used in the power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour. |
| "M310" . . . . . . . . . . . . . . . . . . . | a French gigawatt-level nuclear power technology which improved on the basis of CPY reactor model. It uses a threeloop pressurized water reactor. |
| "MW" . . . . . . . . . . . . . . . . . . . . | megawatt, or one million watts. The installed capacity of power projects is generally expressed in terms of MW. |
| "MWh" . . . . . . . . . . . . . . . . . . . | megawatt-hour, or one million watt-hours. One megawatt-hour is the amount of energy that would be produced by a generator producing one million watts for one hour. |

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| "minimum-take" . . . . . . . . . . . . . . | an agreement in-principle that the grid will purchase a specified number of net electricity generated over a period of time. |
| "natural uranium" . . . . . . . . . . . . | the uranium existing in the natural world, of which U-235 represents 0.7 per cent., and U-238 represents 99.3 per cent. |
| "net generation" "net power generation" or "net electricity generated" . . . . . . . . . . . . . . . . | net energy delivered by a seller to the agreed delivery point expressed in kWh, MWh or GWh. |
| "net steam generation" . . . . . . . . . | the actual amount of steam sold by a project in a particular period of time, which equals gross steam generated less loss incurred during the transmission from the project to the steam customer. |
| "nuclear island" . . . . . . . . . . . . . . | collectively, the nuclear reactor in the containment of a nuclear power station and the nuclear steam generating systems in relation to the reactor. The main function of the nuclear island is to produce steam by utilization of nuclear fission. |
| "offtake" or "offtaker" . . . . . . . . . | net generation taken or power purchaser that takes net generation. |
| "on-grid tariff" . . . . . . . . . . . . . . . | the settlement price of on-grid electricity between a power producer and a power grid company, usually denominated in RMB per kWh. |
| "project under construction" . . . . | nuclear power projects that have received government approval and obtained the "Permit for Nuclear Power Station Construction" (核電廠建造許可證) from the NNSA and already reached the nuclear island's FCD. |
| "pumped storage" . . . . . . . . . . . . . | a method of using power at a period of low demand and/or low tariff to pump water back up to a high altitude storage reservoir so that it can be released to generate electricity at a period of peak demand and high tariff. |
| "PWR" . . . . . . . . . . . . . . . . . . . . . | pressurized water reactor. |
| "reliability" . . . . . . . . . . . . . . . . . | a measure of the ability of the electric system to supply the aggregate electrical demand and energy requirements of the customers at all times, taking into account scheduled and unscheduled outages of system facilities. |
| "reserve margin" . . . . . . . . . . . . . | the available electricity generation capacity minus the peak electricity demand level divided by the peak electricity demand level. |
| "TWh" . . . . . . . . . . . . . . . . . . . . . | terawatt-hour, or one million megawatt-hours. TWh is typically used as a measure for the annual energy production of a region or a country. |

"US dollars" or "US$" . . . . . . . . United States dollars, the lawful currency of the United States.

"utilization hours" . . . . . . . . . . . . the gross electricity generated in a specified period (in MWh or GWh) divided by the average installed capacity in the same period (in MW or GW). Utilization hours is a way of measuring the volume of energy generated which in turn relates directly to project generation revenue.

## FORWARD-LOOKING STATEMENTS

The Issuer and the Guarantor have made certain forward-looking statements in this Offering Circular. All statements other than statements of historical facts contained in this Offering Circular constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms, such as "anticipate", "target", "believe", "can", "would", "could", "estimate", "expect", "aim", "intend", "may", "plan", "will", "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue and profitability, planned projects and other matters as they relate to the Issuer, the Guarantor, the Issuer Group and/or the CGNPC Group discussed in this Offering Circular regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer, the Guarantor or by any third party) involve known and unknown risks, including those disclosed in "Risk Factors", uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, the Guarantor, the Issuer Group or the CGNPC Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer and the Guarantor expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's and the Guarantor's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

The factors that could cause the actual results, performances and achievements of the Issuer, the Guarantor, the Issuer Group, the CGNPC Group or any other member of the CGNPC Group to be materially different include, among others:

- the competition in the market or industry in which the Issuer, the Guarantor, the Issuer Group and the CGNPC Group operate and the potential impact of the competition on their businesses;
- operations and business strategies of the Issuer, the Guarantor, the Issuer Group and the CGNPC Group;
- changes in on-grid tariffs and prices of fuel and other raw materials;
- the ability of the Issuer, the Guarantor, the Issuer Group and the CGNPC Group to expand and manage their businesses;
- the ability of the Issuer, the Guarantor, the Issuer Group and the CGNPC Group to implement their respective development strategies, plans, objectives and goals;
- acquisition, expansion and capital expenditure plans of the Issuer, the Guarantor, the Issuer Group and the CGNPC Group;
- the continued availability of capital and financing;
- interest rates and foreign exchange rates, taxes and duties;
- the ability of the Issuer, the Guarantor, the Issuer Group and the CGNPC Group to control their costs;
- general economic and political conditions and competitive environment in the PRC and other countries and regions where the Issuer, the Guarantor, the Issuer Group or the CGNPC Group conducts business;

- risks associated with business activities in the PRC and other countries and regions where the members of the Issuer Group or the CGNPC Group conducts business, including but not limited to the regulatory environment, and in particular, regulations relating to the power industry as well as environmental regulations and employee safety and labour protection regulations and the uncertain outcome of legal proceedings;

- risks associated with the power generation industry in the PRC and other countries and regions where members of the Issuer Group or the CGNPC Group conducts business;

- operation hazards customary to the power generation and transportation and logistics industries including but not limited to equipment failures, natural disasters, environmental or industrial accidents, construction delays, labour disputes and other business interruptions; and

- other factors, including those discussed in "Risk Factors".

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## SUMMARY

*The summary below is only intended to provide a limited overview of detailed information described elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this Summary. Prospective investors should therefore read this Offering Circular in its entirety.*

### OVERVIEW OF THE CGNPC GROUP

Established on 29 September 1994, the Guarantor is one of the only three enterprises authorised by the PRC government to have a controlling interest in nuclear power projects in the PRC and is the PRC's only nuclear power-focused large-scale clean energy corporation that is directly supervised by the State-owned Assets Supervision and Administration Commission of the PRC ("**SASAC**"). The Guarantor, through its over 40 subsidiaries, principally engages in the generation and sale of power and construction, operation and management of nuclear and renewable power plants and projects in the PRC. As at 30 September 2017, the CGNPC Group's total assets amounted to RMB604.2 billion.

As at 31 December 2016, the CGNPC Group's total installed capacity of nuclear power stations in operation was 20.38 GW and its total consolidated install capacity of wind power, solar power and gas-fired stations were 10.63 GW, 1.89 GW and 8.40 GW, respectively. The total installed capacity of the CGNPC Group's other non-nuclear power stations, such as oil-fired and coal-fired stations, was 2.41 GW as at 31 December 2016. The CGNPC Group's overseas assets raised from RMB30.4 billion as at 31 December 2014 to RMB37.3 billion as at 31 December 2015 to RMB75.3 billion as at 31 December 2016, representing 7.8 per cent., 8.6 per cent. and 14.5 per cent. of the total assets of the CGNPC as at the respective date. The CGNPC Group's total revenue for the years ended 31 December 2014, 2015 and 2016 was RMB45.2 billion, RMB50.6 billion and RMB65.8 billion, respectively. The CGNPC Group's revenue from power generation for the years ended 31 December 2014, 2015 and 2016 was RMB33.8 billion, RMB36.1 billion and RMB50.1 billion, respectively, representing 74.9 per cent., 71.3 per cent. and 76.2 per cent. of its total revenue. For the year ended 31 December 2016, the CGNPC Group's revenue from nuclear power generation and from the non-nuclear power generation was RMB28.1 billion and RMB22.0 billion, respectively, representing 56.1 per cent. and 43.9 per cent., respectively, of the CGNPC Group's total revenue from power generation.

The following table sets forth the key consolidated operational information of the CGNPC Group as at the dates and for the periods indicated:

| | As at and for the year ended 31 December | | |
|---|---|---|---|
| | **2014** | **2015** | **2016** |
| | | **(MW)** | |
| Total consolidated installed capacity of nuclear power stations (GW)(1) | 11.6 | 14.9 | 20.4 |
| Total consolidated installed capacity of non-nuclear power stations(GW)(1) | 11.7 | 14.1 | 23.3 |
| **Total consolidated installed capacity (GW)(1)** | **23.3** | **29.0** | **43.7** |
| Total on-grid power generation of nuclear power stations (TWh) (2) | 73.4 | 88.3 | 115.6 |
| Total on-grid power generation of non-nuclear power stations (TWh) (2) | 24.9 | 28.6 | 61.3 |
| **Total on-grid power generation (TWh) (2)** | **98.3** | **116.9** | **176.9** |

Notes:

(1) The Guarantor presents the capacity of its power projects in terms of total installed capacity in respect of nuclear power projects (which accounts for 100.0 per cent. of the installed capacity of the nuclear power projects in operation invested in by the Guarantor) plus total consolidated install capacity in respect of other power projects. Total consolidated installed capacity is calculated as 100.0 per cent. of the installed capacity of projects controlled by the Guarantor (i.e. projects in which the Guarantor has a 50.0 per cent. or greater equity interest). Investors should not compare total consolidated installed capacity with attributable installed capacity, which is the installed capacity of a power plant or project multiplied by the percentage ownership of an equity owner.

(2) The Guarantor presents the on-grid power generation of its power projects in terms of total on-grid power generation. The total on-grid nuclear power generation is calculated as 100.0 per cent. of the total on-grid generation of all projects the Guarantor invested in. For other power stations, total on-grid power generation is calculated as 100.0 per cent. of the total on-grid power generation of all projects controlled by the Guarantor (i.e. projects in which the Guarantor has a 50.0 per cent. or greater equity interest).

The following table sets forth certain key consolidated financial information of the CGNPC Group as at the dates and for the periods indicated:

| | **As at and for the year ended 31 December** | | | **As at and for the nine months ended 30 September** | |
|---|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2016** | **2017** |
| | **(RMB in millions)** (audited) | **(RMB in millions)** (audited) | **(RMB in millions)** (audited) | **(RMB in millions)** (unaudited and unreviewed) | **(RMB in millions)** (unaudited and unreviewed) |
| Total assets | 388,852 | 432,696 | 520,460 | — | 604,176 |
| Total revenue | 45,174 | 50,604 | 65,792 | 46,192 | 61,737 |
| Operating profits | 7,654 | 9,478 | 10,174 | 9,674 | 12,819 |
| Net profit attributable to the owners of the company | 6,199 | 5,162 | 6,418 | 5,564 | 6,312 |
| Net cash flow from operating activities | 12,487 | 11,558 | 26,522 | 15,140 | 26,680 |

**COMPETITIVE STRENGTHS OF THE CGNPC GROUP**

The Guarantor believes that its leading market position, strong operating results and its capacity for sustainable development are primarily attributable to the following competitive strengths of the CGNPC Group:

- Supported by favourable government policies to implement the PRC government's strategy of improving energy efficiency and reducing emissions

- Well-positioned to capitalize growing market opportunities in the renewable energy sector

- Comprehensive safety management system and world-leading safety track record and innovation and technology level of the CGNPC Group's nuclear power segment

- Strong financial position supported by diverse financing channels

- Stringent corporate governance and experienced senior management with strategic vision

## BUSINESS STRATEGIES OF THE CGNPC GROUP

The CGNPC Group's goal is to establish itself as a world-class clean energy group and a global leading clean energy supplier and service provider. It is committed to the production and supply of clean energy with zero carbon emission, conservation of energy, reduction in pollution, utilisation of clean energy for the public and supply of high quality clean energy products and services in a standard and sustainable way. It aims to achieve the foregoing by the following strategies:

- To strengthen the CGNPC Group's leading position in the PRC with respect to constructed nuclear power projects

- To establish an international operation platform and accelerate the pace of developing overseas markets

- To increase investment in diversified energy sources

## OVERVIEW OF THE ISSUER GROUP

Established in August 1994, the Issuer is a primary platform of the Guarantor to implement the Group's global strategy and to carry on overseas investment and financing activities. The Issuer Group currently operates in more than 20 countries all around the world. As of the date of this Offering Circular, the Issuer beneficially holds the Guarantor's non-nuclear power generation assets in the PRC, Korea, Malaysia, Middle Asia, Europe and Africa and the Guarantor's nuclear assets in the United Kingdom. As at 31 December 2016, the attributable installed capacity of the Issuer Group's power stations in operation in the PRC, Korea, Malaysia and Middle Asian countries, France, Belgium, United Kingdom and Senegal was 2,715.5 MW, 2,046.1 MW, 6,619.5 MW, 80.4 MW, 81.0 MW, 72.0 MW, 183.5 MW and 11.0 MW, respectively.

As at 31 December 2016, the total consolidated installed capacity of the Issuer Group was 11,269.1 MW. For the year ended 31 December 2016, the on-grid power generation of the Issuer Group was 42.9 TWh.

The following table sets forth certain key financial information of the Issuer Group as at the dates and for the periods indicated:

| | As at and for the year ended 31 December | | | As at and for the nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | (RMB in millions) (audited) | (RMB in millions) (audited) | (RMB in millions) (audited) | (RMB in millions) (unaudited) | (RMB in millions) (unaudited) |
| Total assets | 40,244 | 46,949 | 89,777 | — | 92,172 |
| Total revenue | 9,482 | 8,502 | 14,302 | 10,354 | 13,494 |
| Operating profits | 954 | 391 | 230 | 923 | 583 |
| Net profit /(loss) attributable to owners of the company | 665 | (71) | 351 | 346 | 10 |
| Net cash flow from operating activities | (151) | 596 | 775 | 2,101 | 2,111 |

## COMPETITIVE STRENGTHS OF THE ISSUER GROUP

The Issuer believes that the following represents the Issuer Group's competitive strengths:

- Positioned as an offshore investment and financing platform of the CGNPC Group for the development of its clean energy business globally.
- A primary platform of the Guarantor for overseas investment and financing activities with extensive experience in acquiring, developing and operating high quality power generation projects
- Strong financial and business support of the Guarantor and the CGNPC Group
- A diversified portfolio of power projects focused on clean and renewable energy
- Long-term PPAs and dispatch priority arrangements provide stable cash flows

## RECENT DEVELOPMENTS

### Power Units Commissioned between 31 December 2016 and the date of this Offering Circular

On 15 March 2017, unit 4 of Yangjiang Nuclear Power Station commenced commercial operations. As at 30 September 2017, the CGNPC Group had 20 nuclear power generating units in operation with a total installed capacity of 21.47 GW and it had eight nuclear power generating units under construction with a total installed capacity of 10.27 GW. As at 30 September 2017, the CGNPC Group became the largest nuclear power operator in terms of the installed capacity in China and the fifth largest nuclear power operator in terms of the installed capacity in the world and it was also the largest nuclear power builder in terms of the installed capacity in the world.

### Completion of Acquisition of Fujin II Wind Farm Project

In May 2017, the Issuer Group paid the purchase price and completed the acquisition of Fujin II Wind Farm Project with a total installed capacity of 124.0 MW in France. The Fujin II Wind Farm Project was put into commercial operation in 2012, with a designed annual power generation capacity of 310 GWh. The total investment amount is approximately €180 million. As at 30 September 2017, the total installed capacity of the wind and solar power stations operated by CGN Europe was approximately 800 MW.

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER

*The summary consolidated financial information of the Issuer as at and for the years ended 31 December 2014, 2015 and 2016 as set forth below is extracted from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2015 and 2016. The audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2015 and 2016 have been prepared and presented by the Issuer in accordance with PRC GAAP and audited by ShineWing Certified Public Accountants Shenzhen Branch in accordance with Auditing Standards for Certified Public Accountants in China. There are certain differences between PRC GAAP and the IFRS. Investors should seek advice from their financial and tax advisors if they have doubts about the differences. For a summary of the material differences, see "Description of Certain Differences between PRC GAAP and IFRS".*

*The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Issuer and the notes thereto included elsewhere in this Offering Circular. Historical results are not necessarily indicative of results that may be achieved in any future period.*

*The consolidated financial information of the Issuer as at and for the nine months ended 30 September 2016 and 2017 is derived from its management accounts as at and for the nine months ended 30 September 2016 and 2017, which have not been audited or reviewed by ShineWing Certified Public Accountants Shenzhen Branch or any other person. The Issuer's unaudited and unreviewed consolidated financial information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. None of the Joint Lead Managers or the Agents or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of such unaudited and unreviewed consolidated financial statements. Potential investors must exercise caution when using such data to evaluate the financial condition and results of operations of the Issuer Group. This interim consolidated financial information should not be taken as an indication of the expected financial condition and results of operations of the Issuer Group for the full financial year ending 31 December 2017 or any other future period.*

**Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income Data**

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (unaudited and unreviewed) | (RMB'000) (unaudited and unreviewed) |
| Total revenue | 9,482,493 | 8,502,046 | 14,302,361 | 10,354,122 | 13,494,480 |
| Total cost | (9,160,190) | (8,899,547) | (15,331,708) | (10,025,975) | (13,104,007) |
| Including: Operation cost | (7,674,106) | (6,470,003) | (11,204,375) | (7,575,435) | (10,395,153) |
| Service charges and commission fee | — | (1,562) | (245) | — | (1,030) |
| Net payments for withdrawing reserve fund for insurance contracts | — | — | (2,889) | — | — |
| Amortised reinsurance expenditures | — | (5,130) | (8,820) | (700) | 110 |
| Taxes and surcharges | (18,172) | (27,215) | (43,702) | (27,394) | (32,014) |
| Selling and distribution expenses | (3,398) | (4,328) | (4,138) | (2,955) | (3,713) |
| General and administrative expenses | (579,712) | (640,736) | (798,562) | (716,793) | (637,775) |
| Financial costs | (877,029) | (1,149,097) | (2,410,364) | (1,638,935) | (2,037,139) |
| Impairment losses | (7,773) | (601,475) | (858,613) | (63,762) | 2,707 |
| Gain/(loss) from fair value changes | (55,286) | 19,589 | 20,497 | — | (174,831) |
| Investment income | 687,285 | 769,151 | 1,238,805 | 594,601 | 364,692 |
| Other income | — | — | — | — | 3,000 |
| Operating profits | 954,302 | 391,240 | 229,955 | 922,749 | 583,335 |
| Non-operating revenue | 44,176 | 125,911 | 739,112 | 28,718 | 88,794 |
| Non-operating expenses | (2,940) | (1,116) | (17,579) | (3,770) | (4,374) |
| Profit/(loss) before tax | 995,538 | 516,034 | 951,487 | 947,697 | 667,755 |
| Income tax | (244,990) | (287,640) | (538,902) | (440,971) | (465,712) |
| **Net profit/(loss)** | **750,548** | **228,394** | **412,585** | **506,725** | **202,043** |
| Net profit attributable to owners of the company | 665,373 | (71,051) | 351,309 | 345,961 | 10,266 |
| Profit/loss attributable to non-controlling interests | 85,175 | 299,445 | 61,277 | 160,764 | 191,777 |
| **Other comprehensive income/(loss) after tax** | **(97,138)** | **(468,726)** | **(895,109)** | **955,574** | **1,238,939** |
| **Total comprehensive income** | **653,410** | **(240,332)** | **(482,524)** | **1,462,300** | **1,440,981** |
| Total comprehensive income attributable to owners of the company | 568,235 | (494,916) | (529,617) | 1,260,247 | 1,177,281 |
| Total comprehensive income attributable to non-controlling interest | 85,175 | 254,584 | 47,093 | 202,053 | 263,701 |

**Summary Consolidated Statement of Financial Position Data**

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (unaudited and unreviewed) |
| **Current assets** | | | | |
| Cash and bank balances | 3,818,320 | 9,367,438 | 7,457,586 | 9,036,720 |
| Derivative financial instruments | — | — | 20,497 | — |
| Notes receivable | 37,887 | 154,506 | 68,911 | 102,252 |
| Accounts receivable | 1,299,627 | 1,249,940 | 5,104,221 | 5,775,146 |
| Prepayments | 199,380 | 111,483 | 481,065 | 362,715 |
| Reinsurance accounts receivable | — | 74,444 | 116,275 | 23,752 |
| Receivable from subcontracting reserves | — | 40,742 | 39,804 | 21,606 |
| Interests receivable | 1,672 | 1,119 | 73,478 | 45,693 |
| Dividends receivable | 332,638 | 279,773 | 63,700 | 66,818 |
| Other receivables | 1,952,018 | 652,128 | 1,359,128 | 1,498,939 |
| Inventories | 193,775 | 186,954 | 1,607,391 | 1,851,720 |
| Assets held for sale | 129,497 | — | — | — |
| Non-current assets due within one year | 365,420 | 1,012,894 | 3,415,694 | 3,631,759 |
| Other current assets | 425,882 | 798,250 | 300,500 | 323,603 |
| **Total current assets** | **8,756,116** | **13,929,671** | **20,108,250** | **22,740,722** |
| **Non-current assets** | | | | |
| Available-for-sale financial assets | — | — | 737,705 | 832,475 |
| Long-term receivables | 960,527 | 2,970,785 | 20,489,799 | 14,979,450 |
| Long-term equity investments | 7,207,722 | 6,304,831 | 7,075,503 | 10,057,642 |
| Fixed assets — net book value | 14,753,193 | 19,838,165 | 26,310,616 | 28,842,516 |
| Construction in progress | 4,950,503 | 1,053,776 | 875,266 | 1,256,243 |
| Construction materials | 11,040 | — | 1,146 | 120,864 |
| Intangible assets | 1,533,549 | 1,351,846 | 6,361,033 | 6,012,688 |
| Development expenditure | — | — | — | 15,810 |
| Goodwill | 505,010 | 1,142,866 | 4,994,795 | 6,100,185 |
| Long-term deferred expenses | 11,829 | 208,260 | 133,708 | 220,060 |
| Deferred tax assets | 16,331 | 24,580 | 69,608 | 72,712 |
| Other non-current assets | 1,537,959 | 123,837 | 2,619,862 | 920,795 |
| **Total non-current assets** | **31,487,663** | **33,018,946** | **69,669,040** | **69,431,440** |
| **Total Assets** | **40,243,779** | **46,948,617** | **89,777,290** | **92,172,162** |

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (unaudited and unreviewed) |
| **Current liabilities** | | | | |
| Short-term loans | 3,418,369 | 10,842,859 | 24,792,685 | 19,516,708 |
| Derivative financial instruments | 19,197 | — | 171,493 | 218,461 |
| Notes payable | — | — | — | 319,249 |
| Accounts payable | 2,478,569 | 1,245,735 | 2,192,793 | 2,696,327 |
| Advances from customers | 5,738 | 6,196 | 10,251 | 2,772 |
| Handling charges and commissions payable | — | — | 182 | 360 |
| Employee benefits payable | 90,621 | 61,383 | 127,171 | 246,496 |
| Taxes and surcharges payable | 139,076 | 113,869 | 400,446 | 478,464 |
| Interest payable | 67,895 | 126,939 | 1,007,512 | 1,463,620 |
| Dividends payable | 592,730 | 151 | 3,673 | 0 |
| Other payables | 3,618,660 | 677,022 | 1,650,429 | 2,466,140 |
| Dividend payable for reinsurance | — | 44,706 | 53,289 | 20,346 |
| Provision for insurance contracts | — | 68,676 | 95,800 | 32,725 |
| Held-for-sale liabilities | 5,024 | — | — | — |
| Non-current liabilities due within one year | 1,402,218 | 708,698 | 2,251,688 | 2,513,214 |
| Other current liabilities | — | — | 91,457 | 94 |
| **Total current liabilities** | **11,838,099** | **13,896,232** | **32,848,869** | **29,974,976** |
| **Non-current liabilities** | | | | |
| Long-term loans | 16,490,343 | 17,790,087 | 36,296,998 | 39,344,043 |
| Bonds payable | 2,133,277 | 9,329,063 | 9,976,913 | 9,527,819 |
| Long-term payables | 29,453 | 462,728 | 391,049 | 496,429 |
| Provisions | — | — | 380,737 | 378,483 |
| Deferred income | 125,216 | 74,912 | 70,609 | 67,381 |
| Deferred tax liabilities | 880,978 | 894,471 | 3,925,338 | 3,864,825 |
| Other non-current liabilities | 2,203 | 553 | 530 | 100,580 |
| **Total non-current liabilities** | **19,661,469** | **28,551,814** | **51,042,173** | **53,779,560** |
| **Total Liabilities** | **31,499,568** | **42,448,047** | **83,891,042** | **83,754,535** |
| **Owners' equity (or Shareholders' equity)** | | | | |
| Share capital | 2,423,649 | 2,423,649 | 2,423,649 | 3,305,759 |
| Share capital — net value | 2,423,649 | 2,423,649 | 2,423,649 | 3,305,759 |
| Capital reserves | 2,836,394 | 49,855 | 54,514 | 54,514 |
| Other comprehensive income | 199,499 | (224,366) | (1,105,291) | 61,723 |
| Retained earnings | 511,754 | (423,614) | (72,306) | (62,040) |
| **Equity attributable to owners of the company** | **5,971,297** | **1,825,523** | **1,300,566** | **3,359,957** |
| **Non-controlling interest** | **2,772,915** | **2,675,046** | **4,585,682** | **5,057,670** |
| **Total Owner's Equity** | **8,744,211** | **4,500,570** | **5,886,248** | **8,417,626** |
| **Total Liabilities and Owner's Equity** | **40,243,779** | **46,948,617** | **89,777,290** | **92,172,162** |

**Summary Consolidated Cash Flow Statement Data**

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (unaudited and unreviewed) | (RMB'000) (unaudited and unreviewed) |
| Net cash flows from/(used in) operating activities . . . . . . . . . . . | (151,270) | 596,201 | 775,201 | 2,100,854 | 2,110,588 |
| Net cash flows used in investing activities . . . . . . . . . . . . . . . . . . | (5,112,577) | (1,040,361) | (24,538,036) | (11,440,082) | 2,904,623 |
| Net cash flows from financing activities . . . . . . . . . . . . . . . . . . | 6,605,904 | 6,491,376 | 20,673,981 | 5,637,288 | (4,161,660) |
| Effect of foreign exchange rate changes on cash and cash equivalents . . . . . . . . . . . . . . . . . | (44,861) | (8,303) | 423,374 | 1,402,262 | 13,531 |
| Net increase/(decrease) in cash and cash equivalents. . . . . . . . . . | 1,297,197 | 6,038,913 | (2,665,480) | (2,299,676) | 867,081 |
| Cash and cash equivalents at the end of the year . . . . . . . . . . . . . | 2,841,213 | 8,880,125 | 6,214,645 | 6,580,449 | 7,081,726 |

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

*The summary consolidated financial information of the Guarantor as at and for the years ended 31 December 2014, 2015 and 2016 as set forth below is extracted from the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2015 and 2016. The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2015 and 2016 have been prepared and presented by the Guarantor in accordance with PRC GAAP and audited by ShineWing Certified Public Accountants in accordance with Auditing Standards for Certified Public Accountants in China. There are certain differences between PRC GAAP and the IFRS. Investors should seek advice from their financial and tax advisors if they have doubts about the differences. For a summary of the material differences, see "Description of Certain Differences between PRC GAAP and IFRS".*

*The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Guarantor and the notes thereto included elsewhere in this Offering Circular. Historical results are not necessarily indicative of results that may be achieved in any future period.*

*The consolidated financial information of the Guarantor as at and for the nine months ended 30 September 2016 and 2017 is derived from its management accounts as at and for the nine months ended 30 September 2016 and 2017, which have not been audited or reviewed by ShineWing Certified Public Accountants or any other person. The Guarantor's unaudited and unreviewed consolidated financial information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. None of the Joint Lead Managers or the Agents or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of such unaudited and unreviewed consolidated financial statements. Potential investors must exercise caution when using such data to evaluate the financial condition and results of operations of the CGNPC Group. This interim consolidated financial information should not be taken as an indication of the expected financial condition and results of operations of the CGNPC Group for the full financial year ending 31 December 2017 or any other future period.*

**Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income Data**

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (unaudited and unreviewed) | (RMB'000) (unaudited and unreviewed) |
| Total revenue | 45,174,315 | 50,604,335 | 65,792,209 | 46,192,300 | 61,736,725 |
| Total cost | (38,242,973) | (42,789,144) | (58,378,034) | (38,363,890) | (51,243,320) |
| Including: Operation cost | (28,040,082) | (30,395,825) | (40,673,734) | (27,771,529) | (38,036,789) |
| Interest expenses | (24,188) | (25,421) | (2,175) | (1,464) | (848) |
| Fees and commissions expenses | (1,578) | (5,130) | (5,669) | (3,327) | (8,612) |
| Net payments for withdrawing reserve fund for insurance contracts | — | — | (2,889) | — | — |
| Amortised reinsurance expenditures | — | (5,130) | (8,820) | (700) | 110 |
| Sales tax and surcharges | (622,095) | (729,794) | (722,356) | (497,820) | (621,197) |
| Selling and distribution expenses | (241,637) | (315,446) | (366,822) | (306,043) | (288,472) |
| General and administrative expenses | (3,341,095) | (3,822,617) | (4,953,226) | (2,927,705) | (3,193,943) |
| Finance costs | (5,811,172) | (6,449,881) | (9,403,239) | (6,489,460) | (8,661,480) |
| Impairment loss | (161,127) | (1,039,899) | (2,239,104) | (365,842) | (432,090) |
| Gain/(loss) from fair value changes | (504,064) | 34,727 | 98,360 | 18,454 | (53,296) |
| Investment income | 1,231,242 | 1,616,734 | 2,643,860 | 1,817,061 | 1,027,453 |
| Gain/(loss) on foreign exchange | (4,302) | 11,608 | 17,156 | 9,994 | (6,201) |
| Other gains | — | — | — | — | 1,357,618 |
| Operating profits | 7,654,218 | 9,478,258 | 10,173,551 | 9,673,919 | 12,818,978 |
| Non-operating income | 1,931,516 | 1,937,056 | 2,609,284 | 1,549,220 | 278,136 |
| Non-operating expenses | (78,290) | (170,755) | (189,730) | (18,100) | (70,388) |
| Profit before tax | 9,507,444 | 11,244,560 | 12,593,105 | 11,205,039 | 13,026,727 |
| Income tax | (1,435,507) | (2,108,559) | (1,555,781) | (1,263,841) | (1,366,489) |
| **Net Profit** | **8,071,937** | **9,136,001** | **11,037,324** | **9,941,198** | **11,660,238** |
| Net profit attributable to owners of the company | 6,198,527 | 5,162,328 | 6,417,708 | 5,563,815 | 6,311,957 |
| Profit/loss attributable to non-controlling interests | 1,873,410 | 3,973,672 | 4,619,617 | 4,377,382 | 5,348,281 |
| **Other comprehensive income/(loss) after tax** | **58,506** | **(371,180)** | **90,163** | **360,746** | **529,466** |
| **Total comprehensive income** | **8,130,443** | **8,764,821** | **11,127,487** | **10,301,944** | **12,189,704** |
| Total comprehensive income attributable to owners of the company | 6,235,382 | 4,655,262 | 6,045,258 | 5,666,751 | 6,971,285 |
| Total comprehensive income attributable to non-controlling interests | 1,895,062 | 4,109,559 | 5,082,230 | 4,635,193 | 5,218,419 |

**Summary Consolidated Statement of Financial Position Data**

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (unaudited and unreviewed) |
| **Current assets** | | | | |
| Cash and bank balances | 41,152,130 | 23,207,653 | 22,792,403 | 28,842,961 |
| Financial assets at fair value through profit or loss | 31,534 | 188,824 | 668,360 | 3,083,926 |
| Derivative financial instruments | 9,226 | 22,413 | 54,008 | 32,752 |
| Notes receivable | 389,202 | 558,126 | 637,718 | 1,014,867 |
| Accounts receivable | 9,507,671 | 14,650,647 | 16,358,319 | 21,486,064 |
| Prepayments | 6,473,821 | 5,833,258 | 6,739,522 | 7,477,257 |
| Reinsurance accounts receivable | — | 74,444 | 116,275 | 23,752 |
| Receivable from subcontracting reserves | — | 40,742 | 39,804 | 21,606 |
| Interest receivable | 32,800 | 31,994 | 102,573 | 186,911 |
| Dividends receivable | 230,683 | 885,232 | 735,950 | 78,108 |
| Other receivables | 983,261 | 827,815 | 2,423,539 | 4,349,736 |
| Buyback financial assets | — | — | — | 1,310,000 |
| Inventories | 12,101,575 | 17,316,433 | 22,342,821 | 25,718,325 |
| Held-for-sale assets | 129,497 | — | 55,977 | — |
| Non-current assets due within one year | 4,485,562 | 5,096,586 | 7,382,760 | 5,784,488 |
| Other current assets | 3,794,081 | 5,663,552 | 4,085,948 | 7,059,761 |
| **Total current assets** | **79,321,042** | **74,397,719** | **84,535,977** | **106,470,514** |
| **Non-current assets** | | | | |
| Loans and advances | — | 109,424 | 3,125,152 | 2,287,152 |
| Available-for-sale financial assets | 4,091,430 | 8,142,832 | 8,803,170 | 8,409,185 |
| Held-to-maturity investments | 121,068 | 242,172 | 317,555 | 231,570 |
| Long-term receivables | 4,436,845 | 6,251,380 | 23,020,190 | 17,877,645 |
| Long-term equity investments | 17,322,193 | 16,526,489 | 23,272,151 | 23,739,207 |
| Investment properties | 474,412 | 808,075 | 971,127 | 923,761 |
| Fixed assets — net book value | 121,813,462 | 147,478,671 | 207,922,635 | 270,761,825 |
| Construction in progress | 136,335,209 | 148,723,184 | 127,101,837 | 128,936,724 |
| Construction materials | 94,302 | 270,047 | 59,671 | 941,715 |
| Disposal of fixed assets | 1,246 | 1,354 | 6,476 | 6,827 |
| Uranium mine assets | 1,042,485 | 958,891 | 851,263 | 824,091 |
| Intangible assets | 6,596,838 | 6,934,956 | 12,114,829 | 12,438,302 |
| Development expenditures | 1,035,112 | 1,250,512 | 1,357,370 | 1,675,109 |
| Goodwill | 2,227,032 | 3,354,262 | 7,263,526 | 8,775,476 |
| Long-term deferred expenses | 1,455,530 | 1,807,552 | 2,435,800 | 2,840,065 |
| Deferred tax assets | 1,080,320 | 1,141,972 | 1,635,194 | 2,341,430 |
| Other non-current assets | 11,403,716 | 14,296,150 | 15,665,735 | 14,695,707 |
| **Total non-current assets** | **309,531,201** | **358,297,921** | **435,923,680** | **497,705,791** |
| **Total Assets** | **388,852,243** | **432,695,640** | **520,459,657** | **604,176,305** |

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (unaudited and unreviewed) |
| **Current liabilities** | | | | |
| Short-term loans | 9,328,907 | 22,418,485 | 44,361,745 | 44,713,696 |
| Deposits and placements from other financial institutions | 130,042 | 151,731 | 1,097,589 | 147,817 |
| Placements from banks and other financial institutions | 1,600,000 | — | — | — |
| Derivative financial instruments | 49,859 | 101,931 | 279,825 | 251,702 |
| Notes payable | 1,227,488 | 3,295,461 | 2,515,386 | 2,394,957 |
| Accounts payable | 20,153,282 | 24,813,938 | 27,441,985 | 28,853,287 |
| Advances from customers | 3,150,968 | 2,098,913 | 3,666,568 | 9,658,180 |
| Handling charges and commissions payable | — | — | 182 | 360 |
| Employee benefits payable | 258,809 | 198,010 | 346,919 | 386,616 |
| Taxes and surcharges payable | 2,637,705 | 2,974,324 | 1,873,011 | 2,101,042 |
| Interest payable | 1,259,749 | 1,019,682 | 1,920,723 | 2,898,476 |
| Dividends payable | 1,758,294 | 1,416,224 | 1,997,122 | 1,255,748 |
| Other payables | 2,784,383 | 3,324,806 | 5,001,808 | 6,171,900 |
| Dividend payable for reinsurance | — | 44,706 | 53,289 | 20,346 |
| Provision for insurance contracts | — | 68,676 | 95,800 | 32,725 |
| Held-for-sale liabilities | 5,024 | — | 699 | — |
| Non-current liabilities due within one year | 19,775,270 | 20,367,726 | 25,969,217 | 19,469,407 |
| Other current liabilities | 9,105,065 | 5,658,756 | 3,735,156 | 1,247,978 |
| **Total current liabilities** | **73,224,846** | **87,953,370** | **120,357,023** | **119,604,236** |
| **Non-current liabilities** | | | | |
| Long-term loans | 162,153,580 | 174,482,851 | 204,175,508 | 267,923,259 |
| Bonds payable | 25,898,168 | 32,291,088 | 37,276,698 | 35,867,965 |
| Long-term payables | 2,050,323 | 1,543,300 | 465,800 | 580,468 |
| Long-term employee benefits payable | 35,341 | 49,729 | 75,066 | 81,398 |
| Provisions | 1,526,988 | 1,757,280 | 2,906,322 | 3,577,793 |
| Deferred income | 2,212,709 | 2,213,245 | 2,253,171 | 2,281,942 |
| Deferred tax liabilities | 2,792,905 | 3,050,891 | 5,685,080 | 5,489,171 |
| Other non-current liabilities | 250,343 | 141,187 | 6,274 | 100,580 |
| **Total non-current liabilities** | **196,920,356** | **215,529,570** | **252,843,919** | **315,902,576** |
| **Total Liabilities** | **270,145,203** | **303,482,940** | **373,200,942** | **435,506,812** |

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (unaudited and unreviewed) |
| **Owners' equity** | | | | |
| Share capital | 10,200,000 | 12,200,000 | 12,977,780 | 12,977,780 |
| Capital reserves | 16,686,540 | 16,566,997 | 17,529,113 | 19,215,441 |
| Other comprehensive income/(loss) | (1,215,546) | (1,722,612) | (2,095,062) | (1,435,734) |
| Specific reserve | 26,132 | 61,468 | 91,516 | 98,218 |
| Surplus reserves | 26,363,222 | 26,478,315 | 40,539,818 | 40,539,818 |
| General risk reserve | 210,210 | 210,210 | 210,210 | 210,210 |
| Undistributed profits | 21,872,797 | 25,912,739 | 17,272,265 | 23,553,169 |
| **Equity attributable to owners of the company** | **74,143,354** | **79,707,116** | **86,525,639** | **95,158,902** |
| **Non-controlling interest** | **44,563,687** | **49,505,584** | **60,733,076** | **73,510,591** |
| **Total Equity** | **118,707,041** | **129,212,700** | **147,258,715** | **168,669,493** |
| **Total Liabilities and Equity** | **338,852,243** | **432,695,640** | **520,459,657** | **604,176,305** |

**Summary Consolidated Cash Flow Statement Data**

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (audited) | (RMB'000) (unaudited and unreviewed) | (RMB'000) (unaudited and unreviewed) |
| Net cash flows from operating activities | 12,486,803 | 11,557,766 | 26,522,221 | 15,139,629 | 26,680,433 |
| Net cash flows used in investing activities | (44,117,857) | (43,014,173) | (63,297,043) | (38,039,794) | (19,868,829) |
| Net cash flows from/(used in) financing activities | 56,861,702 | 14,885,983 | 34,544,019 | 18,453,659 | (37,394) |
| Effect of foreign exchange rate changes on cash and cash equivalents | (78,699) | 479,385 | 570,982 | 1,333,254 | (932,380) |
| Net increase/(decrease) in cash and cash equivalents | 25,151,950 | (16,091,040) | (1,659,821) | (3,113,253) | 5,841,829 |
| Cash and cash equivalents at the end of the year | 37,027,036 | 20,935,997 | 19,276,175 | 17,822,744 | 25,118,004 |

**Other Financial Information**

| | As at and for the year ended 31 December | | | As at and for the nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | (RMB'000) | (RMB'000) | RMB'000) | (RMB'000) | (RMB'000) |
| Net profit | 8,071,937 | 9,136,001 | 11,037,324 | 9,941,198 | 11,660,238 |
| Income Tax | (1,435,507) | (2,108,559) | (1,555,781) | (1,263,841) | (1,366,489) |
| Depreciation of fixed assets | 6,285,110 | 7,248,868 | 9,493,527 | — | — |
| Amortization of intangible assets | 546,523 | 508,529 | 917,709 | — | — |
| Amortization of long-term deferred expenses | 120,066 | 161,720 | 268,458 | — | — |
| Interest expense[1] | 6,213,543 | 6,394,321 | 8,853,172 | — | — |
| EBITDA[2] | 22,672,687 | 25,557,998 | 32,125,971 | — | — |
| EBITDA margin[3] | 50.2% | 50.5% | 48.8% | — | — |
| Total assets | 388,852,243 | 432,695,640 | 520,459,657 | — | 604,176,305 |
| Total indebtedness[4] | 226,152,925 | 255,104,276 | 314,287,814 | — | 367,974,326 |
| Total indebtedness/total assets | 58.2% | 59.0% | 60.4% | — | 60.9% |
| Total indebtedness/EBITDA | 9.97 | 9.98 | 9.78 | — | — |

*Notes:*

1 Interest expenses mean the interest expense included in the finance costs of the Guarantor's audited consolidated statement of profit or loss and other comprehensive income.

2 EBITDA for any period consists of profit for the period before interest, tax, depreciation and amortisation. EBITDA is a widely used financial indicator of a Guarantor's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit for the year/period or any other measure of financial performance or as an indicator of the Guarantor's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the investor should consider, among other things, the components of EBITDA, such as total revenue and operating costs, and the amount by which EBITDA exceeds capital expenditure and other charges. The Guarantor has included EBITDA because it believes it is a useful supplement to cash flow data as a measure of the Guarantor's performance and its ability to generate cash flow from operations to cover debt services and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Guarantor's EBITDA to those presented by other companies because not all companies use the same definition.

3 EBITDA margin refers to EBITDA divided by total revenue of the period.

4 Total indebtedness comprises short-term loans, non-current liabilities due within one year, long-term loans, bonds payable and short-term financing bonds. See "Capitalisation and Indebtedness of the Guarantor".

## THE OFFERING

*The following summary contains some basic information about the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the 2022 USD Bonds", "Terms and Conditions of the 2027 USD Bonds" and "Terms and Conditions of the Euro Bonds" shall have the same meanings in this summary. For a more complete description of the terms and conditions of each series of the Bonds, see "Terms and Conditions of the 2022 USD Bonds", "Terms and Conditions of the 2027 USD Bonds" and "Terms and Conditions of the Euro Bonds".*

| | |
|---|---|
| Issuer . . . . . . . . . . . . . . . . . . . . . . | CGNPC International Limited (中廣核國際有限公司). |
| Guarantor . . . . . . . . . . . . . . . . . . . | China General Nuclear Power Corporation. |
| The Bonds . . . . . . . . . . . . . . . . . . | 2022 USD Bonds: US$350,000,000 3.125 per cent. Guaranteed Bonds due 2022.<br><br>2027 USD Bonds: US$550,000,000 3.750 per cent. Guaranteed Bonds due 2027.<br><br>Euro Bonds: €500,000,000 1.625 per cent. Guaranteed Bonds due 2024. |
| The Guarantee . . . . . . . . . . . . . . . | The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed, as further described in Condition 3(b) of the Terms and Conditions of the relevant Series. See also "The Guarantee" and "Risk Factors — Risks relating to the Bonds and the Guarantee". |
| Issue Price . . . . . . . . . . . . . . . . . . | 2022 USD Bonds: The 2022 USD Bonds will be issued at 99.514 per cent. of their principal amount.<br><br>2027 USD Bonds: The 2027 USD Bonds will be issued at 99.258 per cent. of their principal amount.<br><br>Euro Bonds: The Bonds will be issued at 99.797 per cent. of their principal amount. |
| Form and Denomination . . . . . . . . | USD Bonds: The 2022 USD Bonds and the 2027 USD Bonds will be issued in registered form in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.<br><br>Euro Bonds: The Bonds will be issued in registered form in denominations of €100,000 and integral multiples of €1,000 in excess thereof. |
| Issue Date . . . . . . . . . . . . . . . . . . | 11 December 2017. |
| Interest . . . . . . . . . . . . . . . . . . . . | 2022 USD Bonds: The 2022 USD Bonds will bear interest from and including 11 December 2017, at the rate of 3.125 per cent. per annum, payable semi-annually in arrear on 11 June and 11 December in each year. |

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|---|---|
| | 2027 USD Bonds: The 2027 USD Bonds will bear interest from and including 11 December 2017, at the rate of 3.750 per cent. per annum, payable semi-annually in arrear on 11 June and 11 December in each year.<br><br>Euro Bonds: The Bonds will bear interest from and including 11 December 2017, at the rate of 1.625 per cent. per annum, payable annually in arrear on 11 December in each year. |
| Maturity Date . . . . . . . . . . . . . . . | 2022 USD Bonds: 11 December 2022.<br><br>2027 USD Bonds: 11 December 2027.<br><br>Euro Bonds: 11 December 2024. |
| Status of the Bonds . . . . . . . . . . . | The Bonds of each Series constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions of the relevant Series) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds of each Series shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions of the relevant Series, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations. |
| Status of the Guarantee . . . . . . . . | The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds of each Series and the Trust Deed. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions of the relevant Series, at all times rank at least equally with its other present and future unsecured and unsubordinated obligations. |
| Negative Pledge. . . . . . . . . . . . . . | The Bonds of each Series will contain a negative pledge provision as further described in Condition 4(a) (*Negative Pledge*) of the Terms and Conditions of the relevant Series. |
| Use of Proceeds. . . . . . . . . . . . . . | USD Bonds: The proceeds from the sale of each Series of the USD Bonds will be used to refinance existing indebtedness and for general corporate purpose.<br><br>Euro Bonds: The proceeds from the sale of the Euro Bonds will be used to fund the Eligible Green Projects.<br><br>See "Use of Proceeds". |
| Events of Default. . . . . . . . . . . . . | The Bonds of each Series will contain certain events of default as further described in Condition 9 (*Events of Default*) of the Terms and Conditions of the relevant Series. |

| | |
|---|---|
| Taxation. . . . . . . . . . . . . . . . . . . . | All payments of principal, premium (if any) and/or interest by the Issuer or the Guarantor in respect of the Bonds of each Series or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall, subject to the limited exceptions specified in the Terms and Conditions of the relevant Series, pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required. |
| Final Redemption. . . . . . . . . . . . . | Unless previously redeemed or purchased and cancelled in the circumstances referred to in the Terms and Conditions of the relevant Series, the Bonds will be redeemed at their principal amount on the Maturity Date. |
| Redemption for Relevant Events . | A Bondholder of a Series will have the right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of that Bondholder's Bonds of the relevant Series at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to, but excluding, the relevant Put Settlement Date, upon the occurrence of a Change of Control with respect to the Issuer or the Guarantor or a No Registration Event, as the case may be. See Condition 6(c) (*Redemption and Purchase — Redemption for Relevant Events*) of the Terms and Conditions of the relevant Series. |
| Redemption for Taxation Reasons . . . . . . . . . . . . . . . . . . | The Bonds of a Series may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount, in the event that as a result of any change in the laws or regulations of the PRC or Hong Kong or any political subdivision or any authority therein or thereof having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 4 December 2017, the Issuer or the Guarantor would be required to pay Additional Tax Amounts in respect of the Bonds or the Guarantee, as the case may be, and such obligation cannot be avoided by the Issuer or the Guarantor taking reasonable measures available to it. See Condition 6(b) (*Redemption and Purchase — Redemption for Taxation Reasons*) of the Terms and Conditions of the relevant Series. |
| Redemption at the Option of the Issuer . . . . . . . . . . . . . . . . . . . . | The Issuer may at any time at its option redeem the Bonds, in whole but not in part, at a Make Whole Amount as at, and accrued and unpaid interest up to but excluding, the redemption date, as further described in Condition 6(d) (*Redemption and Purchase — Redemption at the Option of the Issuer*) of the Terms and Conditions of the relevant Series. |

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| Further Issues . . . . . . . . . . . . . . . | The Issuer may from time to time, without the consent of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds of a Series in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-Issuance Filing and the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the Bonds of such Series. References in the Terms and Conditions of each Series of the Bonds will include (unless the context requires otherwise) any other securities issued pursuant to Condition 15 (*Further Issues*) of the Terms and Conditions of such Series and forming a single series with the Bonds of that Series. |
| Trustee. . . . . . . . . . . . . . . . . . . . . | Bank of Communications Trustee Limited. |
| Principal Paying Agent, Transfer Agent and Registrar . . . . . . . . . | Bank of Communications Co., Ltd. Hong Kong Branch. |
| Clearing Systems . . . . . . . . . . . . . | The Bonds of each Series will be represented initially by beneficial interests in a Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate for each Series will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this Offering Circular, certificates for the Bonds of each Series will not be issued in exchange for beneficial interests in the Global Certificate of that Series. |
| Governing Law . . . . . . . . . . . . . . | The Trust Deed, the Deed of Guarantee and the Bonds will be governed by and construed in accordance with the laws of Hong Kong. |
| Listing . . . . . . . . . . . . . . . . . . . . . | Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, each Series of the USD Bonds by way of debt issues to Professional Investors only.<br><br>Application has been made to the Irish Stock Exchange for the Euro Bonds to be admitted to the Official List and traded on the Global Exchange Market which is the exchange regulated market for the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. It is expected that dealing in, and listing of, the Euro Bonds on the Irish Stock Exchange will commerce on or about 12 December 2017. Maples and Calder is acting solely in its capacity as listing agent for the Issuer in relation to the Euro Bonds and is not itself seeking admission of the Euro Bonds to the Official List of the Irish Stock Exchange or trading on the Global Exchange Market of Irish Stock Exchange. |

| | |
|---|---|
| Clearance and Settlement . . . . . . . | The Bonds have been accepted for clearance through Euroclear and Clearstream with a Common Code 172555292 and an ISIN XS1725552928 for the 2022 USD Bonds, a Common Code 173384173 and an ISIN XS1733841735 for the 2027 USD Bonds and a Common Code 172555306 and an ISIN XS1725553066 for the Euro Bonds. |
| Ratings . . . . . . . . . . . . . . . . . . . . . | The Bonds are expected to be rated "A3" and "A+" by Moody's and Fitch, respectively. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation. Prospective investors should evaluate each rating independently of any other rating of the Bonds or other securities of the Issuer or the Guarantor. |
| Selling Restrictions . . . . . . . . . . . | The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "Subscription and Sale". |

*Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Issuer and the Guarantor or that they currently deem immaterial may also adversely affect the business, financial condition or results of operations of the Issuer Group or the CGNPC Group or the value of the Bonds. Each of the Issuer and the Guarantor believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may occur for reasons which may not be considered as significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*Neither the Issuer nor the Guarantor represents that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

*This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Issuer Group or the CGNPC Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.*

## RISKS RELATING TO THE ISSUER GROUP'S BUSINESS AND INDUSTRY

***The Issuer Group's revenue and profit are greatly affected by tariffs and net electricity generation. Any reduction in tariffs or of net electricity generated or net steam generated may result in a decrease in the Issuer Group's revenue and have a material adverse effect on its business, financial condition and results of operations.***

The Issuer beneficially holds the Guarantor's non-nuclear power generation assets in the PRC, Korea, Malaysia, Middle Asia, Europe and Africa and the Guarantor's nuclear assets in the United Kingdom, and substantially all of the Issuer Group's revenue has been derived from sales of the electricity generated by the Issuer Group. The Issuer Group's electricity sales are determined primarily by tariffs and net electricity generated. Therefore, any adverse change in any of these two factors could decrease the Issuer Group's electricity sales and in turn have a material adverse impact to its business, financial condition and results of operations.

For many of the Issuer Group's power projects, the relevant power project companies sell electricity generated directly to the relevant local grid companies at set tariffs. The power generation industry is highly regulated. For example, on-grid tariffs in the PRC are set by relevant government authorities and may be adjusted from time to time. While the tariffs for most of the Issuer Group's power purchase agreements ("**PPAs**") in the PRC are intended to be regularly adjusted to reflect changing market conditions and production costs, they may not accurately take into account such factors in a timely manner. For instance, historically, on-grid tariffs of coal-fired power projects have not necessarily been driven by market conditions or effectively linked to the price of coal. Thus, CGN New Energy's coal-fired power projects may not be able to pass along increases in the cost of coal to the offtaker.

In Korea, while the Issuer Group's Yulchon I Power Project is able to transfer the impacts of fuel price fluctuations through fuel cost pass-through provisions in the tariff formula, the Issuer Group's Yulchon II and Daesan I Power Projects receive payments based on the system marginal price, which is influenced by market demand and supply, and may not fully reflect the power plants' respective fuel price fluctuations. A tariff adjustment that does not accurately reflect production costs or changing market conditions may have an adverse effect on the operating companies of Yulchon II and Daesan I Power Projects, which may in turn adersely affect the Issuer Group's business, financial condition and results of operations.

Some of the Issuer Group's tariffs and offtake arrangements are set out in PPA which are structured as either minimum take, capacity charge or annual allocation arrangements. For example, the Issuer Group's PRC tariffs normally comprise, in the case of minimum take offtake arrangements, a basic tariff, supplemented in certain cases with a separate tariff for any excess offtake amounts, and in the case of annual allocation offtake arrangements, a benchmark on-grid tariff. Tariffs for the Issuer Group's projects in Korea mainly comprise an energy charge or a system marginal price charge, which, depending on the power project, is supplemented by a capacity charge and a start-up charge

In addition to tariffs, the net electricity generation of the Issuer Group's power projects affects its revenue. For example, as planned output set out in CGN New Energy's annual allocation PPAs may be adjusted on an annual basis, the counterparties to these PPAs may lower the planned output in CGN New Energy's PPAs due to an increase in supply or a decrease in demand. According to the information published by the National Energy Administration of the PRC, the installed capacity of the PRC reached 1,646 GW in 2016, representing a year-on-year increase of 8.2 per cent., while the electricity consumption in the PRC in 2016 amounted to 5,920 TWh, representing a year-on-year increase of 5.0 per cent.

Even if CGN New Energy's planned output remains at a level that its management deems acceptable to its business and financial condition, there is no assurance that CGN New Energy's actual net generation will be sufficient to meet minimum levels required by the relevant PPAs. CGN New Energy's net generation may be reduced for reasons beyond its control, including unplanned outages. CGN New Energy experienced minor unplanned outages in Puguang Power Project in November 2013 due to failure of the uninterruptible power supply inverter resulting in stoppage for approximately four hours and Huangshi II Power Project in May 2013 due to a defect in the excitation regulator which activated protective measures resulting in stoppage for approximately four hours and Huangshi I Power Project in June 2013 due to a defective temperature gauge of the excitation transformer resulting in stoppage for approximately two hours. Any decrease in net electricity generation, including any future unplanned outages, whether by fuel type or in the aggregate, may result in a decrease of the Issuer Group's revenue.

There can be no assurance that the Issuer Group's tariffs or net electricity generation will not be reduced in the future. Any reduction in the Issuer Group's tariffs, the Issuer Group's inability to raise the level of its tariffs as a result of the changes to the tariff-setting mechanism or otherwise, or a reduction in its net electricity generation, may have a material adverse effect on the Issuer Group's revenue which in turn would have a material adverse effect on its business, financial condition and results of operations.

***Adverse changes in the amount or calculation of capacity charge and system marginal price payments or amendments to the pricing system may adversely affect the Issuer Group's business, financial condition and results of operations.***

Daesan I Power Project and Yulchon II Power Project depend on capacity charge and system marginal price payments from the KPX. Capacity charges are provided to central dispatch generators (*junganggubjeonbaljungi*) which commit the availability of power dispatch to the KPX and are determined based on cost to compensate the fixed costs, such as construction costs, of the registered power generator, including development and maintenance costs. System marginal price payments are based on the marginal price of electricity at a given hour at which the projected demand for electricity and the projected supply of electricity for such hour intersect, as determined by the merit order system.

Since 1 March 2013, the KPX has implemented a settlement price capping scheme, according to which the system marginal price for a power generating unit determined for the purpose of calculating the tariff for each hour is capped at the higher of the amount of variable cost of a designated standard power project in Korea or the unit generating cost of that project for that hour.

There is no assurance that no changes will happen to the capacity charge, system marginal price payments or the electricity pricing system in Korea. Any further changes could affect the financial condition and results of operations of CGN New Energy's power projects in Korea and may cause the MPC Daesan Power Co., Ltd. or the Yulchon Company to default on its respective indebtedness, which in turn could have an adverse effect on the Issuer Group's financial condition and results of operations.

***Regulatory reform of the power industry in the PRC, United Kingdom, Malaysia, Korea and other countries and regions may have a material impact on the Issuer Group's business and prospects.***

The Issuer Group's power projects are located in the PRC, United Kingdom, Malaysia, Korea and other countries and regions, and the local governments in some of these countries and regions have been implementing regulatory reforms that concern many aspects of the power sector, such as the amount of electricity generation, tariffs, compliance with power grid controls, dispatch directives and environmental protection. These reforms have had or may have an impact on among other things, dispatch policies, clean and renewable energy and environmental compliance policies and tariffs, and may result in a change of tariff-setting procedures or mandatory installation of costly equipment and technologies to reduce environmental pollutants. There can be no assurance that the relevant power generation companies of the Issuer Group's will be able to continue to operate on its existing terms under such new regulations or tariff-setting procedures.

For example, the Korean government has indicated its intention to increase the power reserve margin which may result in Daesan I, Yulchon I and Yulchon II Power Projects dispatching less electricity due to an increase in overall installed capacity. Additionally, the recently implemented system marginal price capping scheme may reduce tariffs at Daesan I and Yulchon II Power Projects. Any adverse change in the power sector due to changes in the regulatory environment in Korea could lead to a decrease in the Issuer Group's power sales and revenue in Korea and may in turn have a material adverse effect on the Issuer Group's business, financial condition and results of operations.

***Any acquisition or strategic investment, and in particular, the overseas acquisition or strategic investment that the Issuer Group undertakes could be difficult to integrate and operate, which may adversely affect the Issuer Group's operations.***

The Issuer Group has historically pursued, and may continue in the future to pursue, strategic acquisition and investments in quality business and assets that support or complement its and the CGNPC Group's businesses. For example,

- in December 2014, the Issuer, through CGN Europe, a wholly owned subsidiary, acquired from Electricite De France 80.0 per cent. interest in the Clover Wind Farm Project in London;

- in February 2015, CGN Europe acquired from Eolfi 100.0 per cent. interest in the Fujin Wind Farm Project in France;

- in October 2015, a consortium led by the CGNPC Group entered into the Agreement for Investment in the Construction of Nuclear Power Projects with EDF relating to the construction and operation of the Hinkley Point C nuclear power station in Somerset, England;

- in March 2016, the Issuer acquired 100.0 per cent. of the equity interest in Edra Power Holdings Sdn. Bhd. ("**Edra Power**") in Southeast Asia;

- in September 2016, CGN Europe acquired 100.0 per cent. interest in the Esperance Wind Farm Project in Belgium; and
- in December 2016, CGN Europe acquired 100.0 per cent. interest in the Douvan Wind Farm Project in Ireland and Northern Island, the United Kingdom.

Although the Issuer Group conducts due diligence investigations on the target companies, it may not reveal all facts that are necessary or material in evaluating the target company and the acquisition. Any failure to discover material risks and liabilities relating to the target company before the acquisition could increase the Issuer's exposure to financial and legal risks and liabilities. There can be no assurance that any anticipated benefits of an acquisition or a strategic investment will be realised.

Acquisitions of or strategic investments may result in the incurrence of debt and the impairment or amortisation of expenses related to goodwill and other intangible assets. In addition, acquisitions and strategic investments involve numerous risks, including difficulties in the assimilation of operations, corporate culture and personnel of the acquired business, diversion of management's attention from other business concerns, risks of entering into new markets and the potential loss of key employees of the acquired business. In particular, overseas acquisitions may expose the Issuer Group to additional risks, including, among others, difficulties with managing overseas operations, including complying with the various regulatory and legal requirements of different jurisdictions, challenges in providing products, services and support in the overseas markets, differences in accounting treatment in different jurisdictions, foreign exchange losses, changes in local government laws, regulations and policies and local political and economic instability or civil unrest. The construction and operation of an overseas power plant, including its ancillary facilities, may be adversely affected by many factors, some of which are beyond the CGNPC Group's control. The CGPNC Group has historically experienced a delay in the construction of certain overseas power plant. All of these factors may have a material adverse effect on the Issuer Group's business, financial condition and results of operations.

***The majority of the Issuer Group's power generation projects rely on a limited group of customers to purchase the power generated from each respective power generation projects which may expose it to operating and financial risks.***

In the PRC, the relevant local grid companies are the limited group of customers for a majority of the Issuer Group's power generation projects operated by CGN New Energy. Each of these project companies in the PRC has entered into a PPA with the grid company in the region or city where it operates its power generation business. Therefore, the Issuer Group's business in the PRC primarily relies on a limited group of customers for each power generation project. There is no assurance that the offtakers under CGN New Energy's PPAs will make full and timely payments for CGN New Energy's electricity output according to the terms of the relevant PPA or agreed upon tariffs, will comply with their other contractual obligations under the relevant PPA or that CGN New Energy would be able to enforce the terms of those PPAs against them. In addition, there can be no assurance that CGN New Energy's offtakers will not be subject to insolvency or liquidation proceedings during the term of the PPA. The failure of CGN New Energy's PPA counterparties to honour their obligations under their respective PPAs or any significant non-purchase, non-payment, non-compliance, insolvency or liquidation of a PPA counterparty may have a material adverse effect on CGN New Energy's and the Issuer Group's business, financial condition and results of operations.

Likewise, in Korea, Yulchon I, Yulchon II and Daesan I Power Projects rely on a single offtaker pursuant to their respective offtake arrangements. Korea Electric Power Corporation ("**KEPCO**") purchases power generated by Yulchon I Power Project pursuant to a long-term PPA that expires in 2025, and the KPX purchases power generated by Yulchon II Power Project and Daesan I Power Project pursuant to the Power Market Operation Rules enacted by the KPX (the "**Power Market Operation Rules**"). There is no assurance that the counterparty to CGN New Energy's PPA for Yulchon I Power Project will not default, or that there will not be any changes to the capacity payments or the electricity pricing system that governs the tariff of power produced by Daesan I Power Project and Yulchon II Power Project.

From 2014 to 2016, the Issuer through CGN Europe acquired several onshore and offshore wind farm projects in the United Kingdom and France. Majority of the power generation companies that operated these wind farm projects entered into a long-term offtake arrangement of offtakers with respect to the electricity generated by those wind farms. There is no assurance that the offtakers will honour their respective obligations throughout the terms of the offtake arrangements. Failure to perform or defect in the performance of their obligations under the offtake arrangements may have an adverse impact on the Issuer Group's business, financial condition and results of operations in Europe.

***Development and acquisition of power projects and businesses may be subject to various regulatory approvals and there can be no assurance that these regulatory approvals will be obtained in time or at all.***

The Issuer is positioned as the Guarantor's primary platform for overseas investment and financing activities. The Issuer has built, through acquisition and organic development, a large, diversified portfolio of high quality power generation assets across the PRC, Korea, Malaysia, Middle Asia, Europe and Africa over the last 20 years. See "Description of the Issuer Group's Business — Competitive Strengths — A primary platform of the Guarantor for overseas investment and financing activities with extensive experience in acquiring, developing and operating high quality power generation projects". Such development and acquisitions may be subject to various governmental and regulatory approvals, consents, reports and filings. In particular, under the PRC laws and regulations and governmental policies, acquisitions of PRC or offshore power projects and related operating companies and businesses by any member of the Issuer Group normally require approvals of and/or registrations with various PRC governmental and regulatory authorities, including but not limited to SASAC, the NDRC, the Ministry of Commerce of the PRC (中華人民共和國商務部) ("**MOFCOM**") or their local counterparts. Granting of the requisite approvals and certificates is a time consuming process and is subject to the relevant regulatory authorities' sole discretions. There can be no assurance that any of the governmental and regulatory approvals for the development of new power projects and the acquisitions of power projects and related operating companies and businesses can be obtained in time or at all. If any necessary governmental and regulatory approvals is not obtained in time, the Issuer Group may not proceed with such development or acquisition or it may take a longer time for the Issuer Group to undertake such development or acquisition which may have a material adverse effect on the undertaking and realisation of the Issuer Group's development and expansion plans, as well as the implementation of its business strategies and the achievement of improved financial performance.

***Compliance with stricter emissions or environmental laws in the PRC, Korea or other countries where the Issuer Group has operations has increased, and is expected to further increase the Issuer Group's capital expenditure obligations and operating expenses.***

The Issuer Group's fossil fuel-based power projects operated by CGN New Energy in the PRC discharge pollutants into the environment and are subject to environmental protection laws and regulations which currently impose base-level discharge fees for various pollutants and a tiered schedule of fees for the discharge of waste substances. Compliance with environmental laws and regulations has increased, and is expected to further increase, the Issuer Group's capital expenditure obligations and operating expenses. There is no assurance that the fees or capital expenditures will not be higher than the Issuer Group's estimates. PRC environmental regulations and mandatory industry standards have set the phased-in restrictions on the amount of sulphur oxide, particulate matter, nitrogen oxide and other emissions permitted in connection with fossil fuel power projects developed in different time periods. According to PRC laws and regulations, (i) any fossil fuel power unit to be set up shall be equipped with desulphurization, deNOx, particulate matter removal and other facilities and (ii) all desulphurization, deNOx, particulate matter removal and other facilities of existing fossil fuel power units shall be upgraded according to the schedule set by the local government to meet PRC pollutant emissions standards. To comply with these stricter requirements, CGN New Energy has installed FGD, deNOx and particulate matter removal equipment at a number of the Issuer Group's coal-fired projects and are in the process of installing similar equipment at several coal-fired projects to reduce emissions. There is no assurance CGN New Energy can meet these or other requirements in a timely manner or at all.

In Korea, under the Air Environment Protection Law ("**AEPL**"), prior to establishing a power project that will discharge air pollutants, an entity must obtain permission from, or make a report to, the competent local government, and install and operate air pollution preventive equipment and air emission monitoring instruments so as to keep air pollutant emission levels within permissible standards. Because the standard for nitrogen oxide emissions from internal-combustion engines in gas turbines using liquid fuel has been strengthened from 250 ppm to 100 ppm as at 1 January 2010, Daesan I Power Project changed the fuel for its gas turbine from Low Sulphur Waxy Residual to diesel oil to comply with the more stringent emission standard, resulting in additional operating costs. This emission standard was further strengthened to 80 ppm for nitrogen oxide emissions, 25 ppm for sulphur oxide emissions and 30 milligrams per standard cubic meter for particulate matter emissions, taking effective on 1 January 2015. In addition to such changes in emission standards, the Korean government may further strengthen applicable emission standards thereby potentially increasing CGN New Energy's operating costs.

These environmental laws and regulations also impose fines for violations of laws, regulations or decrees and provide for other sanctions including the possible closure or relocation by the local governments of any power project which fails to comply with orders requiring it to cease or rectify activities that are non-compliant with the relevant laws and regulations. There is no assurance that the local governments will not adopt stricter environmental laws or regulations or that members of the Issuer Group will not violate such laws and regulations in the future. In addition, the cost of compliance with any such laws or regulations is uncertain. Any such changes in the environmental laws and regulations of the PRC, Korea or other countries where the Issuer Group has operations may have a material adverse effect on and the Issuer Group's business, financial condition and results of operations.

***Hydro projects are highly affected by weather conditions, especially rainfall. The absence of acceptable climatic conditions for the Issuer Group's hydro projects may have a material adverse effect on the output of such projects and, in turn, the Issuer Group's business, financial condition and results of operations.***

The Issuer, through CGN New Energy, operates a number of hydro projects and may invest in or develop additional hydro projects in the future. Hydro projects depend upon a year-round flow of water to generate electricity. The water flow of the rivers on which CGN New Energy's hydro projects are situated may fluctuate considerably according to seasonal rainfall, which can be unpredictable. Excessive fluctuations in rainfall and droughts could affect the output of CGN New Energy's hydro projects. The availability of sufficient water flow affects the output of CGN New Energy's hydro projects, which, in turn, affects CGN New Energy's results of operations. Moreover, annual climatic fluctuations due to severe or abnormal weather conditions in a particular year may result in uneven results from year to year. The absence of acceptable climatic conditions for CGN New Energy's hydro projects may have a material adverse effect on the output of such projects and, in turn, the Issuer Group's business, financial condition and results of operations.

In selecting sites for the development of CGN New Energy's hydro projects, CGN New Energy makes its decisions based on the meteorological and topographical data of the proposed area as well as the on-site exploration conducted by its technicians. There can be no assurance that the actual conditions will conform to the historical measured data or that the assumptions CGN New Energy made during its assessment are correct. Moreover, even if actual conditions are consistent with CGN New Energy's assessment, those conditions may be affected by variations in weather patterns which may change over time to the detriment of CGN New Energy's power projects. As a result, the electricity generated by CGN New Energy's hydro projects may fall below CGN New Energy's expectations, which could in turn have a material adverse effect on the Issuer Group's business, financial condition and results of operations.

***Future legislation and regulation on carbon emissions in the PRC and Korea may adversely affect the Issuer Group's operations.***

Emissions trading schemes set a limit on the aggregate amount of carbon dioxide that can be emitted in a country, as well as a cap on each individual company's carbon emissions. Companies whose emissions exceed their individual cap may need to purchase carbon permits from companies with lower emissions. As a result, under emissions trading schemes, power companies that utilize high-emission fuels such as coal or oil may be less competitive than renewable or clean energy companies.

The PRC government has recently approved carbon emissions trade pilot programs in seven districts in the PRC, in line with its efforts to substantially reduce emissions per unit of economic output by 2020. The pilot districts of Shenzhen, Beijing, Shanghai, Tianjin, Guangdong, Hubei and Chongqing have started the operation of carbon emissions exchange.

Similarly, in Korea, the Law on the Allocation and Trade of Greenhouse Gas Emission Allowances ("**LATGGEA**"), which was enacted in 2012, and the regulations thereunder established the Korean "Emissions Trading Scheme," which was implemented on 1 January 2015, under which companies were allocated a limited volume of emission allowances and were allowed to trade certain allowances. The LATGGEA and the regulations thereunder regulate greenhouse gas emissions for companies (whether a power company or not) emitting more than a certain level of greenhouse gas.

Compliance with these cap and trade emissions trading schemes may result in significant increase in costs due to a need to purchase carbon credits, coupled with CGN New Energy's inability to accurately predict the fluctuation of the price of these permits, or make additional technological investments to reduce its emissions. Moreover, the Issuer Group's clean and renewable energy projects may face increasing competition as a result of cap and trade and other regulatory initiatives that incentivize new players to enter those markets. Any of these events could have a material adverse effect on the Issuer Group's business, financial condition and results of operations.

Furthermore, in April 2010, the Korean National Assembly passed an amendment bill to the Renewable Energy Act which went into effect in January 2012, and introduced the Renewable Portfolio Standard ("**RPS**"). According to the Renewable Energy Act, power projects in Korea with capacity over 500 MW measured at 30 degrees Celsius are obligated to supply a minimum percentage of power generated through new and renewable energy, as defined in the Renewable Energy Act. In 2012, the renewable energy generation requirement was 2 per cent. of the gross electricity generated. This percentage will increase to 10 per cent. by 2024. Consequently, to meet the requirements of the Renewable Energy Act, the Yulchon Company needs to generate a minimum proportion of its total power generation through new and renewable energy generation or purchase RECs from the open market. Companies that do not meet these minimum levels may be subject to pecuniary charges proportionate to the volume of RECs that they failed to submit. Compliance with the RPS is measured on a yearly basis, and Yulchon Company has been in compliance since its introduction in 2012. MPC Daesan Power Co., Ltd. is not subject to the regulations of the RPS given that the installed capacity of Daesan I Power Project is 465.8 MW measured at 30 degrees Celsius, which is lower than the RPS threshold of 500 MW measured at 30 degrees Celsius. The Yulchon Company's inability to meet or maintain compliance with such percentage thresholds may result in a fine or other penalty imposed upon CGN New Energy for non-compliance, and there can be no assurance that such fine or other penalty will not have a material adverse effect on the Issuer Group's business, financial condition and results of operations.

***Regulations promoting clean and renewable energy may have an adverse effect on the business and financial performance of the Issuer Group's gas-fired and oil-fired power projects.***

Certain of the Issuer Group's power generation projects are subject to preferential dispatch policies, set by government regulators, which prioritize dispatch from clean and renewable energy, energy-efficient or environmentally friendly power generation projects. The dispatch centre within the jurisdiction of each applicable power grid company, subject to regulations, oversees the dispatch of power and determines the planned output of power to be dispatched by each power generation project. As a result, the net electricity generation of those power generation projects, and therefore their revenue and net profit, are heavily influenced by dispatch priority and government policies and regulations such as those enacted to increase and promote efficient generation from clean and renewable energy sources such as wind, hydro and natural gas.

The Issuer Group's power generation projects that do not generate electricity from clean and renewable energy sources may receive a lower dispatch priority than competing power projects that rely on renewable energy. As the Issuer Group competes with other power projects in the areas in which it operates, as well as power generation projects that will come into operation in the future, there can be no assurance that the dispatch centres will not give higher dispatch priority to other power generation projects operating in the same areas based on fuel type and efficiency. If the Issuer Group's competitors generate clean and renewable energy or develop power generation projects which are more energy-efficient or environmentally friendly than the Issuer Group's, government authorities in the PRC and other countries where members of the Issuer Group operate power stations may reduce the net generation of the relevant power generation companies of the Issuer Group by purchasing electricity from other projects due to these dispatch priority policies.

Any reductions in the Issuer Group's net generation volume due to lower dispatch priority may reduce its revenue and net profit and have a material adverse effect on its business, financial condition and results of operations.

***All of the Issuer Group's gas-fired and oil-fired power projects rely on a single fuel supplier. Any interruption or shortage of the Issuer Group's fuel supply may have a material adverse effect on its business, financial condition and results of operation.***

In the PRC and Korea, the Issuer Group's gas-fired power projects and its oil-fired power project each rely on a single fuel supplier. For example, in Korea, the gas for the Issuer Group's gas-fired power projects, Yulchon I and Yulchon II Power Projects, is supplied by Korea Gas Corporation ("**KOGAS**"), the government-owned gas company which is the sole supplier of natural gas to projects such as the Issuer Group's. Hyundai Oilbank is the supplier of oil for the Issuer Group's oil-fired power project, Daesan I Power Project.

There can be no assurance that relevant operating subsidiaries of the relevant operating subsidiaries of the Issuer will continue to have access to gas and oil at favourable rates or at all, or that they will be able, if necessary, to access alternative sources of gas or oil for its projects. Interruptions in the supply of fuel, as have occurred in the past, may affect the output of the Issuer Group's oil- and gas-fired power projects and, in turn, its results of operations. For instance, Weigang Power Project has ceased operation since June 2016 due to the cessation of supply of fuel to Weigang Power project by its supplier. Additionally, any significant interruption or delay in the supply of fuel required by the Issuer Group's oil- or gas-fired power projects (including disruptions resulting from defects in, or the requirement for maintenance of, the respective methods used to transport fuel supply) would require relevant operating subsidiaries of the Issuer to purchase fuel from alternative sources. In that event, there can be no assurance that prices will not be higher than those contracted with the Issuer Group's existing suppliers or that any alternative sources will be available at all. There is no assurance that there will not be future disruptions in the Issuer Group's fuel supplies or that there will be sufficient fuel resources available to it to meet its future obligations. Any such interruption or shortage, and the Issuer Group's inability to compensate for such shortage at favourable rates or at all may have a material adverse effect on its business, financial condition and results of operations.

***The Issuer Group has historically experienced significant decrease in its operating profits and any significant decrease in the future may have a material adverse impact on its business, financial condition and results of operations.***

The Issuer Group has historically experienced significant decrease in its operating profits. For the years ended 31 December 2014, 2015 and 2016, the operating profits of the Issuer Group was RMB954.3 million, RMB391.2 million and RMB230.0 million, respectively. The decrease of the operating profits from 2014 to 2016 was primarily due to the decrease of the Issuer Group's revenue generated in Korea. A greater increase in the Group's cost of operations and financial costs relative to the increase in its revenue also in part resulted in the significant decrease of the operating profits during the relevant year and periods. If the Issuer Group continues to experience significant decrease in its operating profits, the Issuer Group's business, financial conditions and results of operations may be materially and adversely affected.

***The Issuer Group operates facilities that may cause significant harm to the environment or for which accidents, natural disasters or external attacks may have a material adverse effect on its business, financial condition, results of operations and prospects.***

Although the Issuer Group has adopted stringent risk control procedures for the operation of its facilities, these facilities, as currently operated, could be the source of industrial accidents or environmental and public health impacts (such as inadequately controlled emissions, leakages in explosive or flammable materials and in electricity supply lines insulated with pressurized oil or a failure of decontamination facilities). Some of the Issuer Group's hydro projects operate dams, at which failures or accidents could have significant impact on the surrounding environment from floods and other water management problems. The Issuer Group's facilities may be located in industrial areas where other facilities subject to similar risks are operated, which means that its own facilities may be impacted by accidents occurring at neighbouring facilities owned by other operators which are not under the Issuer Group's control.

The Issuer Group implements appropriate measures to prevent and, if necessary, repair any industrial accidents or environmental damage caused by the facilities that it operates. These measures are intended, in particular, to protect both against the risk of an accident (such as explosion or fire) occurring in the Issuer Group's facilities and against the impact of such an accident occurring in a neighbouring facility owned by a third party. However, there can be no assurance that the measures taken to control these risks will prove effective if any of the above events were to occur. An accident of the type described above could have serious consequences for persons, property and business continuity, and could result in significant liability for the Issuer Group. Insurance policies for civil liability and damages taken out by the Issuer Group could prove to be significantly inadequate, and there can be no assurance that the Issuer Group will always be able to maintain a level of insurance coverage at least equal to current insurance coverage levels and at the same cost. The frequency and magnitude of natural disasters seen over the past few years, in particular, the nuclear accident that occurred in Fukushima, Japan, in March 2011, could have a significant impact on the capacities of the insurance and reinsurance market and on the costs of civil liability and damages insurance cover for the Issuer Group. An accident could also lead to the shutdown of the facility affected and, potentially, of similar facilities that may be considered to present the same risks.

Power-related facilities may be at greater risk for terrorist activities than other targets. Facilities or assets operated by the Issuer Group may be targeted by attacks or malicious acts. Safety measures were incorporated into the design of the facilities and sites, and protective measures have been taken by the Issuer Group. Nonetheless, there can be no guarantee that these measures will prove fully effective in all cases. An attack or malicious act committed on these facilities could have consequences such as damage to persons, property and continuity of business, the Issuer Group's liability being sought on the basis of measures that are judged inadequate and interruptions to operations.

***The Operation and Management Services Framework Agreements, the Operation and Management Services (Solar Energy) Framework Agreement and the Operation and Management Services (Wind Energy) Framework Agreement may not be renewed under favourable terms, or at all.***

The Issuer Group, through CGN New Energy, has entered into Operation and Management Services Framework Agreements with each of CGN Energy and Huamei Holding, two other subsidiaries of the Guarantor, which outline the terms of the management services CGN New Energy provides to hydro (including pumped storage), coal-fired, cogen and wind power projects in which CGN Energy and Huamei Holding have interests. The initial terms of those agreements are from 15 September 2014 to 31 December 2016. As at 31 December 2016, CGN New Energy served a notice to Huamei Holding in accordance with the terms of the Operation and Management Services (Huamei Holding) Framework Agreements to renew those agreements for a term of three years from 1 January 2017 to 31 December 2019. Save for the renewal of the term of the agreement, the principal terms of the renewed Operation and Management Services (Huamei Holding) Framework Agreements shall remain the same as the original Operation and Management Services (Huamei Holding) Framework Agreements (including the calculation of the management fees). On 17 June 2015, CGN New Energy entered into an Operation and Management Services (Solar Energy) Framework Agreement and an Operation and Management Services (Wind Energy) Framework Agreement with CGN Solar Energy and CGN Wind Energy, respectively, which outline the terms of the management services CGN New Energy provides to solar and wind power projects in which CGN Solar Energy and CGN Wind Energy have interests. The terms of these two agreements are from 17 June 2015 to 31 December 2017. There is no assurance that the Guarantor or any individual counterparty will choose to renew its Operation and Management Services Framework Agreements, the Operation and Management Services (Solar Energy) Framework Agreement and the Operation and Management Services (Wind Energy) Framework Agreement or any individual operation and management services agreement, respectively, on terms which CGN New Energy believes to be favourable, or at all. CGN New Energy's inability to renew its Operation and Management Services Framework Agreements, the Operation and Management Services (Solar Energy) Framework Agreement and the Operation and Management Services (Wind Energy) Framework Agreement or an individual operation and management services agreement, or renew either agreement with favourable terms, may result in a reduction of CGN New Energy's revenue, which in turn may have a material adverse effect on the Issuer Group's business, financial condition and results of operations.

***The slowdown of the PRC's or Korea's economy and deterioration of the Europe's economy caused in part by the recent challenging global economic conditions may adversely affect the Issuer Group's business and results and operations.***

The Issuer Group's revenue has been substantially derived from power sales of CGN New Energy in the PRC and Korea. CGN New Energy relies, to a significant degree, on domestic demand in these countries for power to achieve revenue growth. Domestic demand for power is materially affected by industrial development, growth of private consumption and overall economic growth in the PRC and Korea. Since the second half of 2014, China's economy has displayed signs of a slowdown as evidenced by decreases in the GDP growth, fixed assets investment, total export and many key economic data published by the National Statistics Bureau of the PRC. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it further decreased to 6.7 per cent. in 2016 on a year-on-year basis, which was the slowest annual GDP growth rate recorded in 26 years. In March 2016, Moody's Investors Service and S&P Ratings changed China's credit rating outlook to "negative" from "stable," which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. The national economic condition of the PRC has a material effect on regional economic performance in the PRC. The slowdown of the second largest economy in the world not only has attacked the investors' confidence in the recovery of the global economy from the financial crisis in 2008, it has increased future uncertainty for the overall prospects of the economy of many developed and developing countries, particularly those countries with a significant amount of businesses with China in Asia, Europe and Latin America. Regarding the Korean market, influenced by global economic uncertainties and crisis emerging from the domestic political environment and large-scale corporations, the economic growth of Korea continued to slow down, resulting in a growth in gross domestic product of 2.7 per cent. for 2016. The growth in power demand also lost momentum, which led to issues relating to decreases in capacity factor, utilization hours of power plants and electricity generation, and affected the profitability of Korean gas-fired power generation companies. Any slowdown of the PRC or Korea economy may reduce domestic demand for power, resulting in a material adverse effect on CGN New Energy's business, financial condition and results of operations. See "Risks Relating to the PRC".

From 2014 to 2016, the Issuer expanded its renewable power business in Europe and acquired several onshore and offshore wind farm projects in the United Kingdom and France. As such, the Issuer Group's business and results of operations may be affected by the economic conditions of the United Kingdom, France and the European region in general. Since the second half of 2014, Europe has experienced a material economic deterioration, causing significant depreciation of the Euro against the US dollar. Although the governments of many major European economies continue to adopt liberal monetary policies to stimulate the recovery of their economy, there is no assurance that the economic conditions in Europe will improve as they expect, or at all. On 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the European Union. The result of the referendum does not legally obligate the United Kingdom to exit the European Union, and it is unclear if or when the United Kingdom will formally serve notice to the European Council of its desire to withdraw. There is substantial uncertainty relating to the implementation of the United Kingdom's exit or its impact on the China's economic conditions including but not limited to increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies). Continued deterioration in the economic conditions in Europe will adversely affect the consumption of electricity and in turn materially and adversely affect the Issuer Group's business, financial condition and results of operations in Europe.

***The potential increase in wages or allowance payments due to not properly calculating "ordinary wages," which is the basis for calculating such payments, may have an adverse effect on the Issuer Group's business in Korea.***

The Korean Labour Standards Act provides that a worker's "ordinary wages" will mean hourly wages, daily wages, weekly wages, monthly wages or contract wages which are determined to be paid regularly and uniformly and on a fixed basis to a worker for his/her prescribed labour, and be used as the basis for calculating incremental wages for overtime, nighttimes, and holiday work, allowance paid in lieu of termination notice and annual leave allowances.

In a recent ruling, the Korean Supreme Court held that fixed bonuses should be included in calculating ordinary wages regardless of their payment period and that any labour-management agreement which excludes fixed bonuses from ordinary wages shall in principle be null and void because it violates mandatory labour law. However, wages payable on a predetermined date only to persons who are employees as at such date, such as Chuseok and Lunar New Year holiday bonuses, summer vacation allowances, *kimchang* bonuses paid during the preparation of Korea's traditional *kimchi* dish, gift expenses, birthday support, personal pension subsidy, workplace group insurance premium, etc., have been excluded from the scope of ordinary wages. The Korean Supreme Court reasoned that these types of wages do not satisfy the "fixed" criteria of the ordinary wage definition because they would not be payable to employees that are not employed at the time of payment. The Korean Supreme Court further held that employees will not be permitted to file claims for additional wage amounts if the filing would be in breach of the principle of "good faith and trust." Employees filing additional wage claims would be acting in bad faith, and thus the filings would be prohibited, if certain requirements, including the following, are satisfied: (i) if labour and management would have adjusted the amount of other wage items had they known that fixed bonuses would be part of ordinary wages and, as result, the aggregate wage amount would have remained the same; and (ii) if the additional wage claims had a material adverse impact on the company due to the unexpected excessive financial burden.

Despite having paid regular, uniform and fixed payments, such as "fixed bonuses" that may be categorized as "ordinary wages" to their employees, many Korean companies have not reflected such amounts that were not paid on a monthly basis when calculating the amount of the applicable ordinary wages until now. In such cases, many of these companies may not have paid wages for overtime, nighttimes, and holiday work, allowances paid in lieu of termination notice, or annual leave allowances up to the amount required under the Korean Labour Standards Act, and thus employees of such companies may seek amounts unpaid during the past to the extent the relevant statute of limitation period permits, and demand for the increase of future wages or allowances which are calculated based on ordinary wage. There can be no assurance that certain operating companies of the Issuer Group in Korea have made wage or allowance payments in compliance with the Korean Labour Standards Act and further clarification provided by the Korean Supreme Court, which may have a material adverse effect on the Issuer Group's business, financial position, results of operation and prospects.

***Fluctuation of the Renminbi, Korean Won, Malaysian Ringgit, pound sterling and Euro could have a material adverse effect on the Issuer Group's business, financial condition and results of operations.***

The Issuer Group's revenue has been primarily denominated in Renminbi and Korean Won, some of which are converted into foreign currencies to (i) purchase foreign-made equipment and parts for repair and maintenance, (ii) make investments in or acquire interests from other companies, (iii) settle its operating costs and (iv) pay dividends to the shareholders of its power projects. In 2005, the PRC government changed its policy of pegging the value of the Renminbi to the US dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. On 11 August 2015, the People's Bank of China adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the change of rate of the primary international currencies. For three consecutive days commencing 11 August 2015, the People's Bank of China devalued the Renminbi against the US dollar, leading to declines in the value of the Renminbi versus the US dollars of up to 2.8 per cent. in currency markets, which was also the largest single-day drop in the value of the Renminbi since 1994. On 11 December 2015, the China Foreign Exchange Trade System (the "**CFETS**"), a sub-institutional organization of the People's Bank of China, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. Throughout 2016, the Renminbi experienced further fluctuation in value against the US dollar. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the US dollar, the Issuer Group's financial condition and results of operations could be adversely affected because of its US dollar denominated indebtedness and other obligations. Such a devaluation could also adversely affect the value, translated or converted into US dollars or otherwise, of its earnings and its ability to satisfy its obligations under the Bonds and other indebtedness denominated in foreign currencies. There are limited hedging instruments available in China to reduce its exposure to exchange rate fluctuations between the Renminbi and other currencies.

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Under the PRC's foreign exchange regulations, payments of current account items, including dividend payments, interest payments and expenditures from trade are freely exchangeable into foreign currencies without prior government approval except for certain procedural requirements. However, strict foreign exchange controls continue for capital account transactions, including repayment of loan principal, return of direct capital investments and investments in negotiable securities. In Korea, there are certain foreign exchange controls applicable to the relevant operating companies of the Issuer Group as well.

The Issuer Group is also exposed to foreign currency fluctuations attributable to its bank balances and payables which are denominated in the currencies other than the functional currency of the entity to which they relate. In Korea, the Yulchon Company has a commitment to make foreign currency payments to contractors for maintenance work, which also exposes it to foreign currency fluctuation risks. Furthermore, as the Issuer partially relies on dividend distribution of its operating subsidiaries in the PRC, Korea, Malaysia, Middle Asia, Europe and Africa to meet its cash requirement, any depreciation in the Renminbi, Korean Won, Malaysian Ringgit, pound sterling or Euro against the US dollar may materially affect the value of dividend received by the Issuer from those subsidiaries and the Issuer's financial ability to conduct a number of investment and financing activities, such as service of the Bonds. Its business, financial condition and results of operations may be adversely affected as a result.

***The Issuer Group's hedging strategy may not adequately protect it from commodity price risks, foreign exchange and interest rates.***

The Issuer Group's power projects expose it to volatility in the price of electricity and fuel supplies, particularly coal, oil and gas prices. Its profit is affected by fluctuations in foreign currency exchange rates as it collects substantially all of its revenues from its projects in Renminbi, Korean Won, Malaysian Ringgit and Euro. In addition, the Issuer Group is exposed to fluctuations in interest rates on its debt with floating interest rates based on market prevailing rates. In an effort to reduce its exposure to losses from adverse changes in the prices for fuel and to stabilize its returns as well as reduce its exposure to foreign exchange rate and interest rate fluctuations, the Issuer Group assesses the appropriateness of entering into a financial hedge to stabilize its projected revenue streams. While the Issuer Group currently does not hedge its exposure to fuel price fluctuations, it may choose to do so in the future.

Any hedging activities the Issuer Group undertakes may fail to protect or could harm its operating results because, among other things: (i) hedging can be expensive, particularly during periods of volatile prices; (ii) available hedges may not correspond directly with the risks that the Issuer Group is seeking to protect itself against; (iii) the duration of the hedge may not match the duration of the risk that the Issuer Group is seeking to protect itself against; (iv) the counterparty or clearing agent to a hedging transaction may default on its obligation to pay or deliver under the forward contract; and (v) the Issuer Group may need to post collateral with counterparties for certain hedging transactions. Failure to effectively manage risks associated with potential hedging activities in the future may have a material adverse effect on the Issuer Group is business, financial condition and results of operations.

***If the Issuer Group is not able to secure key equipment or have access to the latest technologies, its business and future prospects may be materially and adversely affected.***

The Issuer Group faces competition in securing delivery and installation of key equipment, securing all necessary connection to local grids in a timely manner and accessing the latest technologies. Although the Issuer Group evaluates these competitive factors carefully, certain competitors, including other major state-owned power generation enterprises in the PRC, may have better access to government support, infrastructure, financing or other resources than the Issuer Group does, enabling them to access better equipment or technology.

***Some members of the Issuer Group has had certain compliance irregularities which may lead to enforcement actions being taken.***

Some members of the Issuer Group incorporated in Hong Kong, Mauritius and Malta have on various occasions been involved in a number of systematic non-compliance matters. These include primarily non-compliance with certain statutory requirements in the then Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect the timely laying of audited financial statements and the timely filing of audited financial statements with relevant authorities in Mauritius and Malta.

There is no assurance that the relevant authorities would not take any enforcement action against the relevant members of the Issuer Group and their respective relevant directors in relation to the non-compliances. In the event that such enforcement action is taken, the reputation and results of operation of the Issuer Group may be adversely affected.

***Certain of CGN New Energy's leased and owned properties on which it conducts operations are subject to title defects.***

Some of CGN New Energy's power projects are situated on land and building units that it owns while some others are situated on land that CGN New Energy leases from third parties. Certain of its owned parcels of land and certain of its owned and leased building units are subject to title defects and accordingly its use of these properties may subject it to risks and liabilities.

The title defects in relation to CGN New Energy's owned parcels of land and building units in the PRC, including certain parcels of land owned by Puguang JV and Weigang JV and certain building units owned by Puguang JV, relate primarily to the failure to obtain all of the requisite building ownership certificates, the failure to obtain all of the requisite approvals for its land use rights, and the potential obligation to pay additional land costs for changing the nature of state-allocated land to granted land. If the relevant PRC government authorities were to take actions against its use of these properties, CGN New Energy may be subject to the imposition of penalty, confiscation of land, the payment of additional land costs and vacation from or demolition of building units, causing interruptions to or suspension of the operations of certain of its power projects. CGN New Energy may also be subject to additional costs and expenses if it were to relocate and reconstruct its power plants and ancillary buildings and structures.

The title defects in relation to its leased building units in the PRC relate primarily to the failure on the part of the lessors to obtain or produce the relevant building ownership certificates and the failure to register the lease agreements. Such title defects of its leased properties may result in CGN New Energy's leases being non-compliant with relevant PRC laws and regulations and CGN New Energy may be subject to the imposition of penalty. There is no assurance that its use of these leased properties will not be negatively affected, suspended or interrupted as a result of such non-compliance.

CGN New Energy's inability to operate a power plant, confiscation of land, or vacation from or demolition of building units or otherwise violation of land use right certificates or approvals, building ownership certificates or approvals could have a material adverse effect on its business, financial condition and results of operations.

***The Issuer may be subject to significantly higher taxes if it is unable to rely on preferential withholding tax rates on dividends.***

The Issuer holds shares in its project companies through offshore vehicles that are based in jurisdictions such as the Cayman Islands, Bermuda, the British Virgin Islands, Hong Kong, Malta and Mauritius that allow it to benefit from favourable tax rates on dividends paid by its project companies. From 2014 to 2016, dividends paid by the Issuer's subsidiaries that were tax residents in Korea were subject to a 10.0 per cent. Korean withholding tax pursuant to the PRC-Korea Tax Treaty. In the future, dividends paid by such subsidiaries in Korea may not be eligible for the 10.0 per cent. Korean dividend withholding tax based on the PRC-Korea tax treaty. If no reduction of the withholding tax rate applies under an applicable tax treaty, the full Korean withholding tax rate of 22.0 per cent. would apply to such dividends. If there are changes to the tax treaties or other regulations that allow the Issuer to benefit from these preferential withholding tax rates, or if those offshore vehicles are deemed not to be resident for tax purposes in the jurisdictions in which they are incorporated, the Issuer could be subject to significantly higher withholding tax rates on dividends from its project companies. These higher tax rates could have a material adverse effect on the Issuer Group's business, financial condition and results of operations.

***The Issuer Group faces increasing competition from existing and new power projects, some of which may have more resources than it, which could reduce dispatch volume and its utilization hours and adversely affect its revenue and profitability.***

In the PRC, the Issuer Group primarily competes with the national, provincial, local and other power generation and investment companies for dispatch volume, fuel and labour required to operate its power projects. Its revenue is very sensitive to changes in dispatch volume that impact its utilization hours. In the markets where the Issuer Group sells power, it competes with other power projects for dispatch and there can be no assurance that the dispatch centres will not give preferential dispatch treatment to other power projects. In addition, the Issuer Group may encounter competition from other electricity producers. In particular, other clean and renewable energy technologies may become more competitive or attractive in the future. Competition for dispatch priority and volume from such producers may intensify if the technology used to generate electricity from these other clean and renewable energy sources becomes more sophisticated and cost-effective, or if the PRC government strengthens its support for such other renewable energy sources through updated regulations. If the Issuer Group is unable to maintain and increase its competitiveness in the future, its market share, revenue and profitability may decrease, which would have a material adverse effect on its business, financial condition and results of operations.

In Korea, due to the electricity shortage experienced from 2011 to 2013, the Korean government has encouraged the development and construction of new power projects by independent power producers. As a result, a number of power projects are scheduled to commence their commercial operations in the upcoming years, which are expected to increase the supply of electricity and could thereby decrease the Issuer Group's competitive advantage in Korea.

Furthermore, the Issuer Group competes with competitors for the acquisition of power projects and required capital in order to develop new power projects. Some of its competitors have been operating for a longer period than it has and have access to more financial resources, stronger support from group or affiliated companies and/or better government relationships than the Issuer Group. The ability of the Issuer Group's competitors to access resources that it does not have access to, including labour and capital, may prevent it from acquiring additional power projects in strategic locations or from increasing its generating capacity. Failure to secure new greenfield or brownfield projects, to acquire additional power projects or other resources necessary to compete could have a material adverse effect on the Issuer Group's business, financial condition and results of operations.

***Increased tensions with North Korea could have a material adverse effect on the Issuer Group's operations in Korea.***

As at and for the year ended 31 December 2016, the Issuer's subsidiaries in Korea had a total installed capacity of 0.7 MW, which represented 41 per cent. of its total installed capacity, and revenue of US$658.4 million, which represented 31.9 per cent. of its total revenue.

Relations between Korea and the Democratic People's Republic of Korea ("**North Korea**") have been tense for many decades. The level of tension between Korea and North Korea fluctuates and may increase or change abruptly as a result of current and future events, including ongoing contacts between the governments of Korea and North Korea. Korea and North Korea and other countries have been holding ministerial talks relating to North Korea's intention to withdraw from the Nuclear Non-Proliferation Treaty. In 2003, North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty. Since the renouncement, Korea, the United States, North Korea, China, Japan and Russia have held numerous rounds of six-party multi-lateral talks in an effort to resolve issues relating to North Korea's nuclear weapons program. In addition to conducting test flights of long-range missiles, North Korea announced in 2006 that it had successfully conducted a nuclear test, which increased tensions in the region and elicited strong objections worldwide. In May 2009, North Korea announced that it had successfully conducted a second nuclear test and test-fired three short-range surface-to-air missiles. In response, the United Nations Security Council unanimously passed a resolution in June 2009 that condemned North Korea for the nuclear test and expanded and tightened sanctions against North Korea. In March 2010, a Korean warship was destroyed by an underwater explosion, killing many of the crewman on board. The Korean government formally accused North Korea of causing the sinking in May 2010, and North Korea has denied responsibility for the sinking and threatened retaliation for any attempt to punish it for the act. On 23 November 2010, North Korean forces fired more than 100 artillery shells targeting Yeonpyeong Island located near the maritime border between Korea and North Korea on the west coast of the Korean peninsula, killing two Korean soldiers and two civilians, as well as causing substantial property damage. Korea responded by firing approximately 80 artillery shells and putting the military at its highest alert level. The Korean government condemned North Korea for the act and vowed stern retaliation should there be further provocation.

On 12 February 2013, North Korea conducted its third nuclear testing for which the United Nations Security Council imposed new economic sanctions on North Korean banking, trade and travel on 7 March 2013. The government of North Korea announced on 8 March 2013 that it was cancelling all non-aggression pacts with Korea. Since the death of Kim Jong-il in December 2011, there has been increased uncertainty with respect to the future of North Korea's political leadership and concern regarding its implication for political and economic stability in the region. Although Kim Jong-il's third son, Kim Jong-eun, has assumed power as his father's designated successor, the long term outcome of such leadership transition remains uncertain.

In August 2015, it was reported that North and South Korea traded artillery fire over the demilitarized zone. However, they finally came to an agreement in talks to ease tensions in the latest crisis on the peninsula. There can be no assurance that the level of tension on the Korean peninsula will not escalate in the future. Any further increase in tension which may occur if North Korea continues with its long-range missiles or nuclear tests, or if North Korea experiences a leadership crisis, high-level contacts break down between Korea and North Korea or military hostilities occur, could have a material adverse effect on the Issuer's project operations in Korea and, in turn, its financial condition and results of operations.

In March 2017, it was reported that US military announced that the Terminal High-Altitude Area Defense Missile System ("**THAAD Missile System**") was operational. The THAAD Missile System is designed to protect against threats from North Korea and, when it achieves full operational capability in the future, it can intercept North Korean missiles. Tensions have been rising around the Korean peninsula, with repeated threats from North Korea and the presence of a group of US warships and a submarine.

## RISKS RELATING TO THE CGNPC GROUP'S NUCLEAR POWER BUSINESS AND INDUSTRY

***Due to its nuclear activities, the CGNPC Group is exposed to liability risks and additional operating costs.***

Although the CGNPC Group has adopted risk control strategies and procedures for its nuclear activities, such activities, by their nature, still present potential risks. Therefore, the CGNPC Group may face liability as a result of accidents, security breaches, malicious or terrorist acts, natural disasters (such as floods or earthquakes), equipment malfunctions or problems in the course of storing, handling, transporting, processing or packaging nuclear substances and materials. Such events could lead to more stringent operating requirements for nuclear plants, or the partial or total closure of the operation of the CGNPC Group's power generation plants, which may have serious consequences, especially in the event of radioactive contamination or irradiation of persons working for the CGNPC Group, the general population and the environment, as well as a material adverse effect on the CGNPC Group's business, financial condition, results of operations and prospects.

The CGNPC Group has entered into insurance policies for coverage that it believes is commensurate with its business structure and risk profile as a nuclear plant operator, but there can be no assurance that the CGNPC Group's current insurance policies will insure the CGNPC Group fully against all risks and losses that may arise in the future, or that the costs of insurance coverage will not significantly increase, particularly in light of the impact on the insurance market of events such as the nuclear accident in Japan that occurred on 11 March 2011. See "— Other Risks Relating to the CGNPC Group's Business in General — The CGNPC Group may not have adequate insurance to cover all potential liabilities or losses".

***A serious nuclear accident anywhere in the world may have an adverse effect on the CGNPC Group.***

Despite the precautions taken in its design, construction and operation, a serious accident at a nuclear facility cannot be excluded, as illustrated by the nuclear accident in Fukushima, Japan, following the earthquake and tsunami that devastated the north of Japan on 11 March 2011. This type of accident may turn public opinion against nuclear power and lead the competent authorities to substantially tighten power plant operating requirements or to refuse authorisation for new or proposed extensions of the operating life of power plants, leading to a temporary or permanent suspension of the operation of one or more nuclear facilities, or lead the authorities to consider a moratorium on the use of nuclear power to generate electricity and, therefore, resulting in a suspension or cancellation of all ongoing nuclear power plant development projects. Such decisions were taken in Germany (suspension of nuclear power generation) and Italy (suspension of nuclear power plant construction projects) following the Fukushima accident. Similar decisions could be taken by the relevant authorities in the PRC. In addition, such decisions could be taken as a result of political and social concerns even if no accident has occurred in the PRC. If global public sentiment continues to favour more stringent regulations for nuclear power or a trend towards non-nuclear power, the CGNPC Group's ability to finance and/or expand its nuclear power operations could be materially and adversely affected.

If such an accident were to occur near one or more of the CGNPC Group's nuclear facilities, the CGNPC Group may also be liable for damages or may be subject to investigations, legal proceedings and claims in relation to such an accident. Further, such an accident could also contaminate the environment and thus jeopardise the CGNPC Group's nuclear operations.

All of the above events could have a material adverse effect on the CGNPC Group's business, financial condition, results of operations and prospects.

***The CGNPC Group's nuclear business is subject to particularly detailed and restrictive regulations in the PRC that may become more stringent.***

The CGNPC Group's nuclear business is subject to extensive and stringent regulations in the PRC, with a system in place that monitors and regularly re-examines operating authorisations, primarily on the basis of nuclear safety, environmental and public health protection and national safety considerations (terrorist threats in particular). These regulations may be significantly tightened by the competent authorities particularly after the Fukushima accident or possible non-compliance with current or future regulations. If the CGNPC Group fails to comply with the evolving regulation requirements in the jurisdictions where it operates, any non-compliance could result in the temporary or permanent shutdown of one or more of the CGNPC Group's nuclear power plants. It may also result in a significant increase in the costs of operation and/or construction of the CGNPC Group's nuclear power plants, which may have a material adverse effect on its business, financial position and results of operations.

***The CGNPC Group depends on a limited number of third party contractors for the engineering and construction of its nuclear power projects.***

Although the CGNPC Group has adopted a policy to diversify the suppliers and service providers for its nuclear business, it is currently dependent on a limited number of third party contractors and persons who have the necessary qualifications and experience for the engineering and construction of nuclear power projects. This limits competition in the markets in which the CGNPC Group is a buyer and exposes the CGNPC Group to the risk of a default of one or more of these suppliers or service providers with specific expertise, which could have a material adverse effect on the CGNPC Group's business, results of operations and financial position.

***The CGNPC Group is exposed to changes in the terms for uranium conversion and enrichment services.***

The CGNPC Group's operating costs include uranium conversion and enrichment costs. Prices and availability of uranium conversion and enrichment services are subject to fluctuations due to political and economic considerations affecting both the PRC and globally, which are beyond the CGNPC Group's control (in particular, increased demand due to worldwide growth of the nuclear energy sector or shortages associated with, for example, an operating accident in a uranium mine or an internal or external event leading to political instability in a uranium producing country). There can be no assurance that the CGNPC Group's contracts, both in the PRC and abroad, will completely protect the CGNPC Group from sudden or significant price increases. This could have a material adverse effect on the CGNPC Group's business, results of operations and financial position.

## RISKS RELATING TO THE CGNPC GROUP'S WIND POWER, HYDROPOWER AND SOLAR POWER BUSINESSES

***The CGNPC Group's hydropower, wind and solar power plants are dependent upon natural conditions.***

The CGNPC Group's hydropower, wind and solar power plants rely on natural conditions, such as rainfall, wind and sunlight conditions, for the production of electricity. Hydropower plants depend upon a year-round flow of water to produce electricity. The water flow of the rivers on which the CGNPC Group's hydro plants are situated may fluctuate considerably according to seasonal rainfall. Reductions in or excessive rainfall and droughts could affect the output of the CGNPC Group's hydro plants. The availability of sufficient water flow affects the output of the CGNPC Group's hydro projects, which, in turn, affects the CGNPC Group's results of operations. Energy and revenues generated at wind energy projects are highly dependent on climatic conditions as well, particularly wind conditions, which are variable and difficult to predict. Turbines will only operate within certain wind speed ranges that vary by turbine model and manufacturer, and there is no assurance that the wind resource at any given project site will fall within such specifications. Likewise, solar power is highly dependent on sunlight conditions. Weak winter sun and the relatively short daylight hours create inter-seasonal fluctuation in power generation. Moreover, annual climatic fluctuations due to severe or abnormal weather conditions in a particular year may result in uneven results from year to year. The absence of optimal climatic conditions for the CGNPC Group's hydropower, wind and solar power plants will have a material adverse effect on the output of such plants and, in turn, the CGNPC Group's business, financial condition and results of operations.

In selecting sites for the development of its hydropower, wind and solar power plants, the CGNPC Group makes its decisions based on the meteorological and topographical data of the proposed area as well as the on-site exploration conducted by the CGNPC Group's technicians. There can be no assurance that the actual natural conditions will conform to the historical measured data or that the assumptions the CGNPC Group makes during its assessment are correct. Moreover, even if actual natural conditions are consistent with the CGNPC Group's assessment, such conditions may be affected by variations in weather patterns which may change over time to the detriment of the CGNPC Group's projects. As a result, the electricity generated by the CGNPC Group's hydropower, wind and solar power projects may fall below the CGNPC Group's expectations, which could in turn have a material adverse effect on the CGNPC Group's business, financial condition and results of operations.

***Any reduction in the CGNPC Group's on-grid tariffs with respect to its renewable energy power plants could have a material adverse effect on its revenue and profit.***

The CGNPC Group's on-grid tariff with respect to its renewable energy power plants is determined by NDRC under the Renewable Energy Law of the PRC. For example, according to the Notice on Improving the Policies for On-grid Wind Power Prices recently promulgated by the NDRC, a geographically unified fixed tariff scheme for wind power replaced an industry wide on-grid tariff scheme (determined by a government guided price).

The Guarantor believes that a geographically unified tariff scheme provides more certain and commercially viable on-grid tariffs to wind farms within the same area. However, the CGNPC Group's on-grid tariffs for wind power and other energy sources may change. If the CGNPC Group's current on-grid tariffs reduce over time and it is unable to mitigate such decrease with lower construction costs or enhanced operational efficiency, its financial performance and revenue will be materially and adversely affected.

The CGNPC Group's wind and solar power business depends on the PRC government's support for the renewable energy industry and its favourable regulatory regime. If these policies change or are otherwise discontinued, the CGNPC Group's business may be adversely affected.

The PRC government has in recent years increased its support for renewable energy, emphasising the development of the wind power industry. The PRC government has introduced a series of favourable laws and regulations including the Renewable Energy Law of the PRC (as amended from time to time), the Medium and Long-term Development Plan for Renewable Energy and the Implementing Opinions on Promoting the Development of the Wind Energy Industry. These laws and regulations encourage the sustainable development of the wind power industry in the PRC. The preferential measures available under these laws and regulations include mandatory grid connections, guaranteed acceptance by grid companies of the entire electricity generated from wind farms, favourable on-grid tariff premiums (which are higher than the benchmark on-grid tariffs for coal-generated electricity) and tax benefits (such as a refund of 50 per cent. of the value added tax ("**VAT**") levied on electricity generation from wind power and other tax reduction plans) (collectively the "**Wind Farm Preferential Measures**").

The application of the Wind Farm Preferential Measures may involve uncertainties and vary from region to region. While the PRC government continues to formulate and implement favourable policies to support the development of wind farms in the PRC, any reduction, discontinuation or unfavourable alteration of the policies and incentives for the wind power industry could have a material adverse effect on the CGNPC Group's business, financial condition and results of operations, and could significantly limit the CGNPC Group's growth. Further, if the CGNPC Group experiences any adverse changes to the Wind Farm Preferential Measures before it achieves economies of scale in a non-subsidised market, it could be forced to compete directly against traditional power and other renewable energy companies in the sale of electricity and the setting of on-grid tariffs, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

***The CGNPC Group's wind farms' ability to generate electricity and, in turn, its ability to generate revenue, depend on the operating performance of its wind turbines.***

Similar to all wind power companies, the CGNPC Group's wind power business and its ability to generate revenue depend on the operating performance of its wind turbines. A wind turbine's non-performance or under-performance will negatively affect the operation of the CGNPC Group's wind farms.

Under the CGNPC Group's wind turbine supply agreements, wind turbine suppliers typically provide performance warranties ranging from two to five years after a minimum of a 240-hour test run of such wind turbine. According to the warranty clauses, should the relevant wind turbine fall short of the warranted performance level, the CGNPC Group's suppliers shall indemnify the CGNPC Group's loss based on (1) the turbine's purchase price, or (2) loss in electricity sales, usually subject to a cap amounting to a percentage of the total purchasing price agreed between the CGNPC Group's wind turbine suppliers and the CGNPC Group. Although some wind turbine suppliers provide some level of limited indemnity for performance shortfalls under the turbine supply agreements, there can be no assurance that such indemnity will be adequate to cover any adverse effect on the CGNPC Group's financial performance as a result of any underperformance of its wind turbines. In addition, the CGNPC Group's wind turbines may fail to perform or underperform upon the expiry of the relevant performance warranty periods.

Furthermore, there can be no assurance that when the CGNPC Group negotiates new turbine supply agreements, it will be able to negotiate warranty and other terms comparable to those in its existing supply agreements. As a result, project costs could increase due to shorter warranty periods or more restrictive warranties, any of which could have a material adverse effect on the CGNPC Group's business, financial condition and results of operations.

***The CGNPC Group may encounter difficulties and delays when expanding its wind power business.***

In the wind power sector, competition focuses on securing wind resources, in particular sites with favourable wind conditions and existing grid connection infrastructure. As part of its strategy, the CGNPC Group is establishing its wind power business in areas such as Central China, Southern China and Southwest China, and developing offshore wind power projects. This includes securing and developing new wind farm sites in provinces or regions where the CGNPC Group does not currently have any wind farm presence. The CGNPC Group's expansion depends on its ability to obtain, in a timely and cost-effective manner, the necessary PRC government and other approvals and to enter into investment contracts, PPAs and wind farm construction and wind turbine supply contracts for its new wind farms.

When implementing its expansion strategy, the CGNPC Group may encounter setbacks such as adverse weather conditions, difficulties in connecting to grids, construction defects, delivery failures or delays by suppliers, unexpected delays in obtaining permits and authorisations or legal actions brought by third parties. The CGNPC Group may also encounter unexpected difficulties such as unforeseen costs, delays in negotiating relevant agreements with counterparties and issues with the local regulatory and governmental authorities, all of which are beyond the CGNPC Group's control. Any failure of or delay to the CGNPC Group's expansion projects could have a material adverse effect on the CGNPC Group's prospects and financial position.

***The CGNPC Group faces operational risks for its hydropower facilities.***

The CGNPC Group is responsible for the safety of its hydropower facilities. The main risks associated with hydropower facilities and their operations are the risk of dams or associated hydropower facilities bursting, risks associated with operating the facilities during floods, the risk associated with flow or level variations due to the operation of the facilities and risks related to natural disasters, external attacks or malicious acts of any kind. During the construction and operation of hydroelectric facilities, the CGNPC Group takes necessary accident prevention and safety measures in conjunction with the public authorities. Nonetheless, there can be no assurance that such events will not occur or that the measures taken will be fully effective in all cases, in particular, in dealing with external events which are beyond the CGNPC Group's control (such as floods, natural disasters, negligence or malicious acts), which could in turn have a material adverse effect on the CGNPC Group's business, financial condition and results of operations.

## OTHER RISKS RELATING TO THE CGNPC GROUP'S BUSINESS IN GENERAL

***The CGNPC Group relies on local grid companies for grid connection and electricity transmission and distribution services and may experience limitations on the dispatch of its electricity due to grid congestion or other grid constraints.***

The CGNPC Group's power plants need to connect to their local power grids and rely on local grid companies to provide dispatch services and purchase the electricity generated from the projects. The

CGNPC Group relies on local grid companies to construct and maintain the infrastructure and provide the electricity transmission and dispatch services necessary to connect its power plants to the grids, and there can be no assurance that the local grid companies will do so in a timely manner, or at all. In addition, the transmission and dispatch of the output of the CGNPC Group's power plants may be curtailed as a result of various grid constraints, such as grid congestion, restrictions on transmission capacity of the grid and restrictions on electricity dispatch during certain periods. In the PRC, these grid constraints may be caused by increasing demand for electricity due to rapid economic growth, and there may be periods when the grids do not have sufficient capacity to transmit and dispatch the full output of the power plants to which they are connected. In the event of a grid constraint, the relevant grid would require the relevant plant to reduce net generation which would reduce the CGNPC Group's expected revenue from that particular project. The CGNPC Group would not receive compensation for reductions in generation due to a grid constraint. Furthermore, electricity transmission lines may experience unplanned outages due to system failures, accidents and severe weather conditions, or planned outages due to repair and maintenance, construction work and other reasons beyond the Guarantor's control. The CGNPC Group may not be able to secure or maintain all necessary connections to local grids, and failure or delays to secure grid connection will reduce power generation and limit the operational efficiencies of the CGNPC Group, which in turn could have a material adverse effect on its business, financial condition and results of operations.

In particular, the CGNPC Group's renewable energy projects may be impacted by limitations on the dispatch of electricity due to grid congestion or other grid constraints. While the CGNPC Group's projects have benefited, and are expected to continue to benefit, from these mandatory purchase obligations, grid congestion has caused some of the CGNPC Group's renewable power plants to experience temporary limitations on electricity output in the past. The PPAs that the CGNPC Group's renewable energy projects have entered into do not provide for any compensation by the relevant grid companies for any financial losses due to grid congestion or other shortfalls in purchasing the full amount of electricity generated by these plants.

Moreover, like most other renewable power plants in the PRC, the CGNPC Group's renewable power plants are unable to store electricity and must transmit or consume electricity once it is generated. Accordingly, the CGNPC Group may turn off some of these plants when it is unable to transmit electricity due to grid congestion or other grid constraints. Such events could reduce the actual net power delivered to grids connected to the CGNPC Group's plants. There can be no assurance that the local grid companies can provide the prompt connection of the CGNPC Group's renewable power plants to the grid and purchase all of the electricity generated by these plants, or comply with their contractual obligations under the relevant PPAs. Any reduction in dispatched output due to grid restriction or failure in performance of the PPAs may have a material adverse effect on the sales of electricity generated from the CGNPC Group's renewable power plants, its business prospects and results of operations.

***The CGNPC Group relies heavily on the relevant local grid companies and they may fail to meet their obligations under the PPAs.***

The CGNPC Group's operating power plants currently sell substantially all the electricity that they generate to the local grid companies to whose grids they are connected and with whom they have entered into PPAs, and do not sell electricity directly to any industrial or residential end-users. Therefore, the CGNPC Group's operating power plants rely heavily on the relevant local grid companies.

Although most of the CGNPC Group's grid company counterparties are state-owned enterprises and the Guarantor believes they are creditworthy, there can be no assurance that the grid companies will purchase 100 per cent. of the electricity generated by the CGNPC Group's power plants and make full and timely payments for their electricity output according to the approved on-grid tariffs, comply with their other contractual obligations under the PPAs or not be subject to insolvency or liquidation proceedings during the term of the relevant PPA. There can also be no assurance that the PPAs that the CGNPC Group has entered into could be renewed on terms that are favourable or acceptable to the

CGNPC Group or at all. Any significant non-purchase, non-payment, non-compliance, insolvency or liquidation of the relevant local grid companies, non-renewal or variation of the terms of the PPAs could have a material adverse effect on the CGNPC Group's business, financial condition or results of operations.

***The CGNPC Group may need to purchase and install additional equipment to comply with grid safety and stability requirements.***

In order to meet grid safety and stability requirements, grid companies may require the CGNPC Group to purchase and install, at the CGNPC Group's cost, additional equipment at its power plants after some of these plants have been constructed and connected to the grid. In the event that the CGNPC Group becomes subject to stricter grid safety and stability requirements, it would need to incur additional expenses to comply with such requirements, which could have a material adverse effect on its business, financial condition and results of operations.

***Increases in the supply of or decreases in demand for power may have a material adverse effect on the CGNPC Group's power sales.***

The CGNPC Group's power sales, which account for a substantial part of its revenue, depend on the net generation volume sold to the grid companies by its power plants and projects, which in turn is subject to the local demand for power and the amount of generation capacity available in the grids. The dispatch centre under the jurisdiction of each applicable power grid company oversees such dispatch of power and determines the planned output of power to be dispatched by each power plant. As the CGNPC Group competes with other power plants and projects in the areas in which it operates, there can be no assurance that the dispatch centres will not give dispatch priority to other power plants and projects operating in the same jurisdictions. As a result, the CGNPC Group's revenue is heavily influenced by the PRC government's policies and regulations and the demand for and supply of power in each province in which it operates. According to the information published by the National Energy Administration of the PRC, the installed capacity of the PRC reached 1,646 GW in 2016, representing a year-on-year increase of 8.2 per cent., while the electricity consumption in the PRC in 2016 amounted to 5,920 TWh, representing a year-on-year increase of 5.0 per cent. Any reductions in the CGNPC Group's net generation volume may reduce the CGNPC Group's revenue and have a material adverse effect on its business, financial condition and results of operations.

In recent years, a significant number of new power plants and projects, and in particular, coal-fired power plants have been built throughout the PRC, including in the provinces in which the CGNPC Group operates. The demand for electricity consumption of the CGNPC Group's nuclear power generating units in some of the provinces grew slowly. Provincial governments take into account demand forecasts, among other things, when determining the number and type of new power plant projects allowed within the province and/or grid. However, there can be no assurance that the provincial governments will accurately predict the demand for power in their respective jurisdictions, which may lead to discrepancies between growth in supply and demand for power that may affect the CGNPC Group's planned output and utilisation rate. Decreases in the utilisation rate will have an adverse effect on the CGNPC Group's power sales, planned output and sales revenue. There can be no assurance that supply of power by other power plants and projects will not increase further in the future, and any such increases in the supply of power in the provinces in which the CGNPC Group operates may have a material adverse effect on the CGNPC Group's business, financial condition and results of operations.

In recent years, the power generation sector in the PRC has been growing as a result of rapid industrialisation and rising residential power demand. However, there can be no assurance that the current demand for power in the PRC will continue to increase or be sustained. A slowdown in certain industries, or in the PRC economy generally, could result in a lower demand for power and have a material adverse effect on the CGNPC Group's business, financial condition and results of operations.

***The CGNPC Group faces competition from other power generation companies in securing key equipment, connection to local grids and access to the latest technologies.***

The CGNPC Group faces competition in securing delivery and installation of key equipment, securing all necessary connection to local grids in a timely manner and accessing the latest technologies. Although the CGNPC Group evaluates these competitive factors carefully, certain competitors, including other major state-owned power generation enterprises in the PRC, may have better access to government support, infrastructure, financing or other resources than the CGNPC Group does, enabling them to be more competitive in the development and acquisition of new renewable energy projects.

In addition, the CGNPC Group may encounter competition from other electricity producers. In particular, other renewable energy technologies may become more competitive or attractive in the future. Competition from such producers may intensify if the technology used to generate electricity from these other renewable energy sources becomes more sophisticated and cost-effective, or if the PRC government strengthens its support for such other renewable energy sources. If the CGNPC Group is unable to maintain and increase its competitiveness in the future, its business, financial condition and results of operations may be materially and adversely affected.

***The CGNPC Group is exposed to risks of legal proceedings.***

Nuclear energy is a highly sensitive industry which involves complex nuclear safety, environmental and public health protection and national safety considerations and the industry is extensively regulated, domestically and globally. The governments of many countries which deploy nuclear energy such as the PRC, the United States of America and the members of the European Union have entered into a number of international treaties and agreement to promote the peaceful use of nuclear energy. For example, the Chinese government has entered into many treaties concerning peaceful use of nuclear energy with foreign governments to date. Many governments have enacted extensive regulations on the design, construction and operation of nuclear plants, the production, transport and storage of nuclear substance and materials and the use and transfer of nuclear technology and knowhow and given the relevant government agencies extensive power and discretion in enforcing these regulations.

While the CGNPC Group is committed to developing and using nuclear energy in a safe and responsible manner and has complied with applicable international treaties and applicable laws and regulations, due to the sensitivity and complexity of nuclear industry, it from time to time faces negative media reports and claims from environmental groups, customers, suppliers, subcontractors, the general public and government agencies, domestic and foreign in connection with different aspects of its business and operations in its ordinary course of business, such as environmental and public health protection and development of nuclear technology and knowhow. The CGNPC Group may be involved in legal or regulatory investigations or proceedings arising from any misconduct, non-compliance, failure, accident or damage from its operations.

Those proceedings may be lengthy and costly, and the risks associated with those proceedings may often be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. The CGNPC Group may be subject to prolonged adverse publicity and its management's attention may be distracted. If the CGNPC Group were found to be liable on any claims, it may be subject to fines, restrictions or prohibitions on access to particular markets or technology and knowhow, and other sanctions imposed by the PRC or foreign governments and agencies. Some of these liabilities may not be insurable. Even if the CGNPC Group is successful in defending against these actions or has taken correction and remedial actions, the costs of such defence or correction or remedial action may be significant. Investors should exercise caution when evaluating any investment in the Bonds. As of the date of this Offering Circular, the CGNPC Group has not received any penalty or unfavourable ruling from any governmental authorities, agencies or judicial bodies which has a material adverse impact on its business, financial condition or results of operations. The CGNPC Group will make timely announcement on any material adverse change in its business or financial condition as a result of any such proceedings.

***The CGNPC Group operates facilities that may cause significant harm to the natural or human environment or for which accidents, natural disasters or external attacks may have serious consequences.***

Although the CGNPC Group has adopted stringent risk control procedures for the operation of its facilities, such facilities, as currently operated, could be or could have been the source of industrial accidents or environmental and public health impacts (such as inadequately controlled emissions, leakages in electricity supply lines insulated with pressurised oil, a failure of decontamination facilities, etc.). In particular, large quantities of hazardous materials (in particular, explosive or flammable materials, such as gas and fuel oil) are stored in certain facilities. These facilities may be located in industrial areas where other activities subject to similar risks are operated, which means that the CGNPC Group's own facilities may be impacted by accidents occurring at neighbouring facilities owned by other operators which are not under the CGNPC Group's control.

The CGNPC Group implements appropriate measures to prevent and, if necessary, repair any industrial accidents or environmental damage caused by the facilities that it operates. These measures are intended, in particular, to protect the CGNPC Group both against the risk of an accident (such as explosion, fire, etc.) occurring in its own facilities and against the impact of such an accident occurring in a neighbouring facility owned by a third party. However, there can be no assurance that the measures taken to control these risks will prove fully effective if any of the above events were to occur. An accident of the type described above could have serious consequences for persons, property and business continuity, and could result in significant liability for the CGNPC Group. Insurance policies for civil liability and damages taken out by the CGNPC Group could prove to be significantly inadequate, and there can be no assurance that the CGNPC Group will always be able to maintain a level of cover at least equal to current cover levels and at the same cost. The frequency and magnitude of natural disasters seen over the past few years, in particular the nuclear accident that occurred in Fukushima, Japan, in March 2011, could have a significant impact on the capacities of the insurance and reinsurance market and on the costs of civil liability and damages insurance cover for the CGNPC Group. See "— The CGNPC Group may not have adequate insurance to cover all potential liabilities or losses" below. Such accidents could also lead to the shutdown of the facility affected and, potentially, of similar facilities that may be considered to present the same risks.

Lastly, energy-related facilities may be at greater risk for terrorist activities than other targets. Facilities or assets operated by the CGNPC Group may be targeted by external attacks or malicious acts of any kind. Safety measures were incorporated into the design of the facilities and sites, and protective measures have been taken by the CGNPC Group. Moreover, safety measures to counter all forms of attacks have been implemented in conjunction with the public authorities. Nonetheless, like any safety measures intended to counter an external threat, there can be no guarantee that these will prove fully effective in all cases.

An attack or malicious act committed on these facilities could have consequences such as damage to persons and property, the CGNPC Group's liability being sought on the basis of measures that are judged inadequate and interruptions to operations.

Any one of these events may have a material adverse effect on the CGNPC Group's business, financial condition, results of operations and prospects. The CGNPC Group is exposed to variations in the price and availability of materials and services that it purchases in connection with its business operations.

In the event of significant and sustained increases in the prices of raw materials, the CGNPC Group may experience higher procurement costs for certain critical products or services. Such increases may also lead certain suppliers to reduce supply due to reduced profit margins. In addition, an increased demand for certain materials or services may have an impact on their availability, in particular wind turbines and services and materials in the nuclear sector.

***The CGNPC Group's operations are subject to operational risks customary to the power generation industry, which may result in lost revenues and increased maintenance costs and may subject the CGNPC Group to damages for failing to perform under PPAs.***

Operating power plants and projects involves many operational risks customary to the power generation industry. The breakdown of generation equipment or failure of other key equipment or of a civil structure in one or more of the CGNPC Group's power plants and projects could disrupt the generation of power and result in revenues being lower than expected. Further, any breakdown or failure of one or more of the CGNPC Group's transmission systems could disrupt transmission of power to the power grid. In addition, in the event of a breakdown or failure of power grid, the CGNPC Group's affected power plants or projects will be unable to dispatch power until the grid company carries out the necessary repairs. Furthermore, older generating equipment may require significant capital expenditure to maintain and upgrade. Breakdown or failure at one of the CGNPC Group's power plants or projects may also prevent the CGNPC Group from performing under the applicable PPA, which in certain situations, could result in termination of the agreements or incurring liability of liquidated damages.

Operation of the CGNPC Group's power plants and projects may also be disrupted by a number of other factors including, but not limited to, improper installation or operation of equipment, substandard performance of equipment, natural disasters, labour disturbances, environmental hazards, fuel supply disruptions, disputes with contractors and industrial accidents. The occurrence of any such operational disruptions at the CGNPC Group's power generation plants could result in lost revenues and increased maintenance costs, which in turn could have a material adverse effect on the CGNPC Group's business, financial condition or results of operations.

***The construction and operation of power plants is subject to risks which could give rise to delays, interruption of operations or cost overruns.***

The construction and operation of a power plant, including its ancillary facilities, may be adversely affected by many factors commonly associated with the construction of infrastructure projects that are beyond the CGNPC Group's control, including but not limited to:

- shortages of equipment, materials or labour;
- work stoppages and labour disputes;
- weather conditions;
- natural disasters;
- accidents;
- unforeseen engineering, design, environmental or geological problems;
- delays in receiving requisite approvals, licences or permits;
- unanticipated cost increases;
- change of localisation ratio;
- the implementation of additional PRC regulatory and safety requirements for nuclear safety; and

- lack of sufficient experience in adopting new technology,

any of which could give rise to delays, interruption of operations or cost overruns and any construction or business interruption insurance coverage or liquidated damages claims that the CGNPC Group have may not be adequate to compensate it for these costs. For example, Yulchon II Power Project utilizes as part of its combined cycle operation, a technologically advanced turbine, which utilizes technology that is relatively new to the industry, and Yulchon II Power Project is among the first to utilize this type of technology commercially outside of Japan. For another example, since there is no nuclear power generating unit with adoption of EPR technology that has commenced commercial operation in the world, the CGNPC Group does not have sufficient experience and feedback for reference. During the construction of Taishan Nuclear Project, Taishan Nuclear Power Joint Venture Co., Ltd. has to conduct more testing and verification on the design and equipment, requiring relatively longer construction time. In 2016, after the CGNPC Group thoroughly analysed every segment of the follow-up construction of Taishan Nuclear Project, it decided to conduct appropriate adjustment to the Taishan Project construction plan. The time for commencements of commercial operation of Taishan Unit 1 and Unit 2 was adjusted from the first half year and the second half year of 2017 to the second half year of 2017 and the first half of 2018, respectively. As a result, there is no assurance that there will be no delays or interruptions of operations, lost revenues, increased maintenance costs and damages due to the implementation of new, and relatively untested, technology.

In addition, the construction of the CGNPC Group's power plants is generally undertaken by third party contractors and there can be no assurance that such contractors will be able to complete construction in a timely or cost-effective manner. Construction delays or suspension of operations at any of the CGNPC Group's power plants can result in loss or delayed receipt of revenues, increase in financing costs or failure to meet profit and earnings projections. The failure to complete construction according to specifications can result in financial penalties, reduced plant efficiency, higher operating costs and reduced or delayed earnings.

***The CGNPC Group's business may be affected by protests of or conflicts with local communities at the places where they intend to develop new power projects.***

Power station development sometimes involves relocation of local residents and/or requires alternation of local landscape, creating potential impact on the local communities and environment. Over times, there are news reports about protests of or conflict with local residents during the course of the development of certain major power projects in the PRC and elsewhere in the world. Since the Fukushima accident, in particular, there has been rising concerns about the safety of nuclear energy and its risks, and local residents and environmental activists have elected to protest the development and construction of a nuclear power facility and may continue to do so. Negotiation with local communities may be a time-consuming process and may require the CGNPC Group to incur significant expenses for relocation and compensation. If the conflicts are not resolved in an effective and timely manner, development and construction of the power projects may be delayed or even cancelled as a result of the protest of the local residents and environmental activists, and in turn cause material adverse impact on the CGNPC Group's business, prospects, financial condition and results of operations.

***Development and acquisition of new power projects require substantial capital and may be subject to various PRC regulatory approvals. If the CGNPC Group fails to obtain capital on reasonable commercial terms, or if the CGNPC Group fails to obtain the necessary approvals in time or at all, its business may be adversely affected and it may not be able to expand as planned.***

The CGNPC Group operates a capital intensive business and relies heavily on borrowings and finance leases to meet its capital expenditure requirements. Part of the CGNPC Group's growth strategy is to acquire and develop additional power projects, particularly in the renewable energy industry. To successfully implement this growth strategy, the CGNPC Group will need to raise substantial additional funds. Its ability to arrange financing and the cost of that financing are dependent on numerous factors, such as general economic and capital market conditions, credit availability from banks or other lenders, restrictive covenants or undertakings in existing financing arrangements, and the continued performance of the CGNPC Group's power projects. There can be no assurance that international or domestic financing for future power projects or project acquisitions and development and expansion of existing power projects will be available on terms favourable to the CGNPC Group, or at all, which could force it to delay, reduce or abandon its growth strategy and/or increase its financing costs, resulting in a material adverse effect on its business, financial condition and results of operations.

Similar to other power generation enterprises, it usually takes a long period of time for the CGNPC Group to recover its investment in power projects. As a result, the cash generated from operations may not be sufficient to meet the CGNPC Group's capital needs and the CGNPC Group may have to rely on debt financing for the expansion of its business. For the years ended 31 December 2014, 2015 and 2016, the CGNPC Group had net operating cash inflow of RMB12.5 billion, RMB11.6 billion and RMB26.5 billion, respectively.

Additional funding from debt financings may also make it more difficult for the CGNPC Group to operate its business because it would need to make principal and interest payments on its indebtedness which may, among other things, limit the CGNPC Group's ability to make business and operational decisions. There can be no assurance that international or domestic financing for future power plant or project acquisitions and development and expansion of existing power plants and projects will be available on terms favourable to the CGNPC Group, or at all, which could force the CGNPC Group to delay, reduce or abandon its growth strategy and/or increase its financing costs, and its business, financial condition and results of operations may be materially and adversely affected.

In addition, under the PRC regulations and governmental policies (which may change from time to time), acquisitions of PRC businesses by any member of the CGNPC Group may be subject to approvals of and/or registrations with various PRC governmental institutions, including SASAC and the NDRC or their local counterparts, and acquisitions of offshore businesses by any member of the CGNPC Group may require additional approvals of and/or registrations with MOFCOM and SAFE or their local counterparts.

There can be no assurance that these regulatory approvals can be obtained in time or at all. If the CGNPC Group cannot obtain such regulatory approval in time for a proposed acquisition, the CGNPC Group may not proceed with such acquisition which may have an adverse effect on the CGNPC Group's development and expansion plans.

***Increasing financing costs or insufficient funding due to fluctuations in interest rates may have an adverse effect on the CGNPC Group's expansion plans and results of operations.***

As the CGNPC Group relies heavily on borrowings to meet its capital expenditure requirements, the CGNPC Group is exposed to interest rate risk resulting from fluctuations in interest rates on its borrowings, and changes in interest rates affect its finance expenses and, ultimately, its results of operations. As the CGNPC Group relies heavily on external sources to secure investment capital to finance the expansion of its power generation and other businesses, it is sensitive to the cost of capital in securing these loans. For the years ended 31 December 2014, 2015 and 2016, the CGNPC Group's capital expenditures amounted to RMB37.8 billion, RMB36.1 billion and RMB35.0 billion, respectively.

In addition, the CGNPC Group's ability to increase its revenue, net income and cash flows depends upon continued substantial capital spending and the CGNPC Group plans to finance a portion of its capital expenditures. However, certain loans entered into by the CGNPC Group may also be secured by land use rights, buildings, power generating plants and equipment and note receivables, and there can be no assurance that additional financing will be available to the CGNPC Group on terms deemed to be commercially acceptable to the CGNPC Group, or at all. Adverse global market conditions will also have an adverse effect on the CGNPC Group's ability to obtain financing. Although the CGNPC Group has relied primarily on local sources of funding, which have been less impacted by global market conditions, reduced liquidity in the global capital markets could impact the Hong Kong or PRC markets and limit the CGNPC Group's ability to diversify its funding sources. If the CGNPC Group is unable to secure sufficient financing on acceptable terms on a timely basis, its business, financial condition and results of operations may be materially and adversely affected.

***Any acquisition or strategic investment that the CGNPC Group undertakes could be difficult to integrate, which may adversely affect its operations.***

The CGNPC Group has in the past acquired or strategically invested in, and may in the future acquire or strategically invest in, power plant projects. There can be no assurance that any anticipated benefits of an acquisition or a strategic investment will be realised. Acquisitions of or strategic investments in other power plants may result in the incurrence of debt and the impairment or amortisation of expenses related to goodwill and other intangible assets. In addition, acquisitions and strategic investments involve numerous risks, including difficulties in the assimilation of operations, corporate culture and personnel of the acquired business, diversion of management's attention from other business concerns, risks of entering into new markets and the potential loss of key employees of the acquired business. All of these factors may have a material adverse effect on the CGNPC Group's business, financial condition and results of operations.

***The Issuer Group historically experienced net current liabilities and there is no assurance that it will not recur in the future.***

The Issuer Group historically experienced net current liabilities position. As at 31 December 2014 and 2016, the Issuer Group had net current liabilities of approximately RMB3,082.0 million and RMB12,740.6 million, respectively. Although the Issuer Group has improved their current asset position as a result of the improvement of indebtedness structure, there is no guarantee that they will not experience net current liabilities again in the future. Whether or not the Issuer Group is able to maintain or to continue to improve its current asset position depends on a combination of factors, such as their future operating performance, prevailing economic conditions, financial, business and other factors, many of which are beyond their control. Net current liabilities increase the liquidity risk and may restrain the Issuer Group's operational flexibility. This could in turn have a material adverse impact on the business, prospects and results of operations of the Issuer Group.

***The CGNPC Group's historical financial information is not directly comparable with its future financial information.***

The historical financial information of the CGNPC Group is sometimes adjusted or restated to address subsequent changes in accounting standards, the CGNPC Group's accounting policies and/or applicable laws and regulations with retrospective impact on the CGNPC Group's financial reporting or to reflect the comments provided by the CGNPC Group's independent auditors during the course of their audit or review in subsequent financial periods. For example, since CGN Power acquired subsidiaries under common control in 2016, the consolidated income statements for the year ended 31 December 2015 and the consolidated balance sheet as of 31 December 2014 and 2015 of CGN Power and its subsidiaries had been restated. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Issuer's historical financial statements and that contained in its future financial statements.

***Interim financial information of the Issuer and the Guarantor contained in this Offering Circular has not been audited or reviewed.***

The consolidated financial information of the Issuer as at and for the nine months ended 30 September 2016 and 2017 and the consolidated financial information of the Guarantor as at and for the nine months ended 30 September 2016 and 2017 included in this Offering Circular have not been audited or reviewed by any auditors and such financial information should not be relied upon by potential investors to provide the same type or quality of information associated with information that has been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the business, financial condition and results of operation of the Issuer and the Guarantor.

***The CGNPC Group has substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect its financial health and its ability to generate sufficient cash to satisfy its outstanding and future debt obligations.***

The CGNPC Group currently has, and will continue to have, a substantial amount of indebtedness. As at 30 September 2017, the CGNPC Group's indebtedness (comprising short-term loans, non-current liabilities due with one year, long-term loans and bonds payable) was RMB367,974.3 million. The CGNPC Group's substantial indebtedness could have important consequences, including the following:

- adversely affect the CGNPC Group's corporate credit rating;
- limit the CGNPC Group's ability to satisfy its obligations on its outstanding debt;
- increase the CGNPC Group's vulnerability to adverse general economic and industry conditions;
- require the CGNPC Group to dedicate a substantial portion of its cash flow from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit the CGNPC Group's flexibility in planning for or reacting to changes in its businesses and the industries in which it operates;
- reduce the CGNPC Group's competitiveness compared to its competitors that have less debt;
- limit, along with the financial and other restrictive covenants of its indebtedness, among other things, its ability to borrow additional funds; and
- increase the costs of additional financing.

In the future, the CGNPC Group may from time to time incur substantial additional indebtedness and contingent liabilities. In incurring indebtedness and liabilities from time to time, the Guarantor and its subsidiaries may create security over their assets, receivables or equity interests in companies or entities held by them (which may include the Guarantor's subsidiaries) in favour of the relevant creditors. The CGNPC Group continually reviews its current and expected future funding requirements and evaluates and engages in discussions with financial institutions and other market participants, from time to time, on proposals regarding different sources of funding. If any member of the CGNPC Group incurs additional debt, the risks that the CGNPC Group faces as a result of its already substantial indebtedness and leverage could intensify. In particular, a negative change in one or more of the CGNPC Group's credit ratings could, notwithstanding that it is not a rating of the Bonds, adversely impact the market price and the liquidity of the Bonds.

Furthermore, if the Guarantor or the relevant subsidiaries are unable to comply with the restrictions (including restrictions on the CGNPC Group's future investments) and covenants in its current or future debt obligations and other agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the holders of the debt could terminate their commitments to the Guarantor or its subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing arrangements entered into by the Guarantor and its subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Guarantor or any of its subsidiaries under any of such agreements may cause the acceleration of repayment of not only such debt but also other debt, or result in a default under other debt agreements. If any of these events occur, there can be no assurance that the assets and cash flow of the Guarantor or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Guarantor or its subsidiaries would be able to find alternative financing. Even if the Guarantor and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Guarantor or, as the case may be, its subsidiaries.

***The CGNPC Group is subject to extensive laws and regulations compliance of which may require significant capital and there can be no assurance that the CGNPC Group has obtained all necessary regulatory approvals or licences.***

The CGNPC Group's business is subject to extensive laws and regulations of the PRC government, and provincial and local authorities and agencies, which regulate many aspects of its operations, including the connection and dispatch of power generation, setting of on-grid and retail tariffs, compliance with power grid control and dispatch directives, and environmental, safety and health standards. For example, some members of the CGNPC Group historically did not properly obtain relevant construction licence over certain ancillary facilities or ownership certificate for certain buildings. Compliance with such laws and regulations may require the CGNPC Group to incur significant capital expenditures or may impose other obligations or liabilities which could create a substantial financial burden on it. The Guarantor believes that all of its power plant operations are in material compliance with the requirements of existing laws and regulations. However, there can be no assurance that the CGNPC Group possesses at all times adequate certificates, authorisations, licences, orders, consents, approvals or permits required by all applicable laws and regulations in the PRC for the operation of its businesses. A breach of the laws or regulations to which the CGNPC Group is subject may result in the imposition of fines and penalties or the suspension or closure of the relevant power plant operations or construction. A failure to possess certain certificates, authorisations, licences, orders, consents, approvals or permits may also affect the CGNPC Group's ability to transfer its assets in the event of any disposal.

Additionally, the PRC power generation industry has undergone and will continue to undergo regulatory reform. There can be no assurance that future regulatory reform will not have a material adverse effect on the CGNPC Group's business, financial condition or results of operations. Changes in the regulatory regime governing the PRC's power generation industry, particularly with regard to the on-grid tariffs, will impact the CGNPC Group's business and may have an adverse effect on the CGNPC Group's results of operations.

***The CGNPC Group may not be able to expand its business effectively through acquisitions, investments, joint ventures and new business lines. The CGNPC Group may also need to incur additional debt to finance such expansion activities.***

The CGNPC Group's business strategy includes selective acquisition of new assets or businesses, entering into new strategic alliances and joint ventures and investing in or entering into new business lines. The CGNPC Group's ability to achieve and benefit from such acquisitions, investments, alliances and joint ventures will depend upon a number of factors, some of which are beyond its control. These factors include, but are not limited to, the CGNPC Group's ability to: maintain, expand or develop its customer relationships; identify assets or businesses for acquisition, investments, joint ventures or alliances that suit its development strategy; execute the acquisition, alliance or joint venture or complete the investments within the timeframe or budget anticipated or integrate any business it acquires; identify additional new markets; work with its joint venture partners or other shareholders; and train and retain qualified personnel to manage and operate its growing business and any new business lines. There can be no assurance that all or any of the proposed acquisitions, investments, joint ventures or alliances will be consummated on commercially acceptable terms, if at all. In addition, such expansion will require the CGNPC Group to continuously upgrade and improve its risk management controls and systems. The failure to manage any of these factors effectively may have a material adverse effect on the CGNPC Group's business, financial position, results of operations and prospects.

Also, business growth could place a significant strain on the CGNPC Group's managerial, operational and financial resources. Integrating new assets or businesses into the CGNPC Group's operational framework and ensuring their proper management may involve unanticipated delays, costs and operational problems, in particular with respect to business lines with which the CGNPC Group has not had extensive experience. The CGNPC Group may encounter unexpected problems or difficulties in realising anticipated synergies or have disagreements or conflicting interests with its joint venture or alliance partners or the other shareholders of its acquisitions. As a result, the CGNPC Group may be unable to derive profit from such acquired businesses. Any such problems may impair the CGNPC Group's competitiveness or growth prospects and have a material adverse effect on the CGNPC Group's business, financial condition, results of operations and prospects.

In addition, with respect to some joint ventures or equity investments in which the CGNPC Group holds only a minority stake, the CGNPC Group may not have any board representation or veto power. In the case of disagreements with the CGNPC Group's partners, management may be required to divert attention away from other aspects of its businesses to address these disagreements. Acquisitions also pose the risk that the CGNPC Group may be exposed to successor liability relating to actions by an acquired company and its management before and after the acquisition. The due diligence that the CGNPC Group conducts in connection with an acquisition may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that it receives from the sellers of acquired companies may not be sufficient to protect it from, or compensate it for, actual liabilities. A material liability associated with an acquisition could adversely affect the CGNPC Group's reputation and reduce the benefits of the acquisition and may have a material adverse effect on the CGNPC Group's business, financial position and results of operations.

***The CGNPC Group may not have adequate insurance to cover all potential liabilities or losses.***

The CGNPC Group maintains insurance which is consistent with market practice in the PRC power generation industry and in amounts that the Guarantor believes to be adequate. However, the CGNPC Group faces various risks in connection with its businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. There can be no assurance that the insurance maintained by the CGNPC Group will provide adequate coverage in all circumstances. Although each of the CGNPC Group's power plants and projects has a track record of safe operation and none of them has suffered any material hazards over the last three years, there can be no assurance that the aforementioned incidents, accidents or mishaps will not occur in the future. The occurrence of any such incident for which the CGNPC Group is uninsured or inadequately insured may have a material adverse effect on its business, financial condition and results of operations.

***Delays in power plant development may adversely affect the expansion plans of the CGNPC Group.***

The CGNPC Group invests in, develops and manages large power plants and projects in the PRC and overseas. The process of identifying potential opportunities for the development of power plants and projects, obtaining government and other approvals, completing acquisition or construction and commencing commercial operations requires time and effort and incurs significant costs. The CGNPC Group's ability to expand and its continued success depend on its ability to secure, in a timely and cost-effective manner, the required approvals, financing, power sales and dispatch agreements, construction contracts and fuel supply, transportation and power transmission arrangements. There can be no assurance that the CGNPC Group will be able to secure all necessary approvals, permits or agreements for its projects in a timely manner or at all, and any delay or failure to secure such approvals or agreements may increase costs and delay or prevent commercial operation of the affected power plant. If the CGNPC Group is unsuccessful in resolving or addressing any of these matters or in resolving such matters in a timely manner, such failure or delay may have a material adverse effect on its business, financial condition and results of operations.

In addition, the development of an investment project and the construction of a power plant or project, including its ancillary facilities, such as transmission lines or substations, may be materially and adversely affected by many factors commonly associated with the construction of infrastructure projects that are beyond the CGNPC Group's control, including shortages of equipment, materials or labour, work stoppages, labour disputes, weather interference, natural disasters, accidents and unforeseen mechanical, technical, engineering, design, environmental or geological problems, any of which could give rise to delays or cost overruns. Furthermore, the construction of many of the CGNPC Group's power plants and projects, transport and other ancillary facilities is or may be undertaken by third party contractors. There can be no assurance that such contractors will be able to complete construction in a timely or cost-effective manner or that the CGNPC Group will be able to adequately control or monitor the contractors to ensure the quality of such construction. If the CGNPC Group is unable to complete the construction of its power plants and projects and/or ancillary facilities on schedule and according to specifications, its business, financial condition and results of operations may be materially and adversely affected.

***The CGNPC Group is facing increasing competition.***

The CGNPC Group faces increasing competition as the PRC's power industry undergoes the process of restructuring. Some of the CGNPC Group's competitors may have access to greater financial, infrastructure or other resources than the CGNPC Group. The CGNPC Group also competes with other large state-owned power producers for labour and capital required to develop and operate its power plants and projects as well as acquisition opportunities of land use rights and power plants and projects. The ability of the CGNPC Group's competitors to access resources that the CGNPC Group cannot access may prevent the CGNPC Group from acquiring additional land use rights or power plant projects in strategic locations or from increasing its generating capacity, each of which may have a material adverse effect on its business, financial condition and results of operations.

***The CGNPC Group depends on executives, key management and technical personnel and there can be no assurance that it will be able to attract and retain the key personnel that it needs to achieve its business objectives.***

The CGNPC Group's success is built substantially upon the strategic vision of its executive directors and key management and technical personnel. The CGNPC Group does not carry key person insurance on any of its management personnel and there can be no assurance that the CGNPC Group will be able to retain its executives and employees. If any of the CGNPC Group's executive directors or key management personnel ceases to continue in their present positions, or if any of them fails to observe and perform their obligations under their service agreements, the CGNPC Group may not be able to find a suitable replacement and its business may be disrupted, leading to a material adverse effect on the CGNPC Group's business, financial condition and results of operations.

The CGNPC Group's future growth and success will also depend to a large extent on its ability to retain or recruit suitably qualified individuals to strengthen its management, operational and research teams. There can be no assurance that the CGNPC Group will be able to attract and retain the key personnel that it needs to achieve the CGNPC Group's business objectives.

***The assumptions used by the CGNPC Group to perform its internal investment analysis and feasibility studies for new projects may not be up-to-date or accurate.***

In performing investment analysis and feasibility studies, the CGNPC Group considers factors including the growth of power demand in the province where the relevant power plant investment is to be located, the increase in the supply of power in the local area, including the addition of new generation capacity, the capacity and average tariff of existing power plants and projects in a province, sources of fuel supply, the related transportation channels and the respective costs, and the location of the local load centre and connection to the local power grid. However, there can be no assurance that these factors and other assumptions used and considered by the CGNPC Group in performing its internal investment analysis and feasibility studies are up-to-date, accurate or within its control. For example, there are new power plants and projects being developed or which have been built in each power market where the CGNPC Group supplies power for which it does not have complete or accurate information. The emergence of these new power plants and projects, some of which are substantial, as well as any other uncertainty in the assumptions used by the CGNPC Group to perform its internal investment analysis and feasibility studies, may affect the CGNPC Group's projections for its new projects and, consequently, have a material adverse effect on its business, financial condition and results of operations if the CGNPC Group's projections for such projects differ significantly from actual results.

***The CGNPC Group's overseas operations and its plans for further overseas expansion are subject to unforeseen risks.***

Consistent with the PRC government's policy of encouraging PRC enterprises to invest overseas, the CGNPC Group has undertaken projects in foreign countries, primarily in Southeast Asia, Central Asia and Africa, and the CGNPC Group plans to further expand its overseas operations. These international operations are subject to specific risks that could have a material adverse effect on the CGNPC Group's results of operations. These risks include but are not limited to:

- unsettled political conditions, war, civil unrest and hostilities in countries and regions where the CGNPC Group operates or seeks to operate;
- undeveloped legal systems;
- political and economic instability in foreign markets;
- natural disasters;
- fluctuations and changes in currency exchange rates;
- PRC regulations and approval processes relating to overseas investments; and
- governmental actions such as expropriation of assets, general legislative and regulatory environment changes, exchange controls, cancellation of contract rights, and changes in global trade policies such as trade restrictions and embargoes imposed by the United States and other countries.

To date, instability in the overseas political and economic environment has not had a material adverse effect on the CGNPC Group's business, financial condition, results of operations and prospects.

However, the CGNPC Group cannot predict the effect that current conditions affecting various foreign economies or future changes in economic or political conditions abroad could have on the economics of planning, constructing and operating power plants and projects overseas. Any of the factors above may have a material adverse effect on the CGNPC Group's international operations and expansion plans and, consequently, its business, financial condition and results of operations.

***The CGNPC Group may encounter difficulties in exercising unilateral control over some of its joint venture power assets and its ability to protect its joint venture interests may be limited even though it may hold a majority interest in a plant.***

A portion of the CGNPC Group's power assets are operated through joint ventures. The CGNPC Group consolidates the results of operations of those joint venture power assets over which it has control. However, in accordance with the PRC laws and regulations (which do not affect the accounting treatment and the consolidation of such joint venture companies in the CGNPC Group's consolidated financial statements), the joint venture contracts and articles of association of each joint venture company require board approval or shareholders' consent for certain fundamental corporate decisions such as amendments to the articles of association, change in registered capital, merger and consolidation. In some cases, unanimous board approval is required for certain fundamental decisions. As a result, the CGNPC Group may encounter difficulty in exercising unilateral control over its joint venture power assets. There can be no assurance that there will not be any conflict of interests among shareholders of such joint ventures and when there is such a conflict of interest, there may be a deadlock on such decisions and the CGNPC Group may not be able to fully protect its interests in such joint venture.

***The CGNPC Group may have difficulties in implementing and monitoring corporate policies across its CGNPC Group members in the PRC.***

The CGNPC Group strives to implement its corporate governance and operational and safety standards across each of its group members in the PRC in a uniform manner. However, due to the CGNPC Group's recent expansion in the number of new projects, implementing and monitoring these standards may prove difficult and failure to do so may result in violations of local laws and regulations or the CGNPC Group's own internal policies. There can be no assurance that the CGNPC Group can effectively monitor each group member and prevent non-compliance. Any non-compliance may damage the CGNPC Group's reputation and business prospects in the PRC, which could have a material adverse effect on its business, financial condition and results of operations.

***Acts of terrorism could have a material adverse effect on the CGNPC Group's financial condition, results of operations and cash flows.***

Energy-related facilities may be at greater risk for terrorist activities than other targets. The CGNPC Group's power generation facilities may be targets of terrorist activities that could result in full or partial disruption of their ability to generate electricity. There can be no assurance that the countries in which the CGNPC Group has operations or the CGNPC Group's power generation facilities will not be subject to acts of terrorism which may in turn have a material adverse effect on the CGNPC Group's business, financial condition and results of operations.

## RISKS RELATING TO THE PRC

***The slowdown of the PRC's economy caused in part by the recent challenging global economic conditions may adversely affect the CGNPC Group.***

A substantial part of the CGNPC Group's revenue is derived from power sales in the PRC. The CGNPC Group relies, to a significant degree, on domestic demand for electric power to achieve revenue growth. Domestic demand for electric power is materially affected by industrial development, growth of private consumption and overall economic growth in the PRC. The global crisis in financial services and credit markets in 2008 caused a slowdown in the economic growth in many countries, including China. In 2016, the global economic growth continued to slow down and was recovering in hardship. Monetary policies of the Federal Reserve and major central banks in the world were divisive, intensifying the global capital flows and exchange rate fluctuations. Geopolitical events such as the Brexit, the US election and Italy constitutional referendum had a significant impact on the financial market. Although China's economic growth has displayed signs of slowdown as evidenced by a decrease in the growth rate of China's gross domestic product in recent years. This was caused by a combination of factors most of which are beyond the CGNPC Group's control, such as the global economic conditions, governmental policies and changes in market dynamics globally and regionally. In 2016, the Chinese government reported a gross domestic product of RMB74.41 trillion, representing year-on-year growth of 6.7 per cent., according to the statistic released by National Bureau of Statistics of China, which was a record-low figure for the past 26 years., Although the Chinese government has recently taken several measures and actions with an aim to increase investors' confidence in China's economy in China and elsewhere in the world, there can be no assurance that those measures will be effective. There are uncertainties relating to the overall prospects for the global and China's economies this year and beyond, which may have a material adverse impact to the CGNPC Group's business, prospects, financial conditions and results of operations.

***PRC economic, political and social conditions as well as government policies could adversely affect the CGNPC Group's business.***

The PRC economy differs from the economies of most developed countries in many respects, including government involvement, level of development, economic growth rate, control of foreign exchange, and allocation of resources. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, a large portion of productive assets in the PRC is still owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the CGNPC Group's business.

The CGNPC Group's operations and financial results could also be materially and adversely affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). For example, the PRC government may decide to change its current policies with respect to power pooling, and the CGNPC Group's power plants and projects which are currently not subject to power pooling may end up being subject to power pooling. The power pooling process typically results in a lower selling price than the tariffs received from the power dispatched as part of the planned output, and as such, this could have adverse impact on the CGNPC Group's business and results of operations. The CGNPC Group's operating results and financial condition may also be materially and adversely affected by other changes in taxation, changes in on-grid tariff-setting mechanisms for the CGNPC Group's power plants and projects, changes in the usage and costs of state controlled transportation services, and changes in state policies affecting the power industry. In addition, the growth of power demand in the PRC depends heavily on economic growth. If the PRC's economic growth slows down or if the PRC economy experiences a recession, the growth of power demand may also slow down or stop, and the CGNPC Group's business prospects may be materially and adversely affected. The CGNPC Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes in measures which might be introduced to control inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and the imposition of additional import restrictions.

***Turmoil in the financial markets could increase the CGNPC Group's cost of borrowing and impede access to or increase the cost of financing its operations and investments.***

The availability of credit to entities operating within emerging markets, including the CGNPC Group, is significantly influenced by levels of investor confidence in such markets as a whole. Any factors that may affect market confidence could affect the costs or availability of funding for entities within emerging markets. Historically, challenging market conditions in emerging markets have resulted in reduced liquidity, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing and a tightening of credit terms. In 2015, China's stock markets have experienced significant turmoil and disruption. Throughout June and early July of 2015, the Shanghai Composite Index experienced significant declines and many PRC-listed companies were subject to trading suspensions on major stock exchanges. The PRC government responded by cutting interest rates, suspending initial public offerings and starting investigations into market manipulation in an effort to stabilize the market. Due to its increasing financial reliance upon China, Hong Kong's stock markets experienced a similar fluctuation during the relevant times and the Hang Seng Index had a record-breaking slump in single day in the recent decade. As the Guarantor has three principal subsidiaries whose shares are listed on the Hong Kong Stock Exchange, namely CGN Power, CGN New Energy and CGN Uranium, significant fluctuations in these financial markets could cause substantial adverse effects on the business operations and investments of the listed companies individually and the CGNPC Group as a whole.

***Interpretation and implementation of PRC laws and regulations involves domestic significant uncertainties.***

The Guarantor is incorporated and exists under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new, and due to the limited volume of published cases and judicial interpretation and their lack of precedential force, interpretation and enforcement of these laws and regulations involve significant uncertainties. In particular, the PRC power generation industry is a highly regulated industry. Many aspects of the CGNPC Group's business such as the connection and dispatch of power generation and the setting of on-grid and retail tariffs are subject to negotiations with the PRC government and the relevant government authorities' approval. As the PRC legal system develops together with the PRC power generation industry, there can be no assurance that changes in such laws and regulations, or in their interpretation or enforcement, will not have a material adverse effect on the CGNPC Group's business operations.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Bank in its operations and to holders of the Bonds.

***Certain PRC regulations governing PRC companies are less developed than those applicable to companies incorporated in more developed countries.***

Most of the Guarantor's subsidiaries and associates are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and all other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations in general, and the provisions for protection of shareholders' rights and access to information in particular, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed countries or regions.

***Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable disease in Hong Kong or the PRC, could materially and adversely affect the CGNPC Group's business and results of operations.***

Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome or avian influenza) in Hong Kong or the PRC, could materially and adversely affect the overall business sentiment and environment in the PRC, particularly if such outbreak is inadequately controlled. This, in turn, could materially and adversely affect domestic consumption, labour supply and, possibly, the overall gross domestic product ("**GDP**") growth of the PRC. The CGNPC Group's revenue is currently derived mainly from its PRC operations, and any labour shortages on contraction or slowdown in the growth of domestic consumption in the PRC could materially and adversely affect the CGNPC Group's business, financial condition and results of operations. In addition, if any of the CGNPC Group's employees are affected by any severe communicable disease, it could adversely affect or disrupt production levels and operations at the relevant plants and materially and adversely affect the CGNPC Group's business, financial condition and results of operations, which may also involve a closure of the CGNPC Group's facilities to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of the CGNPC Group's customers and suppliers, which could materially and adversely affect the CGNPC Group's business, financial condition, and results of operations.

***Fluctuations in exchange rates may have an adverse effect on the CGNPC Group's business, financial condition and results of operations.***

The value of the Renminbi against the US dollar and other currencies may fluctuate significantly and is affected by, among other things, the domestic and international economies, political conditions and supply and demand of currency. On 21 July 2005, the PRC government changed its policy of pegging the value of the Renminbi to the US dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. From 21 July 2005 to 30 September 2011, the value of the Renminbi appreciated by approximately 30.2 per cent. against the US dollar. On 19 June 2010, the People's Bank of China announced that the PRC government would reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. The floating band for the trading prices in the inter-bank foreign exchange market of Renminbi against the US dollar was widened to 2.0 per cent. on 17 March 2014. On 10 August 2015, the People's Bank of China cut the daily reference rate for the Renminbi by approximately 1.9 per cent. to RMB6.2298 against US$1.00. On 11 December 2015, the China Foreign Exchange Trade System (the "**CFETS**"), a sub-institutional organization of the People's Bank of China, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. Throughout 2016, the Renminbi experienced further fluctuation in value against the US dollar. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in further and more significant appreciation of the Renminbi against the US dollar. The CGNPC Group cannot assure investors that the Renminbi will not experience significant appreciation against the US dollar in the future. As a portion of the CGNPC Group's loans are denominated in currencies other than Renminbi and the CGNPC Group's operations depend on the import of raw materials and equipment, fluctuations of the Renminbi against any such currencies could have an adverse effect on the CGNPC Group's business, financial condition and results of operations.

***The CGNPC Group is subject to risks associated with changes in preferential tax treatment and other government incentives.***

The CGNPC Group is subject to various PRC taxes and enjoy certain regulatory and fiscal incentives. PRC tax laws and regulations provide certain preferential tax treatments to different enterprises, industries and locations. Some of the Guarantor's subsidiaries are currently taxed at preferential rates due to the nature of its business activities and/or the location of its projects. For instance, assessable profit from wind power projects approved on or after 1 January 2008 was entitled to a three-year PRC Enterprise Income Tax ("**EIT**") exemption commencing from the first year with assessable revenue, followed by a three-year 50 per cent. EIT reduction. Because the CGNPC Group purchased certain PRC manufactured power generation equipment, it was entitled to VAT refund and corporate income tax credit of up to 40 per cent. of the respective purchase amount within a specified period. In addition, the Guarantor's subsidiaries engaged in wind power generation are also entitled to a 50 per cent. reduction or refund of the VAT levied on their power sales. The CGNPC Group's weighted average effective income tax rate fluctuates as the preferential tax treatment for its members commenced and expired at different times. Any change or elimination of such preferential tax treatments may materially and adversely affect the CGNPC Group's financial condition and results of operations.

In addition to preferential tax policies, the CGNPC Group has benefited from policies and regulations promulgated in recent years to encourage the development of clean energies and to enhance the economic feasibility of developing and operating wind power projects. These policies and regulations include, among others, higher on-grid tariffs (as compared with coal power plants operating in the same region), mandatory grid connection, mandatory power off-take and preferential tax treatments. Moreover, the PRC government also encourages state-owned commercial banks to provide companies engaging in the clean energies business with debt financing facilities at lower interest rates and on more favourable terms. There can be no assurance that the current favourable policies and various incentives available to the CGNPC Group will not be withdrawn or revoked by the PRC government or become less favourable. If the current favourable government policies and incentives are reduced or are no longer available in the future, the CGNPC Group's financial results in the future may be materially and adversely affected.

## RISKS RELATING TO THE BONDS AND THE GUARANTEE

***An active trading market for the Bonds may not develop.***

The Bonds are new issues of securities for which there is currently no trading market. No assurance can be given that an active trading market for the Bonds will develop or as to liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. If the Bonds are allocated to a limited group of investors, and a limited number of investors hold a significant proportion of the Bonds, liquidity will be restricted and the development of a liquid trading market for the Bonds will be affected. If a market does develop, it may not be liquid and the Bonds may trade at prices that may be higher or lower than the initial offering price, depending upon many factors, including prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the CGNPC Group. None of the Joint Global Coordinators or the Joint Lead Managers and Joint Bookrunners is obliged to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Global Coordinators or the Joint Lead Managers and Joint Bookrunners. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such lack of liquidity may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance of the assets of the CGNPC Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time.

***The liquidity and price of the Bonds following the offering may be volatile.***

If an active trading market for the Bonds were to develop, the price and trading volume of the Bonds may be highly volatile. The Bonds may trade at prices that are higher or lower than the price at which the Bonds have been issued. The price at which the Bonds trade depends on many factors, including:

- prevailing interest rates and interest rate volatility;
- the CGNPC Group's results of operations, financial condition and future prospects;
- changes in the power industry and competition;
- the market conditions for similar securities; and
- general economic conditions.

Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There can be no assurance that these developments will not occur in the future.

***The Bonds and the Guarantee will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's and the Guarantor's existing and future subsidiaries, other than the Issuer, and effectively subordinated to the Issuer's and the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.***

The Bonds and the Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's and the Guarantor's existing and future subsidiaries, other than the Issuer, whether or not secured. The Bonds will not be guaranteed by any of the Issuer's or the Guarantor's subsidiaries, and the Issuer and the Guarantor may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer or the Guarantor. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer or the Guarantor is subject to various restrictions under applicable laws. Each of the Issuer's and the Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Bonds or the Guarantee or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's and the Guarantor's right to receive assets of any of the Issuer's and the Guarantor's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer or the Guarantor are creditors of that subsidiary). Consequently, the Bonds and the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's and the Guarantor's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer or the Guarantor may in the future acquire or establish.

The Bonds and the Guarantee are the Issuer's and the Guarantor's unsecured obligations, respectively, and will (i) rank equally in right of payment with all the Issuer's and the Guarantor's other present and future unsubordinated and unsecured indebtedness; and (ii) be effectively subordinated to all of the Issuer's and the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations. Accordingly, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Bonds only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

***Interim financial information of the Issuer and the Guarantor contained in this Offering Circular has not been audited or reviewed.***

The consolidated financial information of the Issuer as at and for the nine months ended 30 September 2016 and 2017 and the consolidated financial information of the Guarantor as at and for the nine months ended 30 September 2016 and 2017 included in this Offering Circular have not been audited or reviewed by any auditors and such financial information should not be relied upon by potential investors to provide the same type or quality of information associated with information that has been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the business, financial condition and results of operation of the Issuer and the Guarantor.

***The Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.***

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 9 of the Terms and Conditions of each Series of the Bonds and the taking of any action, steps and/or enforcement proceedings pursuant to Condition 13 of the Terms and Conditions of each Series of the Bonds), the Trustee may (in its sole discretion) request the Bondholders of the relevant Series to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Bondholders of that Series. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed constituting the Bonds and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders of the relevant Series to take such actions directly.

***The Bonds and the Guarantee are unsecured obligations.***

As the Bonds and the Guarantee are unsecured obligations, their repayment may be compromised if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;

- there is a default in payment under the Issuer's or the Guarantor's secured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

***If the Issuer and/or the Guarantor is unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements, which could cause the repayment of the Issuer's and the Guarantor's debt (as the case may be) to be accelerated.***

If the Issuer and/or the Guarantor are unable to comply with the restrictions and covenants in the Bonds or in the Guarantor's current or future financing and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the relevant debt could terminate their commitments to lend to the Issuer and/or the Guarantor, accelerate the debt obligation and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, certain debt agreements, including the Bonds, may contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under other debt agreements. If any of these events should occur, there can be no assurance that the Issuer's and/or the Guarantor's assets (as the case may be) and cash flow would be sufficient to repay in full all indebtedness, or that alternative financing could be found. Even if alternative financing can be obtained, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer and the Guarantor (as the case may be).

***The Issuer or the Guarantor may not be able to redeem the Bonds.***

The Issuer may (and at maturity, will) be required to redeem all of a series of Bonds upon occurrence of certain events as set out in the Terms and Conditions of the relevant series of Bonds. If any such event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem such series of Bonds in time, or on acceptable terms, or at all. There is also no assurance that the Guarantor would have sufficient funds at such time to make the required redemption of the relevant Bonds. The ability to redeem the relevant Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay or redeem tendered Bonds by the Issuer or the Guarantor, as the case may be, would constitute an event of default under such series of Bonds, which may also constitute a default under the terms of the Issuer CGNPC Group's or the CGNPC Group's other indebtedness.

***Third parties, including holders of the Bonds, may be hindered or prevented from enforcing their rights with respect to the assets of the Guarantor because of the doctrine of sovereign immunity or state secret privilege.***

The Guarantor is a state-owned enterprise of the PRC. As at the date of this Offering Circular, it is wholly owned by the PRC government through SASAC and another wholly state-owned company. A majority of the assets relating to the operation of the Guarantor's power projects (nuclear and others) are either owned or controlled by the Guarantor itself or by companies wholly or majority owned by the Guarantor. Where a third party brings a legal action against the Guarantor, its subsidiaries or their assets based on a contract dispute with them, the legal proceeding, particularly the enforcement of judgments and arbitral awards with respect to the assets of the Guarantor and its subsidiaries in the PRC, may be subject to the law and legal systems and the jurisdiction of PRC courts or tribunal. While the Guarantor can be sued in its own capacity in a civil proceeding in a court or tribunal, there is no assurance that the assets of the Guarantor (in particular those assets related to its nuclear business) will not be immune from enforcement proceedings by virtue of sovereign immunity or state secret privilege as the Guarantor and the CGNPC Group operate in an industry that are heavily regulated by the PRC government and their business operations (in particular those operations related to their nuclear business) may involve state secrets and other sensitive information that are strictly confidential. If such immunity or privilege is invoked to dismiss judgments from the court or tribunal, it may be difficult for the third party plaintiffs (such as holders of the Bonds) to enforce their contractual rights against the Guarantor, its subsidiaries or their assets in the PRC.

***The insolvency laws of the PRC and Hong Kong and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.***

The Issuer and the Guarantor are incorporated under the laws of Hong Kong and the PRC, respectively. Insolvency proceedings relating to the Issuer or the Guarantor would likely involve Hong Kong or PRC insolvency laws even if they are brought in other jurisdictions. The procedural and substantive provisions of the insolvency proceeds in Hong Kong and the PRC may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar, and there is no assurance that investors in the Bonds will be able to receive the same level of protection under the insolvency laws of Hong Kong and the PRC as those in their respective home jurisdictions.

***If the Issuer or the Guarantor fails to comply with their respective obligations, undertakings, restrictions and covenants in any other financing agreements to which either of them is a party, there could be a default under the terms of those agreements, which could cause acceleration of the affected debts and the Bonds.***

If the Issuer or the Guarantor fails to comply with their respective current or future obligations, undertakings, restrictions and other agreements in any other financing agreement, such failure could result in a default under the relevant financing agreements and may further entitle the creditors under those agreements to terminate their commitments to lend to the Issuer or the Guarantor, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Some debt instruments of the Issuer or the Guarantor, such as the Bonds contain cross-acceleration or cross-default provisions. As a result, default under one financing agreement of the Issuer or the Guarantor may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under other debt agreements of the Issuer or the Guarantor. If any of these events occur, the Issuer and the Guarantor cannot assure holders that their respective assets and cash flows would be sufficient to repay in full all of their respective indebtedness, or that they would be able to find alternative financing on terms that are acceptable to them, or at all.

***The Bonds may not be a suitable investment for all investors.***

The Bonds are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial advisor) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial advisor) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

***The Euro Bonds being issued as green bonds may not be a suitable investment for all investors seeking exposure to green assets.***

Pursuant to the voluntary process guidelines issued by the International Capital Markets Association in 2017 to clarify the approach for the issuance of a green bond (the "**Green Bond Principles 2017**"), which recommends issuers to use external assurance to confirm their alignment with the key features of Green Bond Principles 2017, the Guarantor has engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP ("**Deloitte**") to provide an independent limited assurance statement (the "**Assurance Report**") in relation to the Guarantor's green bonds management statement.

The Assurance Report is not incorporated into, and does not form part of, this Offering Circular. None of the Issuer, the Guarantor, the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, the Trustee or the Agents makes any representation as to the suitability of the Assurance Report. The Assurance Report is not a recommendation to buy, sell or hold securities and is only current as of the date that the Assurance Report was initially issued and is subject to certain disclaimers set out therein. Furthermore, the Assurance Report is for information purposes only and Deloitte does not accept any form of liability for the substance of the Assurance Report and/or any liability for loss arising from the use of the Assurance Report and/or the information provided in it.

The Issuer and the Guarantor have agreed to certain obligations related to reporting and use of proceeds in connection with the Euro Bonds; however, it will not be an Event of Default under the Terms and Conditions of the Euro Bonds if the Issuer or the Guarantor fails to comply with such obligations. A withdrawal of the Assurance Report may affect the value of the Euro Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

***The Issuer may be unable to redeem the Bonds.***

On certain dates, including but not limited to the occurrence of a Change of Control and at maturity of the Bonds, the Issuer may, and at maturity, will be required to redeem all of a Series of Bonds. There is no assurance that Issuer will have sufficient cash or will be able to arrange financing to redeem the relevant Series of Bonds in time or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to redeem the Bonds by the Issuer, in such circumstances, would constitute an Event of Default under such Series of Bonds and the Trust Deed, which may also constitute a default under the terms of other indebtedness of the Issuer, the Guarantor or their respective subsidiaries.

***The ratings of the Bonds may be downgraded or withdrawn.***

The Bonds are expected to be rated "A3" by Moody's and "A+" by Fitch. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Bonds and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold securities. The ratings can be lowered or withdrawn at any time. Neither the Issuer nor the Guarantor is obligated to inform holders of the Bonds if the ratings are lowered or withdrawn. A reduction or withdrawal of the ratings may adversely affect the market price of the Bonds and the Guarantor's ability to access the debt capital markets.

***Each Series of Bonds will be represented by a Global Certificate and holders of a beneficial interest in such Global Certificate must rely on the procedures of the relevant clearing systems.***

Each Series of Bonds will be represented by beneficial interests in a Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream. Except in the circumstances described in the Global Certificate for the relevant Series, investors will not be entitled to receive definitive certificates. The relevant clearing systems maintain records of the beneficial interests in each Global Certificate. While a Series of Bonds are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems. While a Series of Bonds are represented by a Global Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under such Series of Bonds by making payments to the relevant clearing system for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system to receive payments under the Bonds represented by it. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in a Global Certificate. Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Bonds represented by it. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system to appoint appropriate proxies.

***Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.***

The Terms and Conditions of each Series of Bonds contain provisions for calling meetings of Bondholders of that Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of such Series of Bonds including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of a Series of Bonds may be adverse to the interests of individual Bondholders of that Series.

***Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.***

Under the Enterprise Income Tax Law ("**EIT Law**") and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in China, which has established offices or premises in China, or which has not established any offices or premises in China but has obtained income derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between Mainland China and Hong Kong for the avoidance of double taxation, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the Bonds, the value of the relevant Bondholder's investment in the Bonds may be materially and adversely affected.

***Each Series of the Bonds are redeemable in the event of certain withholding taxes being applicable.***

No assurances are made by the Issuer or the Guarantor as to whether or not payments on the Bonds may be made without withholding taxes or deductions applying from 4 December 2017 on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or Hong Kong or any subdivision or authority therein or thereof having power to tax. Although pursuant to the Terms and Conditions of each series of the Bonds the Issuer or, as the case may be, the Guarantor is required to gross up payments on account of any such withholding taxes or deductions, the Issuer also has the right to redeem a Series of Bonds at any time in the event it has or will become obliged to pay additional amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or by or within the PRC in excess of the aggregate rate applicable on 4 December 2017, or any political subdivision or any authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 4 December 2017.

***The Issuer may issue additional Bonds in the future.***

The Issuer may, from time to time, and without prior consultation of the holders of a Series of Bonds create and issue further bonds (See "Terms and Conditions of the 2022 USD Bonds — Further Issues", "Terms and Conditions of the 2027 USD Bonds — Further Issues" and "Terms and Conditions of the Euro Bonds — Further Issues") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of such Series of Bonds.

***Any failure to complete the relevant filing with the NDRC and the relevant registration with the SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Guarantor, the Issuer and/or the investors of the Bonds.***

The NDRC issued the Official Reply of the National Development and Reform Commission on the Pilot Enterprise (Second Batch) of Foreign Debt Scale Management Reform of 2017 (《國家發展改革委關於2017年度外債規模管理改革試點企業(第二批)的批覆》) (發改外資[2017]560號) and its appendixes (collectively the "**NDRC Reply**") on 22 March 2017, according to which the NDRC granted to the Guarantor and its controlled overseas enterprise 2017 annual foreign debt scale of US$1.5 billion which will expire on 31 March 2018. The Guarantor or its controlled overseas enterprise may issue foreign currency-denominated debts up to the said granted annual foreign debt scale according to the NDRC Reply without making a separate pre-issuance registration under the NDRC Circular, however, it still has the obligation to make a post-issuance filing to the NDRC within 20 business days after the issuance of the foreign debts under the NDRC Reply.

There is no clarity on the legal consequences of non-compliance with the post-issue filing requirement under the NDRC Reply. In the worst case scenario, failure to complete the post-issuance filing may result in it being unlawful for the Guarantor or the Issuer to perform or comply with any of its obligations under the Bonds. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

According to the Notice concerning the Foreign Exchange Administration Rules on Cross-Border Guarantee the Cross-border Security Regulations (國家外匯管理局關於發佈《跨境擔保外匯管理規定》的通知) and the relevant implementation guidelines (collectively the "Cross-border Security Regulations"), the Guarantor shall register the Deed of Guarantee with the SAFE within 15 business days upon the execution of the Deed of Guarantee ("SAFE Registration"). The SAFE Registration under the PRC Law is a post-signing registration requirement but not a condition to the effectiveness of the Deed of Guarantee, however, any failure to complete the SAFE Registration within the prescribed time frame may cause the Guarantor not able to perform its obligations under the Deed of Guarantee. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

***Modifications and waivers may be made in respect of the Terms and Conditions of a Series of Bonds and the Trust Deed by the Trustee without the consent of Bondholders of that Series in certain circumstances or less than all of the holders of the Bonds of that Series, and decisions may be made on behalf of all holders of the Bonds of a Series that may be adverse to the interests of the individual holders of the Bonds of that Series.***

The Terms and Conditions of each Series of Bonds contain provisions for calling meetings of the holders of the Bonds of that Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders of that Series, including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds of a Series may be adverse to the interests of the individual holders of the Bonds of that Series.

The Terms and Conditions of each Series of Bonds provide that the Trustee may, without the consent of Bondholders, agree to any modification (except as mentioned in the Trust Deed and/or the Deed of Guarantee) of any of the provisions of the Trust Deed, the Deed of Guarantee, the Terms and Conditions and/or the Agency Agreement which in the opinion of the Trustee will not be materially prejudicial to the interests of Bondholders and to any modification of the Trust Deed, the Deed of Guarantee, the Terms and Conditions and/or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of law.

In addition, the Trustee may, without the consent of the Bondholders of a Series, authorise or waive any proposed breach or breach of the Bonds of that Series, the Trust Deed, the Deed of Guarantee, the Terms and Conditions of the Bonds of that Series and/or the Agency Agreement (other than a proposed breach, or a breach relating to the subject of certain reserved matters as mentioned in the Trust Deed and/or the Deed of Guarantee) if, in the opinion of the Trustee, the interests of the Bondholders of that Series will not be materially prejudiced thereby.

## TERMS AND CONDITIONS OF THE 2022 USD BONDS

*The following, subject to modification and other than the words in italics is the text of the terms and conditions of the 2022 USD Bonds which will appear on the reverse of each of the definitive certificates evidencing the 2022 USD Bonds:*

The issue of the US$350,000,000 in aggregate principal amount of 3.125 per cent. guaranteed bonds due 2022 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further securities issued pursuant to Condition 15 which shall be consolidated and form a single series with the Bonds) was authorised by resolutions of the board of directors of CGNPC International Limited (the "**Issuer**") passed on 16 June 2017 and 21 November 2017, respectively. The Bonds are constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated on or about 11 December 2017 (the "**Issue Date**") between the Issuer, the Guarantor and Bank of Communications Trustee Limited (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed and its successor(s)) as trustee for the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bonds have the benefit of a deed of guarantee (as amended or supplemented from time to time, the "**Deed of Guarantee**") dated on or about 11 December 2017 executed by China General Nuclear Power Corporation (the "**Guarantor**") in favour of the Trustee relating to the Bonds. The giving of the Guarantee (as defined in Condition 3(b)) was authorised by the shareholders' resolutions of the Guarantor dated 25 May 2017, the resolutions of the board of directors of the Guarantor dated 9 January 2017 and the meeting of the General Manager's Office of the Guarantor on 16 June 2017. Copies of the Trust Deed, the Deed of Guarantee and the agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated on or about 11 December 2017 relating to the Bonds between the Issuer, the Guarantor, the Trustee, Bank of Communications Co., Ltd. Hong Kong Branch as registrar (in that capacity, the "**Registrar**", which expression shall include its successor(s)), as initial principal paying agent (in that capacity, the "**Principal Paying Agent**", which expression shall include its successor(s)) and transfer agent (the "**Transfer Agent**", which expression shall include any other transfer agent appointed in connection with the Bonds) and any other agents named in it, are available for inspection during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the specified office of the Principal Paying Agent (being at the date hereof at 15/F, Bank of Communications Tower, 231-235 Gloucester Road, Wan Chai, Hong Kong) following written request and provision of satisfactory proof of holding. References to "**Paying Agent**" shall include the Principal Paying Agent and any other paying agent appointed from time to time in connection with the Bonds and "**Agents**" shall mean the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these terms and conditions (these "**Conditions**") will have the meanings given to them in the Trust Deed.

### 1 Form, Specified Denomination and Title

The Bonds are issued in the specified denominations of US$200,000 and integral multiples of US$1,000 in excess thereof (each, a "**Specified Denomination**").

The Bonds are evidenced by registered certificates (the "**Certificates**") and, save as provided in Condition 2(a), each Certificate shall evidence the entire holding of Bonds by the same holder.

Title to the Bonds shall pass only by transfer and by registration of title in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as

required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate evidencing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" and, in relation to a Bond, "**holder**" mean the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first name thereof).

*Upon issue, the Bonds will be evidenced by a global certificate (the "**Global Certificate**") registered in the name of a nominee of, and deposited with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). The Conditions are modified by certain provisions contained in the Global Certificate. See "Summary of Provisions Relating to the Bonds in Global Form".*

*Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

**2 Transfers of Bonds and Delivery of New Certificates**

(a) **Transfer**: A holding of Bonds may, subject to Condition 2(d) and the Agency Agreement, be transferred in whole or in part in a Specified Denomination upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) evidencing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of only part of a holding of Bonds represented by one Certificate (which shall be in a Specified Denomination), a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be in a Specified Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers and registration of Bonds the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder following written request and provision of satisfactory proof of holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.*

(b) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days (as defined below) of receipt of a duly completed and signed form of transfer and surrender of the existing Certificate(s) and provision of any other evidence required by the Registrar or the relevant Transfer Agent as provided in Condition 2(a). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. The form of transfer is available at the specified offices of the Registrar and each Transfer Agent. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge**: Certificates, on transfer or exercise of an option, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by the relevant Bondholder of any and all tax or other governmental charges that may be imposed in relation to them (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods**: No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) after a Put Exercise Notice has been deposited in respect of such Bonds pursuant to Condition 6(c), (iii) after any such Bond has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)).

## 3 Status and Guarantee

(a) **Status**: The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

## 4 Negative Pledge and Other Covenants

(a) **Negative Pledge**: So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and each of the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security (i) as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as either (x) the Trustee may in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (y) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) **Undertakings relating to the NDRC and the Guarantee**:

(i) The Guarantor undertakes to file or cause to be filed the relevant information in connection with the Bonds with the National Development and Reform Commission of the PRC or its local counterparts (the "**NDRC**"), within the prescribed timeframe after the Issue Date of the Bonds and in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on 14 September 2015 which came into effect immediately and any implementation rules, regulations, certificates, circulars or notices in connection therewith issued by the NDRC from time to time (the "**NDRC Post-Issuance Filing**"). The Guarantor shall submit the NDRC Post-Issuance Filing and comply with all applicable PRC laws and regulations in relation to the NDRC Post-Issuance Filing.

(ii) The Guarantor undertakes to file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local branch ("**SAFE**") the Deed of Guarantee within the prescribed timeframe after execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use all reasonable endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline and comply with all applicable PRC laws and regulations in relation to the Cross-Border Security Registration.

(iii) The Guarantor shall on or before the Registration Deadline, provide the Trustee with (x) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the completion of the NDRC Post-Issuance Filing and the Cross-Border Security Registration; and (y) copies of the relevant documents evidencing due filing with the NDRC (if any) and the relevant SAFE registration certificate (or any other document evidencing the completion of registration issued by SAFE) setting out the particulars of registration, each certified in English by an Authorised Signatory of the Guarantor as being a true and complete copy of the original (the items specified in (x) and (y) together, the "**Registration and Filing Documents**").

(iv) The Trustee shall have no obligation or duty to monitor or ensure the NDRC Post-Issuance Filing or the Cross-Border Security Registration on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-Issuance Filing or the Cross-Border Security Registration and/or the Registration and Filing Documents or to give notice to the Bondholders confirming the completion of the NDRC Post-Issuance Filing or the Cross-Border Security Registration, and shall not be liable to the Bondholders or any other person for not doing so.

(c) **Provision of information**: So long as any Bond remains outstanding:

(i) the Guarantor shall prepare and submit to the Trustee at the time of their issue, and, in the case of audited financial statements, in any event within 180 days of the end of each financial year for the time being (which is, at the Issue Date, 31 December) a copy in Chinese (together in every case with an English translation of the same translated by (x) a nationally recognised firm of independent accountants or (y) a professional translation service provider, and checked by a nationally recognised firm of independent accountants, and a certificate signed by an Authorised Signatory of the

Guarantor certifying that such translation is complete and accurate) of the audited financial statements of the Guarantor (including but not limited to the balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity, each on an individual and a consolidated basis, together with accompanying notes), prepared in accordance with generally accepted accounting principles applicable to enterprises established in the PRC together with the relevant audit report thereto for and as at the last financial year, and report or other notice, statement or circular issued, or which legally or contractually should be issued, to the members or creditors (or any class of them) of the Guarantor or any holding company thereof generally in their capacity as such; and

(ii) the Issuer shall prepare and submit to the Trustee at the time of their issue, and, in the case of audited financial statements, in any event within 180 days of the end of each financial year for the time being (which is, at the Issue Date, 31 December) a copy in Chinese (together in every case with an English translation of the same translated by (x) a nationally recognised firm of independent accountants or (y) a professional translation service provider, and checked by a nationally recognised firm of independent accountants, and a certificate signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate) of the audited financial statements of the Issuer (including but not limited to the balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity, each on an individual and a consolidated basis, together with accompanying notes), prepared in accordance with generally accepted accounting principles applicable to enterprises established in the PRC together with the relevant audit report thereto for and as at the last financial year, and report or other notice, statement or circular issued, or which legally or contractually should be issued, to the members or creditors (or any class of them) of the Issuer or any holding company thereof generally in their capacity as such.

(iii) Each of the Issuer and the Guarantor shall send to the Trustee at the same time as the audited financial statements are provided pursuant to Condition 4(c)(i) or Condition 4(c)(ii), as the case may be, and also within 14 days of any written request by the Trustee, a Compliance Certificate.

(d) **Definitions:** In these Conditions:

"**Compliance Certificate**" means a certificate of the Issuer or the Guarantor, as the case may be, in English signed by an Authorised Signatory of the Issuer or, as the case may be, by an Authorised Signatory of the Guarantor, that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor, as the case may be, as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) the Issuer or the Guarantor, as the case may be, has complied with all its obligations under the Trust Deed, the Deed of Guarantee, the Agency Agreement and the Bonds (as applicable) or, if non-compliance has occurred, giving details of such non-compliance;

"**PRC**" means the People's Republic of China, and for the purpose of these Conditions only, excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**Project Finance Debt**" means any present or future indebtedness incurred to finance the ownership, acquisition, construction, development and/or operation of an asset or a portfolio of assets (whether or not an asset of the Guarantor, the Issuer or any of their respective Subsidiaries) in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not the Guarantor, the Issuer or any of their respective Subsidiaries) has or have no recourse whatsoever to the Guarantor, the Issuer or any of their respective Subsidiaries for the repayment thereof other than:

(i) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset; or

(ii) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any encumbrance given by such borrower over such asset or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such indebtedness, provided that (x) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement, and (y) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up or dissolution of the Guarantor, the Issuer or any of their respective Subsidiaries or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the Guarantor, the Issuer or any of their respective Subsidiaries or any of their respective assets (save for the assets (or the income, cash flow or other proceeds deriving therefrom) the subject of such encumbrance); or

(iii) recourse under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the Guarantor, the Issuer or any of their respective Subsidiaries;

"**Registration Deadline**" means the day falling 90 calendar days after the Issue Date;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock certificates or other securities with a maturity of more than one year which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market (which for the avoidance of doubt shall not include any indebtedness under any transferrable loan facility or agreement (including any drawing down of any existing credit line or facility of the Issuer or the Guarantor or any of their respective Subsidiaries)) but excluding any Project Finance Debt or any indebtedness that is solely issued in the PRC; and

a "**Subsidiary**" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

**5 Interest**

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.125 per cent. per annum, payable semi-annually in arrear in equal instalments of US$15.625 per Calculation Amount on 11 June and 11 December in each year (each an "**Interest Payment Date**") commencing on 11 June 2018.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the date falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholder under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per US$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall (save as provided above in relation to equal instalments) be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

**6 Redemption and Purchase**

(a) **Final Redemption**: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 11 December 2022 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for Taxation Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined below) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 4 December 2017, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90

days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee if it were then called, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (x) a certificate signed by two Authorised Signatories of the Issuer (or, if the Guarantee was called, two Authorised Signatories of the Guarantor) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or, if the Guarantee was called, the Guarantor) taking reasonable measures available to it and (y) an opinion of an independent legal or tax adviser of recognised standing addressed to the Trustee that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay Additional Tax Amounts as a result of such change or amendment or any such change in the application or official interpretation (as the case may be) and the Trustee shall be entitled (but shall not be obliged) to accept and rely on such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders. All Bonds in respect of which any notice of redemption is given under this Condition 6(b) shall be redeemed on the date and in such manner as specified in such notice in accordance with this Condition 6(b).

(c) **Redemption for Relevant Events**: At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date (as defined below) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. In order to exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any Transfer Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any Transfer Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer or the Guarantor in accordance with Condition 16.

The "**Put Settlement Date**" shall be the 14th day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer or the Guarantor shall give notice to Bondholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control) or five days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Relevant Event has occurred and shall not be responsible or liable to the Bondholders, the Issuer, the Guarantor or any other person for any loss arising from any failure to do so.

(d) **Redemption at the Option of the Issuer**: On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders in accordance with Condition 16 and to the Trustee in writing, the Issuer may at any time redeem the Bonds, in whole but not in part, at a redemption amount per Bond equal to the Make Whole Amount as at the redemption date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice, together with accrued interest up to but excluding such Optional Redemption Date.

(e) **Notices of redemption**: If in respect of any Bond, a redemption notice pursuant to Condition 6(b) or Condition 6(d) and a Put Exercise Notice are given, the Put Exercise Notice shall prevail. In the event of two Put Exercise Notices being given on the same date, the first to be given shall prevail.

(f) **Purchase**: The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding, *inter alia*, for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) or 13.

(g) **Cancellation**: All Certificates evidencing Bonds purchased by or on behalf of the Issuer, the Guarantor or their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

In this Condition 6:

"**Adjusted Treasury Rate**" means, with respect to an Optional Redemption Date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Optional Redemption Date;

a "**Change of Control**" means the occurrence of one or more of the following events:

(i) (x) the SASAC, and (y) any other person directly controlled by the central government of the PRC (such person and SASAC, each a "**PRC Government Person**"), together cease to directly or indirectly Control the Guarantor;

(ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other person or persons, acting together, except where such person(s) is/are Controlled by a PRC Government Person; or

(iii) the Issuer ceases to be a directly or indirectly wholly-owned Subsidiary of the Guarantor;

"**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to the remaining term of the Bonds that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds;

"**Comparable Treasury Price**" means, with respect to an Optional Redemption Date:

(i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such Optional Redemption Date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities"; or

(ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (x) the average of the Reference Treasury Dealer Quotations for such Optional Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (y) if fewer than five such Reference Treasury Dealer Quotations are available, the average of all such quotations;

"**Control**" means (where applicable): (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of a person or (ii) the right to appoint and/or remove all or the majority of the members of a person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;

"**Make Whole Amount**" means, with respect to a Bond at an Optional Redemption Date, the amount that is the greater of (i) the present value of the principal amount of the Bonds, assuming a scheduled repayment thereof on the Maturity Date plus all required remaining scheduled interest payments due on such Bond through the Maturity Date (but excluding accrued and unpaid interest to such Optional Redemption Date), computed using a discount rate equal to the Adjusted Treasury Rate plus 15 basis points, and (ii) the principal amount of such Bonds, which amount shall be notified in writing by the Quotation Agent to the Trustee, the Principal Paying Agent, the Issuer and the Guarantor;

a "**No Registration Event**" occurs when the Registration and Filing Documents are not delivered to the Trustee on or before the Registration Deadline;

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity) but does not include:

(i) the Guarantor's board of directors or any other governing board; and

(ii) the Guarantor's wholly-owned direct or indirect Subsidiaries;

"**Quotation Agent**" means the Reference Treasury Dealer selected by the Issuer and notified in writing to the Trustee and the Principal Paying Agent;

"**Reference Treasury Dealer**" means each of any five investment banks of recognised standing that is a primary U.S. Government securities dealer in New York City, selected by the Issuer in good faith;

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and an Optional Redemption Date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Quotation Agent by such Reference Treasury Dealer at 5:00 p.m. (New York time) on the third business day preceding such Optional Redemption Date;

a "**Relevant Event**" means a Change of Control or a No Registration Event; and

"**SASAC**" means the State-owned Assets Supervision and Administration Commission of the State Council of the PRC or its successor.

## 7 Payments

(a) **Method of Payment**:

(i) Payments of principal and premium (if any) due on the Bonds shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) in the manner provided in Condition 7(a)(ii).

(ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in US dollars by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Paying Agent before the Record Date, or at the option of the relevant Paying Agent, such payment of interest may be made by transfer to an account in US dollars maintained by the payee with a bank.

*So long as the Global Certificate is held on behalf of Euroclear and Clearstream or any other clearing system, each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

(b) **Payments subject to Fiscal Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer is subject, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Section 1471 through Section 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payment Initiation**: Where payment is to be made by transfer to an account in US dollars, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, and where payment is to be made by cheque, the cheque will be mailed, on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day after the relevant Certificate is surrendered and on which the Principal Paying Agent is open for business.

(d) **Appointment of Agents**: The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office in Hong Kong, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Bonds may be listed.

Notice of any such termination or appointment or any change of any specified office of any Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

(e) **Delay in Payment**: Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.

(f) **Non-Payment Business Days**: If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business in New York City and the place in which the specified office of the Principal Paying Agent is located and, where payment is to be made by transfer to an account maintained with a bank in US dollars, the place on which foreign exchange transactions may be carried on in US dollars in the principal financial centre of the country of such currency.

**8 Taxation**

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or the Guarantor (as the case may be) by or within the PRC at up to and including the aggregate rate applicable on 4 December 2017 (the "**Applicable Rate**"), the Issuer, or as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by the Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If (i) the Issuer is required to make any deduction or withholding by or within Hong Kong or (ii) the Issuer or the Guarantor (as the case may be) is required to make any deduction or withholding by or within the PRC in excess of the Applicable Rate, then the Issuer or as the case may be, the Guarantor shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantee, as the case may be):

(a) **Other Connection**: to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Hong Kong or the PRC other than the mere holding of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority; or

(b) **Surrender More Than 30 days after the Relevant Date**: in respect of which the Certificate evidencing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days (as if such last day were a Payment Business Day).

For the avoidance of doubt, the Issuer's and the Guarantor's obligation to pay additional amounts in respect of taxes, duties, assessments and other governmental charges will not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, duty, assessment or other governmental charge or (b) any tax, duty, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of or any premium or interest on, the Bonds.

"**Relevant Date**" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate evidencing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

*Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.*

## 9 Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

(a) **Non-Payment**: there is a failure to pay the principal of or any premium or interest on any of the Bonds when due and in the case of interest, such failure continues for a period of seven days; or

(b) **Breach of Other Obligations**: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Bonds, the Trust Deed or the Deed of Guarantee (where applicable, and other than where it gives rise to a right to redeem pursuant to Condition 6(c)), which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is not, remedied within 30 days after written notice of such default shall have been given to the Issuer and the Guarantor by the Trustee; or

(c) **Cross-Default**: (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds US$100 million or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

(d) **Enforcement Proceedings**: a distress, attachment, execution by a court of competent jurisdiction or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any of their respective Principal Subsidiaries and is not discharged or stayed within 30 days; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of their respective Principal Subsidiaries over all or a material part of their respective assets, as the case may be, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 30 days; or

(f) **Insolvency**: the Issuer, the Guarantor or any of their respective Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, as the case may be; or

(g) **Winding-up**: an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, or the Issuer, the Guarantor or any of the Principal Subsidiaries of the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a voluntary and solvent winding up of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or any of their respective Subsidiaries; or

(h) **Government Intervention**: any part of the assets or undertaking of the Issuer, the Guarantor and any of their respective Principal Subsidiaries (taken as a whole) with a value being equal to or exceeding 0.5% of the Consolidated Total Assets (or its equivalent in any other currency) is condemned, seized, expropriated or otherwise appropriated by any person acting under the authority of any national, regional or local government; or

(i) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Deed of Guarantee and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Deed of Guarantee and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(j) **Illegality**: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Deed of Guarantee or the Trust Deed; or

(k) **Unenforceability of Guarantee**: the Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; or

(l) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(i) (all inclusive).

In this Condition 9:

"**Consolidated Total Assets**" means the aggregate of all assets of the Guarantor as shown in the latest audited consolidated balance sheet of the Guarantor; and

"**Principal Subsidiary**" means any Subsidiary of the Issuer or the Guarantor:

(a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least 5 per cent. of the consolidated revenue as shown by the latest published audited consolidated income statement of the Issuer or the Guarantor (as the case may be); or

(b) whose gross profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross profit, as shown by its latest audited income statement are at least 5 per cent. of the consolidated gross profit as shown by the latest published audited consolidated income statement of the Issuer or the Guarantor (as the case may be) including, for the avoidance of doubt, the Issuer or the Guarantor (as the case may be) and their respective consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(c) whose gross assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet are at least 5 per cent. of the amount which equals the amount included in the consolidated gross assets of the Issuer of the Guarantor (as the case may be) as shown by the latest published audited consolidated balance sheet of the Issuer or the Guarantor (as the case may be) including, for the avoidance of doubt, the investment of the Issuer or the Guarantor (as the case may be) in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer or the Guarantor (as the case may be) and after adjustment for minority interests; or

(d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (i) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (ii) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer or the Guarantor (as the case may be) prepared as of a date later than such transfer are issued whether such Subsidiary would continue to be a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer or the Guarantor (as the case may be) relate, the reference to the then latest consolidated audited accounts of the Issuer or the Guarantor (as the case may be) for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer or the Guarantor (as the case may be) for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer or the Guarantor (as the case may be) adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Issuer, the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, gross profit or gross assets of the Issuer, the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer or the Guarantor (as the case may be);

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, gross profit or gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer or the Guarantor (as the case may be); and

(iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer or the Guarantor (as the case may be), then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer or the Guarantor (as the case may be).

In addition, any Subsidiary which is not itself a Principal Subsidiary shall nevertheless be treated as a Principal Subsidiary if the revenue (or consolidated revenue if the Subsidiary itself has Subsidiaries), gross profit (or consolidated gross profit if the Subsidiary itself has Subsidiaries) or gross assets (or consolidated gross assets if the Subsidiary itself has Subsidiaries) attributable to such Subsidiary when aggregated with the revenue (or consolidated revenue if appropriate), gross profit (or consolidated gross profit if appropriate) or gross assets (or consolidated gross assets if appropriate) attributable to any other Subsidiary which is not itself a Principal Subsidiary and with respect to which any of the events referred to in this Condition 9 has occurred since the Issue Date, exceeds 5 per cent. of the consolidated revenue, consolidated gross profit or consolidated gross assets of the Issuer or the Guarantor (as the case may be) and their respective Subsidiaries.

Subject to compliance with the requirement set forth below in this paragraph, a certificate prepared and signed by an Authorised Signatory of the Issuer or of the Guarantor that, in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Bondholders and all parties. The certificate must be accompanied by a report by an internationally recognised firm of accountants addressed to the Issuer or the Guarantor (as the case may be) as to proper extraction and basis of the figures used by the Issuer or the Guarantor (as the case may be) in determining its Principal Subsidiaries and mathematical accuracy of the calculation.

*The Trustee and the Agents shall not be required to take any steps to ascertain whether an Event of Default or any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default has occurred and shall not be responsible or liable to the Bondholders, the Issuer, the Guarantor or any other person for any loss arising from any failure to do so.*

**10 Prescription**

Claims against the Issuer and the Guarantor for payment in respect of the Bonds and the Guarantee (as the case may be) shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

**11 Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

**12 Meetings of Bondholders, Modification and Waiver**

(a) **Meetings of Bondholders**: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (v) to modify or cancel the Deed of Guarantee (subject to Condition 12(b)), in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting and whether or not they voted, at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification and Waiver**: The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed and/or the Deed of Guarantee), and any waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable.

(c) **Entitlement of the Trustee**: In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor, or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

**13 Enforcement**

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take such actions and/or steps and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Bonds and/or the Deed of Guarantee (as the case may be), but it need not take any such actions and/or steps and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds then outstanding, and (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

**14 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and/or any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, certificate, information, opinion or advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, information, opinion or advice and, if it does so, such report, confirmation, certificate, information, opinion or advice shall be binding on the Issuer, the Guarantor and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default, Potential Event of Default or Relevant Event has occurred or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions.

## 15 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-Issuance Filing and the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

## 16 Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bonds shall also be published at the Issuer's expense in a leading English language daily newspaper having general circulation in Asia (which is expected to be *The Wall Street Journal Asia*). The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

*So long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.*

**17 Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong)**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong).

**18 Governing Law and Jurisdiction**

(a) **Governing Law**: The Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds are governed by, and shall be construed in accordance with, Hong Kong law.

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has irrevocably submitted to the jurisdiction of such courts.

(c) **Agent for Service of Process**: Pursuant to the Trust Deed, each of the Issuer and the Guarantor has irrevocably agreed to receive service of process at the Issuer's place of business in Hong Kong in any Proceedings in Hong Kong.

(d) **Independence**: Each of the Issuer and the Guarantor represents and warrants to and for the benefit of the Trustee and the Bondholders that (i) it is a separate legal and independent entity organised under the Company Law of the People's Republic of China; and (ii) it is a limited liability company with limited liability undertaking commercial activities independent from the PRC government with ownership of its assets and the capacity independently to assume civil liabilities. Each of the Issuer and the Guarantor hereby waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## TERMS AND CONDITIONS OF THE 2027 USD BONDS

*The following, subject to modification and other than the words in italics is the text of the terms and conditions of the 2027 USD Bonds which will appear on the reverse of each of the definitive certificates evidencing the 2027 USD Bonds:*

The issue of the US$550,000,000 in aggregate principal amount of 3.750 per cent. guaranteed bonds due 2027 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further securities issued pursuant to Condition 15 which shall be consolidated and form a single series with the Bonds) was authorised by resolutions of the board of directors of CGNPC International Limited (the "**Issuer**") passed on 16 June 2017 and 21 November 2017, respectively. The Bonds are constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated on or about 11 December 2017 (the "**Issue Date**") between the Issuer, the Guarantor and Bank of Communications Trustee Limited (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed and its successor(s)) as trustee for the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bonds have the benefit of a deed of guarantee (as amended or supplemented from time to time, the "**Deed of Guarantee**") dated on or about 11 December 2017 executed by China General Nuclear Power Corporation (the "**Guarantor**") in favour of the Trustee relating to the Bonds. The giving of the Guarantee (as defined in Condition 3(b)) was authorised by the shareholders' resolutions of the Guarantor dated 25 May 2017, the resolutions of the board of directors of the Guarantor dated 9 January 2017 and the meeting of the General Manager's Office of the Guarantor on 16 June 2017. Copies of the Trust Deed, the Deed of Guarantee and the agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated on or about 11 December 2017 relating to the Bonds between the Issuer, the Guarantor, the Trustee, Bank of Communications Co., Ltd. Hong Kong Branch as registrar (in that capacity, the "**Registrar**", which expression shall include its successor(s)), as initial principal paying agent (in that capacity, the "**Principal Paying Agent**", which expression shall include its successor(s)) and transfer agent (the "**Transfer Agent**", which expression shall include any other transfer agent appointed in connection with the Bonds) and any other agents named in it, are available for inspection during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the specified office of the Principal Paying Agent (being at the date hereof at 15/F, Bank of Communications Tower, 231-235 Gloucester Road, Wan Chai, Hong Kong) following written request and provision of satisfactory proof of holding. References to "**Paying Agent**" shall include the Principal Paying Agent and any other paying agent appointed from time to time in connection with the Bonds and "**Agents**" shall mean the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these terms and conditions (these "**Conditions**") will have the meanings given to them in the Trust Deed.

### 1 Form, Specified Denomination and Title

The Bonds are issued in the specified denominations of US$200,000 and integral multiples of US$1,000 in excess thereof (each, a "**Specified Denomination**").

The Bonds are evidenced by registered certificates (the "**Certificates**") and, save as provided in Condition 2(a), each Certificate shall evidence the entire holding of Bonds by the same holder.

Title to the Bonds shall pass only by transfer and by registration of title in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as

required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate evidencing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" and, in relation to a Bond, "**holder**" mean the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first name thereof).

*Upon issue, the Bonds will be evidenced by a global certificate (the "**Global Certificate**") registered in the name of a nominee of, and deposited with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). The Conditions are modified by certain provisions contained in the Global Certificate. See "Summary of Provisions Relating to the Bonds in Global Form".*

*Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

## 2 Transfers of Bonds and Delivery of New Certificates

(a) **Transfer**: A holding of Bonds may, subject to Condition 2(d) and the Agency Agreement, be transferred in whole or in part in a Specified Denomination upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) evidencing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of only part of a holding of Bonds represented by one Certificate (which shall be in a Specified Denomination), a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be in a Specified Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers and registration of Bonds the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder following written request and provision of satisfactory proof of holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.*

(b) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days (as defined below) of receipt of a duly completed and signed form of transfer and surrender of the existing Certificate(s) and provision of any other evidence required by the Registrar or the relevant Transfer Agent as provided in Condition 2(a). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. The form of transfer is available at the specified offices of the Registrar and each Transfer Agent. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge**: Certificates, on transfer or exercise of an option, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by the relevant Bondholder of any and all tax or other governmental charges that may be imposed in relation to them (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods**: No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) after a Put Exercise Notice has been deposited in respect of such Bonds pursuant to Condition 6(c), (iii) after any such Bond has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)).

**3 Status and Guarantee**

(a) **Status**: The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

**4 Negative Pledge and Other Covenants**

(a) **Negative Pledge**: So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and each of the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security (i) as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as either (x) the Trustee may in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (y) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) **Undertakings relating to the NDRC and the Guarantee**:

(i) The Guarantor undertakes to file or cause to be filed the relevant information in connection with the Bonds with the National Development and Reform Commission of the PRC or its local counterparts (the "**NDRC**"), within the prescribed timeframe after the Issue Date of the Bonds and in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on 14 September 2015 which came into effect immediately and any implementation rules, regulations, certificates, circulars or notices in connection therewith issued by the NDRC from time to time (the "**NDRC Post-Issuance Filing**"). The Guarantor shall submit the NDRC Post-Issuance Filing and comply with all applicable PRC laws and regulations in relation to the NDRC Post-Issuance Filing.

(ii) The Guarantor undertakes to file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local branch ("**SAFE**") the Deed of Guarantee within the prescribed timeframe after execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use all reasonable endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline and comply with all applicable PRC laws and regulations in relation to the Cross-Border Security Registration.

(iii) The Guarantor shall on or before the Registration Deadline, provide the Trustee with (x) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the completion of the NDRC Post-Issuance Filing and the Cross-Border Security Registration; and (y) copies of the relevant documents evidencing due filing with the NDRC (if any) and the relevant SAFE registration certificate (or any other document evidencing the completion of registration issued by SAFE) setting out the particulars of registration, each certified in English by an Authorised Signatory of the Guarantor as being a true and complete copy of the original (the items specified in (x) and (y) together, the "**Registration and Filing Documents**").

(iv) The Trustee shall have no obligation or duty to monitor or ensure the NDRC Post-Issuance Filing or the Cross-Border Security Registration on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-Issuance Filing or the Cross-Border Security Registration and/or the Registration and Filing Documents or to give notice to the Bondholders confirming the completion of the NDRC Post-Issuance Filing or the Cross-Border Security Registration, and shall not be liable to the Bondholders or any other person for not doing so.

(c) **Provision of information**: So long as any Bond remains outstanding:

(i) the Guarantor shall prepare and submit to the Trustee at the time of their issue, and, in the case of audited financial statements, in any event within 180 days of the end of each financial year for the time being (which is, at the Issue Date, 31 December) a copy in Chinese (together in every case with an English translation of the same translated by (x) a nationally recognised firm of independent accountants or (y) a professional translation service provider, and checked by a nationally recognised firm of independent accountants, and a certificate signed by an Authorised Signatory of the

Guarantor certifying that such translation is complete and accurate) of the audited financial statements of the Guarantor (including but not limited to the balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity, each on an individual and a consolidated basis, together with accompanying notes), prepared in accordance with generally accepted accounting principles applicable to enterprises established in the PRC together with the relevant audit report thereto for and as at the last financial year, and report or other notice, statement or circular issued, or which legally or contractually should be issued, to the members or creditors (or any class of them) of the Guarantor or any holding company thereof generally in their capacity as such; and

(ii) the Issuer shall prepare and submit to the Trustee at the time of their issue, and, in the case of audited financial statements, in any event within 180 days of the end of each financial year for the time being (which is, at the Issue Date, 31 December) a copy in Chinese (together in every case with an English translation of the same translated by (x) a nationally recognised firm of independent accountants or (y) a professional translation service provider, and checked by a nationally recognised firm of independent accountants, and a certificate signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate) of the audited financial statements of the Issuer (including but not limited to the balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity, each on an individual and a consolidated basis, together with accompanying notes), prepared in accordance with generally accepted accounting principles applicable to enterprises established in the PRC together with the relevant audit report thereto for and as at the last financial year, and report or other notice, statement or circular issued, or which legally or contractually should be issued, to the members or creditors (or any class of them) of the Issuer or any holding company thereof generally in their capacity as such.

(iii) Each of the Issuer and the Guarantor shall send to the Trustee at the same time as the audited financial statements are provided pursuant to Condition 4(c)(i) or Condition 4(c)(ii), as the case may be, and also within 14 days of any written request by the Trustee, a Compliance Certificate.

(d) **Definitions:** In these Conditions:

"**Compliance Certificate**" means a certificate of the Issuer or the Guarantor, as the case may be, in English signed by an Authorised Signatory of the Issuer or, as the case may be, by an Authorised Signatory of the Guarantor, that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor, as the case may be, as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) the Issuer or the Guarantor, as the case may be, has complied with all its obligations under the Trust Deed, the Deed of Guarantee, the Agency Agreement and the Bonds (as applicable) or, if non-compliance has occurred, giving details of such non-compliance;

"**PRC**" means the People's Republic of China, and for the purpose of these Conditions only, excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**Project Finance Debt**" means any present or future indebtedness incurred to finance the ownership, acquisition, construction, development and/or operation of an asset or a portfolio of assets (whether or not an asset of the Guarantor, the Issuer or any of their respective Subsidiaries) in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not the Guarantor, the Issuer or any of their respective Subsidiaries) has or have no recourse whatsoever to the Guarantor, the Issuer or any of their respective Subsidiaries for the repayment thereof other than:

(i) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset; or

(ii) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any encumbrance given by such borrower over such asset or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such indebtedness, provided that (x) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement, and (y) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up or dissolution of the Guarantor, the Issuer or any of their respective Subsidiaries or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the Guarantor, the Issuer or any of their respective Subsidiaries or any of their respective assets (save for the assets (or the income, cash flow or other proceeds deriving therefrom) the subject of such encumbrance); or

(iii) recourse under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the Guarantor, the Issuer or any of their respective Subsidiaries;

"**Registration Deadline**" means the day falling 90 calendar days after the Issue Date;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock certificates or other securities with a maturity of more than one year which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market (which for the avoidance of doubt shall not include any indebtedness under any transferrable loan facility or agreement (including any drawing down of any existing credit line or facility of the Issuer or the Guarantor or any of their respective Subsidiaries)) but excluding any Project Finance Debt or any indebtedness that is solely issued in the PRC; and

a "**Subsidiary**" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

## 5 Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.750 per cent. per annum, payable semi-annually in arrear in equal instalments of US$18.75 per Calculation Amount on 11 June and 11 December in each year (each an "**Interest Payment Date**") commencing on 11 June 2018.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the date falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholder under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per US$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall (save as provided above in relation to equal instalments) be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## 6 Redemption and Purchase

(a) **Final Redemption**: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 11 December 2027 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for Taxation Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined below) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 4 December 2017, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90

days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee if it were then called, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (x) a certificate signed by two Authorised Signatories of the Issuer (or, if the Guarantee was called, two Authorised Signatories of the Guarantor) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or, if the Guarantee was called, the Guarantor) taking reasonable measures available to it and (y) an opinion of an independent legal or tax adviser of recognised standing addressed to the Trustee that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay Additional Tax Amounts as a result of such change or amendment or any such change in the application or official interpretation (as the case may be) and the Trustee shall be entitled (but shall not be obliged) to accept and rely on such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders. All Bonds in respect of which any notice of redemption is given under this Condition 6(b) shall be redeemed on the date and in such manner as specified in such notice in accordance with this Condition 6(b).

(c) **Redemption for Relevant Events**: At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date (as defined below) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. In order to exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any Transfer Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any Transfer Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer or the Guarantor in accordance with Condition 16.

The "**Put Settlement Date**" shall be the 14th day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer or the Guarantor shall give notice to Bondholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control) or five days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Relevant Event has occurred and shall not be responsible or liable to the Bondholders, the Issuer, the Guarantor or any other person for any loss arising from any failure to do so.

(d) **Redemption at the Option of the Issuer**: On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders in accordance with Condition 16 and to the Trustee in writing, the Issuer may at any time redeem the Bonds, in whole but not in part, at a redemption amount per Bond equal to the Make Whole Amount as at the redemption date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice, together with accrued interest up to but excluding such Optional Redemption Date.

(e) **Notices of redemption**: If in respect of any Bond, a redemption notice pursuant to Condition 6(b) or Condition 6(d) and a Put Exercise Notice are given, the Put Exercise Notice shall prevail. In the event of two Put Exercise Notices being given on the same date, the first to be given shall prevail.

(f) **Purchase**: The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding, *inter alia*, for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) or 13.

(g) **Cancellation**: All Certificates evidencing Bonds purchased by or on behalf of the Issuer, the Guarantor or their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

In this Condition 6:

"**Adjusted Treasury Rate**" means, with respect to an Optional Redemption Date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Optional Redemption Date;

a "**Change of Control**" means the occurrence of one or more of the following events:

(i) (x) the SASAC, and (y) any other person directly controlled by the central government of the PRC (such person and SASAC, each a "**PRC Government Person**"), together cease to directly or indirectly Control the Guarantor;

(ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other person or persons, acting together, except where such person(s) is/are Controlled by a PRC Government Person; or

(iii) the Issuer ceases to be a directly or indirectly wholly-owned Subsidiary of the Guarantor;

"**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to the remaining term of the Bonds that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds;

"**Comparable Treasury Price**" means, with respect to an Optional Redemption Date:

(i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such Optional Redemption Date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities"; or

(ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (x) the average of the Reference Treasury Dealer Quotations for such Optional Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (y) if fewer than five such Reference Treasury Dealer Quotations are available, the average of all such quotations;

"**Control**" means (where applicable): (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of a person or (ii) the right to appoint and/or remove all or the majority of the members of a person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;

"**Make Whole Amount**" means, with respect to a Bond at an Optional Redemption Date, the amount that is the greater of (i) the present value of the principal amount of the Bonds, assuming a scheduled repayment thereof on the Maturity Date plus all required remaining scheduled interest payments due on such Bond through the Maturity Date (but excluding accrued and unpaid interest to such Optional Redemption Date), computed using a discount rate equal to the Adjusted Treasury Rate plus 20 basis points, and (ii) the principal amount of such Bonds, which amount shall be notified in writing by the Quotation Agent to the Trustee, the Principal Paying Agent, the Issuer and the Guarantor;

a "**No Registration Event**" occurs when the Registration and Filing Documents are not delivered to the Trustee on or before the Registration Deadline;

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity) but does not include:

(i) the Guarantor's board of directors or any other governing board; and

(ii) the Guarantor's wholly-owned direct or indirect Subsidiaries;

"**Quotation Agent**" means the Reference Treasury Dealer selected by the Issuer and notified in writing to the Trustee and the Principal Paying Agent;

"**Reference Treasury Dealer**" means each of any five investment banks of recognised standing that is a primary U.S. Government securities dealer in New York City, selected by the Issuer in good faith;

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and an Optional Redemption Date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Quotation Agent by such Reference Treasury Dealer at 5:00 p.m. (New York time) on the third business day preceding such Optional Redemption Date;

a "**Relevant Event**" means a Change of Control or a No Registration Event; and

"**SASAC**" means the State-owned Assets Supervision and Administration Commission of the State Council of the PRC or its successor.

## 7 Payments

(a) **Method of Payment**:

(i) Payments of principal and premium (if any) due on the Bonds shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) in the manner provided in Condition 7(a)(ii).

(ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in US dollars by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Paying Agent before the Record Date, or at the option of the relevant Paying Agent, such payment of interest may be made by transfer to an account in US dollars maintained by the payee with a bank.

*So long as the Global Certificate is held on behalf of Euroclear and Clearstream or any other clearing system, each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

(b) **Payments subject to Fiscal Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer is subject, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Section 1471 through Section 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payment Initiation**: Where payment is to be made by transfer to an account in US dollars, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, and where payment is to be made by cheque, the cheque will be mailed, on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day after the relevant Certificate is surrendered and on which the Principal Paying Agent is open for business.

(d) **Appointment of Agents**: The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office in Hong Kong, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Bonds may be listed.

Notice of any such termination or appointment or any change of any specified office of any Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

(e) **Delay in Payment**: Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.

(f) **Non-Payment Business Days**: If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business in New York City and the place in which the specified office of the Principal Paying Agent is located and, where payment is to be made by transfer to an account maintained with a bank in US dollars, the place on which foreign exchange transactions may be carried on in US dollars in the principal financial centre of the country of such currency.

**8 Taxation**

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or the Guarantor (as the case may be) by or within the PRC at up to and including the aggregate rate applicable on 4 December 2017 (the "**Applicable Rate**"), the Issuer, or as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by the Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If (i) the Issuer is required to make any deduction or withholding by or within Hong Kong or (ii) the Issuer or the Guarantor (as the case may be) is required to make any deduction or withholding by or within the PRC in excess of the Applicable Rate, then the Issuer or as the case may be, the Guarantor shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantee, as the case may be):

(a) **Other Connection**: to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Hong Kong or the PRC other than the mere holding of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority; or

(b) **Surrender More Than 30 days after the Relevant Date**: in respect of which the Certificate evidencing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days (as if such last day were a Payment Business Day).

For the avoidance of doubt, the Issuer's and the Guarantor's obligation to pay additional amounts in respect of taxes, duties, assessments and other governmental charges will not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, duty, assessment or other governmental charge or (b) any tax, duty, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of or any premium or interest on, the Bonds.

"**Relevant Date**" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate evidencing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

*Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.*

## 9 Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

(a) **Non-Payment**: there is a failure to pay the principal of or any premium or interest on any of the Bonds when due and in the case of interest, such failure continues for a period of seven days; or

(b) **Breach of Other Obligations**: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Bonds, the Trust Deed or the Deed of Guarantee (where applicable, and other than where it gives rise to a right to redeem pursuant to Condition 6(c)), which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is not, remedied within 30 days after written notice of such default shall have been given to the Issuer and the Guarantor by the Trustee; or

(c) **Cross-Default**: (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds US$100 million or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

(d) **Enforcement Proceedings**: a distress, attachment, execution by a court of competent jurisdiction or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any of their respective Principal Subsidiaries and is not discharged or stayed within 30 days; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of their respective Principal Subsidiaries over all or a material part of their respective assets, as the case may be, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 30 days; or

(f) **Insolvency**: the Issuer, the Guarantor or any of their respective Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, as the case may be; or

(g) **Winding-up**: an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, or the Issuer, the Guarantor or any of the Principal Subsidiaries of the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a voluntary and solvent winding up of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or any of their respective Subsidiaries; or

(h) **Government Intervention**: any part of the assets or undertaking of the Issuer, the Guarantor and any of their respective Principal Subsidiaries (taken as a whole) with a value being equal to or exceeding 0.5% of the Consolidated Total Assets (or its equivalent in any other currency) is condemned, seized, expropriated or otherwise appropriated by any person acting under the authority of any national, regional or local government; or

(i) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Deed of Guarantee and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Deed of Guarantee and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(j) **Illegality**: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Deed of Guarantee or the Trust Deed; or

(k) **Unenforceability of Guarantee**: the Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; or

(l) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(i) (all inclusive).

In this Condition 9:

"**Consolidated Total Assets**" means the aggregate of all assets of the Guarantor as shown in the latest audited consolidated balance sheet of the Guarantor; and

"**Principal Subsidiary**" means any Subsidiary of the Issuer or the Guarantor:

(a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least 5 per cent. of the consolidated revenue as shown by the latest published audited consolidated income statement of the Issuer or the Guarantor (as the case may be); or

(b) whose gross profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross profit, as shown by its latest audited income statement are at least 5 per cent. of the consolidated gross profit as shown by the latest published audited consolidated income statement of the Issuer or the Guarantor (as the case may be) including, for the avoidance of doubt, the Issuer or the Guarantor (as the case may be) and their respective consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(c) whose gross assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet are at least 5 per cent. of the amount which equals the amount included in the consolidated gross assets of the Issuer of the Guarantor (as the case may be) as shown by the latest published audited consolidated balance sheet of the Issuer or the Guarantor (as the case may be) including, for the avoidance of doubt, the investment of the Issuer or the Guarantor (as the case may be) in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer or the Guarantor (as the case may be) and after adjustment for minority interests; or

(d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (i) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (ii) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer or the Guarantor (as the case may be) prepared as of a date later than such transfer are issued whether such Subsidiary would continue to be a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer or the Guarantor (as the case may be) relate, the reference to the then latest consolidated audited accounts of the Issuer or the Guarantor (as the case may be) for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer or the Guarantor (as the case may be) for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer or the Guarantor (as the case may be) adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Issuer, the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, gross profit or gross assets of the Issuer, the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer or the Guarantor (as the case may be);

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, gross profit or gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer or the Guarantor (as the case may be); and

(iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer or the Guarantor (as the case may be), then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer or the Guarantor (as the case may be).

In addition, any Subsidiary which is not itself a Principal Subsidiary shall nevertheless be treated as a Principal Subsidiary if the revenue (or consolidated revenue if the Subsidiary itself has Subsidiaries), gross profit (or consolidated gross profit if the Subsidiary itself has Subsidiaries) or gross assets (or consolidated gross assets if the Subsidiary itself has Subsidiaries) attributable to such Subsidiary when aggregated with the revenue (or consolidated revenue if appropriate), gross profit (or consolidated gross profit if appropriate) or gross assets (or consolidated gross assets if appropriate) attributable to any other Subsidiary which is not itself a Principal Subsidiary and with respect to which any of the events referred to in this Condition 9 has occurred since the Issue Date, exceeds 5 per cent. of the consolidated revenue, consolidated gross profit or consolidated gross assets of the Issuer or the Guarantor (as the case may be) and their respective Subsidiaries.

Subject to compliance with the requirement set forth below in this paragraph, a certificate prepared and signed by an Authorised Signatory of the Issuer or of the Guarantor that, in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Bondholders and all parties. The certificate must be accompanied by a report by an internationally recognised firm of accountants addressed to the Issuer or the Guarantor (as the case may be) as to proper extraction and basis of the figures used by the Issuer or the Guarantor (as the case may be) in determining its Principal Subsidiaries and mathematical accuracy of the calculation.

*The Trustee and the Agents shall not be required to take any steps to ascertain whether an Event of Default or any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default has occurred and shall not be responsible or liable to the Bondholders, the Issuer, the Guarantor or any other person for any loss arising from any failure to do so.*

**10 Prescription**

Claims against the Issuer and the Guarantor for payment in respect of the Bonds and the Guarantee (as the case may be) shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

**11 Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

**12 Meetings of Bondholders, Modification and Waiver**

(a) **Meetings of Bondholders**: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (v) to modify or cancel the Deed of Guarantee (subject to Condition 12(b)), in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting and whether or not they voted, at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification and Waiver**: The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed and/or the Deed of Guarantee), and any waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable.

(c) **Entitlement of the Trustee**: In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor, or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

## 13 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take such actions and/or steps and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Bonds and/or the Deed of Guarantee (as the case may be), but it need not take any such actions and/or steps and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds then outstanding, and (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## 14 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and/or any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, certificate, information, opinion or advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, information, opinion or advice and, if it does so, such report, confirmation, certificate, information, opinion or advice shall be binding on the Issuer, the Guarantor and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default, Potential Event of Default or Relevant Event has occurred or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions.

**15 Further Issues**

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-Issuance Filing and the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

**16 Notices**

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bonds shall also be published at the Issuer's expense in a leading English language daily newspaper having general circulation in Asia (which is expected to be *The Wall Street Journal Asia*). The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

*So long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.*

**17 Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong)**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong).

**18 Governing Law and Jurisdiction**

(a) **Governing Law**: The Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds are governed by, and shall be construed in accordance with, Hong Kong law.

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has irrevocably submitted to the jurisdiction of such courts.

(c) **Agent for Service of Process**: Pursuant to the Trust Deed, each of the Issuer and the Guarantor has irrevocably agreed to receive service of process at the Issuer's place of business in Hong Kong in any Proceedings in Hong Kong.

(d) **Independence**: Each of the Issuer and the Guarantor represents and warrants to and for the benefit of the Trustee and the Bondholders that (i) it is a separate legal and independent entity organised under the Company Law of the People's Republic of China; and (ii) it is a limited liability company with limited liability undertaking commercial activities independent from the PRC government with ownership of its assets and the capacity independently to assume civil liabilities. Each of the Issuer and the Guarantor hereby waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## TERMS AND CONDITIONS OF THE EURO BONDS

*The following, subject to modification and other than the words in italics is the text of the terms and conditions of the Euro Bonds which will appear on the reverse of each of the definitive certificates evidencing the Euro Bonds:*

The issue of the €500,000,000 in aggregate principal amount of 1.625 per cent. guaranteed bonds due 2024 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further securities issued pursuant to Condition 15 which shall be consolidated and form a single series with the Bonds) was authorised by resolutions of the board of directors of CGNPC International Limited (the "**Issuer**") passed on 16 June 2017 and 21 November 2017, respectively. The Bonds are constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated on or about 11 December 2017 (the "**Issue Date**") between the Issuer, the Guarantor and Bank of Communications Trustee Limited (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed and its successor(s)) as trustee for the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bonds have the benefit of a deed of guarantee (as amended or supplemented from time to time, the "**Deed of Guarantee**") dated on or about 11 December 2017 executed by China General Nuclear Power Corporation (the "**Guarantor**") in favour of the Trustee relating to the Bonds. The giving of the Guarantee (as defined in Condition 3(b)) was authorised by the shareholders' resolutions of the Guarantor dated 25 May 2017, the resolutions of the board of directors of the Guarantor dated 9 January 2017 and the meeting of the General Manager's Office of the Guarantor on 16 June 2017. Copies of the Trust Deed, the Deed of Guarantee and the agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated on or about 11 December 2017 relating to the Bonds between the Issuer, the Guarantor, the Trustee, Bank of Communications Co., Ltd. Hong Kong Branch as registrar (in that capacity, the "**Registrar**", which expression shall include its successor(s)), as initial principal paying agent (in that capacity, the "**Principal Paying Agent**", which expression shall include its successor(s)) and transfer agent (the "**Transfer Agent**", which expression shall include any other transfer agent appointed in connection with the Bonds) and any other agents named in it, are available for inspection during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the specified office of the Principal Paying Agent (being at the date hereof at 15/F, Bank of Communications Tower, 231-235 Gloucester Road, Wan Chai, Hong Kong) following written request and provision of satisfactory proof of holding. References to "**Paying Agent**" shall include the Principal Paying Agent and any other paying agent appointed from time to time in connection with the Bonds and "**Agents**" shall mean the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these terms and conditions (these "**Conditions**") will have the meanings given to them in the Trust Deed.

### 1 Form, Specified Denomination and Title

The Bonds are issued in the specified denominations of €100,000 and integral multiples of €1,000 in excess thereof (each, a "**Specified Denomination**").

The Bonds are evidenced by registered certificates (the "**Certificates**") and, save as provided in Condition 2(a), each Certificate shall evidence the entire holding of Bonds by the same holder.

Title to the Bonds shall pass only by transfer and by registration of title in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as

required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate evidencing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" and, in relation to a Bond, "**holder**" mean the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first name thereof).

*Upon issue, the Bonds will be evidenced by a global certificate (the "**Global Certificate**") registered in the name of a nominee of, and deposited with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). The Conditions are modified by certain provisions contained in the Global Certificate. See "Summary of Provisions Relating to the Bonds in Global Form".*

*Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

**2 Transfers of Bonds and Delivery of New Certificates**

(a) **Transfer**: A holding of Bonds may, subject to Condition 2(d) and the Agency Agreement, be transferred in whole or in part in a Specified Denomination upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) evidencing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of only part of a holding of Bonds represented by one Certificate (which shall be in a Specified Denomination), a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be in a Specified Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers and registration of Bonds the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder following written request and provision of satisfactory proof of holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.*

(b) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days (as defined below) of receipt of a duly completed and signed form of transfer and surrender of the existing Certificate(s) and provision of any other evidence required by the Registrar or the relevant Transfer Agent as provided in Condition 2(a). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. The form of transfer is available at the specified offices of the Registrar and each Transfer Agent. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge**: Certificates, on transfer or exercise of an option, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by the relevant Bondholder of any and all tax or other governmental charges that may be imposed in relation to them (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods**: No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) after a Put Exercise Notice has been deposited in respect of such Bonds pursuant to Condition 6(c), (iii) after any such Bond has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)).

**3 Status and Guarantee**

(a) **Status**: The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

**4 Negative Pledge and Other Covenants**

(a) **Negative Pledge**: So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and each of the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security (i) as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as either (x) the Trustee may in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (y) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) **Undertakings relating to the NDRC and the Guarantee**:

(i) The Guarantor undertakes to file or cause to be filed the relevant information in connection with the Bonds with the National Development and Reform Commission of the PRC or its local counterparts (the "**NDRC**"), within the prescribed timeframe after the Issue Date of the Bonds and in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on 14 September 2015 which came into effect immediately and any implementation rules, regulations, certificates, circulars or notices in connection therewith issued by the NDRC from time to time (the "**NDRC Post-Issuance Filing**"). The Guarantor shall submit the NDRC Post-Issuance Filing and comply with all applicable PRC laws and regulations in relation to the NDRC Post-Issuance Filing.

(ii) The Guarantor undertakes to file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local branch ("**SAFE**") the Deed of Guarantee within the prescribed timeframe after execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use all reasonable endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline and comply with all applicable PRC laws and regulations in relation to the Cross-Border Security Registration.

(iii) The Guarantor shall on or before the Registration Deadline, provide the Trustee with (x) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the completion of the NDRC Post-Issuance Filing and the Cross-Border Security Registration; and (y) copies of the relevant documents evidencing due filing with the NDRC (if any) and the relevant SAFE registration certificate (or any other document evidencing the completion of registration issued by SAFE) setting out the particulars of registration, each certified in English by an Authorised Signatory of the Guarantor as being a true and complete copy of the original (the items specified in (x) and (y) together, the "**Registration and Filing Documents**").

(iv) The Trustee shall have no obligation or duty to monitor or ensure the NDRC Post-Issuance Filing or the Cross-Border Security Registration on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-Issuance Filing or the Cross-Border Security Registration and/or the Registration and Filing Documents or to give notice to the Bondholders confirming the completion of the NDRC Post-Issuance Filing or the Cross-Border Security Registration, and shall not be liable to the Bondholders or any other person for not doing so.

(c) **Provision of information**: So long as any Bond remains outstanding:

(i) the Guarantor shall prepare and submit to the Trustee at the time of their issue, and, in the case of audited financial statements, in any event within 180 days of the end of each financial year for the time being (which is, at the Issue Date, 31 December) a copy in Chinese (together in every case with an English translation of the same translated by (x) a nationally recognised firm of independent accountants or (y) a professional translation service provider, and checked by a nationally recognised firm of independent accountants, and a certificate signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate) of the audited financial statements of the Guarantor (including but not limited to the balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity, each on an individual and a consolidated basis, together with accompanying notes), prepared in accordance with generally accepted accounting principles applicable to enterprises established in the PRC together with the relevant audit report thereto for and as at the last financial year, and report or other notice, statement or circular issued, or which legally or contractually should be issued, to the members or creditors (or any class of them) of the Guarantor or any holding company thereof generally in their capacity as such; and

(ii) the Issuer shall prepare and submit to the Trustee at the time of their issue, and, in the case of audited financial statements, in any event within 180 days of the end of each financial year for the time being (which is, at the Issue Date, 31 December) a copy in Chinese (together in every case with an English translation of the same translated by (x) a nationally recognised firm of independent accountants or (y) a professional translation service provider, and checked by a nationally recognised firm of independent accountants, and a certificate signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate) of the audited financial statements of the Issuer (including but not limited to the balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity, each on an individual and a consolidated basis, together with accompanying notes), prepared in accordance with generally accepted accounting principles applicable to enterprises established in the PRC together with the relevant audit report thereto for and as at the last financial year, and report or other notice, statement or circular issued, or which legally or contractually should be issued, to the members or creditors (or any class of them) of the Issuer or any holding company thereof generally in their capacity as such.

(iii) Each of the Issuer and the Guarantor shall send to the Trustee at the same time as the audited financial statements are provided pursuant to Condition 4(c)(i) or Condition 4(c)(ii), as the case may be, and also within 14 days of any written request by the Trustee, a Compliance Certificate.

(d) Definitions: In these Conditions:

"**Compliance Certificate**" means a certificate of the Issuer or the Guarantor, as the case may be, in English signed by an Authorised Signatory of the Issuer or, as the case may be, by an Authorised Signatory of the Guarantor, that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor, as the case may be, as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) the Issuer or the Guarantor, as the case may be, has complied with all its obligations under the Trust Deed, the Deed of Guarantee, the Agency Agreement and the Bonds (as applicable) or, if non-compliance has occurred, giving details of such non-compliance;

"**PRC**" means the People's Republic of China, and for the purpose of these Conditions only, excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**Project Finance Debt**" means any present or future indebtedness incurred to finance the ownership, acquisition, construction, development and/or operation of an asset or a portfolio of assets (whether or not an asset of the Guarantor, the Issuer or any of their respective Subsidiaries) in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not the Guarantor, the Issuer or any of their respective Subsidiaries) has or have no recourse whatsoever to the Guarantor, the Issuer or any of their respective Subsidiaries for the repayment thereof other than:

(i) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset; or

(ii) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any encumbrance given by such borrower over such asset or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such indebtedness, provided that (x) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement, and (y) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up or dissolution of the Guarantor, the Issuer or any of their respective Subsidiaries or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the Guarantor, the Issuer or any of their respective Subsidiaries or any of their respective assets (save for the assets (or the income, cash flow or other proceeds deriving therefrom) the subject of such encumbrance); or

(iii) recourse under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the Guarantor, the Issuer or any of their respective Subsidiaries;

"**Registration Deadline**" means the day falling 90 calendar days after the Issue Date;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock certificates or other securities with a maturity of more than one year which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market (which for the avoidance of doubt shall not include any indebtedness under any transferrable loan facility or agreement (including any drawing down of any existing credit line or facility of the Issuer or the Guarantor or any of their respective Subsidiaries)) but excluding any Project Finance Debt or any indebtedness that is solely issued in the PRC; and

a "**Subsidiary**" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

5 **Interest**

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 1.625 per cent. per annum, payable annually in arrear in equal instalments of €16.25 per Calculation Amount on 11 December in each year (each an "**Interest Payment Date**") commencing on 11 December 2018.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the date falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholder under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be the actual number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period (as defined below) in which the relevant period falls.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per €1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall (save as provided above in relation to equal instalments) be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6 **Redemption and Purchase**

(a) **Final Redemption**: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 11 December 2024 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for Taxation Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined below) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 4 December 2017, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90

days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee if it were then called, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (x) a certificate signed by two Authorised Signatories of the Issuer (or, if the Guarantee was called, two Authorised Signatories of the Guarantor) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or, if the Guarantee was called, the Guarantor) taking reasonable measures available to it and (y) an opinion of an independent legal or tax adviser of recognised standing addressed to the Trustee that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay Additional Tax Amounts as a result of such change or amendment or any such change in the application or official interpretation (as the case may be) and the Trustee shall be entitled (but shall not be obliged) to accept and rely on such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders. All Bonds in respect of which any notice of redemption is given under this Condition 6(b) shall be redeemed on the date and in such manner as specified in such notice in accordance with this Condition 6(b).

(c) **Redemption for Relevant Events**: At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date (as defined below) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. In order to exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any Transfer Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any Transfer Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer or the Guarantor in accordance with Condition 16.

The "**Put Settlement Date**" shall be the 14th day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer or the Guarantor shall give notice to Bondholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control) or five days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Relevant Event has occurred and shall not be responsible or liable to the Bondholders, the Issuer, the Guarantor or any other person for any loss arising from any failure to do so.

(d) **Redemption at the Option of the Issuer**: On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders in accordance with Condition 16 and to the Trustee in writing, the Issuer may at any time redeem the Bonds, in whole but not in part, at a redemption amount per Bond equal to the Make Whole Amount as at the redemption date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice, together with accrued interest up to but excluding such Optional Redemption Date.

(e) **Notices of redemption**: If in respect of any Bond, a redemption notice pursuant to Condition 6(b) or Condition 6(d) and a Put Exercise Notice are given, the Put Exercise Notice shall prevail. In the event of two Put Exercise Notices being given on the same date, the first to be given shall prevail.

(f) **Purchase**: The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding, *inter alia*, for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) or 13.

(g) **Cancellation**: All Certificates evidencing Bonds purchased by or on behalf of the Issuer, the Guarantor or their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

In this Condition 6:

a "**Change of Control**" means the occurrence of one or more of the following events:

(i) (x) the SASAC, and (y) any other person directly controlled by the central government of the PRC (such person and SASAC, each a "**PRC Government Person**"), together cease to directly or indirectly Control the Guarantor;

(ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other person or persons, acting together, except where such person(s) is/are Controlled by a PRC Government Person; or

(iii) the Issuer ceases to be a directly or indirectly wholly-owned Subsidiary of the Guarantor;

"**Comparable German Bond Issue**" means the German government bond having a maturity comparable to the remaining term of the Bonds that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds;

"**Comparable German Bond Yield**" means with respect to the Optional Redemption Date, (x) the average of the five quotations of the mid-market annual yield to maturity of the Comparable German Bond Issue at 11.00 a.m. Central European time on the third business day preceding the Optional Redemption Date quoted in writing to the Quotation Agent by the Reference German Bond Dealers after excluding the highest and lowest of such Reference German Bond Dealer Quotations, or (y) if fewer than five such Reference German Bond Dealer Quotations are available, the average of all such quotations;

"**Control**" means (where applicable): (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of a person or (ii) the right to appoint and/or remove all or the majority of the members of a person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;

"**Make Whole Amount**" means, with respect to a Bond at an Optional Redemption Date, the amount that is the greater of (i) the present value of the principal amount of the Bonds, assuming a scheduled repayment thereof on the Maturity Date plus all required remaining scheduled interest payments due on such Bond through the Maturity Date (but excluding accrued and unpaid interest to such Optional Redemption Date), computed using a discount rate equal to the Comparable German Bond Yield plus 30 basis points, and (ii) the principal amount of such Bonds, which amount shall be notified in writing by the Quotation Agent to the Trustee, the Principal Paying Agent, the Issuer and the Guarantor;

a "**No Registration Event**" occurs when the Registration and Filing Documents are not delivered to the Trustee on or before the Registration Deadline;

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity) but does not include:

(i) the Guarantor's board of directors or any other governing board; and

(ii) the Guarantor's wholly-owned direct or indirect Subsidiaries;

"**Quotation Agent**" means the Reference German Bond Dealer selected by the Issuer and notified in writing to the Trustee and the Principal Paying Agent;

"**Reference German Bond Dealers**" means each of any three investment banks of recognised standing that regularly deal in German government bonds, selected by the Issuer in good faith;

a "**Relevant Event**" means a Change of Control or a No Registration Event; and

"**SASAC**" means the State-owned Assets Supervision and Administration Commission of the State Council of the PRC or its successor.

## 7 Payments

(a) **Method of Payment:**

(i) Payments of principal and premium (if any) due on the Bonds shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) in the manner provided in Condition 7(a)(ii).

(ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in Euro by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register.

Upon application by the holder to the specified office of the Registrar or any Paying Agent before the Record Date, or at the option of the relevant Paying Agent, such payment of interest may be made by transfer to an account in Euro maintained by the payee with a bank.

*So long as the Global Certificate is held on behalf of Euroclear and Clearstream or any other clearing system, each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

(b) **Payments subject to Fiscal Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer is subject, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Section 1471 through Section 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payment Initiation**: Where payment is to be made by transfer to an account in Euro, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, and where payment is to be made by cheque, the cheque will be mailed, on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day after the relevant Certificate is surrendered and on which the Principal Paying Agent is open for business.

(d) **Appointment of Agents**: The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office in Hong Kong, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Bonds may be listed.

Notice of any such termination or appointment or any change of any specified office of any Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

(e) **Delay in Payment**: Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.

(f) **Non-Payment Business Days**: If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system (or any successor thereto) is open for the settlement of payments in euro.

## 8 Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or the Guarantor (as the case may be) by or within the PRC at up to and including the aggregate rate applicable on 4 December 2017 (the "**Applicable Rate**"), the Issuer, or as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by the Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If (i) the Issuer is required to make any deduction or withholding by or within Hong Kong or (ii) the Issuer or the Guarantor (as the case may be) is required to make any deduction or withholding by or within the PRC in excess of the Applicable Rate, then the Issuer or as the case may be, the Guarantor shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantee, as the case may be):

(a) **Other Connection**: to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Hong Kong or the PRC other than the mere holding of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority; or

(b) **Surrender More Than 30 days after the Relevant Date**: in respect of which the Certificate evidencing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days (as if such last day were a Payment Business Day).

For the avoidance of doubt, the Issuer's and the Guarantor's obligation to pay additional amounts in respect of taxes, duties, assessments and other governmental charges will not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, duty, assessment or other governmental charge or (b) any tax, duty, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of or any premium or interest on, the Bonds.

"**Relevant Date**" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate evidencing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

*Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.*

## 9 Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

(a) **Non-Payment**: there is a failure to pay the principal of or any premium or interest on any of the Bonds when due and in the case of interest, such failure continues for a period of seven days; or

(b) **Breach of Other Obligations**: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Bonds, the Trust Deed or the Deed of Guarantee (where applicable, and other than where it gives rise to a right to redeem pursuant to Condition 6(c)), which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is not, remedied within 30 days after written notice of such default shall have been given to the Issuer and the Guarantor by the Trustee; or

(c) **Cross-Default**: (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds US$100 million or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

(d) **Enforcement Proceedings**: a distress, attachment, execution by a court of competent jurisdiction or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any of their respective Principal Subsidiaries and is not discharged or stayed within 30 days; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of their respective Principal Subsidiaries over all or a material part of their respective assets, as the case may be, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 30 days; or

(f) **Insolvency**: the Issuer, the Guarantor or any of their respective Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, as the case may be; or

(g) **Winding-up**: an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, or the Issuer, the Guarantor or any of the Principal Subsidiaries of the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a voluntary and solvent winding up of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or any of their respective Subsidiaries; or

(h) **Government Intervention**: any part of the assets or undertaking of the Issuer, the Guarantor and any of their respective Principal Subsidiaries (taken as a whole) with a value being equal to or exceeding 0.5% of the Consolidated Total Assets (or its equivalent in any other currency) is condemned, seized, expropriated or otherwise appropriated by any person acting under the authority of any national, regional or local government; or

(i) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Deed of Guarantee and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Deed of Guarantee and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(j) **Illegality**: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Deed of Guarantee or the Trust Deed; or

(k) **Unenforceability of Guarantee**: the Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; or

(l) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(i) (all inclusive).

In this Condition 9:

"**Consolidated Total Assets**" means the aggregate of all assets of the Guarantor as shown in the latest audited consolidated balance sheet of the Guarantor; and

"**Principal Subsidiary**" means any Subsidiary of the Issuer or the Guarantor:

(a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least 5 per cent. of the consolidated revenue as shown by the latest published audited consolidated income statement of the Issuer or the Guarantor (as the case may be); or

(b) whose gross profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross profit, as shown by its latest audited income statement are at least 5 per cent. of the consolidated gross profit as shown by the latest published audited consolidated income statement of the Issuer or the Guarantor (as the case may be) including, for the avoidance of doubt, the Issuer or the Guarantor (as the case may be) and their respective consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(c) whose gross assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet are at least 5 per cent. of the amount which equals the amount included in the consolidated gross assets of the Issuer of the Guarantor (as the case may be) as shown by the latest published audited consolidated balance sheet of the Issuer or the Guarantor (as the case may be) including, for the avoidance of doubt, the investment of the Issuer or the Guarantor (as the case may be) in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer or the Guarantor (as the case may be) and after adjustment for minority interests; or

(d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (i) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (ii) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer or the Guarantor (as the case may be) prepared as of a date later than such transfer are issued whether such Subsidiary would continue to be a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer or the Guarantor (as the case may be) relate, the reference to the then latest consolidated audited accounts of the Issuer or the Guarantor (as the case may be) for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer or the Guarantor (as the case may be) for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer or the Guarantor (as the case may be) adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Issuer, the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, gross profit or gross assets of the Issuer, the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer or the Guarantor (as the case may be);

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, gross profit or gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer or the Guarantor (as the case may be); and

(iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer or the Guarantor (as the case may be), then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer or the Guarantor (as the case may be).

In addition, any Subsidiary which is not itself a Principal Subsidiary shall nevertheless be treated as a Principal Subsidiary if the revenue (or consolidated revenue if the Subsidiary itself has Subsidiaries), gross profit (or consolidated gross profit if the Subsidiary itself has Subsidiaries) or gross assets (or consolidated gross assets if the Subsidiary itself has Subsidiaries) attributable to such Subsidiary when aggregated with the revenue (or consolidated revenue if appropriate), gross profit (or consolidated gross profit if appropriate) or gross assets (or consolidated gross assets if appropriate) attributable to any other Subsidiary which is not itself a Principal Subsidiary and with respect to which any of the events referred to in this Condition 9 has occurred since the Issue Date, exceeds 5 per cent. of the consolidated revenue, consolidated gross profit or consolidated gross assets of the Issuer or the Guarantor (as the case may be) and their respective Subsidiaries.

Subject to compliance with the requirement set forth below in this paragraph, a certificate prepared and signed by an Authorised Signatory of the Issuer or of the Guarantor that, in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Bondholders and all parties. The certificate must be accompanied by a report by an internationally recognised firm of accountants addressed to the Issuer or the Guarantor (as the case may be) as to proper extraction and basis of the figures used by the Issuer or the Guarantor (as the case may be) in determining its Principal Subsidiaries and mathematical accuracy of the calculation.

*The Trustee and the Agents shall not be required to take any steps to ascertain whether an Event of Default or any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default has occurred and shall not be responsible or liable to the Bondholders, the Issuer, the Guarantor or any other person for any loss arising from any failure to do so.*

## 10 Prescription

Claims against the Issuer and the Guarantor for payment in respect of the Bonds and the Guarantee (as the case may be) shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 12 Meetings of Bondholders, Modification and Waiver

(a) **Meetings of Bondholders**: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (v) to modify or cancel the Deed of Guarantee (subject to Condition 12(b)), in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting and whether or not they voted, at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification and Waiver**: The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed and/or the Deed of Guarantee), and any waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable.

(c) **Entitlement of the Trustee**: In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor, or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

## 13 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take such actions and/or steps and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Bonds and/or the Deed of Guarantee (as the case may be), but it need not take any such actions and/or steps and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds then outstanding, and (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## 14 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and/or any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, certificate, information, opinion or advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, information, opinion or advice and, if it does so, such report, confirmation, certificate, information, opinion or advice shall be binding on the Issuer, the Guarantor and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default, Potential Event of Default or Relevant Event has occurred or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions.

## 15 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-Issuance Filing and the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

## 16 Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bonds shall also be published at the Issuer's expense in a leading English language daily newspaper having general circulation in Asia (which is expected to be *The Wall Street Journal Asia*). The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

*So long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.*

## 17 Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong)

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong).

## 18 Governing Law and Jurisdiction

(a) **Governing Law**: The Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds are governed by, and shall be construed in accordance with, Hong Kong law.

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has irrevocably submitted to the jurisdiction of such courts.

(c) **Agent for Service of Process**: Pursuant to the Trust Deed, each of the Issuer and the Guarantor has irrevocably agreed to receive service of process at the Issuer's place of business in Hong Kong in any Proceedings in Hong Kong.

(d) **Independence**: Each of the Issuer and the Guarantor represents and warrants to and for the benefit of the Trustee and the Bondholders that (i) it is a separate legal and independent entity organised under the Company Law of the People's Republic of China; and (ii) it is a limited liability company with limited liability undertaking commercial activities independent from the PRC government with ownership of its assets and the capacity independently to assume civil liabilities. Each of the Issuer and the Guarantor hereby waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

*The Global Certificates contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the relevant Series set out in this Offering Circular. The following is a summary of certain of those provisions.*

Terms defined in the Terms and Conditions of the relevant Series set out in this Offering Circular have the meaning in the paragraphs below.

Each Series will be represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depositary on behalf of Euroclear and Clearstream.

Under the Global Certificate of the relevant Series, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) on the Bonds to the holder of the Bonds of the relevant Series on such date or dates as the same may become payable in accordance with the Terms and Conditions of the relevant Series.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an "Alternative Clearing System") through which the Bonds of the relevant Series are held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

The individual definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate of the relevant Series. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of the Bonds of that Series scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds of the relevant Series or the Trustee, but against such indemnity and/or security as the Registrar or the relevant Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

The Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds of that Series. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions of the relevant Series as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

**Notices**: So long as the Bonds of a Series are represented by a Global Certificate and that Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to holders of the Bonds of that Series shall be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds of that Series in substitution for notification as required by the Terms and Conditions of the relevant Series.

**Meetings**: For the purposes of any meeting of Bondholders of a Series, the holder of the Bonds of that Series represented by the Global Certificate for that Series shall (unless such Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders of that Series and as being entitled to one vote in respect of each US$1,000 in principal amount of USD Bonds, or each €1,000 in principal amount of Euro Bond, produced. The Global Certificate of a Series shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

**Payment**: Payments of the principal amount, interest and premium (if any) in respect of Bonds of a Series represented by the Global Certificate for that Series held through Euroclear or Clearstream will be credited, to the extent received by the Principal Paying Agent or such other Paying Agent, to the cash accounts of Euroclear and Clearstream participants in accordance with the relevant system's rules and procedures and will be made without presentation for endorsement by the Principal Paying Agent or such other Paying Agent and, if no further payment falls to be made in respect of the Bonds of that Series, against presentation and surrender of the relevant Global Certificate to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Bondholders of that Series for such purpose. No person shall however be entitled to receive any payment on the Global Certificate for a Series (or such part of such Global Certificate which is required to be exchanged) falling due after any date of exchange into individual Certificates in definitive form unless exchange of such Global Certificate for such individual Certificates is improperly withheld or refused by or on behalf of the Issuer or the Issuer does not perform or comply with any one or more of what are expressed to be its obligations under any such individual Certificates. Each payment will be made to, or to the order of, the person whose name is entered on the Register for that Series at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

**Bondholders' Redemption**: The Bondholders' redemption option in Condition 6(c) of the relevant Series may be exercised by the holder of the Global Certificate of that Series giving notice to the Principal Paying Agent of the principal amount of Bonds of that Series in respect of which the option is exercised within the time limits specified in the Terms and Conditions of such Series.

**Issuer's Redemption**: The options of the Issuer provided for in Conditions 6(b) and 6(d) of the relevant Series shall be exercised by the Issuer giving notice to the Bondholders of the relevant Series within the time limits set out in and containing the information required by the Terms and Conditions of the relevant Series.

**Transfers**: Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

**Calculation of Interest**: So long as the Bonds of a Series are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, inter alia, to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

**Cancellation**: Cancellation of any Bond represented by the Global Certificate of the relevant Series which is required by the Terms and Conditions of such Series to be cancelled will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders of the relevant Series.

**Trustee's Powers**: In considering the interests of Bondholders of a Series while the Global Certificate for that Series is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds of that Series and (b) consider such interests on the basis that such accountholders were the holders of the Bonds of that Series in respect of which the Global Certificate for that Series is issued.

# USE OF PROCEEDS

The net proceeds of the issue of the Bonds (representing the proceeds of the offering of the Bonds after deducting fees, commission and offering-related expenses) are approximately US$347 million from the issue of the 2022 USD Bonds, US$544 million from the issue of the 2027 USD Bonds and €498 million from the issue of the Euro Bonds.

The net proceeds from the sale of the USD Bonds will be used to refinance existing indebtedness and for general corporate purpose.

The net proceeds from the sale of the Euro Bonds will be used to fund the Eligible Green Projects. See "Description of the Issuer Group — Description of the Issuer Group's Business — Renewable Energy Power Business in Europe and Africa".

Payment of principal and interest on the Euro Bonds will be made from the general funds and will not be directly linked to the performance of any Eligible Green Projects. These examples are for illustrative purposes only and no assurance can be provided that disbursements for projects with these specific characteristics will be made by the CGNPC Group during the term of the Euro Bonds.

The CGNPC Group will use one of its existing accounts as a special bank account for the Euro Bonds after the issuance. This bank account will be applied for the receiving, depositing and transferring of funds. The CGNPC Group will retain necessary records of the amount of the net proceeds that has been allocated to Eligible Green Projects and the amount of the net proceeds, if any, which remains in the special bank account for future allocation to Eligible Green Projects.

So long as the Euro Bonds are outstanding and until such time as all of the net proceeds of the Euro Bonds have been allocated to Eligible Green Projects, the CGNPC Group will provide, at least annually, a report listing the details of those Eligible Green Projects financed and/or refinanced, the actual amount of proceeds allocated to each specific Eligible Green Project, and, where feasible, the environmental benefits associated to those specific Eligible Green Projects. The unallocated net proceeds from the sale of the Euro Bonds will be invested in the money market instruments with high liquidity and will not be used in any greenhouse gas intensive projects, high-pollution projects and energy intensive projects. The CGNPC Group will engage a third-party assessment institution to verify the allocation of the net proceeds and to issue a third-party assurance report annually until the full allocation of the net proceeds into the Eligible Green Projects, which will be disclosed together with the CGNPC Group's annual green bond report.

## CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

The following table sets out the Issuer's consolidated capitalisation and indebtedness as at 30 September 2017 and as adjusted to give effect to the issuance of the Bonds. The following table should be read in conjunction with the Issuer's unaudited and unreviewed consolidated financial information as at and for the nine months ended 30 September 2017 included in this Offering Circular.

| | As at 30 September 2017 | | | |
|---|---|---|---|---|
| | Actual | | As Adjusted | |
| | (RMB'000) (unaudited and unreviewed) | (US$'000) (unaudited and unreviewed) | (RMB'000) (unaudited and unreviewed) | (US$'000) (unaudited and unreviewed) |
| **Bank and other borrowings — current portion** | | | | |
| Short-term loans | 19,516,708 | 2,933,388 | 19,516,708 | 2,933,388 |
| Non-current liabilities due within one year (current portion of long-term loans) | 2,513,214 | 377,740 | 2,513,214 | 377,740 |
| | **22,029,922** | **3,311,127** | **22,029,922** | **3,311,127** |
| **Bank and other borrowings — non-current portion** | | | | |
| Long-term loans | 39,344,043 | 5,913,463 | 39,344,043 | 5,913,463 |
| Bonds payable | 9,527,819 | 1,432,044 | 9,527,819 | 1,432,044 |
| The Bonds to be issued(1) | — | — | 9,917,742 | 1,490,650 |
| | **48,871,862** | **7,345,507** | **58,789,604** | **8,836,157** |
| **Total indebtedness(2)** | **70,901,784** | **10,656,634** | **80,819,526** | **12,147,284** |
| **Total shareholders' equity** | **8,417,626** | **1,265,181** | **8,417,626** | **1,265,181** |
| **Total capitalisation(3)** | **79,319,410** | **11,921,815** | **89,237,152** | **13,412,465** |

*Notes:*

(1) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the fees and commissions and other estimated expenses payable by the Issuer in connection with the issuance of the Bonds.

(2) Total indebtedness comprises bank and other borrowings — current portion and — non-current portion.

(3) Total capitalisation comprises bank and other borrowings — non-current portion and total shareholders' equity.

Other than as disclosed above, there has been no material change to the capitalisation or indebtedness of the Issuer since 30 September 2017.

## CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The following table sets out the Guarantor's consolidated capitalisation and indebtedness as at 30 September 2017 and as adjusted to give effect to the issuance of the Bonds. The following table should be read in conjunction with the Guarantor's unaudited and unreviewed consolidated financial information as at and for the nine months ended 30 September 2017 included in this Offering Circular.

| | As at 30 September 2017 | | | |
|---|---|---|---|---|
| | Actual | | As Adjusted | |
| | (RMB'000) (unaudited and unreviewed) | (US$'000) (unaudited and unreviewed) | (RMB'000) (unaudited and unreviewed) | (US$'000) (unaudited and unreviewed) |
| **Bank and other borrowings — current portion** | | | | |
| Short-term loans | 44,713,696 | 6,720,529 | 44,713,696 | 6,720,529 |
| Non-current liabilities due within one year (current portion of long-term loans) | 19,469,407 | 2,926,278 | 19,469,407 | 2,926,278 |
| | **64,183,103** | **9,646,807** | **64,183,103** | **9,646,807** |
| **Bank and other borrowings — non-current portion** | | | | |
| Long-term loans | 267,923,259 | 40,269,229 | 267,923,259 | 40,269,229 |
| Bonds payable | 35,867,965 | 5,391,004 | 35,867,965 | 5,391,004 |
| The Bonds to be issued[1] | — | — | 9,917,742 | 1,490,650 |
| | **303,791,224** | **45,660,232** | **313,708,965** | **47,150,882** |
| **Total indebtedness[2]** | **367,974,326** | **55,307,039** | **377,892,068** | **56,797,689** |
| **Total shareholders' equity** | **168,669,493** | **25,351,253** | **168,669,493** | **25,351,253** |
| **Total capitalisation[3]** | **536,643,819** | **80,658,292** | **546,561,561** | **82,148,942** |

*Notes:*

(1) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the fees and commissions and other estimated expenses payable by the Issuer in connection with the issuance of the Bonds.

(2) Total indebtedness comprises bank and other borrowings — current portion and — non-current portion.

(3) Total capitalisation comprises bank and other borrowings — non-current portion and total shareholders' equity.

Other than as disclosed above, there has been no material change to the capitalisation or indebtedness of the Guarantor since 30 September 2017.

## OVERVIEW

Established in August 1994, the Issuer is a primary platform of the Guarantor to implement the Group's global strategy and to carry on overseas investment and financing activities. The Issuer Group currently operates in more than 20 countries all around the world. 20 per cent. of the total revenue of the Issuer Group was generated from its overseas operation for the year ended 31 December 2016. As of the date of this Offering Circular, the Issuer beneficially holds the Guarantor's non-nuclear power generation assets in the PRC, Korea, Malaysia, Middle Asia, Europe and Africa and the Guarantor's nuclear assets in the United Kingdom. As at 31 December 2016, the attributable installed capacity of the Issuer Group's power stations in operation in the PRC, Korea, Malaysia and Middle Asian countries, France, Belgium, United Kingdom and Senegal was 2,715.5 MW, 2,046.1 MW, 6,619.5 MW, 80.4 MW, 81.0 MW, 72.0 MW, 183.5 MW and 11.0 MW, respectively.

As at 31 December 2016, the total consolidated installed capacity of the Issuer Group was 11,269.1 MW. For the year ended 31 December 2016, the on-grid power generation of the Issuer Group was 42.9 TWh.

The following table sets forth certain key financial information of the Issuer Group as at the dates and for the periods indicated:

| | As at and for the year ended 31 December | | | As at and for the nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | (RMB in millions) (audited) | (RMB in millions) (audited) | (RMB in millions) (audited) | (RMB in millions) (unaudited) | (RMB in millions) (unaudited) |
| Total assets | 40,244 | 46,949 | 89,777 | — | 92,172 |
| Total revenue | 9,482 | 8,502 | 14,302 | 10,354 | 13,494 |
| Operating profits | 954 | 391 | 230 | 923 | 583 |
| Net profit /(loss) attributable to owners of the company | 665 | (71) | 351 | 346 | 10 |
| Net cash flow from operating activities | (151) | 596 | 775 | 2,101 | 2,111 |

## COMPETITIVE STRENGTHS

The Issuer believes that the following represents the Issuer Group's competitive strengths:

***Positioned as an offshore investment and financing platform of the CGNPC Group for the development of its clean energy business globally.***

The Issuer Group is positioned as a global investment and financing platform of the CGNPC Group for the development and operation of non-nuclear clean and renewable power generation projects. For example, the Issuer Group developed and operated the non-nuclear clean and renewable power generations projects in the PRC and Korea through its subsidiary CGN New Energy. According to the statistics of KEPCO, CGN New Energy was one of the largest independent power companies in Korea measured by its total installed capacity which represented approximately 10.7 per cent. of the total installed capacity of the power stations in Korea at the end of 2013. On 15 September 2014, the Guarantor entered into a non-competition deed with CGN New Energy, pursuant to which the Guarantor has granted CGN New Energy a right, which is exercisable during the term of the deed, to acquire any of the CGNPC Group's interest in certain of its non-nuclear power generation businesses. CGN New Energy undertook the first batch of acquisition in 2015 and intends to undertake other batches from 2017 to 2018, subject to compliance with applicable regulatory requirements. In 2015, CGN New Energy completed the acquisition of the first batch of wind power and solar power assets, including 13 wind power project companies and six solar power project companies with an attributable installed capacity of approximately 1,380 MW. See "Description of the CGNPC Group — Principal Subsidiaries and Affiliates — CGN New Energy — Non-competition Deed with the Guarantor".

***A primary platform of the Guarantor for overseas investment and financing activities with extensive experience in acquiring, developing and operating high quality power generation projects***

The Issuer is positioned as the Guarantor's primary platform for overseas investment and financing activities. The Issuer has built, through acquisition and organic development, a large, diversified portfolio of high quality power generation assets across the PRC, Korea, Malaysia, Middle Asia, Europe and Africa over the last 20 years. The Issuer has a proven track record of, and has extensive experience in, acquiring high quality power projects overseas.

- In December 2014, the Issuer, through CGN Europe, a wholly owned subsidiary, acquired from EDF 80.0 per cent. interest in the Clover Wind Farm Project in London. This project consists of three wind farms (namely Green Rigg, Rusholme and Glass Moor) with a total installed capacity of 72 MW and average utilization hours of approximately 2,200 hours per year.

- In February 2015, CGN Europe acquired from Eolfi 100.0 per cent. interest in the Fujin Wind Farm Project in France. This project has an installed capacity of 80.0 MW with average utilization hours of approximately 2,100 hours per year.

- In December 2016, CGN Europe acquired 100.0 per cent. interest in the Douvan Wind Farm Project, which is the largest wind power project in Ireland in terms of total installed capacity as at the time when CGN Europe acquired the project. It consists of 10 wind power stations in operation and four wind power stations under construction.

- In September 2016, CGN Europe acquired 100.0 per cent. interest in the Esperance Wind Farm Project.

- In March 2016, the Issuer acquired 100.0 per cent. of the equity interest in Edra Power Holdings Sdn. Bhd. ("**Edra Power**"), which is a clean energy group in Southeast Asia focusing on gas power generation. Edra Power owns 13 gas power stations with a total installed capacity of 6,620 MW located in Malaysia, Egypt, Bangladesh, the United Arab Emirates and Pakistan, which are all along "The Belt and Road Initiative" line.

According to the Report on the Work of the PRC Government in 2015, the PRC government intends to strengthen infrastructure connectivity with China's neighbours and build international logistics gateways. It will work to build the China-Pakistan Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor, for a purpose of making China's interior and border areas more open to the outside world. The Issuer Group will continue to capitalize the overseas opportunities in the renewable energy sector, especially in the countries along "The Belt and Road Initiative" line. The Issuer will continue to identify and seek to acquire additional high-quality new energy and clean energy assets when suitable opportunities arise.

***Strong financial and business support of the Guarantor and the CGNPC Group***

The significant financial and business supports of the Guarantor and the CGNPC Group are key to the Issuer Group's business and proposals. In June 2012, the Guarantor provided a guarantee relating to a US$240 million term loan of the Issuer granted by China Development Bank Hong Kong Branch. To enhance the credit profile of CGN New Energy in relation to the issuance of its US$350 million senior notes, the Guarantor provided keepwell and equity purchase undertakings. In May 2015, the Issuer issued the guaranteed bonds of US$600 million which are unconditionally and irrevocably guaranteed by the Guarantor. In October 2015, the Issuer, through its wholly owned subsidiary, issued the guaranteed bonds of US$500 million with the benefit of a keepwell and equity interest purchase undertaking deed and a standby facility agreement by the Guarantor. As at 31 December 2016, the Issuer Group obtained loans from the CGNPC Group in a total amount of RMB678 million. In addition, the Guarantor has granted CGN New Energy the rights to acquire certain of the CGNPC Group's clean and renewable power generation projects which have an aggregate installed capacity of 3.0 GW to 5.0 GW between 2015 and 2018. See "Description of the CGNPC Group — Principal Subsidiaries and Affiliates — CGN New Energy — Non-competition Deed with the Guarantor".

***A diversified portfolio of power projects focused on clean and renewable energy***

Currently, the Issuer beneficially holds the Guarantor's non-nuclear power generation assets in the PRC, Korea, Malaysia, Middle Asia, Europe and Africa and the Guarantor's nuclear assets in the United Kingdom. As at 31 December 2016, the attributable installed capacity of the Issuer Group's power stations in operation in the PRC, Korea, Malaysia and Middle Asian countries, France, Belgium, United Kingdom and Senegal was 2,715.5 MW, 2,046.1 MW, 6,619.5 MW, 80.4 MW, 81.0 MW, 72.0 MW, 183.5 MW and 11.0 MW, respectively.

The Issuer believes that the diversified generation portfolio of the Issuer Group enables it to diversify the risks that it would face were the Issuer Group to utilize a single resource for electricity generation. In particular, the Issuer Group's exposure to several fuel types mitigates risks such as price increases in or the availability of any particular fuel source. Furthermore, the Issuer believes that its diversification into the clean and renewable energy business positions it to benefit from stricter environmental laws and regulations aimed at reducing carbon emissions from conventional power projects, including preferential dispatch policies which favour dispatch from environmentally friendly power projects, and also reduces its exposure to the fluctuating cost and availability of fuel resources.

***Long-term PPAs and dispatch priority arrangements provide stable cash flows***

The Issuer believes that its offtake arrangements help the Issuer Group mitigate risks associated with the power generation business, in particular demand risk, and provide it with stable cash flows. The Issuer Group's power projects are primarily subject to three types of offtake arrangements: (i) minimum take arrangements; (ii) capacity charge arrangements and (iii) annual allocation arrangements. See "Description of the CGNPC Group — Principal Subsidiaries and Affiliates — CGN New Energy — Offtake Arrangements".

The terms of the Issuer Group's minimum take PPAs provide that offtakers will purchase a defined minimum volume of electricity from it, and the terms of the Issuer Group's capacity charge PPAs generally provide for payments based on the capacity of the power project available for dispatch regardless of its actual output or dispatch.

Annual allocation arrangements establish an annual output volume with the local power grid. The terms of these agreements are based on factors such as the regulatory requirements in place, the demand forecast for the year, the dispatch plan, the historical dispatch volume, and the expected weather conditions (in the case of the Issuer Group's hydro projects) and are reviewed and updated annually. There are three types of offtake arrangements under which CGN New Energy operates: (i) minimum take; (ii) capacity charge; and (iii) annual allocation. Each of these arrangements is generally agreed upon through PPAs negotiated between the power project company and the respective electricity offtaker.

Some of the Issuer Group's PPAs, such as that of Yulchon I Power Project, allow for regular tariff adjustments taking into account various factors such as fluctuations in the cost of financing and fuel costs and are indexed for inflation. In addition, the Issuer Group's hydro and cogen power projects in the PRC that do not have long-term PPAs benefit from the dispatch priority policy implemented by the PRC government. The Issuer Group's cogen power projects in the PRC benefit from favourable dispatch priority since they have met certain heat-to-power ratio requirements.

## DESCRIPTION OF THE ISSUER GROUP'S BUSINESS

### Renewable Energy Business in the PRC and Korea

#### *Overview*

CGN New Energy is a diversified IPP in Asia in terms of fuel type and geography, with a portfolio of gas-fired, coal-fired, oil-fired, hydro, wind, solar, cogen and fuel cell power generation projects and a steam project in the PRC and Korea. As at 31 December 2016, CGN New Energy's clean and renewable energy projects, namely gas-fired, hydro, wind, solar and fuel cell projects, accounted for approximately 64.5 per cent. of its attributable installed capacity, and its conventional power projects, namely coal fired, oil-fired and cogen projects, accounted for approximately 35.5 per cent. of its attributable installed capacity.

Over the past decades, CGN New Energy actively seeks suitable opportunities to acquire or invest in clean and renewable power generation projects in China and globally while continuing its own greenfield and brownfield developments to deliver solid returns and create shareholder value. CGN New Energy follows stringent investment criteria in identifying projects with attractive fundamentals in terms of market dynamics, regulatory environment and potential financial returns. Most of CGN New Energy's power generation projects have long-term offtake agreements and/or benefit from government policies establishing dispatch priority to encourage clean and renewable energy. CGN New Energy believes that this diversification by fuel type and geography mitigates single-market and fuel supply risks.

CGN New Energy has selectively acquired and will continue to acquire clean and renewable power generation projects with solid returns from the Guarantor with an aggregate installed capacity of 3.0 GW to 5.0 GW in several batches between 2015 and 2018 by exercising its acquisition rights under the non-competition deed given by the Guarantor in its favour. CGN New Energy undertook the first batch of acquisition in 2015 and intends to undertake other batches from 2017 to 2018, subject to compliance with applicable regulatory requirements. In 2015, CGN New Energy completed the acquisition of the first batch of wind power and solar power assets, including 13 wind power project companies and six solar power project companies with an attributable installed capacity of approximately 1,380 MW. See "Description of the CGNPC Group — Principal Subsidiaries and Affiliates — CGN New Energy — Non-competition Deed with the Guarantor".

CGN New Energy's strong relationships with offtakers, local governments and regulators as well as its highly experienced regional management team with a long-term commitment to Asia, particularly in the PRC, make it a preferred partner for development opportunities. CGN New Energy recently won Standby Power Plant of the Year at the Asian Power Awards in 2012 for its Hanneng Power Project, the "Gold Award — Coal Power Project of the Year" for its Nantong Cogen Power Project in 2012, the "Silver Award Power Utility of the Year" for its Jinqiao Steam Project and three of the 2013 Asian Power Awards, including the "Gold Award — Environmental Upgrade of the Year," the "Gold Award — Coal Power Project of the Year" and the "Power Utility of the Year — China", all for energy efficiency and environmental performance at CGN New Energy's Huangshi Power Projects. CGN New Energy won the "Gold Award — The Best Independent Power Generation Enterprise" of the year at the Asia Power Awards in 2014. In 2016, CGN New Energy awarded the "Most Promising Listed Company" in the "2016 China Financial Market Listed Companies Awards". In 2016, CGN New Energy and its subsidiaries won the "Outstanding Listed Company" award in the 14th China's Financial Annual Champion Awards organized by hexun.com.

For the years ended 31 December 2014, 2015 and 2016, CGN New Energy's revenue was RMB9,348.6 million, RMB7,953.4 million and RMB7,167.9 million, respectively, representing approximately 98.6 per cent., 93.5 per cent. and 50.1 per cent., respectively of the Issuer Group's total revenue during the corresponding periods.

***Power projects owned by CGN New Energy***

*Overview*

Since CGN New Energy's establishment in 1995, it has grown significantly in the PRC and Korea and intends to continue this growth through additional development and acquisitions both regionally and globally. CGN New Energy's revenue from power generation in the PRC for the year ended 2014, 2015 and 2016 were US$305.5 million, US$317.6 million and US$389.9 million, respectively, representing 22.1 per cent., 27.6 per cent. and 36.3 per cent. of its total revenue. As at 31 December 2016, the total installed capacity and attributable installed capacity of the CGN New Energy's power generation station in Korea were 1,539.1 MW and 1,539.1 MW, respectively. CGN New Energy's revenue from power generation in Korea for the year ended 2014, 2015 and 2016 were US$1,065.1 million, US$813.8 million and US$658.4 million, respectively, representing 77.2 per cent., 70.6 per cent. and 61.3 per cent. of its total revenue.

The following table sets out the attributable installed capacity of CGN New Energy's power projects as at the dates indicated:

| | As at 31 December | | | As a percentage of total energy portfolio as at 31 December |
|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2016** |
| | | **(MW)** | | **(per cent.)** |
| **Clean and renewable energy portfolio** | | | | |
| Wind | — | 1,201 | 1,201 | 24.1 |
| Gas-fired[1] | 1,771 | 1,776 | 1,678 | 33.7 |
| Solar | — | 181 | 199 | 4.0 |
| Hydro | 119 | 137 | 137 | 2.7 |
| Subtotal | **1,890** | **3,295** | **3,215** | **64.5** |
| **Conventional energy portfolio** | | | | |
| Coal-fired and cogen | 1,263 | 1,263 | 1,263 | 25.3 |
| Oil-fired | 507 | 507 | 507 | 10.2 |
| Subtotal | **1,770** | **1,770** | **1,770** | **35.5** |
| **Total attributable installed capacity** | **3,660** | **5,065** | **4,985** | **100.0** |

*Note:*

(1) Gas-fired attributable installed capacity includes attributable installed capacity of the Yulchon Fuel Cell Project.

The following table sets out CGN New Energy's operating data from consolidated power generation projects and steam project in operation during the years and as at the dates indicated:

| | As at and for the year ended 31 December | | |
|---|---|---|---|
| | 2014 | 2015 | 2016 |
| | | (MW) | |
| **Summary Operating Data** | | | |
| Attributable installed capacity(1) | 3,659.5 | 5,064.6 | 4,984.6 |
| Net electricity generated (GWh) | 9,478.7 | 10,375.7 | 11,836.7 |
| Steam sold ('000 tons) | 2,681 | 2,752 | 2,898 |
| Utilization hours by fuel type(4) | | | |
| Gas-fired | | | |
| PRC | 1,716 | 1,267 | 1,168 |
| Korea(5) | 4,488 | 4,703 | 4,832 |
| Coal-fired | 4,340 | 4,065 | 4,036 |
| Oil-fired(6) | 53 | 13 | 8 |
| Hydro | 4,862 | 4,326 | 4,287 |
| Cogen | 5,803 | 5,529 | 6,223 |
| Wind(7) | — | 399 | 1,409 |
| Solar(8) | — | 516 | 1,299 |

*Notes:*

(1) Attributable installed capacity is installed capacity of a power project multiplied by the percentage ownership of an equity owner for all of CGN New Energy's projects.

(2) Consolidated installed capacity is the aggregate installed capacity or capacity under construction (as the case may be) of CGN New Energy's power projects that CGN New Energy fully consolidated in its consolidated financial statements only, calculated by including 100 per cent. of the installed capacity or capacity under construction of its project companies that it fully consolidated in its consolidated financial statements and are deemed as its subsidiaries, and exclude the installed capacity for its associates, Huangshi I Power Project and Huangshi II Power Project.

(3) Calculated as the average of the availability factor of each consolidated power project weighted by each power project's installed capacity.

(4) Utilisation hours is the gross electricity generated in a specified period (in MWh or GWh) divided by the average installed capacity in the same period (in MW or GW).

(5) Gas-fired utilization hours includes the utilisation hours for the 10.4 MW Yulchon Fuel Cell Project.

(6) Average utilization hour for the PRC Hydro Projects decreased mainly due to the decreased in local demand.

(7) Average utilization hour for the year ended 31 December 2015 for the PRC wind projects represented operations for the four months from September 2015 only. Average utilization hours for the year ended 31 December 2016 for the PRC wind projects in the Shandong Province, the Zhejiang Province and the Gansu Province are 2,045, 1,900 and 1,144 respectively.

(8) Average utilization hour for the year ended 31 December 2015 for the PRC solar projects represented operations for the four months from September 2015 only. The average utilization hours for the year ended 31 December 2016 for the PRC solar projects in the Western Region (Dunhuang I/II, Jinta, Xitieshan I/II/III, Wulan) and the Eastern Region (Jiaxing, Airport I/II, Shangyang, Laoling Tieying) of the PRC are 1,394 and 945, respectively.

For details of CGN New Energy's power projects, see "Description of the CGNPC Group — Principal Subsidiaries and Affiliates — CGN New Energy".

***Power projects managed by CGN New Energy***

As at 31 December 2016, CGN New Energy provided management services to more than 200 power generation projects in which CGN Solar Energy, CGN Wind Energy, CGN Energy, CGNPC Huamei, Edra Power and other members of CGNPC Group had interests. CGN New Energy's revenue from management companies for the year ended 2014, 2015 and 2016 were US$9.0 million, US$20.5 million and US$26.1 million, respectively, representing 0.7 per cent., 1.8 per cent. and 2.4 per cent. of its total revenue. Set forth below are some major management services agreements and entrustment agreement entered into by CGN New Energy as at 31 December 2016.

*Operation and Management Services Framework Agreements with CGN Energy and Huamei Holding*

On 20 August 2014 and 15 September 2014, CGN New Energy entered into separate Operation and Management Services Framework Agreements with CGN Energy and Huamei Holding, respectively, which outline the terms of the management services CGN New Energy provides to hydro (including pumped storage), coal-fired, cogen and wind power projects in which CGN Energy and Huamei Holding have interests. The initial terms of those agreements are from 15 September 2014 to 31 December 2016. As at 31 December 2016, CGN New Energy served a notice to Huamei Holding in accordance with the terms of the Operation and Management Services (Huamei Holding) Framework Agreements to renew those agreements for a term of three years from 1 January 2017 to 31 December 2019. Save for the renewal of the term of the agreement, the principal terms of the renewed Operation and Management Services (Huamei Holding) Framework Agreements shall remain the same as the original Operation and Management Services (Huamei Holding) Framework Agreements (including the calculation of the management fees).

*Operation and Management Services (Solar Energy) Framework Agreement and an Operation and Management Services (Wind Energy) Framework Agreement with CGN Solar Energy and CGN Wind Energy*

On 17 June 2015, CGN New Energy entered into an Operation and Management Services (Solar Energy) Framework Agreement and an Operation and Management Services (Wind Energy) Framework Agreement with CGN Solar Energy and CGN Wind Energy, respectively, which outline the terms of the management services CGN New Energy provides to solar and wind power projects in which CGN Solar Energy and CGN Wind Energy have interests. The terms of these two agreements are from 17 June 2015 to 31 December 2017.

*Entrustment Agreement with China Solar*

On 9 November 2016, China Solar (a wholly-owned subsidiary of the Guarantor), the Guarantor and China New Energy entered into an entrustment agreement (the "**Entrustment Agreement**"), pursuant to which the Guarantor shall entrust certain rights of the Guarantor as indirect shareholder of each of Edra Power, Edra Solar Sdn. Bhd., Powertek Energy Sdn. Bhd., Jimah Teknik Sdn. Bhd., Jimah O & M Sdn. Bhd., Mastika Lagenda Sdn. Bhd., Tiara Tanah Sdn. Bhd. and Edra Energy Sdn. Bhd. (collectively, the "**Target Companies**") during 9 November 2016 to 31 December 2016, to CGN New Energy. The Guarantor is a controlling shareholder of China New Energy and China Solar is its wholly-owned subsidiary. On 29 December 2016, China Solar, the Guarantor and China New Energy entered into a new entrustment agreement (the "**New Entrustment Agreement**"), pursuant to which the Guarantor shall entrust certain rights of the Guarantor as indirect shareholder of each of the Target Companies to China New Energy. The term of the New Entrustment Agreement is from 1 January 2017 to 31 December 2017. Pursuant to Entrustment Agreement, the annual cap for the management fees payable under the Entrustment Agreement for the period from 9 November 2016 to 31 December 2016 is US$6.0 million. The actual management fee paid under the Entrustment Agreement for the period from 9 November 2016 to 31 December 2016 was US$2.1 million.

Edra Power is a company incorporated in Malaysia and is an international independent power producer, controlling a diversified portfolio of quality power generation assets across a range of technologies. Edra Power, together with its subsidiaries and associates, have a portfolio of 13 gas-fired and coal-fired power and desalination plants in Malaysia, Bangladesh, Egypt, Pakistan and United Arab Emirates with a gross installed capacity under management of 6,619 MW and an effective capacity of 5,594 MW. It is a wholly-owned subsidiary of China Solar and the holding company of the other Target Companies. As at 31 December 2016, CGN New Energy had 43 operating power generation projects with a consolidated installed capacity of 4,212.6 MW and an attributable installed capacity of 4,984.6 MW and one steam project in its portfolio. For the years ended 31 December 2014, 2015 and 2016, CGN New Energy's net electricity generated amounted to 9,478.7 GWh, 10,375.7 GWh and 11,836.7 GWh, respectively.

**Renewable Energy Power Business in Europe and Africa**

***Overview***

The Issuer Group established CGN Europe in France on 30 June 2014 to expand its business layout in the European renewable energy sector which is characterised by advanced technology, stable growth of profits and controllable risks. By establishing such a platform in Europe, the Issuer Group aims to diversify its portfolio, acquire new advanced technology and seek new opportunities by strategically cooperated with local entities. It also aims to establish and optimize financing channels and supply clains to reduce the costs of power generation. CGN Europe now becomes the sixth largest renewable energy power operator in France in terms of total installed capacity and is primarily engaged in the investment, development, operation and management of wind energy (both onshore and offshore), solar energy and other renewable energy projects in Europe and Africa. Currently, the Issuer holds 100.0 per cent. of the equity interest of CGN Europe. As at 30 September 2017, the total assets of CGN Europe was RMB9.4 billion.

As at 31 December 2016, the Issuer Group owned six wind power projects in Europe with a total installed capacity of 522.2 MW, namely the Clover Wind Farm Project, the Fujin Wind Farm Project, the Paulette Wind Farm Project, the Poseidon Offshore Wind Power Project, the Douvan Wind Farm Project and the Esperance Wind Farm Project and two solar power projects in Europe and Africa, respectively with a total installed capacity of 50 MW, namely the Inovia Solar Power Project and the Malicounda Solar Power Project. These wind power projects and solar power projects are currently operated by CGN Europe.

***Clover Wind Farm Project***

The Clover Wind Farm Project was the first investment of the CGNPC Group in Europe. The Clover Wind Farm Project is located in the east of England and consists of three wind farms (namely Green Rigg, Rusholme and Glass Moor) with an installed capacity of 72.0 MW and the average utilization hours of approximately 2,200 hours per year. On 15 December 2014, CGN Europe entered into a share transfer agreement with EDF in London and acquired 80.0 per cent. interest of the Clover Wind Farm Project. EDF which developed operated this project before the acquisition has entered into a long-term offtake arrangement relating to the electricity generated by this project.

***Fujin Wind Farm Project***

The Fujin Wind Farm Project is located in France and consists of nine wind farms with a total installed capacity of 80.0 MW and the average utilization hours of approximately 2,100 hours per year. On 18 February 2015, CGN Europe entered into a share transfer agreement with Eolfi and acquired 100.0 per cent. interest of the Fujin Wind Farm Project. A long-term offtake arrangement has been executed relating to the electricity generated by the Fujin Wind Farm Project.

*Paulette Wind Farm Project*

The Paulette Wind Farm Project is located in United Kingdom. In July 2015, CGN Europe was granted by the local government the rights to develop a wind farm project in Great Barrington in United Kingdom, which has a designed installed capacity of 40.0 MW. The Paulette Wind Farm Project is still under construction and will be put into commercial operation in 2018, with a designed annual power generation capacity of 112 GWh. The expected total investment amount is approximately GBP70 million.

*Poseidon Offshore Wind Power Project*

The Poseidon Offshore Wind Power Project is located in France. It is a floating offshore wind power project. In November 2015, CGN Europe acquired 90.0 per cent. interest in the Poseidon Offshore Wind Power Project, which has a designed installed capacity of 24.0 MW.

*Douvan Wind Farm Project*

The Douvan Wind Farm Project is located in Ireland and Northern Island, the United Kingdom and consists of 10 wind power stations in operation and four wind power stations under construction with a total installed capacity of 227.6 MW. In December 2016, CGN Europe acquired 100.0 per cent. interest in the Douvan Wind Farm Project. The Douvan Wind Farm Project was put into commercial operation in 2014, with a designed annual power generation capacity of 570 GWh. The total investment amount is approximately €500 million. A long-term offtake arrangement has been executed relating to the electricity generated by the Douvan Wind Farm Project.

*Esperance Wind Farm Project*

The Esperance Wind Farm Project is the largest onshore wind power farm project located in Belgium in terms of turbine individual capacity as at the time when CGN Europe acquired the project. The Esperance Wind Farm Project has a total installed capacity of 81.0 MW. In September 2016, CGN Europe acquired 100.0 per cent. interest in the Esperance Wind Farm Project. The Esperance Wind Farm Project was put into commercial operation in 2010, with a designed annual power generation capacity of 153.9 GWh. The total investment amount is approximately €130 million. A long-term offtake arrangement has been executed relating to the electricity generated by the Esperance Wind Farm Project.

*Inovia Solar Power Project*

The Inovia Solar Power Project is located in France. In November 2015, CGN Europe acquired 100.0 per cent. interest in the Inovia Solar Power Project, which has a designed installed capacity of 50.0 MW. The Inovia Solar Power Project is still under construction and will be put into commercial operation by the end of 2017, with a designed annual power generation capacity of 57.5 GWh. The total investment amount is approximately €90 million.

*Malicounda Solar Power Project*

The Malicounda Solar Power Project is located in Senegal. In December 2016, CGN Europe acquired 100.0 per cent. interest in the Malicounda Solar Power Project, which has a designed installed capacity of 44.0 MW. The Malicounda Solar Power Project was put into commercial operation in 2016, with a designed annual power generation capacity of 52.8 GWh. The total investment amount is approximately €50 million.

**Gas Power Generation Business in Malaysia and Middle Asia**

*Overview*

The Issuer Group currently owns and operates 11 gas-fired power generation projects, one coal-fired station and one heavy oil-fired station in Malaysia, Bangladesh, Egypt, the United Arab Emirates and

Pakistan. As at 31 December 2016, the total installed capacity of the Issuer Group's power stations in Malaysia, Egypt, Bangladesh, the United Arab Emirates and Pakistan amounted to 3,565.0 MW, 2,047.5 MW, 920.0 MW, 2,000.0 and 157.0 MW, represented approximately 41.0 per cent., 23.6 per cent., 10.6 per cent., 23.0 per cent. and 1.8 per cent., respectively of the Issuer Group's total installed capacity. As at 31 December 2016, the attributable installed capacity of the Issuer Group's power stations in Malaysia, Egypt, Bangladesh, the United Arab Emirates and Pakistan amounted to 3,046.0 MW, 1,740.0 MW, 507.0 MW, 200.0 and 36.0 MW, represented approximately 55.1 per cent., 31.5 per cent., 9.2 per cent., 3.6 per cent. and 0.7 per cent., respectively of the Issuer Group's total attributable installed capacity.

*Project Description*

In 2016, the Issuer acquired 100.0 per cent. of the equity interests of Edra Power, which is a leading clean energy group in Southeast Asia focusing on gas power generation. Edra Power owned 13 power projects with a total installed capacity of 6,620 MW which are located in the five countries along "The Belt and Road Initiative", including Malaysia, Egypt, Bangladesh, the United Arab Emirates and Pakistan. It is now regarded as the largest project in the PRC in terms of the number of the countries along "The Belt and Road Initiative" and the size of investment amount. In addition, Edra Power also owned equity interests in several service companies which provide operation, maintenance and technology services to those power generation plants.

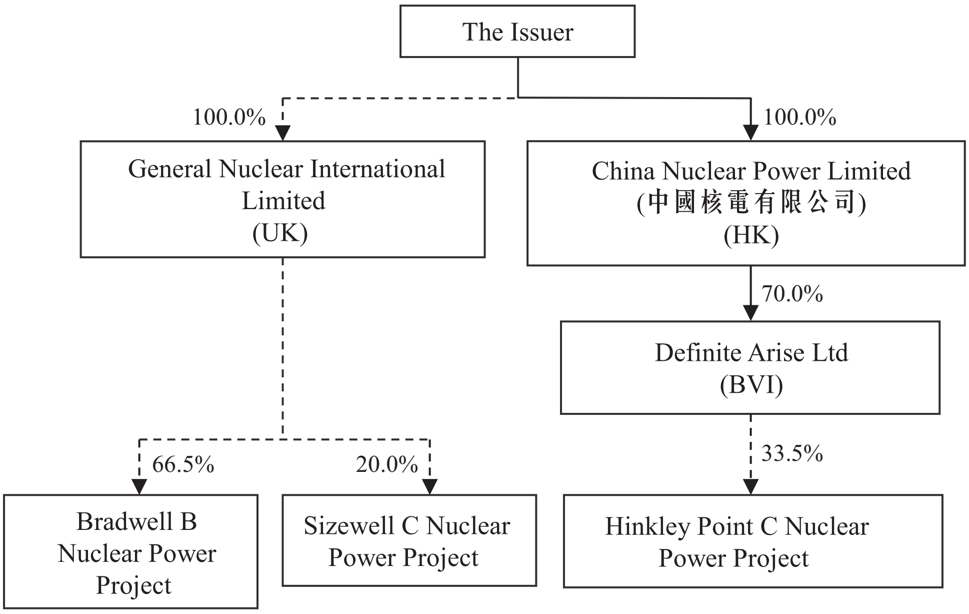
The following table sets forth Edra Power's projects as at 31 December 2016:

| **Project Name** | **Location** | **Type of Energy** | **Edra Power's Ownership Interest** | **Gross Installed Capacity** | **Attributable Installed Capacity** |
|---|---|---|---|---|---|
| | | | **(per cent.)** | **(MW)** | **(MW)** |
| Telok Gong 1 | Malaysia | Gas | 100.0 | 440.0 | 440.0 |
| Telok Gong 2 | Malaysia | Gas | 100.0 | 720.0 | 720.0 |
| Tanjong Kling | Malaysia | Gas | 100.0 | 330.0 | 330.0 |
| Jimah | Malaysia | Coal | 75.0 | 1,400.0 | 1,050.0 |
| Kuala Langat Power Plant | Malaysia | Gas | 75.0 | 675.0 | 506.0 |
| Sidi Krir | Egypt | Gas | 55.0 | 682.5 | 375.0 |
| Port Said | Egypt | Gas | 100.0 | 682.5 | 682.5 |
| Suez Gulf | Egypt | Gas | 100.0 | 682.5 | 682.5 |
| Haripur | Bangladesh | Gas | 55.0 | 360.0 | 198.0 |
| Meghnaghat | Bangladesh | Gas | 55.0 | 450.0 | 248.0 |
| NEPC | Bangladesh | Heavy oil | 55.0 | 110.0 | 61.0 |
| Taweelah B | The United Arab Emirates | Gas | 10.0 | 2,000.0 | 200.0 |
| Fauji Kabirwala | Pakistan | Gas | 23.1 | 157.0 | 36.0 |
| **Total** | **—** | **—** | **—** | **8,689.5** | **5,529.0** |

**Nuclear Power Generation Business in United Kingdom**

*Overview*

Currently, the Issuer Group, together with EDF, develops three nuclear power projects in United Kingdom with a total installed capacity of 8,820 MW through its wholly owned subsidiary General Nuclear International Limited and China Nuclear Power Limited (中國核電有限公司). Set forth below shows the interest that the Issuer directly or indirectly holds in three nuclear power projects.




*Note:*

* The dotted line means an indirect relationship between the Issuer and a project or a company. The solid line means a direct relationship between the Issuer and a project or a company.

***Hinkley Point C Nuclear Power Project***

The Hinkley Point C Nuclear Power Project is located in Somerset, United Kingdom. It is designed to consist of two nuclear power units with a total installed capacity of 3,260 MW with adoption of EPR technology. It is the largest nuclear power projects in United Kingdom in the past 20 years. It is expected that those nuclear power units will commence into commercial operation in May 2025 and satisfy 7 per cent. of the total electricity demands in United Kingdom. When all the nuclear power units of the Hinkley Point C Nuclear Power are put into commercial operation, they are expected to provide nuclear power to approximately six million customers in United Kingdom. A long-term offtake arrangement, known as "contract for difference" or "COD", was executed relating to the price of the electricity generated by the Hinkley Point C Nuclear Power Project, which ensures its stable revenue generated from the sale of the electricity.

In October 2015, the Guarantor and EDF executed an Agreement for Investment in the Construction of Nuclear Power Projects in United Kingdom, which set out the details of the cooperation between the Guarantor and EDF in constructing Hinkley Point C Nuclear Power Project. The Guarantor operated the Hinkley Point C Nuclear Power Project through the Issuer. The construction of Hinkley Point C Nuclear Power Project officially commenced in March 2017. Approximately nine million tons of carbon dioxide emissions is expected to be reduced each year during its 60-year operating lifetime.

***Sizewell C Nuclear Power Project***

The Sizewell C Nuclear Power Project is located in Suffolk, United Kingdom. It is designed to consist of two nuclear power units with a total installed capacity of 3,260 MW with adoption of EPR technology.

The Issuer and EDF currently hold 20.0 per cent. and 80.0 per cent. of the equity interests in Sizewell C Nuclear Power Project, respectively. EDF proposed the initial plan for Sizewell C Nuclear Power Project in November 2012 and has agreed with the Issuer on major terms of investment after negotiations. A formal public consultation in connection with Sizewell C Nuclear Power Project was initiated.

### *Bradwell B Nuclear Power Project*

The Bradwell B Nuclear Power Project is located in Norwich, United Kingdom. It is designed to consist of two nuclear power units with a total installed capacity of 2,300 MW with adoption of HPR1000 technology.

Bradwell B Nuclear Power Project demonstrates a further cooperation between the Issuer and EDF. The Issuer and EDF currently hold 66.5 per cent. and 33.5 per cent. of the equity interests in Bradwell B Nuclear Power Project, respectively. In January 2017, the UK government began the Generic Design Assessment ("**GDA**") of Hualong I technology, which is expected to be completed within five years. Once the GDA is completed, Bradwell B Nuclear Power Project will adopt the Hualong I technology. It is the first time for Chinese enterprise to dominate the development and construction of nuclear power project in a western developed country, and it is a milestone event of exporting the Chinese independent nuclear power technology to western developed countries.

## DIRECTORS

At the date of this Offering Circular, the directors of the Issuer are:

- Yao Wei (姚威)
- Shan Jing (單菁)
- Huang Yushen (黃裕深)

The business address of the directors of the Issuer is Room 1901, CC Wu Building, 302 Hennessy Road, Wan Chai, Hong Kong.

## SHARE CAPITAL

The Issuer is authorised under its memorandum and articles of association to issue a maximum of 2,805,974,205 shares and 2,805,974,205 shares have been issued and are being held by the Guarantor. The share capital of the Issuer is HK$2,805,974,205. No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

## SUMMARY FINANCIAL INFORMATION OF THE ISSUER GROUP

The Issuer prepares audited financial statements on an annual basis with a financial year-end of 31 December. The statutory financial statements of the Issuer are prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.

The Issuer's consolidated financial statements for the years ended 31 December 2015 and 2016 were prepared in accordance with PRC GAAP. The consolidated financial statements of the Issuer for the years ended 31 December 2014 and 2015 were audited by ShineWing Certified Public Accountants Shenzhen Branch in accordance with the Auditing Standards for Certified Public Accountants in China. For details of the Issuer's consolidated financial information, see "Summary Consolidated Financial Information of the Issuer" and its financial statements included in this Offering Circular.

### Conflict of Interest

There are no potential conflicts of interest between any duties of the Issuer's directors and their private interests and/or other duties.

## OVERVIEW

Established on 29 September 1994, the Guarantor is one of the only three enterprises authorised by the PRC government to have a controlling interest in nuclear power projects in the PRC and is the PRC's only nuclear power-focused large-scale clean energy corporation that is directly supervised by the SASAC. The Guarantor, through its over 40 subsidiaries, principally engages in the generation and sale of power and construction, operation and management of nuclear and renewable power plants and projects in the PRC. As at 30 September 2017, the CGNPC Group's total assets amounted to RMB604.2 billion.

As at 31 December 2016, the CGNPC Group's total installed capacity of nuclear power stations in operation was 20.38 GW and its total consolidated install capacity of wind power, solar power and gas-fired stations were 10.63 GW, 1.89 GW and 8.40 GW, respectively. The total installed capacity of the CGNPC Group's other non-nuclear power stations, such as oil-fired and coal-fired stations, was 2.41 GW as at 31 December 2016. The CGNPC Group's overseas assets raised from RMB30.4 billion as at 31 December 2014 to RMB37.3 billion as at 31 December 2015 to RMB75.3 billion as at 31 December 2016, representing 7.8 per cent., 8.6 per cent. and 14.5 per cent. of the total assets of the CGNPC as at the respective date. The CGNPC Group's total revenue for the years ended 31 December 2014, 2015 and 2016 was RMB45.2 billion, RMB50.6 billion and RMB65.8 billion, respectively. The CGNPC Group's revenue from power generation for the years ended 31 December 2014, 2015 and 2016 was RMB33.8 billion, RMB36.1 billion and RMB50.1 billion, respectively, representing 74.9 per cent., 71.3 per cent. and 76.2 per cent. of its total revenue. For the year ended 31 December 2016, the CGNPC Group's revenue from nuclear power generation and from the non-nuclear power generation was RMB28.1 billion and RMB22.0 billion, respectively, representing 56.1 per cent. and 43.9 per cent., respectively, of the CGNPC Group's total revenue from power generation.

The following table sets forth the key consolidated operational information of the CGNPC Group as at the dates and for the periods indicated:

| | As at and for the year ended 31 December | | |
|---|---|---|---|
| | **2014** | **2015** | **2016** |
| | | **(MW)** | |
| Total consolidated installed capacity of nuclear power stations (GW)(1) | 11.6 | 14.9 | 20.4 |
| Total consolidated installed capacity of non-nuclear power stations (GW)(1) | 11.7 | 14.1 | 23.3 |
| **Total consolidated installed capacity (GW)(1)** | **23.3** | **29.0** | **43.7** |
| Total on-grid power generation of nuclear power stations (TWh) (2) | 73.4 | 88.3 | 115.6 |
| Total on-grid power generation of non-nuclear power stations (TWh) (2) | 24.9 | 28.6 | 61.3 |
| **Total on-grid power generation (TWh) (2)** | **98.3** | **116.9** | **176.9** |

*Notes:*

(1) The Guarantor presents the capacity of its power projects in terms of total installed capacity in respect of nuclear power projects (which accounts for 100.0 per cent. of the installed capacity of the nuclear power projects in operation invested in by the Guarantor) plus total consolidated install capacity in respect of other power projects. Total consolidated

installed capacity is calculated as 100.0 per cent. of the installed capacity of projects controlled by the Guarantor (i.e. projects in which the Guarantor has a 50.0 per cent. or greater equity interest). Investors should not compare total consolidated installed capacity with attributable installed capacity, which is the installed capacity of a power plant or project multiplied by the percentage ownership of an equity owner.

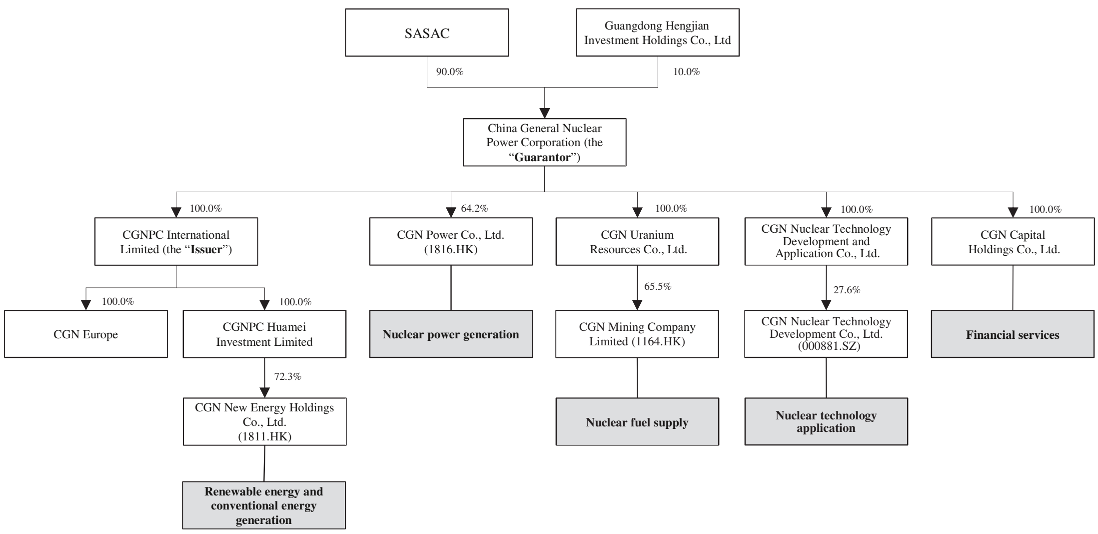
(2) The Guarantor presents the on-grid power generation of its power projects in terms of total on-grid power generation. The total on-grid nuclear power generation is calculated as 100.0 per cent. of the total on-grid generation of all projects the Guarantor invested in. For other power stations, total on-grid power generation is calculated as 100.0 per cent. of the total on-grid power generation of all projects controlled by the Guarantor (i.e. projects in which the Guarantor has a 50.0 per cent. or greater equity interest).

The following table sets forth certain key consolidated financial information of the CGNPC Group as at the dates and for the periods indicated:

| | As at and for the year ended 31 December | | | As at and for the nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2016** | **2017** |
| | **(RMB in millions) (audited)** | **(RMB in millions) (audited)** | **(RMB in millions) (audited)** | **(RMB in millions) (unaudited and unreviewed)** | **(RMB in millions) (unaudited and unreviewed)** |
| Total assets | 388,852 | 432,696 | 520,460 | — | 604,176 |
| Total revenue | 45,174 | 50,604 | 65,792 | 46,192 | 61,737 |
| Operating profits | 7,654 | 9,478 | 10,174 | 9,674 | 12,819 |
| Net profit attributable to owners of the company | 6,199 | 5,162 | 6,418 | 5,564 | 6,312 |
| Net cash flow from operating activities | 12,487 | 11,558 | 26,522 | 15,140 | 26,680 |

## ORGANISATIONAL STRUCTURE

The following diagram sets forth a simplified structure of the CGNPC Group as at the date of this Offering Circular:




*Note:*

(1) Shareholding percentages represent the equity interest directly and indirectly held by the Guarantor as at the date of this Offering Circular.

## HISTORY AND DEVELOPMENT

With an aim of becoming one of the top clean energy enterprises in the world, the CGNPC Group seeks to implement its going abroad strategy and follow the “import, learn, analyse and improve” path in the nuclear power technology development. In recent years, it obtained significant achievements in nuclear power, nuclear fuel and new energy industries and implemented its international layout plan.

The following are the milestone events and certain key honours and awards the CGNPC Group received since its inception:

| | |
|---|---|
| 1979 . . . . . . | China and Hong Kong set out a blueprint to establish a joint venture to build and operate Daya Bay Nuclear Power Station in Daya Bay close to Hong Kong and carried out feasibility studies and other preparatory work. |
| 1987 . . . . . . | In August 1987, Daya Bay Nuclear Power Station commenced construction, which is the first large commercial nuclear power station in the PRC. |
| 1994 . . . . . . | Two nuclear power generating units of Daya Bay Nuclear Power Station started pilot operation in February and May 1994, respectively and this indicated a start of the commercial nuclear clear power station in the PRC. |
| | The CGNPC Group was established. |
| 1996 . . . . . . | Daya Bay Nuclear Power Station passed the completion and acceptance examination. |
| 1997 . . . . . . | The construction of Ling’ao Unit 1 and Unit 2 commenced. Its two nuclear power generating units were put into commercial operation in May 2002 and January 2003, respectively, 48 days and 66 days ahead of schedule, respectively. |
| 2004 . . . . . . | Ling’ao Unit 1 and Unit 2 passed the completion and acceptance examination. |
| 2005 . . . . . . | The construction of Ling’ao Nuclear Power Station (Phase II) commenced. |
| | In December 2005, the construction of Lingdong Unit 1 commenced. Lingdong Nuclear Power Station was the sole nuclear power project launched during the 10th Five-Year Plan period and was also the first nuclear power project implemented after China adopted its “Actively Developing Nuclear Power” policy. |
| 2007 . . . . . . | The CGNPC Group’s first wind power generation unit was commissioned in Jilin Province. |
| | The construction of Hongyanhe Unit 1 commenced. |
| | In November, the CGNPC Group and State Committee on Geology and Mineral Resources of the Republic of Uzbekistan executed a Framework Agreement relating to the Deep Cooperation and Establishment of Uranium Exploration Joint Venture Enterprise. |
| 2008 . . . . . . | The CGNPC Group received from the MOFCOM of the PRC the concession to engage in the import and trading of natural uranium and uranium fuel. |
| | The construction of Ningde Unit 1 and Yangjiang Unit 1 commenced. |
| | In December, the CGNPC Group completed the acquisition of 49.0 per cent. of the equity interest in Kazakhstan Atomic Energy Corporation. |

2009 . . . . . . The CGNPC Group diversified into the solar energy sector demonstrated by the commencement of the first solar power project that was concessioned in Gansu Province in the PRC.

The construction of Taishan Unit 1 commenced.

2010 . . . . . . The Guarantor acquired CGN New Energy which is now one of the Guarantor's majority owned subsidiaries.

The construction of Guangxi Fangchenggang Nuclear Power Station commenced.

In February, CGN Uranium acquired 66.45 per cent. of the equity interest in Energy Metals Limited, a company listed on the Australian Stock Exchange (stock code: EME).

In November, the CGNPC Group invested in the 2MW Roof Photovoltaic Power Generation Project in New Jersey in the United States.

2011 . . . . . . Lingdong Unit 1 and Unit 2 were put into commercial operation and this indicated the construction of Daya Bay Base has been completed successfully and it became the largest nuclear power generation base.

Ling'ao Nuclear Power Station (Phase II) was put into commercial.

The CGNPC Group established an offshore platform in respect of uranium resources by acquiring CGN Mining Company Limited (previously known as "Vital Group Holdings Limited (維奧集團控股有限公司)"), a company listed in Hong Kong, through its subsidiary CGN Uranium Resources Co., Ltd.

2012 . . . . . . The Guarantor completed the acquisition of a uranium mine in the Lake Mountain (湖山鈾礦) in the Republic of Namibia, which was the third largest uranium mine in terms of probable reserve.

The Guarantor successfully issued RMB1.5 billion senior bonds in Hong Kong.

2013 . . . . . . SASAC became a shareholder with 90.0 per cent. shares of the Guarantor, which changed its official name to China General Nuclear Power Corporation.

The Guarantor successfully issued additional RMB1.5 billion senior bonds in Hong Kong.

CGN New Energy successfully issued US$350 million senior bonds. CGN Uranium successfully issued US$600 million senior bonds.

Hongyanhe Unit 1 and Ningde Unit 1 commenced commercial operations.

The CGNPC Group completed the technical design of Hualong I technology and China has independent intellectual property right over Hualong I technology.

The Guarantor successfully obtained the cooperative development right to develop Cernavodă Nuclear Power plant Unit 3 and Unit 4.

2014 . . . . . . CGN New Energy and CGN Power completed the initial public offering and listing of their shares on the Hong Kong Stock Exchange.

Ningde Unit 2, Hongyanhe Unit 2 and Yangjiang Unit 1 commenced commercial operation.

The CGNPC Group developed the Hualong I technology and applied it to Fangchenggang Unit 3 and Unit 4.

The CGNPC Group obtained "A" in the performance review of the state-owned enterprise responsible person in the year of 2014.

2015 . . . . . . The construction of Hongyanhe Unit 5 and Unit 6 and Fangchenggang Unit 3 commenced.

Hongyanhe Unit 3, Ningde Unit 3 and Yangjiang Unit 2 commenced commercial operation.

Hongyanhe Nuclear Power Station Phase II obtained the government's approval to commence the construction.

Ningde Unit 5 and Unit 6 and Fangchenggang Unit 3 and Unit 4 obtained the approval to apply Hualong I technology.

A 18 MW Guangxi Fushi Hydro Project (Phase II) commenced commercial operation.

A 5 MW Yulchon Fuel Cell (Phase III) Project in Korea commenced commercial operation.

CGN New Energy's company name was changed from "CGN Meiya Power Holdings Co., Ltd." to "CGN New Energy Holdings Co., Ltd.".

In May, the Issuer successfully issued US$600 million bonds.

In October, China Clean Energy Development Limited, a wholly-owned subsidiary of the Issuer, successfully issued US$500 million bonds.

Chairman Xi Jinping visited the United Kingdom and witnessed the execution of United Kingdom Nuclear Power Projects Investment Agreement (英國核電項目投資協議) between the CGNPC Group and EDF.

The PRC self-developed technology, Hualong I technology, was approved to be applied in Fangchenggang Unit 3 and Unit 4.

The CGNPC Group obtained "A" in the performance review of the state-owned enterprise responsible person in the year of 2015.

2016 . . . . . . Yangjiang Unit 3, Fangchenggang Units 1-2, Hongyanhe Unit 4 and Ningde Unit 4 commenced commercial operation.

The construction of Fangchenggang Unit 4 commenced.

The CGNPC Group completed the acquisition of Edra Power's (as defined below) 13 power generation projects.

The China and Kazakhstan fuel assembly production plant commenced commercial operation.

The Guarantor, through its subsidiary Swakop Uranium (Pty) Ltd., successfully produced the first barrel of uranium oxide in Lake Maintain in the Republic of Namibia.

The CGNPC entered into a blanket agreement with EDF and the government of United Kingdom regarding the construction of new nuclear power stations in United Kingdom, which was marked as a milestone in the implementation its “going abroad” strategy.

Jiangsu Rudong Offshore Wind Project commenced commercial operation, which was a milestone event in the development of offshore wind power in the PRC.

The CGNPC Group was awarded the “Outstanding Performance Enterprise in the Year of 2015” (2015年度業績優秀企業) and “Outstanding Performance Enterprise for the Appointment Period from 2013 to 2015” (2013-2015年任期考核業績優秀企業) and obtained “A” in the performance review in the respective periods. It was the first time for the CGNPC Group to obtain “double A” in the performance review of both the financial year and appointment period since its establishment.

In March, Chairman Xi Jinping witnessed the execution of Memorandum of Understanding relating to the Full Cooperation on Nuclear and Renewable Energy Industry between the CGNPC Group and ČEZ Group, which set out the scope of cooperation, including procurement, construction, commissioning, operation, maintenance and etc.

CGN Mining Company Limited successfully acquired 19.99 per cent. of the equity interest in Fission Uranium Corp., a Canadian based resource company, and became the largest shareholder of Fission Uranium Corp.

In December, the Guarantor and Fosun Group entered into a strategic cooperation agreement, pursuant to which the CGN Mining Company Limited introduced Hainan Mining Co., Ltd. as a strategic investor and successfully raised a total amount of approximately HK$342 million.

2017 . . . . . . The British government officially commenced the general design review on Hualong I technology.

Hinkley Point C Nuclear Power Station began its FCD, which indicated the commencement of its main body’s construction.

Yangjiang Unit 4 commenced commercial operation.

The construction of Hinkley Point C Nuclear Power Project commenced.

The CGNPC Group was authorised to develop 2.24 GW Malacca Cogen Power Cycle Project.

The CGNPC Group obtained “A” in the performance review of the state-owned enterprise responsible person in the year of 2016 and ranked in the fifteenth place among 51 state-owned enterprises which obtained “A” in such performance review.

## COMPETITIVE STRENGTHS

The Guarantor believes that its leading market position, strong operating results and its capacity for sustainable development are primarily attributable to the following competitive strengths of the CGNPC Group:

***Supported by favourable government policies to implement the PRC government’s strategy of improving energy efficiency and reducing emissions***

The CGNPC Group is designated by the PRC government to implement its strategy of improving energy efficiency and reducing emissions. The PRC government has pledged to increase the portion of non-fossil energy used in primary energy to approximately 20 per cent. by the end of 2030.

According to the Report on the Current Situation and Prospect of China Power Industry (中國電力工業現狀與展望), it anticipates that at such time the total installed capacity of power stations of non-fossil energy will contribute approximately 49 per cent. of the total installed capacity in the PRC, and that the on-grid power generation of non-fossil energy will represent approximately 37 per cent. of the total on-grid power generation in the PRC. The installed capacity of the nuclear power generating units in commercial operation in the PRC was approximately 35.0 GW as at 31 December 2016. Furthermore, the PRC government anticipates that the installed capacity of the nuclear power generating units in commercial operation will reach 58 GW in 2020.

As a key participant of the PRC's renewable energy sector, the CGNPC Group has been dedicated to the development of non-conventional energy, such as nuclear power, wind and solar power. In addition, the CGNPC Group's global expansion in recent years is an active response to the national "going abroad" strategy in the nuclear power industry, which is set out in the Implementation Plan on the Establishment of Providing Services to Nuclear Power Enterprises to Ensure Its Scientific Development Coordination Working Regime (建立服務核電企業科學發展協調工作機制實施方案) published by the National Energy Administration of the PRC in 2013 (the "**Implementation Plan**"). According to the Implementation Plan, the CGNPC Group was listed as one of the members of the coordination working group to implement the "going abroad" strategy. Given its relationship with the PRC government, the CGNPC Group has received strong policy and financial supports from the PRC government.

*Shareholder support*: As at the date of this Offering Circular, the PRC government beneficially owns all the registered capital of the Guarantor, 90.0 per cent. of which is held by the State-owned Assets Administration and Supervision Commission of the PRC and 10.0 per cent. of which is held by the Guangdong Provincial Government. The chairman of the Guarantor's board of directors, the Guarantor's general manager and other senior management are designated by and report to the State Council of the PRC. The Guarantor believes that the centralized shareholder ownership and nature of its senior management will keep the Guarantor and the CGNPC Group's operations aligned with the latest government policies relating to the renewable energy sector and to capture business opportunities in a timely manner.

*Policy support*: The CGNPC Group's nuclear power business receives favourable policy support at different stages of its operations. The CGNPC Group is one of the three PRC enterprises that have obtained the government approval to engage in the investment and operation of nuclear business, and it is one of the two PRC enterprises that have been granted the concession to conduct import and trading of natural uranium and uranium fuel. In addition, nuclear power enjoys priority over coal-fired, oil-fired and natural gas-fired generation units in grid connection and dispatch. The Guarantor believes that these policies have effectively created significant entry barriers that will help consolidate the leading position of CGNPC Group's nuclear business.

*Financial support*: The PRC government supports the business and operations of the CGNPC Group by providing tax returns, government grants, bonus and other forms of tax-base awards. Nuclear power companies in China are subject to the policy of "refund-after-collection" for VAT for 15 years from the month following the commencement of operations, with the refund gradually decreasing in three phases. During the construction phase of nuclear power projects, imports of some machinery are exempt from tariffs and VAT is refunded to the nuclear power enterprises. In addition, nuclear power projects approved on or after 1 January 2008 are exempted from PRC corporate income tax for three years starting from the first year when electricity sales generate revenue, and are entitled to a 50 per cent. reduction in PRC corporate income tax for the subsequent three years. The PRC government's preferential policies have effectively enhanced the competitiveness of nuclear power enterprises compared to other players in the power industry.

*Other supports*: In 2013, Premier Li Keqiang attended the CGNPC Group's signing ceremony relating to the joint development of the Cernavodă Nuclear Project (Unit 3 and Unit 4) in Romania. In 2014, Chairman Xi Jinping promoted the nuclear power technologies of the CGNPC Group with an aim to introduce the Guarantor's third-generation gigawatt-level pressurized water reactor nuclear power technology (known as "**Hualong I**") in the United Kingdom. In 2015, the PRC government successfully exported the Hualong I technology to the Argentina, which was China's first export of third generation nuclear technology to a foreign country. The Guarantor believes that these gestures posted by its beneficial shareholder help elevate its global image and will promote its business to the overseas market.

***Well-positioned to capitalize growing market opportunities in the renewable energy sector***

As at the date of this Offering Circular, the CGNPC Group is the only PRC energy company with nuclear power as its core business and is principally engaged in the development, construction and operation of nuclear power plants. As at 31 December 2016, the CGNPC Group had 19 nuclear power units in operation with a total installed capacity of 20.38 GW and had nine nuclear power units under construction with a total installed capacity of 11.36 GW. As at 31 December 2016, the CGNPC Group's total install capacity of wind power stations and solar power stations were 10.63 GW and 1.89 GW, respectively, in the PRC. It has also engaged in significant investment in other renewable energy, such as gas, wind and solar power. In 2010, the Guarantor acquired CGN New Energy, which is a diversified IPP in Asia in terms of fuel type and geography, with a portfolio of gas-fired, coal-fired, oil-fired, hydro, cogen and fuel cell power generation projects and a steam project in the PRC and Korea. In 2016, the CGPNC Group, through the Issuer, acquired 100.0 per cent. of the equity interests of Edra Power, which is a leading clean energy group in Southeast Asia which focuses on gas power generation. As at 31 December 2016, the total installed capacity of the CGPNC Group's gas power projects which were in the pipeline was over 10 GW. The companies operating those gas power pipelined projects with a total installed capacity of approximately 3.8 GW entered into either a long-term offtake arrangement or binding memorandum of understanding on power sales.

While the PRC continues to demonstrate faster growth in its GDP than many developed countries in the world, its electricity consumption per capita falls behind the levels of those countries, creating significant market demand for the power industry. In recent years, increased awareness of environmental protection has created significant growth opportunities for the renewable energy sector. The Strategic Action Plan for Energy Development (2014-2020) and Status and Prospects of the PRC's Power Industry Report prepared by the China Electricity Council forecasts that the total installed capacity attributable to nuclear power stations will increase from 20 GW at the end of 2014 to 58 GW, 200 GW and 400 GW at the end of 2020, 2030 and 2050, respectively, representing 3.0 per cent., 6.6 per cent. and 10.1 per cent. of the total capacity. According to a resolution from the State Council Standing Committee meeting on 25 November 2009, the PRC government targets a further reduction in China's carbon dioxide emissions per unit GDP by 40 per cent. to 45 per cent. by 2020 compared to its 2005 level. In November 2016, NRDC and the National Energy Administration issued the "13th Five-year Plan on Power Industry Development" with respect to the power industry and proposed to vigorously develop new energy while optimizing and adjusting development planning. Pursuant to the "13th Five-year Plan on Power Industry Development", it is expected that the proportion of non-fossil installed capacity shall increase from 35 per cent. in 2015 to 39 per cent.in 2020. The Guarantor expects that its total installed capacity of the nuclear power stations and non-nuclear power stations in operation will increase to approximately 28 GW and 35 GW, respectively in 2020. The Guarantor believes that its corporate positioning and development objectives are highly consistent with the strategic planning of the "13th Five-year Plan on Power Industry Development" and its diverse business portfolio has allowed and will allow it to capture the business opportunities arising from the growth of the new energy sector in the PRC.

***Comprehensive safety management system and world-leading safety track record and innovation and technology level of the CGNPC Group's nuclear power segment***

The CGNPC Group's nuclear power segment has an excellent safety track record consistently in line with advanced international standards. As at the date of this Offering Circular, the nuclear power segment of the CGNPC Group has not experienced incidents at or above level 2 on the International Nuclear and Radiological Event Scale ("**INES**") (i.e., incidents involving significant failure in safety provisions but with sufficient defense-in-depth to cope with additional failures). According to the INES of the International Atomic Energy Agency, as at 31 December 2016, a total number of 38 operation incidents occurred at the 19 nuclear power generating units in operation managed by CGN Power, of which 36 incidents were at level 0 and 3 incidents were at level 1. Since 1999 and up to the date of this Offering Circular, the CGNPC Group's nuclear power generating units at Daya Bay Station and Ling'ao Nuclear Power Station Phase I received a total of 36 first prizes in a number of categories at EDF safety challenge contests, competing with more than 60 similar generating units from countries. For the year ended 31 December 2016, 156 out of 216 of the WANO indicators relating to the CGNPC Group's 18 nuclear power generating units (excluding Fangchenggang Unit 2[1] ) ranked in the top quartile (which is considered to be at an "advanced" level) and 138 out of the 216 of the WANO Indicators ranked in the top decile (which is considered to be at an "excellent" level). As at 31 December 2016, the CGNPC Group's Daya Bay Nuclear Power Station Unit 1 maintained a record of 23 years' safe operation. As at 30 September 2017, the CGNPC Group's Ling'ao Nuclear Power Station made a record of over 4,000 days' safe operation, which was ranked in the first place among 64 nuclear power units of the same type in the world. The CGNPC Group also maintains a scientific and effective safety management system, including effective nuclear emergency response and management system, independent safety supervision system and transparency feedback system. In addition, it initiates various efforts aimed at ensuring that the importance of safety is strongly enshrined in its culture. For details of the safety management system of the CGNPC Group, see "— Principal Subsidiaries and Affiliates — CGN Power — Nuclear Safety — Nuclear Safety Management Systems".

Over the years, the CGNPC Group has completed the research and development of FirmSys system, a nuclear security level control and protection platform with proprietary intellectual property rights. It is the first time that China's own nuclear-grade DCS (digital instrument control system) officially entered the megawatt-class PWR nuclear power plant engineering application stage. It is also China's first nuclear-grade DCS product with independent intellectual property rights and China's first Chinese nuclear power plant "nerve centre" which has passed the International Atomic Energy Agency independent's review. For details of the nuclear power technology and research capacities of the CGNPC Group, see "— Principal Subsidiaries and Affiliates — CGN Power - Technology of CGN Power's Nuclear Power Generating Units" and "— Research".

The CGNPC Group has been approved by the Ministry of Science and Technology to manage the National NPP Safety and Reliability Engineering Technology R&D Centre, which is the first national engineering technology research centre in the PRC nuclear power industry. In addition, CGPNC was one of the first batch enterprises which were awarded the "National Intellectual Property Demonstration Enterprise" (國家級智慧財產權示範企業) in 2013 and it is nowthe only enterprise in the nuclear power industry which obtains that award. China Nuclear Power Engineering Co., Ltd. was "National Patents Operation in Trial Enterprise" (國家專利運營試點企業) in 2013. As at 31 December 2016, the CGNPC owned 3,399 patents in the PRC. Among others, two of them were awarded China Patent Gold Prize (中國專利金獎) and eight of them were awarded China Patent Outstanding Prize (中國專利優秀獎). The Guarantor believes that its strong research and development capabilities will help it develop new business opportunities and maintain its competitiveness.

***Strong financial position supported by diverse financing channels***

Strong financial position and readily available credit line are key to the CGNPC Group's success. As at 31 December 2014, 2015 and 2016, the gearing ratio of the CGNPC Group was 69.5 per cent., 70.1 per cent. and 71.7 per cent., respectively. As at 30 September 2017, the liability-to-asset ratio of the CGNPC Group was below 75 per cent. As at 30 September 2017, the CGNPC Group had total credit facilities of RMB1,013.4 billion, of which RMB584.9 billion had not been utilised. The CGNPC Group's strong financial position is supported by its diverse financial channels. The CGNPC Group has established and maintained a long-term working relationship with a number of domestic financial institutions (such as the Industrial and Commercial Bank of China, Bank of China, Agricultural Bank of China, China Construction Bank and Postal Savings Bank of China) and international financial institutions (such as The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan, Société

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1 According to the calculation rules of WANO, the generating units with operation for less than one quarter are excluded from the calculation of business indicators. Therefore Fangchenggang Unit 2 which commenced commercial operation on 1 October 2016 was excluded from the calculation.

Générale and Crédit Agricole CIB). Given the nature and background of the Guarantor, the CGNPC has also received support from and established a close relationship with China Development Bank and The Export and Import Bank of China, two of the three policy banks in the PRC. These financial institutions have provided sufficient credit lines to the CGNPC Group to support its business development. The CGNPC Group strictly controls its exposure to foreign exchange risk and implements a foreign exchange risk management policy known as "matching the liability-to-asset ratio as priority and debt hedging transactions as supplement" (資產負債配比優先，債務保值交易為輔). As at 30 September 2017, the CGNPC Group's debt denominated in Renminbi, US dollars, Euro, GBP and other currency represent 78.9 per cent., 13.1 per cent., 2.4 per cent., 2.7 per cent. and 2.8 per cent. of the CGNPC Group's total debt, respectively. As at 30 September 2017, the CGNPC Group's long-term indebtedness (with a tenor of over five years), medium term indebtedness (with a tenor between one to five years) and short-term indebtedness (with a tenor of within one year) represented 80.5 per cent., 8.9 per cent and 10.5 per cent. of the CGNPC Group's total indebtedness, respectively.

In addition to the traditional bank loan and credit facility financing, the CGNPC Group has been able to obtain capital on the international equity and debt capital markets as well as the PRC domestic debt capital market. In November 2012, the Guarantor issued its debut offshore CNY bonds in the principal amount of CNY1.5 billion, followed by the further issue of CNY1.5 billion, CNY1.0 billion and CNY1.5 billion principal amount of bonds in January 2013, January 2015, and July 2015, respectively. In August 2013 and September 2013, CGN New Energy issued US$350 million senior notes and CGN Uranium issued US$600 million senior notes, which expanded the base of investors of the CGNPC Group. The Issuer issued US$600 million guaranteed bonds in May 2015. China Clean Energy Development Limited, one of the Issuer's subsidiaries, issued US$500 million guaranteed bonds in October 2015. From 2002 to 30 September 2017, the CGNPC Group completed 39 bonds issuance deals in the domestic debt capital market and raised a total amount of approximately RMB78.5 billion. In August 2011, CGNPC Group established an offshore platform in respect of uranium resources by acquiring CGN Mining Company Limited (previously known as "Vital Group Holdings Limited"), a company listed in Hong Kong, through its subsidiary CGN Uranium Resources Co., Ltd. CGN New Energy and CGN Power completed their respective initial public offering and listing on the Hong Kong Stock Exchange in October 2014 and November 2014, respectively, raising US$262 million and US$3,639 million after the exercise of the green shoe option, respectively. The CGNPC Group has also conducted multiple issuances of corporate bonds, private placement bonds, medium term notes and short-term financing notes in the PRC domestic capital markets.

***Stringent corporate governance and experienced senior management with strategic vision***

The CGNPC Group has implemented stringent corporate governance and operational controls to comply with all applicable regulatory requirements. The CGNPC Group has leveraged advanced management techniques, such as its management accountability and performance appraisal system, to strengthen its corporate governance and increase efficiency. In addition, the CGNPC Group has adopted good practices and applied them across its other subsidiaries, strengthening the management of its organisation as a whole. Such consistently adopted corporate governance and business management practices have allowed the CGNPC Group to achieve operational efficiencies through enhanced management accountability and optimised resource allocation.

Moreover, the CGNPC Group's senior management team has extensive experience in the nuclear power, wind power and other clean power sectors as well as in financial management and operations. The senior management team has placed particular emphasis on enhancing operational efficiency and cost control, both in terms of the maintenance and improvement of existing power plants and projects, and in the development and construction of new power plants and projects. The CGNPC Group has also been able to forge and maintain close relationship with major PRC financial institutions. The leadership and skill of the CGNPC Group's senior management is widely recognised in the PRC. For example, Mr. He Yu, the chairman of the Guarantor, won the "2011-2012 Annual National Outstanding Entrepreneur Award". The CGNPC Group's experienced senior management team has enabled it to capture market opportunities and to formulate and execute sound business strategies.

## STRATEGIES

The CGNPC Group's goal is to establish itself as a world-class clean energy group and a global leading clean energy supplier and service provider, based on its principle of being outstanding with focus on quality and safety. It is committed to the production and supply of clean energy with zero carbon emission, conservation of energy, reduction in pollution, utilisation of clean energy for the public and supply of high quality clean energy products and services in a standard and sustainable way. It aims to achieve the foregoing by the following strategies:

***To strengthen the CGNPC Group's leading position in the PRC with respect to constructed nuclear power projects***

As one of the most integrated nuclear power project companies globally, the number of nuclear power units to be constructed on behalf of the CGNPC Group and the total planned capacity of such nuclear power units are the highest among nuclear power project contractors in the world. The CGNPC Group intends to establish a balanced geographical distribution of its nuclear power projects by planning the construction of nuclear power projects in Guangdong Province, Guangxi Autonomous Region, Zhejiang Province and other coastal regions in the PRC. The CGNPC Group may also consider exploring suitable opportunities to develop nuclear projects in the inner regions of the PRC.

***To establish an international operation platform and accelerate the pace of developing overseas markets***

The CGNPC Group plans to actively expand its businesses in the international nuclear power and renewable energy markets. For the years ended 31 December 2014, 2015 and 2016, the CGNPC Group's revenue generated from its overseas business was RMB10.9 billion, RMB8.4 billion and RMB13.3 billion, respectively, representing 24.2 per cent., 16.5 per cent. and 20.2 per cent. of the total revenue of the CGNPC Group, respectively. As at 31 December 2014, 2015 and 2016, the CGNPC Group's overseas assets were RMB30.4 billion, RMB37.3 billion and RMB75.3 billion, respectively. As at 31 December 2016, the CGNPC Group's oversea installed capacity reached 9.12 GW, which represented 20.9 per cent. of the CGNPC Group's total installed capacity. The CGNPC Group has established international standardised nuclear power construction, operation and technical service system. It has also established and maintained firm cooperation with international advanced enterprises and provided nuclear power personnel training services to countries including Thailand and Vietnam. The CGNPC Group plans to explore business opportunities in the international nuclear power markets in the United Kingdom, Romania and South Africa, in the wind power market in Australia, and in the solar energy market in North America, Southeast Asia and Eastern Europe. In addition, the CGNPC Group will continue to develop and invest in uranium resources globally.

***To increase investment in diversified energy sources.***

While nuclear power remains the CGNPC Group's core business, the CGNPC Group will continue to invest in wind power, solar power and other clean energy projects. These measures are in line with the PRC government's plan to increase the percentage of total power consumed in the PRC generated from clean and renewable sources from 8.3 per cent. in 2010 to 15.0 per cent. by 2020. With the vision of "becoming a world first-class clean energy enterprise", the CGNPC Group aims to make breakthroughs in areas such as nuclear fuel and new energy in domestic and overseas markets, and will continue to steadily promote international expansion.

## BUSINESS AND OPERATIONS

The CGNPC Group focuses on the generation and sale of power and the development, operation and management of nuclear and renewable power plants and projects. In recent years, the CGNPC Group has diversified its business to include financial services into its portfolio, engaged in finance leasing, insurance, fund and trust management and asset management and recently introduced the concept of "4 + X", which means four main business, including nuclear power generation, new power generation, uranium investment and trading and financial services, plus other business, including sales of other commodities and services, provision of energy saving services and nuclear technology application.

### Power Generation

As at the date of this Offering Circular, the CGNPC Group is the only PRC energy company with nuclear power as its core business and is principally engaged in the development, construction and operation of nuclear power plants. While the CGNPC Group's power generation business mainly focuses on nuclear power, the CGNPC Group is also engaged in wind power, solar power and other clean energy projects. As at 31 December 2016, the CGNPC Group's total installed capacity of nuclear power in operation was 20.38 GW, and its total consolidated install capacity of wind power and solar power were 10.63 GW and 1.89 GW, respectively.

#### *Nuclear power*

Nuclear power generation accounts for a major portion of the CGNPC Group's power generation business. As at 31 December 2016, the CGNPC Group had total installed capacity of nuclear power of 20.38 GW, representing 50.6 per cent. of the CGNPC Group's total installed capacity. As at the date of this Offering Circular, it also represented approximately 60 per cent. of the total installed capacity of the nuclear power units in operation in the PRC. As at the date of this Offering Circular, the installed capacity of the CGNPC's nuclear power units under construction represented approximately 46 per cent. and approximately 17 per cent. of the total installed capacity of the nuclear power units under construction in the PRC and in the world, respectively. For the years ended 31 December 2014, 2015 and 2016, the CGNPC Group's total nuclear on-grid power generated was 73.4 TWh, 88.3 TWh and 115.6 TWh, representing 74.6 per cent., 75.6 per cent. and 64.6 per cent. of its total on-grid power generation for the period. For the years ended 31 December 2014, 2015 and 2016, the CGNPC Group's revenue from nuclear power generation was RMB19.3 billion, RMB21.5 billion and RMB28.1 billion, representing 57.1 per cent., 59.8 per cent. and 56.1 per cent. of the CGNPC Group's total revenue from power generation for the period. As at 31 December 2016, the Guarantor, through CGN Power and CGN Power's subsidiaries and affiliates, owns and operates Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station, Lingdong Nuclear Power Station, Yangjiang Nuclear Power Station, Ningde Nuclear Power Station and Hongyanhe Nuclear Power Station, which together comprised 19 nuclear power units with a total installed capacity in operation of approximately 20.38 GW. In addition, as at 31 December 2016, nine nuclear power units at Yangjiang Nuclear Power Station, Fangchenggang Nuclear Power Station, Taishan Nuclear Power Station and Hongyanhe Nuclear Power Station were under construction with aggregate planned installed capacity of 11.36 GW. China Nuclear Power Engineering Co., Ltd. provides professional nuclear engineering management services in multiple projects of the CGN Power. See "— Principal Subsidiaries and Affiliates — CGN Power".

#### *Wind power*

The CGNPC Group commenced its wind power business in 2003 when it participated in the tender process for the first phase of the national wind power concession project (Guangdong Huilai Shibeishan). The Guarantor conducts its wind power business principally through its wholly-owned subsidiaries, CGN Wind Energy, CGN New Energy and CGN Europe and is actively developing wind power projects with capacity of 100 MW to 1.0 GW both onshore and offshore. As at 31 December 2016, the CGNPC Group owned and operated 73 wind power projects through its 14 subsidiaries. As at 31 December 2016, domestic wind power projects of the CGNPC Group were located in more than 10 provinces, autonomous regions and provincial-level municipalities in the PRC, including Hebei Province, Jilin Province, Inner Mongolia Autonomous Region, Gansu Province, Shandong Province and Guangdong Provinces. As at 31 December 2016, the CGNPC Group's overseas wind power projects were mainly located in France, United Kingdom, Belgium and other European countries.

As at 31 December 2016, the CGNPC Group had total consolidated installed capacity of wind power of 10.63 GW in PRC, representing 26.4 per cent. of the CGNPC Group's total consolidated installed capacity. For the years ended 31 December 2014, 2015 and 2016, the CGNPC Group's total wind on-grid power generation was 10.1 TWh, 13.1 TWh and 16.9 TWh, representing 10.3 per cent., 11.2 per cent. and 9.6 per cent. of its total on-grid power generation for the period. For the years ended 31 December 2014, 2015 and 2016, the CGNPC Group's revenue from wind power generation was RMB4.9 billion, RMB5.9 billion and RMB7.1 billion, representing 14.5 per cent., 16.3 per cent. and 14.2 per cent. of the CGNPC Group's total revenue from power generation for the period.

### *Solar energy*

The CGNPC Group has completed the construction of a number of solar power projects in the PRC, such as the Xitieshan project in Qinghai Province with capacity of 100 MW, the Dunhuang project in Gansu Province with capacity of 10 MW, the Dunhuang Phase I Project with capacity of 9 MW, the Sangri project in Tibet with capacity of 10 MW, the Qingtongxia project in Ningxia with capacity 10 MW, Hami, Qinghe and Yingjisha projects in Xinjiang Autonomous Region with total consolidated installed capacity of 60 MW, Laoling Tieying project in Shandong Province with a total installed capacity of 15 MW and Shangyang project in Guangdong Province with a total installed capacity of 2 MW. Among others, the Dunhuang project was the first photovoltaic power concession demonstration project connected to the grids in the PRC. As at 31 December 2016, the CGNPC Group had two overseas solar power projects, namely Inovia Solar Power Project and Malicounda Solar Power Projects, which are located in France and Senegal, respectively.

As at 31 December 2016, the CGNPC Group had total consolidated install capacity of solar power of 1.89 GW, representing 4.7 per cent. of the CGNPC Group's total consolidated install capacity. For the years ended 31 December 2014, 2015 and 2016, the CGNPC Group's total on-grid solar power generation was 0.7 TWh, 0.9 TWh and 1.8 TWh, representing 0.7 per cent., 0.8 per cent. and 1.0 per cent. of its total on-grid power generation for the period. For the years ended 31 December 2014, 2015 and 2016, the CGNPC Group's revenue from solar power generation was RMB0.7 billion, RMB1.1 billion and RMB1.4 billion, representing 2.0 per cent., 3.0 per cent. and 2.8 per cent. of the CGNPC Group's total revenue from power generation for the period.

### *Other energy*

The CGNPC Group is engaged in the research and development of other clean energy and has taken part in the construction of a number of demonstrative and research projects including biomass power generation projects, geothermal power projects, tidal power projects, vanadium battery storage power projects, solar thermal energy and independent renewable energy systems on islands.

The CGNPC Group also has investments in several clean and renewable energy projects and coal-fired, oil-fired and cogeneration projects through the portfolio of the Issuer. As at 31 December 2016, the CGNPC Group's total installed capacity of gas-fired stations and other stations (such as oil-fired and coal-fired stations) was 8.40 GW and 2.41 GW, respectively, representing 36.0 per cent. and 10.3 per cent. of the total installed capacity of the CGNPC Group's non-nuclear power stations, respectively. For the year ended 31 December 2016, the total on-grid power generation of gas-fired stations and other stations (such as oil-fired and coal-fired stations) was 35.4 TWh and 7.2 TWh, respectively, representing 57.7 per cent. and 11.7 per cent. of the total on-grid power generation of the CGNPC Group's non-nuclear power stations, respectively. As at 31 December 2016, the CGNPC Group's total attributable installed capacity of overseas gas-fired stations was approximately 7.1 GW.

## Provision of Construction and Installation Services

The CGNPC Group is also engaged in the provision of construction and installation services via its project companies. For the years ended 31 December 2014, 2015 and 2016, the CGNPC Group's revenue generated by the provision of construction and installation services was RMB3.0 billion, RMB2.6 billion and RMB2.3 billion, representing 6.7 per cent., 5.2 per cent. and 3.5 per cent. of the CGNPC Group's total revenue for the period.

## Sales of Other Commodities and Services

The CGNPC Group is also engaged in the sale of other commodities and services including carbon emission reduction for wind power generation, property management and leasing, provision of external labour services and technological services. For the years ended 31 December 2014, 2015 and 2016, the CGNPC Group's revenue generated by the sale of other commodities and services was RMB7.4 billion, RMB10.2 billion and RMB12.4 billion, representing 16.3 per cent., 20.1 per cent. and 18.9 per cent. of the CGNPC Group's total revenue for the period.

**Provision of Energy Saving Services**

The CGNPC Group is also engaged in the provision of energy-saving services including planning and designing total solutions for regional low-carbon energy; construction and franchising urban energy-saving and environmentally-friendly infrastructure, development, construction and operation of diversified energy; energy-saving transformation and services for public facilities and commercial buildings; and industrial energy-saving transformation and services.

**Nuclear Technology Application**

Relying on its existing nuclear energy resources and technology development experience, the CGNPC Group has been promoting industry integration since it entered into the business of nuclear technology application in 2011, and has been actively expanding in a number of nuclear technology fields, including nuclear instrumentation, isotope and nuclear medicine, radiation processing and radiation-modified new materials.

The CGNPC Group is committed to creating and utilizing the synergy between nuclear power and nuclear technology application to build a state-level cluster of the high-tech sector that features industrial production as well as research and development. In March 2017, CGN Nuclear Technology Development Co., Ltd. (中廣核核技術發展股份有限公司) was listed on the Shenzhen Stock Exchange with the stock code of 000881.SZ by restructuring, which was marked as the first listed company in the industry of nuclear technology in the PRC.

**Uranium Investment and Trading**

The CGNPC Group is engaged in the exploration and development of uranium and trading of natural uranium. It engages third party contractors for the major front-end phases of the nuclear fuel cycle, including production and processing of natural uranium, conversion, enrichment and nuclear fuel fabrication services. The CGNPC Group conducts its uranium investment and trading business principally through its wholly-owned subsidiary, CGN Uranium. In December 2016, the Guarantor, through its subsidiary Swakop Uranium (Pty) Ltd., successfully produced the first barrel of uranium oxide in Lake Maintain in the Republic of Namibia.

**Financial Services**

In recent years, the CGNPC Group has gradually diversified its business to include financial services into its portfolio, engaged in banking, asset management, insurance and other creative financing business. The CGNPC Group conducts its financial business principally through its wholly-owned subsidiary, CGN Capital Holdings Co., Ltd. and its subsidiaries. In September 2016, CGNPC Group issued the related letter of guarantee in respect of Hinkley Point C Nuclear Power Project. In respect of asset management, CGNPC Group invested into China Development Bank Securities (國開證券) and became the second largest shareholder. In respect of insurance business, CGNPC Group successfully provided the operation insurance to Demonstration Project of 150 MW Offshore Wind Farm in Rudong, Jiangsu, China's first demonstration project of offshore wind farm satisfying the "Double-Ten" standards, which set up an example to the offshore wind farm insurance industry. Also, the CGNPC became the first online loan planform which executes funds trusteeship agreements with big four banks in China, respectively.

**PRINCIPAL SUBSIDIARIES AND AFFILIATES**

The Guarantor is the parent holding company of the CGNPC Group and operates its business through its subsidiaries and associates. Information on some of the Guarantor's principal subsidiaries is set forth below.

**CGN Power**

***Overview***

CGN Power was incorporated in the PRC on 25 March 2014 and is a subsidiary of the Guarantor, serving as the Guarantor's sole platform for nuclear power generation. CGN Power commenced its nuclear power business in 1979 through the establishment of Daya Bay Nuclear Power Station, the first large commercial nuclear power station in the PRC. After a series of reorganisation, CGN Power has acquired from the Guarantor' interests in a number of subsidiaries and associates that operate the nuclear power station units that comprise the CGN Power group. As at 31 December 2016, the Guarantor held 64.2 per cent. of CGN Power's equity interest. In December 2014, CGN Power was listed on the Hong Kong Stock Exchange with the stock code of 1816.HK.

CGN Power is the largest nuclear power producer in China, as measured by both total installed nuclear power generating capacity and attributable installed capacity, and has nearly 30 years of operating history. CGN Power operates and manages nuclear power stations, sells electricity generated by these stations, manages and oversees the construction of nuclear power stations and provides related technical research and development and supports services. All of CGN Power's current installed capacity is attributable to nuclear power stations in China.

As at 31 December 2016, CGN Power's total assets were RMB285.3 billion, representing 54.8 per cent. of the CGNPC Group's total assets. For the year ended 31 December 2016, CGN Power's total revenue, profit before tax and net profit were RMB33.0 billion, RMB9.9 billion and RMB9.2 billion, respectively.

As at 31 December 2016, CGN Power operated and managed the following 19 nuclear power generating units with a total installed capacity of 20,384 MW:

- six of the units located in Shenzhen, Guangdong Province, in which CGN Power has controlling interests which consist of two units in each of its Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station, and Lingdong Nuclear Power Station;

- three units in which CGN Power has a controlling interest located at its Yangjiang Nuclear Power Station in Yangjiang City, Guangdong Province;

- two units in which CGN Power has a controlling interest located at its Fangchenggang Nuclear Power Station in Fangchenggang City, Guangxi Zhuang Autonomous Region;

- four units in Ningde Nuclear Power Station owned by CGN Power's joint venture, Ningde Nuclear, in which CGN Power indirectly holds a 46 per cent. equity interest, in Fuding, Fujian Province; and

- four units in Hongyanhe Nuclear Power Station owned by CGN Power's associate company, Hongyanhe Nuclear, in which CGN Power indirectly holds a 45 per cent. equity interest, in Dalian, Liaoning Province.

As at 31 December 2016, these 19 units accounted for approximately 60.6 per cent. of the total nuclear power generating units in operation in the PRC, making CGN Power number one in China in terms of installed capacity in operation. In 2016, CGN Power has acquired 61.0 per cent. of the total equity interests in Guangxi Fangchenggang Nuclear Power Co., Ltd. (廣西防城港核電有限公司) and 100.0 per cent. of the total equity interests in CGN Lufeng Nuclear Power Co., Ltd. (中廣核陸豐核電有限公司) from the Guarantor at a cash of consideration of RMB8.5 billion. The total installed capacity of CGN Power's nuclear power generating units in operation and those under construction accounted for approximately 60.6 per cent. and 46.4 per cent. of the nuclear power generation market in the PRC, respectively as at 31 December 2016.

CGN Power has world-class operations rooted in advanced technology. For the year ended 31 December 2016, 156 out of 216 of the WANO indicators relating to the CGNPC Group's 18 nuclear power generating units (excluding Fangchenggang Unit 2) ranked in the top quartile (which is considered to be at an "advanced" level) and 138 out of the 216 of the WANO Indicators ranked in the top decile (which is considered to be at an "excellent" level).

Since 1999 and through 31 December 2014, CGN Power's nuclear power generating units at Daya Bay Station and Ling'ao Nuclear Power Station Phase I received a total of 36 first prizes in a number of categories at EDF safety challenge contests, competing with more than 60 similar generating units from countries.

The following table sets forth the nuclear power stations and nuclear power generating units in which CGN Power has equity interests, including those owned by its consolidated subsidiaries, and those owned by Ningde Nuclear, Hongyanhe Nuclear and Taishan Nuclear:

| Entity | Beneficial Ownership by CGN Power (Directly and Indirectly) as at 31 December 2016 | Nuclear Power Generating Unit | Model [1] | FCD | Date of Commencement of Commercial Operation [2] | Total Installed Capacity on Completion (Current or Anticipated) | Status of the Unit as at 31 December 2016 |
|---|---|---|---|---|---|---|---|
| | (per cent.) | | | | | (MW) | |
| **Consolidated Subsidiaries** | | | | | | | |
| Guangdong Nuclear Power Joint Venture Co., Ltd | 75.00 | Daya Bay Unit 1 | M310 | August 1987 | February 1994 | 984 | In Operation |
| | | Daya Bay Unit 2 | M310 | August 1987 | May 1994 | 984 | In Operation |
| Ling'ao Nuclear Power Co. Ltd. | 100.00 | Ling'ao Unit 1 | M310 | May 1997 | May 2002 | 990 | In Operation |
| | | Ling'ao Unit 2 | M310 | November 1997 | January 2003 | 990 | In Operation |
| Lingdong Nuclear Power Co., Ltd. | 93.14 | Lingdong Unit 1 | CPR1000 | December 2005 | September 2010 | 1,087 | In Operation |
| | | Lingdong Unit 2 | CPR1000 | June 2006 | August 2011 | 1,087 | In Operation |
| Yangjiang Nuclear Power Co., Ltd.[3] | 78.20 | Yangjiang Unit 1 | CPR1000 | December 2008 | March 2014 | 1,086 | In Operation |
| | | Yangjiang Unit 2 | CPR1000 | June 2009 | June 2015 | 1,086 | In Operation |
| | | Yangjiang Unit 3 | CPR1000 | November 2010 | December 2015 | 1,086 | In Operation |
| | | Yangjiang Unit 4 | CPR1000 | November 2012 | March 2017 | 1,086 | In Operation |
| | | Yangjiang Unit 5 | ACPR1000 | September 2013 | — | 1,086 | Under Construction |
| | | Yangjiang Unit 6 | ACPR1000 | December 2013 | — | 1,086 | Under Construction |
| Guangxi Power Grid Co., Ltd. | 100.00 | Fangchenggang Unit 1 | CPR1000 | July 2010 | January 2016 | 1,086 | In Operation |
| | | Fangchenggang Unit 2 | CPR1000 | December 2010 | October 2016 | 1,086 | In Operation |
| | | Fangchenggang Unit 3 | HPR1000 | December 2015 | — | 1,180 | Under Construction |
| | | Fangchenggang Unit 4 | HPR1000 | December 2016 | — | 1,180 | Under Construction |
| CGN Lufeng Nuclear Power Co., Ltd. | 100.00 | Lufeng Unit 1 | AP1000 | — | — | 2,500 | To Be Built |
| | | Lufeng Unit 2 | AP1000 | — | — | 2,500 | To Be Built |
| **Joint Venture Company** | | | | | | | |
| Fujian Ningde Nuclear Power Co. Ltd. | 46.00 | Ningde Unit 1 | CPR1000 | February 2008 | April 2013 | 1,089 | In Operation |
| | | Ningde Unit 2 | CPR1000 | November 2008 | May 2014 | 1,089 | In Operation |
| | | Ningde Unit 3 | CPR1000 | January 2010 | June 2015 | 1,089 | In Operation |
| | | Ningde Unit 4 | CPR1000 | September 2010 | July 2016 | 1,089 | In Operation |
| **Associate Company** | | | | | | | |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 45.00 | Hongyanhe Unit 1 | CPR1000 | August 2007 | June 2013 | 1,119 | In Operation |
| | | Hongyanhe Unit 2 | CPR1000 | March 2008 | May 2014 | 1,119 | In Operation |
| | | Hongyanhe Unit 3 | CPR1000 | May 2009 | August 2015 | 1,119 | In Operation |
| | | Hongyanhe Unit 4 | CPR1000 | August 2009 | September 2016 | 1,119 | In Operation |
| | | Hongyanhe Unit 5 | ACPR1000 | March 2015 | — | 1,119 | Under construction |
| | | Hongyanhe Unit 6 | ACPR1000 | July 2015 | — | 1,119 | Under construction |
| **Investment Target and Company to be Acquired** | | | | | | | |
| Taishan Nuclear Power Joint Venture Co., Ltd.[4] | 51.00 | Taishan Unit 1 | EPR | October 2009 | — | 1,750 | Under Construction |
| | | Taishan Unit 2 | EPR | April 2010 | — | 1,750 | Under Construction |

(1) For a description of these technologies, see "— Technology of CGN Power's Nuclear Power Generating Units". CGN Power believes all of its nuclear power generating units in operation or under construction are in compliance with nuclear

safety requirements proposed by the "12th Five-year Plan Program for Nuclear Safety and Radioactivity Pollution Prevention and Long Term Goals for 2020," which was approved by the State Council in October 2012. As all of its nuclear power generating projects in operation or under construction had obtained the relevant governmental approvals prior to the issuance of this proposal, CGN Power believes that none of its nuclear power generating units currently in operation and under construction are subject to the requirement that new projects in the PRC have to adopt the third generation reactors.

(2) All of the nuclear power generating units which CGN Power operates and manages have a 40-year design life.

(3) In November 2016, CGN Power and its subsidiary Guangdong Nuclear Investment Co., Ltd. (廣東核電投資有限公司) entered into a conditional equity transfer agreement with CLP Nuclear Power (Yangjiang) Limited in respect of transferring 17.0 per cent. of the total equity interests in Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司). As at 31 December 2016, the relevant transaction was in process of obtaining approvals from relevant regulatory authorities and not yet completed. After the completion of transfer, Yangjiang Nuclear Power Co., Ltd. will remain to be a subsidiary of CGN Power. For details, see "— Major Disposal"

(4) In April 2015, CGN Power completed the acquisition from the Guarantor of a 12.5 per cent. equity interest in Taishan Nuclear and a 60.0 per cent. equity interest in Taishan Nuclear Power Industry Investment Co., Ltd., which is one of Taishan Nuclear's existing shareholders. As at 31 December 2016, CGN Power beneficially owns a 51.0 per cent. interest of Taishan Nuclear.

### *Details of Existing Nuclear Power Generating Units and Nuclear Power Generating Units CGN Power Intends to Acquire*

*Nuclear Power Generating Units in Operation*

The table below sets forth the gross installed capacity of nuclear power generating units operated and managed by CGN Power as at the dates indicated:

| | As at and for the year ended 31 December | | |
|---|---|---|---|
| | **2014** | **2015** | **2016** |
| | | **(MW)** | |
| **Gross Installed Capacity** | | | |
| From subsidiaries | 7,208 | 8,294 | 11,552 |
| From Ningde Nuclear and Hongyanhe Nuclear[1] | 4,416 | 6,623 | 8,831 |
| **Total** | **11,624** | **14,917** | **20,383** |

*Note:*

(1) As at 31 December 2016, CGP Power held 46.0 per cent. of the equity interest in Ningde Nuclear and 45.0 per cent. of the equity interest in Hongyanhe Nuclear.

For the year ended 31 December 2016, the total annual on-grid power generation was 115,583.6 GWh, representing a year-on-year increase of 30.8 per cent. as compared with that of 2015. The table below sets forth the on-grid power generation of nuclear power generating units operated and managed by CGN Power for the periods indicated:

| | As at and for the year ended 31 December | | |
|---|---|---|---|
| | **2014** | **2015** | **2016** |
| | | **(GWh)** | |
| **Total On-grid Power Generation** | | | |
| From subsidiaries | 52,176.1 | 57,529.9 | 75,556.1 |
| From Ningde Nuclear and Hongyanhe Nuclear* | 21,225.6 | 30,817.0 | 40,027.5 |
| **Total** | **73,401.6** | **88,346.9** | **115,583.6** |

*Note:*

* Since they are not CGN Power's consolidated subsidiaries, their net power generation is not reflected in its revenue.

*Key Information Regarding Nuclear Power Generating Units in Operation*

Daya Bay Nuclear Power Station

Daya Bay Nuclear Power Station is located in Guangdong Province and is one of the three components of CGN Power's Daya Bay Base, which is the largest nuclear power base in terms of installed capacity in China. The first nuclear power generating unit of Daya Bay Nuclear Power Station began commercial operations on 1 February 1994, making CGN Power's Daya Bay Station the earliest nuclear power station to begin commercial operations in the PRC. The station currently has two nuclear power generating units in operation and a total installed capacity of 1,968 MW. Unit 1 at Daya Bay Station has operated safely for 20 years, since it began operations. According to WANO statistics, many of the operational indicators of Daya Bay Nuclear Power Station meet advanced international standards. Daya Bay Nuclear Power Station's nuclear power generating units use M310 technology. As at the date of this Offering Circular, the equipment localisation rate of Daya Bay Nuclear Power Station is approximately 1 per cent.

Ling'ao Nuclear Power Station

Ling'ao Nuclear Power Station is located in Guangdong Province and is one of the three components of CGN Power's Daya Bay Base. The first nuclear power generating unit of CGN Power's Ling'ao Nuclear Power Station began commercial operations on 28 May 2002. The station currently has two nuclear power generating units and a total installed capacity of 1,980 MW. Leveraging CGN Power's experience gained in the construction of the Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station met international standards for nuclear power station operation design and construction with fully localized project management, building installation and construction, commissioning and operations preparation and partially localized design and equipment. Ling'ao Nuclear Power Station's nuclear power generating units use M310 technology. As at the date of this Offering Circular, the equipment localisation rates of Ling'ao Nuclear Power Station Phase I is approximately 30 per cent.

Lingdong Nuclear Power Station

Lingdong Nuclear Power Station is located in Guangdong Province and is one of the three components of CGN Power's Daya Bay Base. The first nuclear power generating unit of CGN Power's Lingdong Nuclear Power Station began commercial operations on 20 September 2010. The station currently has two nuclear power generating units in operation and a total installed capacity of 2,174 MW. Lingdong Nuclear Power Station is a demonstration project for China's domestically developed modified CPR1000 gigawatt-level nuclear power technology, and is also the PRC's first gigawatt-level nuclear power station designed, manufactured, constructed and operated in reliance upon China's domestic service providers and equipment suppliers. Lingdong Nuclear Power Station's nuclear power generating units use CPR1000 technology. As at the date of this Offering Circular, the equipment localisation rate of Lingdong Nuclear Power Station is approximately 60 per cent.

Yangjiang Nuclear Power Station

CGN Power's Yangjiang Nuclear Power Station is located in Yangjiang Municipal in Guangdong Province. The first nuclear power generating unit of CGN Power's Yangjiang Nuclear Power Station began commercial operations on 25 March 2014. As at 31 December 2016, the station had three nuclear power generating units in operation with a total installed capacity of 3,258 MW and three nuclear power generating units that are currently under construction. During the construction of Yangjiang Nuclear Power Station, CGN Power uses the quality control measures from China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司), a wholly owned subsidiary of CGNPC, to encourage domestic equipment manufacturers to contribute to the localization of equipment manufacturing and procurement. Yangjiang Nuclear Power Station's units 1-4 use CPR1000 technology and its units 5 and 6 will employ ACPR1000 technology. As at the date of this Offering Circular, the equipment localisation rate of Yangjiang Nuclear Power Station is approximately 85 per cent.

Fangchenggang Nuclear Power Station

CGN Power's Fangchenggang Nuclear Power Station is located in Fangchenggang City in Guangxi Zhuang Autonomous Region. As at 31 December 2016, the station had two nuclear power generating units in operation with a total installed capacity of 2,172 MW and two nuclear power generating units that are currently under construction with a total expected install capacity of 2,360 MW. Fangchenggang Nuclear Power Station's units 1-2 use CPR1000 technology and its units 3 and 4 use HPR1000 technology. As at the date of this Offering Circular, the equipment localisation rate of Fangchenggang Nuclear Power Station is approximately 80 per cent.

Ningde Nuclear Power Station

CGN Power's Ningde Nuclear Power Station is located in Fuding Municipal in Fujian Province. The first nuclear power generating unit of CGN Power's Ningde Nuclear Power Station began commercial operations on 15 April 2013, making it the first nuclear power station to begin commercial operations in Fujian Province. As at 31 December 2016, the station had four nuclear power generating units in operation with a total installed capacity of 4,356 MW. Ningde Nuclear Power Station's nuclear power generating units in operation and under construction use CPR1000 technology. As at the date of this Offering Circular, the equipment localisation rate of Ningde Nuclear Power Station Phase I is approximately 80 per cent.

Hongyanhe Nuclear Power Station

CGN Power's Hongyanhe Nuclear Power Station is located in Dalian Municipal in Liaoning Province. The first nuclear power generating unit of CGN Power's Hongyanhe Nuclear Power Station began commercial operations on 6 June 2013, making it the first nuclear power station that was built and commenced operations in China. As at 31 December 2016, the station had four nuclear power generating units in operation with a total installed capacity of 4,476 MW and two nuclear power generating units that are currently under construction. Hongyanhe Nuclear Power Station's units 1-4 use CPR1000 technology and its units 5 and 6 will employ ACPR1000 technology. As at the date of this Offering Circular, the equipment localisation rate of Hongyanhe Nuclear Power Station Phase I is approximately 75 per cent.

*Key Information Regarding Nuclear Power Generating Units under Construction and to Be Built*

Taishan Nuclear Power Station

CGN Power's Taishan Nuclear Power Station is located in Taishan City in Guangdong Province. As at 31 December 2016, the station had two nuclear power generating units that are currently under construction with a total expected install capacity of 3,500 MW. Taishan Nuclear Power Station was invested and constructed by a Sino-French joint venture and use EPR technology.

Lufeng Nuclear Power Station

CGN Power's Lufeng Nuclear Power Station is located in Lufeng City in Guangdong Province. It is expected that Lufeng Nuclear Power Station will include two nuclear power generating units with an expected total install capacity of 5,000 MW and use the third generation nuclear power technology of AP1000. As at 31 December 2016, CGN Power was in the process of preliminary preparation for the project.

*Nuclear Power Generating Units under Construction*

CGN Power and the companies in which it owns equity interests have a number of nuclear power stations and units under construction. The following table sets forth the status of these nuclear power generating units that are under construction as at 31 December 2016:

| **Nuclear Power Generating Units** | **Civil Construction Phase(1) Scheduled Duration* of 23 months** | **Equipment Installation(2), with Scheduled Duration* of 26 months** | **Commissioning(3), with Scheduled Duration* of 11 months** | **Expected date of commencement of operation**** |
|---|---|---|---|---|
| ***From Subsidiaries*** | | | | |
| Yangjiang Unit 4(4) | | | √ | Second half of 2017 |
| Yangjiang Unit 5 | √ | | | Second half of 2018 |
| Yangjiang Unit 6 | √ | | | Second half of 2019 |
| Taishan Unit 1 | | | √ | Second half of 2017 |
| Taishan Unit 2 | | √ | | First half of 2018 |
| Fangchenggang Unit 3 | √ | | | 2020 |
| Fangchenggang Unit 4 | √ | | | 2020 |
| ***From Hongyanhe Nuclear*** | | | | |
| Hongyanhe Unit 5 | √ | | | Second half of 2020 |
| Hongyanhe Unit 6 | √ | | | 2021 |

* "scheduled duration" refers to the duration of the given stage under normal circumstances, and may change depending on the different circumstances of the specific projects.

** As the date of commencement of operation may be affected by various factors including, among others, delivery delays, increases in cost of key equipment and materials, delay in obtaining regulatory approvals, licenses or permits, unexpected engineering, environmental or geological problems, change of localization ratio as well as the implementation of additional PRC regulatory and safety requirements for nuclear safety, the actual date of commencement of operation may deviate from such estimates.

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

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

(3) "Commissioning" refers to the process of operating the installed systems and equipment and confirming whether their performance fulfils the requirements of their design and the applicable standards. This stage includes both tests without nuclear reactions and those with nuclear reactions.

(4) Yangjiang Unit 4 commenced into commercial operation in March 2017.

***Technology of CGN Power's Nuclear Power Generating Units***

All of the nuclear power generating units that CGN Power operates and manages use PWR technology. These nuclear power generating units are comprised of three major parts: the nuclear island, which mainly includes the nuclear steam supply system, the conventional island, which mainly includes the steam turbine sets, and the BOP. All the highly radioactive equipment at a nuclear power station is installed in the nuclear island, to limit the outflow of radioactive substances. A nuclear power station is equipped with various safety systems to effectively control the nuclear power station and prevent the spread of radiation.

All of the nuclear power generating units that CGN Power operates and manages use technologies derived from mature French gigawatt-level PWR reactor technology. The following table sets forth the main features of these technologies and CGN Power's respective technical and safety improvements as at 31 December 2016:

| **Type of Technology** | **Main features of Technology** | **Generation of Technology** | **First Time of use** | **CGN Power's Technical and Safety-related Improvements** |
|---|---|---|---|---|
| M310 | • A gigawatt-level PWR technology developed in France, which was improved on the basis of CPY reactor model<br>• Safe and mature technology widely adopted in the United States and French<br>• Among the 58 nuclear power generating units in operation in France, 34 adopt the same M310 model as the units at CNG Power's Daya Bay Nuclear Power Station and Ling'ao Nuclear Power Station | Second | 1984 | • CGN Power made a series of major technical improvements and 16 safety-related improvements in M310 to create the CPR 1000 technology. |

| Type of Technology | Main features of Technology | Generation of Technology | First Time of use | CGN Power's Technical and Safety-related Improvements |
|---|---|---|---|---|
| CPR10090 | • An improved Chinese gigawatt-level PWR technology developed based on the M310 technology<br>• Designed, manufactured, constructed and operated by the CGNPC Group and the CGN Power in a self-reliant manner<br>• Safe and mature technology, and the prevailing nuclear power technology in the PRC<br>• Greater safety and reliability compared to M310 | Second (improved) | 2005 | • CGN Power further enhanced the safety, reliability and cost-effectiveness of the CPR 1000 technology to create the ACPR 1000 technology. |
| ACPR1000 | • Developed based on the CPR1000 technology, a gigawatt-level PWR technology featuring the main safety technical characteristics of the third-generation nuclear power technology that meets the latest post-Fukushima PRC safety regulatory requirements<br>• Designed, manufactured, constructed and operated by the CGNPC Group and the CGN Power in a self-reliant manner<br>• Greater safety and reliability compared to CPR1000 | Second (improved with the principal technological and safety features of the third generation) | 2013 | • CGN Power made 31 technical improvements on CPR1000 to create the ACPR1000 technology. |
| EPR | • A nuclear power technology jointly developed by France and Germany<br>• Larger capacity, greater safety and greater resource efficiency compared to second-generation technologies | Third | 2009 | — |

| Type of Technology | Main features of Technology | Generation of Technology | First Time of use | CGN Power's Technical and Safety-related Improvements |
|---|---|---|---|---|
| Hualong I | • Single stack with dual safety shell<br>• STEP-12 — advanced intellectual components with independent intellectual property rights | Third | — | • CGN Power and CNNC jointly developed and owned Hualong I technology based on years of experience in constructing and operating the nuclear power units. |

Through ongoing technical improvements, CGN Power has been able to:

- extend the length of refuelling cycle and shorten the time required for refuelling and outage repairs. CGN Power has extended the length of refuelling cycle of its nuclear power generating units from approximately 280 days to over 430 days. In addition, CGN Power has extended the outage repair intervals of the two units at its Daya Bay Nuclear Power Station from 12 months to 18 months and is exploring the possibilities of extending the outage repair intervals for the other units;

- improve fuel efficiency and economics by increasing the enrichment ratio of U-235 from 3.20 per cent. to 4.45 per cent.; and

- reduce the discharge of radioactive waste and adverse environmental impact by significantly reducing the activity and concentration levels of radioactive waste discharged.

Through CGN Power's ongoing safety improvements, it has been able to continuously:

- enhance the safety of nuclear reactors by reducing the frequency of damage to reactor core and the frequency of release of radiation;

- increase the safety and reliability of CGN Power's operation of nuclear power generating units. CGN Power has maintained its nuclear safety levels for its nuclear power generating units in operation in line with the international safety standards; and

- improve its emergency response and management capability.

***Procurement of Nuclear Fuel and Related Services***

CGN Power's nuclear power stations use fuel assemblies which are manufactured by assembling fuel rods that contain enriched uranium, which is processed from natural uranium. CGN Power mainly engages CGN Uranium, a majority owned subsidiary of the Guarantor, for the procurement of nuclear fuel and related services. Its cooperation with CGN Uranium started in 2006, and it has since maintained a long-term and stable business relationship.

The importation and trading of natural uranium is strictly regulated in China. There are currently two entities in the PRC that have been awarded operational permits and licenses enabling them to import and trade natural uranium and provide nuclear related services, namely CGN Uranium and China Nuclear Energy Industry Co., Ltd., or CNEIC, a subsidiary of one of CGN Power's major competitors, CNNC. It has been a customary domestic practice that CGN Power procures nuclear fuel and related services from CGN Uranium while the nuclear power stations of CNNC procure such services from CNEIC. Through CGN Uranium, CGN Power procures natural uranium from overseas and the PRC markets, as well as from uranium mines in which CGN Uranium has equity interests. Only a handful of entities of CNNC in the PRC, including CNEIC and CNNC Jianzhong Nuclear Fuel Co., Ltd. ("**CNNC Jianzhong**"), are authorized to provide commercial uranium conversion and enrichment services and fuel assembly processing services. Therefore, CGN Power procures uranium conversion and enrichment services, fuel assembly processing services and other related services primarily through CGN Uranium, who enters into long-term contracts with CNEIC and CNNC Jianzhong on behalf of CGN Power. CGN Power also purchases, through CGN Uranium, natural uranium from CNNC's affiliates.

Under the nuclear fuel procurement and supply services agreements between CGN Power's nuclear power stations and CGN Uranium, each of these nuclear power stations is required to notify CGN Uranium of its power generating plan for the next five years and to update CGN Uranium, on an annual basis, on its power generating plan for the following five-year period. To the extent permissible under the contracts, CGN Power's nuclear power stations may adjust their power generating plans in accordance with the requests of the relevant power grid and as needed to ensure safe operations; CGN Uranium must take all possible measures to ensure the safe and stable supply of nuclear fuel under the revised plan at all times and cooperate with these nuclear power stations to meet their fuel loading needs. The nuclear fuel procurement and supply services agreements between the nuclear power stations that CGN Power operates and manages and CGN Uranium generally have a term of ten years and are renewable by mutual agreement before expiration. On 21 November 2014, CGN Power and CGN Uranium entered into a Nuclear Fuel Supply and Service Framework Agreement. This agreement has a term of ten years starting from 10 December 2014.

For most of CGN Power's nuclear power stations, CGN Uranium has entered into a contract with CNEIC for a term of ten years on behalf of CGN Power to procure uranium conversion, enrichment and transport services. Under the contract terms, CGN Power is required to place each order and provide the required natural uranium with CNEIC two years in advance of the planned fuel assembly shipment date, and CNEIC provides CGN Power with enriched uranium and relevant transport and storage services. As CGN Power's nuclear power stations generally refuel once every 12 to 18 months, CGN Power takes delivery from CNEIC of enriched uranium once or twice each month on average. The contract will be expire in 2020. For Daya Bay Nuclear Power Station and Ling'ao Nuclear Power Station, CGN Power has a long-term contract for uranium conversion and enrichment services directly with CNEIC.

In addition, CGN Uranium has entered into, on behalf of CGN Power, a long-term contract with a term of ten years with CNNC Jianzhong for fuel assembly processing and transport services. Under this contract, CGN Power is required to notify China Jianzhong of its estimated procurement amount 24 months in advance; the purchase price under this contract, which is the best price in the PRC for this period, will remain fixed for the same period with respect to each of CGN Power's nuclear power stations; the purchase price may be adjusted upon negotiation if major changes or adjustments in national policies or domestic and international macroeconomic conditions have significantly affected the market price.

As a result of the long-term supply contracts between CGN Power and its fuel suppliers, CGN Power's nuclear fuel cost was not significantly affected by price fluctuations in the spot market, nor did CGN Power's nuclear fuel cost experience any significant changes in recent years. However, increases or continued fluctuations in uranium supply prices in the international or domestic market for an extended period of time may ultimately affect the supply price under CGN Power's supply contracts with its fuel suppliers, which will in turn affect its cost and results of operations.

***Sales and Distribution***

The nuclear power industry in China is structured such that almost every nuclear power station sells all of the electricity it generates to its respective local power grid company. Accordingly, the nuclear power stations' customers are primarily local power grid companies. CGN Power derives substantially all of its revenue from selling electricity generated by its nuclear power stations to grid companies and a Hong Kong electric power company. CGN Power's electricity sales are conducted according to the power purchase agreements and related grid connection agreements and/or grid connection and dispatch agreements that it has entered into with grid companies. The following table sets forth the on-grid tariffs (including VAT) for the electricity sales of nuclear power generating units in which CGN Power has equity interests:

| | | Year ended 31 December | | |
|---|---|---|---|---|
| **Nuclear Power Generating Units** | **Customer** | **2014** | **2015** | **2016** |
| | | | **(RMW/kWh)** | |
| ***From Subsidiaries*** | | | | |
| Daya Bay Unit 1 . . . . . . . . . . . | Guangdong Power Grid Co., Ltd. | 0.42 | 0.42 | 0.42 |
| Daya Bay Unit 2 . . . . . . . . . . . | Guangdong Power Grid Co., Ltd. | 0.42 | 0.42 | 0.42 |
| Ling'ao Unit 1 . . . . . . . . . . . . | Guangdong Power Grid Co., Ltd. | 0.429 | 0.429 | 0.429 |
| Ling'ao Unit 2 . . . . . . . . . . . . | Guangdong Power Grid Co., Ltd. | 0.429 | 0.429 | 0.429 |
| Lingdong Unit 1 . . . . . . . . . . . | Guangdong Power Grid Co., Ltd. | 0.43 | 0.43 | 0.43 |
| Lingdong Unit 2.. . . . . . . . . . . | Guangdong Power Grid Co., Ltd. | 0.43 | 0.43 | 0.43 |
| Yangjiang Unit 1 . . . . . . . . . . . | Guangdong Power Grid Co., Ltd. | 0.43 | 0.43 | 0.43 |
| Yangjiang Unit 2 . . . . . . . . . . . | Guangdong Power Grid Co., Ltd. | — | 0.43 | 0.43 |
| Yangjiang Unit 3 . . . . . . . . . . . | Guangdong Power Grid Co., Ltd. | — | — | 0.43 |
| Fangchenggang Unit 1 . . . . . . . | Guangxi Power Grid Co., Ltd. | - | - | 0.414 |
| Fangchenggang Unit 2 . . . . . . . | Guangxi Power Grid Co., Ltd. | - | - | 0.414 |
| ***From Ningde Nuclear*** | | | | |
| Ningde Unit 1(1) . . . . . . . . . . . | Fujian Power Grid Co., Ltd. | 0.43 | 0.43 | 0.43 |
| Ningde Unit 2(1) . . . . . . . . . . . | Fujian Power Grid Co., Ltd. | 0.43 | 0.43 | 0.43 |
| Ningde Unit 3(1) . . . . . . . . . . . | Fujian Power Grid Co., Ltd. | — | 0.43 | 0.43 |
| Ningde Unit 4(1) . . . . . . . . . . . | Fujian Power Grid Co., Ltd. | — | — | 0.43 |
| ***From Hongyanhe Nuclear*** | | | | |
| Hongyanhe Unit 1(1) . . . . . . . . | Liaoning Power Grid Co., Ltd. | 0.4142 | 0.4142 | 0.4142 |
| Hongyanhe Unit 2(1) . . . . . . . . | Liaoning Power Grid Co., Ltd. | 0.4142 | 0.4142 | 0.4142 |
| Hongyanhe Unit 3(1) . . . . . . . . | Liaoning Power Grid Co., Ltd. | — | 0.4142 | 0.4142 |
| Hongyanhe Unit 4(1) . . . . . . . . | Liaoning Power Grid Co., Ltd. | — | — | 0.4142 |

*Note:*

(1) Revenue from these units are not accounted for as CGN Power's revenue as they are not consolidated subsidiaries of CGN Power.

The tariff plans of the third generation nuclear power are determined by relevant departments of the PRC. As there is no generating unit adopting the third generation technology in the PRC that has commenced commercial operation, the tariffs for the third generation nuclear power has not been determined and CGN Power will continue to monitor the tariff formulation process of the third generation nuclear power generating units. The determination of tariffs for the third generation nuclear power is closely relating to the national nuclear power development in the future. CGN Power believes that the relevant departments of the PRC will consider factors from all parties to determine a reasonable price level.

### *On-Grid Tariffs*

The on-grid tariffs of CGN Power's nuclear power stations are approved or fixed by the relevant pricing authorities in the PRC based on various factors. As such, CGN Power's business depends on the PRC pricing policy for nuclear power.

With respect to nuclear power stations that began operations before 2013, the Chinese national pricing policy was to set the on-grid tariff separately for each nuclear power station and allow for a reasonable margin, determined by taking into account the costs related to the nuclear power stations, including those related to construction and operation. The prices determined under this policy continue to be applicable to nuclear power stations that began operations before 2013. On 15 June 2013, the NDRC issued the Circular on Relevant Issues Concerning Improving On-Grid Tariff Mechanism for Nuclear Power (關於完善核電上網電價機制問題的通知) (the "**Pricing Notice**"). The Pricing Notice sets out a national nuclear power benchmark on-grid tariff for nuclear power generating units commencing operations after 1 January 2013 of RMB0.43 per kWh. In areas where this national nuclear benchmark on-grid tariff is higher than the local benchmark on-grid tariff for the coal-fired generating units (including the extra cost for desulfurization and denitration), newly-built nuclear power stations' on-grid tariffs will be the same as the local benchmark on-grid tariff for the coal-fired generating units. In areas where the national nuclear benchmark on-grid tariff is lower than the local benchmark on-grid tariff for the coal-fired generating units, the nuclear power generating units that satisfy the following conditions may be entitled to on-grid tariffs that are adjusted upward on the basis of the national nuclear power benchmark on-grid tariff upon approval by the relevant governmental authorities: the first group of nuclear power generating units or demonstration projects using technology improvements or upgrades, innovation or domestically manufactured key equipment.

**Nuclear Safety**

***Nuclear Safety Management Systems***

In order to strengthen nuclear safety and learn from cutting-edge international experiences and combine them with the CGNPC Group's practical experience, the Guarantor has created comprehensive nuclear safety management systems, including:

*Nuclear Safety Requirements.* The CGNPC Group's nuclear power stations follow a uniform safety management system in strict compliance with nuclear safety laws and regulations in the PRC with reference to international industry best practice, and the Guarantor applies nuclear safety requirements to each of its operating activities. There are specific safety requirements with respect to each of the CGNPC Group's operating activities, and these activities are classified according to their importance to nuclear safety, potential risks, complexity, hazards in case of malfunction and consequences of failure, in order to implement corresponding measures for management and supervision. The Guarantor has developed a system of nuclear safety indicators, such as the surrounding area's environmental radioactivity, and constantly track and monitor the nuclear safety level of the CGNPC Group's operating activities. It tracks and monitors environmental radioactivity data collected by its monitoring stations from the surrounding areas of the CGNPC Group's nuclear power stations to identify areas which might need improvement and to continuously improve its nuclear safety standards. It regularly reviews the standards for nuclear safety requirements to identify possible changes in nuclear safety requirements with a view to enhancing the CGNPC Group's nuclear safety level on a regular basis.

*Nuclear safety culture for all employees*: The CGNPC Group created and sustained a comprehensive nuclear safety culture that emphasised the attention that each employee in observing safety precautions. In order to develop a culture focused on safety precaution, the general manager and department heads of each nuclear power station give lectures on major and representative incidents in the nuclear power industry in the PRC or abroad, hold safety and quality assurance meetings, conduct regular site inspection and promote the adoption of safety culture assessment indices. All employees are required to participate in these initiatives and strictly observe relevant procedures.

*Comprehensive Independent Safety Supervision System.* The Guarantor has established a comprehensive independent safety supervision system with three levels to ensure strict implementation of the above nuclear safety requirements:

- The first level is the on-site safety supervision team with nuclear power plant safety engineers as at the core to ensure the effectiveness of daily production activities of the nuclear power stations in term of safety;

- The second level is the safety management body with the basic functions of managing the safety quality of nuclear power stations, ensuring and supervising the effectiveness of the safety management system at the organizational level; and

- The third level is the Independent Nuclear Safety Supervision and Evaluation Center targeting at multi-site stations, which carries out independent safety supervision and evaluation on the effectiveness of safety management standards of all nuclear power basis. The independent evaluation conducted by the Independent Nuclear Safety Supervision and Evaluation Center, which covers a total of eight areas including nuclear safety management, operation, maintenance technical support, radiation protection, fire protection, chemistry and environment as well as building management.

*Experience feedback system:* The Guarantor has established a system, supported by a transparency measurement system, which encourages reports of nuclear incidents both to the management team and the supervisory team. The Guarantor centrally manages all feedback on operation incidents, analyse the reasons for each incident and deviation, take corresponding remedial measures and consolidate and promote best practices across its nuclear power stations.

*Emergency Preparedness System.* The Guarantor has implemented emergency preparedness systems in all of its nuclear power stations to ensure rapid response to accidents. This emergency preparedness system focuses primarily on nuclear safety. It ensures that the Guarantor always has personnel on-call who is able to respond to emergencies and ensure that response systems are implemented as promptly as possible. It makes efforts to ensure that its personnel responsible for emergency response is adequately trained. Among other mechanisms for ensuring emergency preparedness, the Guarantor conducts a variety of emergency response exercises. It strives to ensure that nuclear power stations are operated in strict accordance with the commitments in the final safety analysis reports (FSAR) and other mandatory requirements, and that nuclear safety is maintained at the designed standard and can be further upgraded when necessary.

*Top-Down Safety Culture.* The Guarantor initiates various efforts aimed at ensuring that the importance of safety is strongly enshrined in its culture. The Guarantor fulfils safety management responsibilities through leader demonstration, strengthen safety barriers and implement procedural requirements through penetration of core members, participation of all employees ad regulate personal safety behaviours through the respect of nuclear safety.

***Nuclear Safety Performance Systems***

The Guarantor has formulated rigorous safety performance systems to ensure the strict implementation and the effectiveness of all the above safety measures:

(i) the Guarantor requires each of its employees to sign a letter of commitment regarding safety performance;

(ii) it has established systematic training methods to ensure that each employee understands and strictly complies with all operational requirements and remains vigilant at all times; and

(iii) it records and reports incidents that are not in line with safety standards. Incidents classified as "LOE incidents" must be reported to the NNSA and can be classified from level 0 to level 7 (on the internationally-used INES scale) based on severity.

**CGN Uranium**

CGN Uranium was established in August 2006 and is a subsidiary ultimately wholly-owned by the Guarantor. It is one of the only two enterprises in the PRC that has been granted the chartered right of importing and exporting nuclear fuel by the State Council. It currently owns the controlling interest in CGN Mining Company Limited, which is listed on the SEHK with the stock of 1164.HK.

As the fuel supply general contractor of the CGNPC Group, CGN Uranium is responsible for nuclear fuel purchase and supply services for all nuclear power plants of the CGNPC Group. See "— CGN Power — Procurement of Nuclear Fuel and Related Services".

**CNPEC**

CNPEC was established in February 2004 and is a subsidiary ultimately wholly-owned by the Guarantor. CNPEC is the first company specialising in professional nuclear engineering management in the PRC. Its businesses include contracting, construction, management, consultation and supervision of industrial and civil projects including nuclear power, conventional power, heating supply, gas, harbour, highway, hydraulic, feedwater and water discharge projects; engineering technology services and economic information consultation; project bidding agency; import and export of products and technology; and procurement and sales of electric equipment and material.

As at 31 December 2016, CNPEC has the following qualifications:

- Design (Power generation Class A, Nuclear Class A, Architecture Class B)
- Engineering Consultation (Nuclear power, Thermal power, Architecture Class A)
- Project Supervision (Class A)
- Project Bidding (Class A)
- Equipment Supervision (Class A)
- Special Equipment (Pressure Vessel) Design
- International Bidding Entity for Electromechanical Products (Class B)
- ISO9001:2000 Quality Management Certification
- ISO14001 Environmental Management Certification
- OHSAS18001 Occupational Health and Safety Management Certification
- Shenzhen High-Technology Enterprise Certification

CNPEC participated in the construction of GNPS and LNPS Phase I. With its experience in the construction of nuclear power projects in the PRC, CNPEC is qualified and capable of undertaking construction of large-scale nuclear projects in the PRC and overseas. In line with the PRC government's active development of nuclear power, CNPEC has undertaken multiple projects on multiple bases, including the construction of LNPS Phase II, LHNPS Phase I, FNNPS Phase I, YJNPS, TNPS Phase I and GFNPS Phase I.

As at 31 December 2016, CNPEC's total assets were RMB24.2 billion, representing 4.7 per cent. of the CGNPC Group's total assets. For the year ended 31 December 2016, CNPEC's total operating revenue, operating profit and net profit were RMB14.4 billion, RMB0.9 billion and RMB0.9 billion, respectively.

**CGN Wind Energy**

CGN Wind Energy was established in February 2007 and is a wholly-owned subsidiary of the Guarantor. Its major businesses include investment, construction, operation and maintenance of wind farms.

Since its inception, CGN Wind Energy has established six regional branch offices in Inner Mongolia, northern China, northeast China, northwest China, eastern China and southern China. It actively carries out wind farm development and construction in the Inner Mongolia Autonomous Region, Jilin Province, Hebei Province, Guangdong Province, Heilongjiang Province, Xinjiang Autonomous Region, Fujian Province, Hainan Province, Jiangsu Province, Zhejiang Province and Liaoning Province. As at 31 December 2016, CGN Wind Energy had total installed capacity in operation of 10.2 GW. For the year ended 31 December 2016, CGN Wind Energy's total on-grid power was 16.6 TWh.

CGN Wind Energy achieved "The Four Firsts" in the PRC wind industry: (i) it won the bid for the first wind power concession project in the PRC, the Inner Mongolia Ximeng Huitengliang Wind Farm Project, with capacity of 300 MW; (ii) it participated in the construction of the first 1.0 GW-capacity class wind farm project in the PRC, the Zhangjiakou Wind Farm Project; (iii) it participated in the construction of the first 10.0 GW-capacity class wind farm project in the PRC, the Jiuquan Wind Farm Project; and (iv) it participated in the construction of the first large-scale offshore wind farm project in the PRC, the Shanghai Donghaidaqiao Offshore Wind Farm Project, with capacity of 100 MW.

As at 31 December 2016, CGN Wind Energy's total assets were RMB68.6 billion, representing 13.2 per cent. of the CGNPC Group's total assets. For the year ended 31 December 2016, CGN Wind Energy's total revenue, profit before tax and net profit were RMB7.1 billion, RMB2.0 billion and RMB1.9 billion, respectively.

**CGN New Energy**

CGN New Energy is positioned as a global investment and financing platform of the CGN Group for the development and operation of non-nuclear clean and renewable power generation projects. As at 31 December 2016, its portfolio of assets comprises wind, solar, gas-fired, coal-fired, oil-fired, hydro, cogen and fuel cell projects as well as one steam project which are mainly operating in the PRC and Korean power markets with wide geographical coverage and diversified business scope. As at 31 December 2016, the attributable installed capacity and consolidated installed capacity of CGN New Energy and its subsidiaries' power generation projects were 4,984.6 MW and 4,212.6 MW, respectively. In terms of location, the attributable installed capacity of the power projects in operation in the PRC and Korea accounted for 59.0 per cent. and 41.0 per cent. of the attributable install capacity of CGN New Energy and its subsidiaries, respectively. In terms of fuel type, the attributable installed capacity of the clean and renewable energy projects (including wind, solar, gas-fired, hydro and fuel cell projects) and the conventional energy projects (including coal-fired, oil-fired and cogen projects) accounted for 64.5 per cent. and 35.5 per cent. of the attributable install capacity of CGN New Energy and its subsidiaries, respectively.

For the year ended 31 December 2016, the net electricity generated from CGN New Energy's consolidated power generation projects was 11,836.7 GWh, representing an increase of 14.1 per cent. compared with the net electricity of 10,375.5 GWh for the year ended 31 December 2015. For the year ended 31 December 2016, the total steam amount sold by CGN New Energy was 2,989,000 tons, representing an increase of 8.6 per cent. of the total sold steam amount for the year ended 31 December 2015.

2In addition, CGN New Energy has, since August 2014, provided management services for several oversea power projects. As at 31 December 2016, it was engaged in managing 13 gas and coal-fired power plants and seawater desalination plants in Malaysia, Bangladesh and other countries with a total capacity of 6,619 MW. It allows CGN New Energy to keep track of the overseas power market and expand its overseas power business.

***CGN New Energy's Power Projects in Operation***

Through CGN New Energy's wholly-owned offshore holding companies, CGN New Energy has formed companies or entered into joint ventures to develop, construct, own and operate each of its power projects. The following table sets forth CGN New Energy's projects in commercial operation as at 31 December 2016:

| Name (Acquisition) Development date) | Location | COD(1) | CGN New Energy's Ownership Interest(2) | Gross Installed Capacity | Attributable Installed Capacity |
|---|---|---|---|---|---|
| | | | (per cent) | (MW) | (MW) |
| **Gas-fired** | | | | | |
| Yulchon I (Dec. 2002)(3) | Korea | Simple cycle operations: July 2004 combined cycle operation: July 2005 Fuel cell: Aug 2009 and Dec. 2011 | 100.0 | 587.8(4) | 587.8(4) |
| Yulchon II | Korea | Simple cycle operation: July 2013 Combined cycle operations: April 2014 | 100.0 | 946.3 | 946.3 |
| Yulchon Fuel Cell (Phase III) | Korea | 2016 | 100.0 | 5.0 | 5.0 |
| Hanneng (Jan. 2005) | PRC | Oct. 1997 Power Company(湖北省電力公司) (“**HEPC**”)(6) | 60.0 | 176.5 | 105.9 |
| Weigang (Sep. 1998) | PRC | June 2000 | 65.0 | 50.0 | 32.5 |
| **Coal-fired** | | | | | |
| Puguang (Apr. 2010) | PRC | June 1999 | 59.5 | 250.0 | 148.8 |
| Huangshi I (Sep. 2000) | PRC | Dec 2004 | 49.0 | 760.0 | 372.4 |
| Huangshi II | PRC | April 2014 | 49.0 | 1,360.0 | 666.4 |
| **Oil-fired** | Korea | Mar. 1998 | 100.0 | 507.0 | 507.0 |
| Daesan I (Aug. 2009) | | | | | |

| Name (Acquisition) Development date) | Location | COD[1] | CGN New Energy's Ownership Interest[2] | Gross Installed Capacity | Attributable Installed Capacity |
|---|---|---|---|---|---|
| | | | (per cent) | (MW) | (MW) |
| **Hydro** | | | | | |
| Zuojiang (Oct. 1998) | PRC | Jan. 2000 | 60.0 | 72.0 | 43.2 |
| Fushi I (Sep. 1999) | PRC | June 2001 | 70.0 | 54.0 | 37.8 |
| Mianyang (Oct. 2002) | PRC | Aug. 2004 | 75.0 | 51.0 | 38.3 |
| Fushi II | PRC | 2015 | 100.0 | 18.0 | 18.0 |
| **Cogen** | | | | | |
| Nantong (Aug. 1998) | PRC | Phase I June 2000; Phase IIA Jan. 2005; Phase IIB May 2007 | 100.0 | 48.0 | 48.0 |
| Hai'an (Dec. 2002) | PRC | Aug. 2005 | 100.0 | 27.0 | 27.0 |
| **Wind** | | | | | |
| Liuyuan | PRC | 2010 | 60.0 | 49.5 | 29.7 |
| Taipingshan I | PRC | Mar. 2010 | 100.0 | 49.3 | 49.3 |
| Tangwangshan I | PRC | Sep. 2010 | 100.0 | 20.4 | 20.4 |
| Liuwangzhuang | PRC | Feb. 2011 | 100.0 | 38.3 | 38.3 |
| Minqin I | PRC | Mar. 2012 | 100.0 | 49.5 | 49.5 |
| Shagou I | PRC | Jun. 2012 | 100.0 | 49.5 | 49.5 |
| Tuci | PRC | Feb. 2013 | 100.0 | 30.0 | 30.0 |
| Minqin II | PRC | Nov. 2013 | 100.0 | 49.5 | 49.5 |
| Liuqu Longgang | PRC | Feb. 2014 | 100.0 | 48.0 | 48.0 |
| Tangwanshan II | PRC | Feb. 2014 | 100.0 | 49.5 | 49.5 |
| Daliangdong | PRC | Mar. 2014 | 100.0 | 47.5 | 47.5 |
| Zhushan | PRC | Mar. 2014 | 100.0 | 45.0 | 45.0 |
| Ninghai Yishi | PRC | Jan. 2015 | 100.0 | 48.0 | 48.0 |
| Beiba | PRC | Apr. 2015 | 100.0 | 199.5 | 199.5 |
| Hongshagang | PRC | Apr. 2015 | 100.0 | 400.0 | 400.0 |
| Daliangbei | PRC | Jun. 2016 | 100.0 | 47.5 | 47.5 |

| Name (Acquisition) Development date) | Location | COD[(1)] | CGN New Energy's Ownership Interest[(2)] | Gross Installed Capacity | Attributable Installed Capacity |
|---|---|---|---|---|---|
| | | | (per cent) | (MW) | (MW) |
| **Solar** | | | | | |
| Xitieshan I | PRC | Dec. 2010 | 100.0 | 10.0 | 10.0 |
| Xitieshan II | PRC | Oct. 2011 | 100.0 | 30.0 | 30.0 |
| Xitieshan III | PRC | Oct. 2011 | 100.0 | 60.0 | 60.0 |
| Dunhuang I | PRC | Sep. 2012 | 100.0 | 9.0 | 9.0 |
| Dunhuang II | PRC | Sep. 2012 | 100.0 | 9.0 | 9.0 |
| Jinta | PRC | Sep. 2012 | 100.0 | 9.0 | 9.0 |
| Wulan | PRC | Apr. 2013 | 100.0 | 30.0 | 30.0 |
| Airport I | PRC | Jun. 2013 | 100.0 | 9.9 | 9.9 |
| Jiaxing | PRC | Aug. 2014 | 100.0 | 10.6 | 10.6 |
| Airport II | PRC | Mar. 2015 | 100.0 | 4.5 | 4.5 |
| Laoling Tieying | PRC | 2016 | 100.0 | 15.0 | 15.0 |
| Shangyang | PRC | Feb. 2016 | 100.0 | 2.0 | 2.0 |
| **Steam** | | | | | |
| Jinqiao (Jul. 1995) | PRC | June 2008 | 60.0 | N/A | N/A |
| Total | | | | 6,332.6 | 4,984.6 |

*Notes:*

(1) COD represents the commercial operation date of the last unit in operation for that phase of the project. In cases where CGN New Energy acquired interests in existing projects, the COD may not coincide with the date of acquisition of the project.

(2) CGN New Energy classifies its subsidiaries as entities in which CGN New Energy has a 50.0 per cent. or more ownership stake and associates as entities in which it has less than a 50.0 per cent. ownership stake.

(3) Burns diesel fuel oil as a back-up fuel.

(4) Includes attributable installed capacity of the 4.8 MW Yulchon I Fuel Cell Project and 5.6 Yulchon II Fuel Cell Project.

(5) Hexie Power Project ceased power generation in May 2014 and CGN New Energy has commenced winding down the project.

(6) A subsidiary of State Grid Corporation of China.

(7) A subsidiary of China Southern Power Grid Company Limited.

For the year ended 31 December 2016, the revenue and operating profit of CGN New Energy were US$1,074.4 million (equivalent to RMB7,413.4 million) and US$177.4 million (equivalent to RMB1,224.1 million), respectively. The following table sets forth CGN New Energy's revenue, operating profit and other financial items breakdown by fuel type for the year ended 31 December 2015 and 2016, respectively:

| | For the year ended 31 December 2016 | | | | |
|---|---|---|---|---|---|
| | **Revenue** | **Operating Expenses** | **Operating Profit** | **Profit for the Year** | **Profit Attributable to the Owner of The Company** |
| | **(US$ in millions)** | **(US$ in millions)** | **(US$ in millions)** | **(US$ in millions)** | **(US$ in millions)** |
| Gas-fired projects | 660.4 | 607.6 | 52.8 | 45.8 | 43.5 |
| Coal-fired, cogen and steam projects | 173.2 | 136.8 | 36.4 | 48.3 | 39.6 |
| Oil-fired project | 28.1 | 14.4 | 13.7 | 7.7 | 7.7 |
| Hydro projects | 36.7 | 19.5 | 17.2 | 12.6 | 12.1 |
| Wind projects | 113.9 | 66.7 | 47.2 | 12.7 | 12.7 |
| Solar projects | 36.0 | 19.9 | 16.1 | 8.5 | 8.5 |
| Corporate | 26.1 | 32.1 | (6.0) | (44.6) | (44.6) |
| **Total:** | 1,074.4 | 897.0 | 177.4 | 91.0 | 79.5 |

| | For the year ended 31 December 2015 | | | | |
|---|---|---|---|---|---|
| | **Revenue** | **Operating Expenses** | **Operating Profit** | **Profit for the Year** | **Profit Attributable to the Owner of The Company** |
| | **(US$ in millions)** | **(US$ in millions)** | **(US$ in millions)** | **(US$ in millions)** | **(US$ in millions)** |
| Gas-fired projects | 826.2 | 748.7 | 77.5 | 40.3 | 34.9 |
| Coal-fired, cogen and steam projects | 188.4 | 138.3 | 50.1 | 97.6 | 85.8 |
| Oil-fired project | 28.5 | 17.6 | 10.9 | 4.7 | 4.7 |
| Hydro projects | 38.8 | 20.7 | 18.1 | 14.6 | 13.3 |
| Wind projects | 35.0 | 24.0 | 11.0 | 1.0 | 1.0 |
| Solar projects | 14.5 | 7.4 | 7.1 | 3.3 | 3.3 |
| Corporate | 20.5 | 36.3 | (15.8) | (39.1) | (39.1) |
| **Total:** | 1,151.9 | 993.0 | 158.9 | 122.4 | 103.9 |

As at 31 December 2016, the attributable installed capacity of CGN New Energy and its subsidiaries' power plants was 4,984.6 MW. In terms of fuel type, the attributable installed capacity of the clean and renewable energy projects (including wind, solar, gas-fired, hydro and fuel cell projects) and the conventional energy projects (including coal-fired, oil-fired and cogen projects) accounted for 64.5 per cent. and 35.5 per cent. of the attributable install capacity of CGN New Energy and its subsidiaries, respectively. The following table sets forth CGN New Energy's attributable install capacity breakdown by fuel type as at 31 December 2015 and 2016:

| | As at 31 December | | | As a percentage of total energy portfolio as at 31 December |
|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2016** |
| | | **(MW)** | | **(per cent.)** |
| **Clean and renewable energy portfolio** | | | | |
| Wind | — | 1,201 | 1,201 | 24.1 |
| Gas-fired[1] | 1,771 | 1,776 | 1,678 | 33.7 |
| Solar | — | 181 | 199 | 4.0 |
| Hydro | 119 | 137 | 137 | 2.7 |
| Subtotal | 1,890 | 3,295 | 3,215 | 64.5 |
| **Conventional energy portfolio** | | | | |
| Coal-fired and cogen | 1,263 | 1,263 | 1,263 | 25.3 |
| Oil-fired | 507 | 507 | 507 | 10.2 |
| Subtotal | 1,770 | 1,770 | 1,770 | 35.5 |
| **Total attributable installed capacity** | 3,660 | 5,065 | 4,985 | 100.0 |

***Power Project Pipeline of CGN New Energy***

CGN New Energy's asset acquisition policy is generally structured with the intention to maximize shareholder value by focusing on acquisitions that have a record of positive growth and cash flow and will complement CGN New Energy's existing asset portfolio. In support of this strategy, CGN New Energy intends to acquire non-nuclear clean and renewable power projects from the Guarantor with an aggregate installed capacity of 3.0 GW to 5.0 GW in several batches between 2015 and 2018.

When implementing CGN New Energy's plan to acquire non-nuclear clean and renewable power projects from the Guarantor with an aggregate installed capacity of 3.0 GW to 5.0 GW in several batches in the next four years, CGN New Energy intends to select projects from the Guarantor that meet CGN New Energy's investment criteria and CGN New Energy may acquire a combination of project development rights, projects under construction or operational projects from the Guarantor. Specifically, CGN New Energy's asset acquisition policy requires a target equity internal rate of return of no less than 10 per cent. for both overseas projects and PRC projects. CGN New Energy intends to undertake the first batch of acquisition before the end of 2015 and other batches from 2015 to 2018, subject to compliance with applicable regulatory requirements.

As CGN New Energy plans to achieve the above expansion in installed capacity within four years, CGN New Energy would exercise its acquisition rights to acquire projects from the Guarantor in several batches and accordingly CGN New Energy will incur costs for such acquisitions during this period. The unit capital expenditure for wind, solar and hydro projects are approximately RMB7,500 (equivalent to approximately US$1,220) to RMB10,000 (equivalent to approximately US$1,630) per kW. The actual total acquisition costs to be incurred by CGN New Energy would ultimately depend on the mix of power projects that CGN New Energy acquires from the Guarantor to achieve the expansion in the aggregate installed capacity of 3.0 GW to 5.0 GW, the negotiations between the Guarantor and CGN New Energy on the terms for each acquisition which will be conducted on an arm's length basis, and compliance with applicable regulatory requirements including the requirements of SASAC on disposal of state-owned assets. On 17 June 2015, CGN New Energy Investment (Shenzhen) Company Limited, a wholly-owned subsidiary of CGN New Energy established under the laws of the PRC entered into a framework agreement with CGN Solar Energy and CGN Wind Energy ("**Framework Agreement**"). Pursuant to the Framework Agreement, CGN New Energy Investment (Shenzhen) Company Limited agreed to purchase the interests in wind, solar and hydro projects at an aggregate consideration of RMB3,965.5 million (equivalent to approximately US$640.2 million). The acquisition was completed on 1 September 2015.

In addition to CGN New Energy's strategy of selectively exercising acquisition rights to acquire the equity interests in all of the Guarantor's controlled non-nuclear clean and renewable power projects, CGN New Energy is also in the preliminary stage of the proposed acquisition of a third party owned pipeline project. Below is a summary of the status of CGN New Energy's current proposed acquisition pipeline project, which is subject to change or be eliminated at CGN New Energy's management's discretion.

CGN New Energy purchased seven parcels of land adjacent to Daesan I Power Project on which CGN New Energy intends to develop Daesan II Power Project. CGN New Energy is currently in preliminary stages of the development of the proposed Daesan II Power Project. It is expected to begin construction in 2018 and commence into operation in 2020.

***Non-competition Deed with the Guarantor***

On 15 September 2014, the Guarantor entered into a non-competition deed with CGN New Energy as required by the Hong Kong Stock Exchange in relation to CGN New Energy's initial public offering and listing. Pursuant to the non-competition deed, the Guarantor has granted CGN New Energy a right, which is exercisable during the term of the deed, to acquire any of the CGNPC Group's interest in certain of its non-nuclear power generation businesses. CGN New Energy could exercise such right to acquire any part of the CGNPC Group's non-nuclear power generation businesses specified in the deed from the Guarantor at any time whether or not the Guarantor intends to dispose of its interest in such business. As at 31 December 2014, these non-nuclear power projects, which are being held by the Guarantor through its subsidiaries, included:

- 64 wind power projects in operation, with a consolidated installed capacity of approximately 4.92 GW;
- 13 hydro power projects in operation, with a consolidated installed capacity of approximately 1.30 GW;
- 15 solar power projects in operation, with a consolidated installed capacity of approximately 0.52 GW;
- one cogen power project in operation, with an installed capacity of approximately 0.03 GW[(1)];
- 23 wind power projects under construction or expansion, with a consolidated capacity under construction or expansion of approximately 1.53 GW;
- three hydro power projects under construction or expansion, with a consolidated capacity under construction or expansion of approximately 0.21 GW; and
- five solar power projects under construction or expansion, with a consolidated capacity under construction or expansion of approximately 0.08 GW.

(1) The CGNPC Group owns a cogen power project located in Jiangsu Province, the PRC, but, as of 30 April 2014, such power project has ceased operation and the CGNPC Group intended to dispose of its interest in such project.

In 2015, CGN New Energy completed the acquisition of the first batch of wind power and solar power assets, including 13 wind power project companies and six solar power project companies with a total operational installed capacity of approximately 1,380 MW. For the year ended 31 December 2016, the net electricity generated of CGN New Energy and its subsidiaries' consolidated power generation projects amounted to 11,836.7 GWh, representing a growth of 14.1 per cent. as compared to the net electricity generated for the year ended 31 December 2015. The acquisition of assets from the CGN Group not only introduced high quality wind power and solar power assets to CGN New Energy's portfolio, which updated its assets quality and profitability, but also consolidated its position in the Chinese renewable energy market and laid a foundation for its development of clean energy.

CGN New Energy's exercise of its right to acquire any of the specified non-nuclear power generation businesses is subject to compliance by CGN New Energy and the CGNPC Group of all applicable laws (particularly those in the PRC) as well as the applicable requirements of the listing rules of the Hong Kong Stock Exchange. The terms and conditions of specific acquisitions of projects are not fixed in the non-competition deed and will vary depending on the performance of CGNPC Group's projects and the projects selected for acquisition. See "Power Project Pipeline of CGN New Energy".

***CGN New Energy's Power Projects under Management***

As at 31 December 2016, CGN New Energy provided management services to more than 200 power generation projects in which CGN Solar Energy, CGN Wind Energy, CGN Energy, CGNPC Huamei, Edra Power and other members of CGNPC Group had interests.

***Operation and Management Services Framework Agreements***

On 15 September 2014, CGN New Energy began providing management services for the power projects owned by the Disposal Group (through Huamei Holding), in addition to certain other projects owned by CGN Energy. The terms of CGN New Energy's management services arrangements are governed by the Operation and Management Services Framework Agreements and individual operation and management services agreements which CGN New Energy has entered into with counterparties in relation to individual projects. The operation and management services arrangements provide for management fees to be paid to CGN New Energy in exchange for these management services. The management fees are determined on a "cost-plus" basis meaning that CGN New Energy's expenses incurred relating to the power projects for which CGN New Energy provides management services will be offset entirely by the management fee.

***Offtake Arrangements***

There are three types of offtake arrangements under which CGN New Energy operates: (i) minimum take; (ii) capacity charge; and (iii) annual allocation. Each of these arrangements is generally agreed upon through PPAs negotiated between the power project company and the respective electricity offtaker. As at 31 December 2016, CGN New Energy entered into minimum take offtake arrangements, capacity charge offtake arrangements and annual allocation offtake arrangements with respect to approximately 40.8 per cent., 43.2 per cent. and 16.0 per cent., respectively of CGN New Energy's attributable installed capacity.

*Minimum take arrangement.* A minimum take arrangement provides that offtakers purchase at least a defined minimum volume of electricity generated from a power project in a given period.

*Capacity charge arrangement.* A capacity charge arrangement, in addition to the payment received for electricity dispatched, provides for defined payments based on the capacity available for dispatch of the power project regardless of its actual generation or dispatch. As such, capacity charge arrangements determine the capacity charge component of the tariff based on various factors including construction cost. For instance, the capacity charge component of the tariff set in CGN New Energy's long-term PPA for Yulchon I Power Project was set in 1995 and is adjusted regularly to reflect changes in the Korean producer price index, corporate tax rates and significant changes in the cost of financing. Some of CGN New Energy's power projects earn a portion of their revenue through capacity charges.

*Annual allocation arrangements.* Under annual allocation arrangements, output volume is agreed upon each year with the local provincial power grid companies. Output volume and other terms of these arrangements are based on factors such as the regulatory requirements in place, prevailing market demand, the demand forecast for the year, the dispatch plan, historical dispatch volume and expected weather conditions.

For CGN New Energy's PPAs in the PRC that are subject to annual allocation arrangements, the tariffs for the sale of electricity are reviewed and determined by the relevant authorities from time to time.

***PPAs***

The average remaining years on CGN New Energy's long-term PPAs, weighted by attributable installed capacity, of more than seven years, which CGN New Energy believes provides better long-term visibility to the potential revenue stream from CGN New Energy's projects.

CGN New Energy's PPAs are generally structured with minimum take, capacity charge or annual allocation arrangements. There are certain terms that are standard in all of CGN New Energy's PPAs, but other terms that vary, such as those related to tariffs. For further details, see "— CGN New Energy's Power Projects in Operation".

CGN New Energy's PPAs set out certain minimum obligations, such as availability factor and net generation, which CGN New Energy is required to meet in order to comply with the terms of the PPA. While external factors can affect availability and net generation, CGN New Energy has complied with the terms of all of its PPAs during the three years ended 31 December 2014 and for the period up to the date of this Offering Circular. CGN New Energy mitigates potential non-performance by considering suitable commercial terms for each customer and considering legal action in the event of a potential customer default. Termination provisions in CGN New Energy's PPAs include the ability of its counterparties to terminate the PPA if CGN New Energy fails to provide electricity for a specified number of consecutive days ranging from 30 days to more than one year for reasons attributable to CGN New Energy.

In Korea, very few power projects, such as Yulchon I Power Project, have PPAs set up with grid companies, which were typically given in the past. Currently, the Korean power market is determined principally based on the "cost-based pool" where dispatch order is made based on cost. All centrally dispatched power plants in Korea, including Yulchon II Power Project and Daesan I Power Project, must adhere to the "cost-based pool" concept in accordance with the Power Market Operation Rules.

***Dispatch Priority and Planned Output***

Dispatch priority refers to an offtaker purchasing electricity generated by one power project before that of another. In the PRC, government regulations dictate that dispatch priority for a power project is determined based on the technology employed and type of fuel used, with priority given to clean and/or renewable energies, such as hydro projects, and cogen power projects, if the cogen power projects meet certain heat to power ratio requirements. As a result, CGN New Energy's hydro and cogen power projects in the PRC benefit from the dispatch priority system. The dispatch priority system applies to electricity generated after all electricity guaranteed for dispatch through minimum take clauses is purchased. For CGN New Energy's projects without long term PPAs, dispatch priority is applicable to all electricity dispatched.

Specifically, in the PRC, the dispatch priority of power generation units is determined in the following sequence pursuant to regulations issued in 1993 and a provisional State Council measure issued in 2007: (i) non-adjustable power generation units utilizing renewable sources; (ii) adjustable power generation units utilizing renewable sources; (iii) nuclear power generation units; (iv) cogen units that meet certain heat to power ratio requirements; (v) gas-fired power generation units; (vi) coal-fired power generation units, including cogen units (other than those included in (iv) above); and (vii) oil-fired power generation units. Dispatch centres of power grid companies determine the amount of electricity to be produced by each power project to ensure an energy efficient and reliable power supply system. The dispatch centres must dispatch electricity in accordance with electricity consumption schedules that are based on expected demand, weather and other factors. Among the factors that are considered in determining planned output, the dispatch centres would seek to promote the environmentally friendly and energy efficient use of resources and technologies to generate electricity in accordance with dispatch priority policies and give preferential dispatch, for example, to renewable energy projects, cogen projects and power projects that have FGD technology as well as deNOx technology (equipment and technology used to reduce nitrogen dioxide pollution). Annual planned output guidelines (in terms of utilization hours) for each power project are determined by the respective provincial development and reform commissions and economic and trade commissions which then inform the NDRC national power supply plan.

Dispatch priority for CGN New Energy's three power projects in Korea, Yulchon I, Yulchon II and Daesan I Power Projects, is based on the KPX's merit order mechanism which assigns higher dispatch priority to power projects with lower fuel costs and more efficient operations. While the dispatch priority for CGN New Energy's power projects is not guaranteed to be higher than that of other power generators, a portion of CGN New Energy's revenue for all of its Korean power projects is based on capacity charge arrangements, which are paid regardless of dispatch or net generation and are calculated based on the capacity that has been made available for dispatch.

***Tariffs***

CGN New Energy's revenue and profit from electricity and steam sales are directly affected by the tariff rates. In the PRC, CGN New Energy is required to sell its electricity to grid companies at the tariff rates determined by the relevant pricing authorities. In Korea, tariffs for Yulchon I Power Project, Yulchon II Power Project and Daesan I Power Project, in addition to payments received for electricity dispatched, include a capacity charge component which is supplemented by further charges. For instance, Yulchon I Power Project tariff also includes an energy charge and a three-tiered start-up charge. Tariffs for Yulchon II Power Project and Daesan I Power Project include a system marginal price as the primary component, especially for Yulchon II Power Project.

Furthermore, the KPX implemented a settlement price capping scheme, which started on 1 March 2013 for a two year period, in which an amount of the system marginal price for a power plant determined for the purpose of calculating the tariff for each hour is capped at the higher of the amount of unit variable cost of a designated standard power plant in Korea (as at 22 February 2013, the New Incheon Combined Cycle Gas Turbine was designated as the standard power plant) or the generation unit cost of such power plant for that hour.

The settlement price capping scheme did not have significant impact on the CGNPC Group during the three years ended 31 December 2014 and for the period up to the date of this Offering Circular. Due to the nature of the technology and the relative price of oil and gas, Daesan I Power Project, an oil fired power plant, has a higher unit variable cost as compared to that of the designated standard power plant, which is gas fired, and as a result, the system marginal price for Daesan I Power Project was equal to its unit generation cost after the implementation of the settlement price capping scheme.

In addition, the tariff of Yulchon I Power Project is governed by defined terms of its PPA, and is not affected by the system marginal price nor the settlement price capping scheme. CGN New Energy's Yulchon II Power Project commenced simple cycle operation in June 2013 and combined cycle operation in April 2014. As Yulchon II Power Project under simple cycle operation was less efficient and had higher unit variable costs as compared to the designated standard power plant, which is combined cycle, the system marginal price for Yulchon II Power Project was equal to its unit generation cost after the implementation of the settlement price capping scheme.

***Fuel Supply***

The operating expenses of CGN New Energy's non-renewable power projects mainly consist of fuel supply costs, primarily gas, coal and oil. All of CGN New Energy's gas-fired and oil-fired power projects depend on single-source contracts for gas and oil, respectively, which are delivered to the power projects by suppliers. However, in the event of power shortage, the local government generally allocates gas usage according to its needs, and should there be the need for gas-fired generation, the government would generally allocate gas fuel for the plant. Since mid-2013, CGN New Energy's coal-fired power projects have solely sourced coal through the open market at prevailing market rates though prior to this time, CGN New Energy obtained some of its coal supply through medium- to long-term supply agreements as well.

Certain of CGN New Energy's projects do not have signed agreements in place to supply fuel. For example, the Hanneng Power Project currently operates in accordance with the terms of a fuel supply agreement that expired in 2009, and in regards to fuel supply uncertainty, the parties to the agreement adhere to the terms of expired contract and no disputes have arisen since 2009.

The extent to which CGN New Energy's profit is ultimately affected by the cost of fuel depends on its ability to pass through fuel costs to offtakers, which is in turn determined by government-set tariffs. In the PRC, regulations govern CGN New Energy's ability to pass through increases in fuel costs. In Korea, in relation to Yulchon I Power Project, CGN New Energy is able to pass through its exposure to fuel price fluctuations through fuel cost pass-through provisions in CGN New Energy's tariff formula, while CGN New Energy may not be able to fully pass through fuel price fluctuations at the Yulchon II and Daesan Power Projects due to the system marginal price structure.

**CGN Capital Holdings Co., Ltd.**

CGN Capital Holdings Co., Ltd. (中廣核資本控股有限責任公司) was established in February 2015, and is a subsidiary wholly-owned by the Guarantor. CGN Capital Holdings Co., Ltd.'s scope of business includes:

- conducting innovative financial services investment in insurance, trust management, fund management, banking, securities and internet finance areas;
- providing internal financial services for other members of the CGNPC Group by facilitating their financing activities, which is operated by the Guarantor's financial leasing company and finance company;
- asset management, consisting of non-performing assets disposal, investment management and equity management.

**CGN Finance Co., Ltd.**

CGN Finance Co., Ltd. (中廣核財務有限責任公司) ("**CGN Finance**") was established in July 1997 and is a subsidiary ultimately wholly-owned by the Guarantor. CGN Finance's scope of business includes:

- provision of finance and financing advisory, credit authentication and related consultancy and agency services for other members of the CGNPC Group;
- assisting other members of the CGNPC Group in collection and payment of transaction funds;

- provision of insurance as an approved insurance agency business;
- provision of guarantees for other members of the CGNPC Group;
- provision of bill exchange and discount services for other members of the CGNPC Group;
- provision of internal transfer and settlement services for other members of the CGNPC Group and the corresponding design of settlement plans;
- receiving deposits from other members of the CGNPC Group;
- lending and financial leasing for other members of the CGNPC Group;
- facilitating intragroup lending;
- underwriting corporate bonds of other members of the CGNPC Group;
- making equity investments in financial institutions; and
- investing in negotiable securities other than secondary market for stocks.

**RESEARCH**

The CGNPC Group believes that its strong operating performance is primarily attributable to its cutting-edge research and development capabilities, and its leading research and development capabilities also provide it with a competitive advantage in nuclear technology over other players in the market. The CGNPC Group has followed the principle of "Introduction, Digestion, Assimilation and Innovation" in improving its research and development capabilities.

*Introduction:* At the early stage of development, the CGNPC Group leveraged advanced technology of other countries and adopted the mature M310 reactor technology, a gigawatt-level PWR technology developed in France, to develop Daya Bay Nuclear Power Station.

*Digestion:* Between 1994 and 2009, the CGNPC Group implemented a series of technology improvement on the basis of the original M310 reactor technology during the course of developing its Ling'ao Nuclear Power Station, Hongyanhe Nuclear Power Station Phase 1, Ningde Nuclear Power Station Phase 1 and Yangjiang Nuclear Power Station.

*Assimilation:* By the end of 2012, the CGNPC Group had participated in the formulation of many technical standards in the nuclear power industry, including PWR nuclear power plant CI, BOP standard system, and developed CPR1000 series technical standards and regulations, the third-generation nuclear power technology AP1000 and the newly designed ACPR 1000 models. With respect to the two nuclear power generating units under construction at Taishan Nuclear Power Station, the CGNPC Group has adopted third-generation EPR technology developed by France and Germany.

*Innovation:* In 2013, the CGNPC Group jointly developed Hualong I, a third-generation nuclear power technology with CNNC, which is one of the first proprietary nuclear power technologies of the PRC. Since then, the CGNPC Group has also focused on the research and design of small modular reactors and developed ACPR1000 and ACPR505. In 2014, the Research Centre for Unapproachable Equipment in the Containment Building of Nuclear Power Stations, the first national energy research and development centre developed by the CGNPC Group officially passed the examination and was accepted by National Energy Administration of the PRC. The CGNPC Group believes that its cutting-edge R&D will help the CGNPC Group develop new business opportunities and maintain its competitiveness.

## AWARDS AND RECOGNITION

- The general manager of DNMC, Lu Changshen, was awarded the "Nuclear Excellence Award" in the WANO Eleventh Biennial Conference in 2011.

- The general manager of the Guarantor, Zhang Shanming, was awarded the "Nuclear Excellence Award" at the WANO Twelfth Biennial Conference in 2013.

- GNPS was ranked first in terms of its capability factor in the "2014 Électricité de France Safety Challenge Competition".

- GNPS was ranked first in terms of its capability factor in the "2013 Électricité de France Safety Challenge Competition".

- GNPS was ranked first in two key areas in the "2012 Électricité de France Safety Challenge Competition".

- GNPS was ranked first in two key areas in the "2011 Électricité de France Safety Challenge Competition".

### PRC Awards

- In 2016, CGN New Energy awarded the "Most Promising Listed Company" in the "2016 China Financial Market Listed Companies Awards".

- In 2016, CGN New Energy and its subsidiaries won the "Outstanding Listed Company" award in the 14th China's Financial Annual Champion Awards organized by hexun.com.

- In 2014, the CGNPC Group and DNMC were awarded "the 16th PRC Patents Gold Award".

- In 2014, the DNMC was awarded first place in the "Nationwide Enterprise Management Innovation Achievement Award".

- In 2013, the CGNPC Group was awarded the "2013 Innovative Report Award for Outstanding Enterprise Social Responsibility Report".

- In 2013, the DNMC was awarded the first place in the "PRC Highest Management Level Award".

- In 2013, the CGNPC Group was awarded the SASAC's "Outstanding Results Enterprise Award" and "Outstanding Energy-saving and Pollution Reduction Enterprise Award".

- In 2013, the CGNPC Group's training plan of nuclear power operation personnel was awarded the second place in the "Nationwide Enterprise Management Innovative Achievement Award".

- Five projects of CNPEC were awarded the "2012 China Electric Power Construction Science and Technology Achievement Award".

- The CGNPC Group was rated Class A in the 2011 annual performance evaluation of state owned enterprises released by SASAC. This was the third time the CGNPC Group was rated as Class A in the past four years.

- The chairman of the Guarantor, He Yu, won the "2011-2012 Annual National Outstanding Entrepreneur Award".

- The CGNPC Group was awarded first place in the "2011 Southern Low-carbon Annual Benchmark Enterprise Award".

- CNPEC was awarded the "Power Industry First AAA Credit Rating Enterprise" certificate in 2011 and 2008.

- CNPEC's ten projects were awarded the "2011 China Nuclear Power Industry Technology Award".

- CNPEC's three projects were awarded the "2011 National Electric Technology Award".

- China Techenergy Co., Ltd ("China Techenergy")'s project was awarded third place in the "2011 China Nuclear Energy Industry Association of Science and Technology Award".

- In 2011, the Guarantor's Technology Research Institute Technology Centre was awarded the "2006-2010 Informationisation Achievement Award" in the PRC electricity power industry.

- CGN Nuclear Power Design Co., Ltd and CNPEC were ranked 15th and 39th, respectively, in 2011 Engineering News Record Ranking.

- In 2010, the CGNPC Group's Nuclear Power Enterprise Information Security System Construction was awarded the "17th National Enterprise Management Modernisation Innovation Achievement Award".

- China Techenergy's two projects were selected in the "2010 National Torch Plan" and the "National Key New Product Plan", respectively.

- China Techenergy's two projects were awarded second place and third place, respectively, in the "2010 China Nuclear Industry Association Science Technology Award".

- China Techenergy's two projects were awarded second place and third place, respectively, in the "2010 National Energy Technology Progress Award".

- CNPEC's two projects were awarded the "2010 National Science and Technology Progress Award".

- CNPEC's five projects were awarded the "2010 China Nuclear Power Industry Association Science and Technology Award".

- CNPEC's two projects were awarded the "2010 National Energy Science and Technology Progress Award".

- The Guarantor's member companies (including CNPEC, Suzhou Nuclear Power Research Institute (蘇州熱工研究院有限公司), and China Techenergy) won twelve awards for science and technology at the 2013 annual China Nuclear Energy Association.

- CNPEC's two projects won the first prize at the 2013 Power Development QC Company Group Research Publication and Review Meeting. Nine other projects won the second prize, while several others won the third prize.

## SAFETY MANAGEMENT SYSTEM

By importing and implementing the world's advanced safety management experience, the CGNPC Group has established and applied the following safety management systems and standards to all of its nuclear power stations.

- *Defense-in-depth nuclear safety management system:* The CGNPC Group follows the principles of defense-in-depth and multiple redundancies in nuclear power station design, equipment layout, safety measures, equipment measurement, management systems and employee performance.

- *Nuclear safety culture for all employees:* The CGNPC Group has established a comprehensive nuclear safety culture that emphasizes the attention that each employee in observing safety precautions. In order to develop a culture focused on safety precaution, the general manager and department heads of each nuclear power station lecture on major and representative incidents in the nuclear power industry in the PRC or abroad, hold safety and quality assurance meetings, conduct regular site inspection and promote the adoption of safety culture assessment indices. All employees are required to participate in these initiatives and strictly observe relevant procedures.

- *Independent safety supervision system:* The CGNPC Group has a nuclear safety supervision and assessment department at the corporate headquarters supervising and assessing the safety of all of its nuclear power stations. The CGNPC Group has an Independent Nuclear Safety Supervision and Evaluation Centre, which reports directly to the president of the Guarantor, and is separate and independent from its operational teams. The CGNPC Group has set up systems at each nuclear power station to promote nuclear safety, quality control and occupational safety. In 2016, CGN Power established the Nuclear Safety Committee for consideration and decision-making of significant matters of nuclear safety among various nuclear power plants to enhance the overall standard of nuclear safety.

- *Experience feedback system:* The CGNPC Group has established a system, supported by a transparency measurement index system, which encourages reports of nuclear incidents both to the management team and the supervisory team. The CGNPC Group centrally manages all feedback on operation incidents, analyse the reasons for each incident and deviation, take corresponding remedial measures and consolidate and promote best practices across its nuclear power stations.

- *Nuclear emergency response and management system:* The CGNPC Group has a full-coverage emergency management system focusing on nuclear emergency response, a multi-layered emergency defense mechanism and professional emergency response facilities and support team. It also conducts regular emergency drills.

**MAJOR DISPOSAL**

In March 2016, the board of directors of CGN Power approved the transfer of a real property located in Nigang Road (泥崗路) from Guangdong Nuclear Power Joint Venture Co., Ltd., a non-wholly owned subsidiary of CGN Power, to China General Nuclear Power Services Corporation (中廣核服務集團有限公司), a wholly-owned subsidiary of the Guarantor for a consideration of approximately RMB116.6 million (the "**Transfer**"). As at 31 December 2016, the Transfer was completed.

In September 2016, the board of directors of CGN Power approved the public tender in relation to the transfer of 17.0 per cent. of the total equity interests in Yangjiang Nuclear Power Co., Ltd. and the tender was obtained by CLP Nuclear Power (Yangjiang) Limited for a transfer price of RMB5.0 million. In November 2016, CGN Power and its subsidiary Guangdong Nuclear Investment Co., Ltd. entered into a conditional equity transfer agreement with CLP Nuclear Power (Yangjiang) Limited in respect of transferring 17.0 per cent. of the equity interests in Yangjiang Nuclear Power Co., Ltd. Pursuant to the agreement, it shall not take into effect unless the key conditions set forth below are satisfied:

(1) relevant approvals from regulatory authorities have been obtained;

(2) approvals from certain lenders of Yangjiang Nuclear Power Co., Ltd. have been obtained; and

(3) approvals from all shareholders of Yangjiang Nuclear Power Co., Ltd. have been obtained.

As at 31 December 2016, the equity transfer Agreement did not take into effect and the transfer of equity interest has not been completed. After the completion of transfer, Yangjiang Nuclear Power Co., Ltd. will remain to be a subsidiary of CGN Power.

## ENVIRONMENTAL PROTECTION

The Guarantor endeavours to protect the environment and strive to conduct its business in full compliance with applicable environmental laws and regulations. The operations of the CGNPC Group are subject to environmental laws and regulations in relation to (among others) the discharge of gaseous, liquid and solid waste, including radioactive waste. The Guarantor strives to comply with applicable environmental regulations in the PRC and other countries where it operates its power station projects.

Nuclear power generating units operated by the CGNPC Group has successfully obtained the ISO 14000 Environmental Management System certification. The nuclear power stations that it operates strictly follow relevant laws and regulations in disposing of the radioactive waste that they produce. In addition, the quantities and radiation of the waste water, waste gas and other solid pollutants discharged during the CGNPC Group's business operations are at levels permitted by relevant laws and regulations. The Guarantor prepares environmental impact assessment reports for all nuclear power projects it operates and start construction of the related projects only after receiving approval from the relevant authorities. The CGNPC Group will publish an environmental impact assessment report in connection with the Euro Bonds on its own website on an annual basis, which shall disclose the amount of the energy conserved, carbon emissions reduction, noxious gas reduction, emission of greenhouse gases in Eligible Green Projects, water conserved and waste disposal reduction.

Environmental management in all of the Issuer Group's project companies, with the exception Huangshi I and Huangshi II Power Projects, under operational control (both of which are currently being renewed), met the relevant international standards and have been accredited with ISO14001 (environmental management system) certification.

## HEALTH AND SAFETY COMPLIANCE

The Guarantor is implementing EHS policies and various procedures to control health and safety risks in the CGNPC Group. The Guarantor has the necessary structure in the CGNPC Group and in each project company to oversee health and safety management and have materially complied with all laws and regulations on workplace safety which are applicable to it.

Generally, project companies are required to approach management of safety and health using a structured management system comprising, among other things, a system for continually identifying legal and other requirements, a planned and documented approach to safety and health; and the monitoring of safety and health management issues, auditing of performance and review of the policies and objectives. All project companies within the CGN New Energy group, with the exception of Huangshi I and Huangshi II Power Projects, under the operational control of the Guarantor (both of which are currently being renewed), have been implementing OHSAS 18000 standards (safety management system) and/or NOSA (National Occupational Safety Association) system since 2008.

The CGNPC Group has not suffered any material occupational health hazards nor has it paid for any material claims for personal or property damage or compensation for the three years ended 31 December 2016.

## INSURANCE

As at 31 December 2016, the CGNPC Group's power plants and projects maintained insurance coverage at a level that the Guarantor believes to be consistent with market practice in the PRC power generation industry. The CGNPC Group obtains insurance coverage by inviting various PRC insurance companies to bid for its business on a plant by plant basis or, in certain cases, on a region basis and chooses insurers based on their bids and their respective track records.

Consistent with what the Guarantor believes to be market practise in the PRC, most of its power plants and projects do not carry business interruption insurance to cover lost profit caused by business interruption. The Guarantor believes that the insurance coverage of its power plants and projects is adequate. See "Risk Factors — Other Risks Relating to the CGNPC Group's Business in General — The CGNPC Group may not have adequate insurance to cover all potential liabilities or losses" in this Offering Circular for a discussion of the risks associated with the CGNPC Group's insurance coverage.

## SOCIAL RESPONSIBILITY AND PUBLIC RELATIONS

The CGNPC Group strives to promote the development of society and community and become a leading corporate citizen with social responsibility and leadership. Its nuclear power enterprises have consistently endeavoured to maintain a transparent public communication mechanism and welcomed society's supervision. The CGNPC Group provides the public with regular and timely updates on the safety of its operations and maintain regular communication and active disclosure. To perform its social responsibility and promote the understanding of the sustainable development, the CGNPC Group publishes social responsibility reports on its own website on an annual basis since 2013. According to the 2016 Environmental, Social and Governance Report published by CGN Power in April 2017, it has been undertaking the responsibility of popularising nuclear power knowledge by introducing nuclear power popularisation courses to schools, organising summer camps, attending nuclear industry fairs and opening nuclear popularisation showrooms. In order to promote nuclear science awareness and improve the public's scientific literacy, the CGNPC Group organises exhibitions, publishes science brochures and prepares science educational materials. The CGNPC Group also implements a set of comprehensive conservation policies to ensure the biological diversity in the vicinity of its power generation projects and encourages its suppliers to comply with the environmental protection regulations, reduce carbon emission and waste disposal and increase their recycling rates.

The CGNPC Group also leverages new media and technologies to strengthen communication with the public through various channels and respond to public concerns. The nuclear power stations that the CGNPC Group operate and manage made regular disclosures of indicators related to matters including radiation safety, environmental impact and control of radioactive materials on its website, making disclosures in the areas of production, emergency response and management. Moreover, the CGNPC Group uses the Weibo and WeChat platforms, both of which are popular social networks in China, to promote knowledge about nuclear safety. The CGNPC Group makes important contributions to environmental sustainability and protection. The CGNPC Group participated in the CDM program under the United Nation's initiative to reduce greenhouse gas and emission. For the year ended 31 December 2016, the CGNPC Group's operations had effectively reduced approximately 90 million tons of carbon dioxide emissions in the international markets.

The CGNPC Group supports public welfare projects and strives to contribute to society. The CGNPC Group has made charitable donations, provided employment opportunities and employment training, subsidised education and develop medical infrastructure in remote areas in China. Over the years, the CGNPC has made donations in an amount of over RMB70 million relating to the earthquakes in Sichuan and Yushu and other natural disasters in China.

## EMPLOYEES

The CGNPC Group is focused on attracting, training and retaining competent management and technical personnel. As at 31 December 2016, the CGNPC Group had 37,857 employees. The CGNPC Group reviews and updates its human resources recruitment plan on a regular basis in accordance with its business development strategy.

The CGNPC Group promotes internally and/or recruits its managerial personnel from the open market. The CGNPC Group puts great emphasis on training provided to all new employees as well as continuing training to existing employees to enhance their technical and industry knowledge, work place safety standards as well as knowledge of the CGNPC Group's corporate standards and culture. As at 31 December 2016, CGN Power has internally set up four colleges, namely College of Nuclear Power Operations, College of Nuclear Power Engineering, College of Nuclear Technology and College of Management, for the purpose of personnel training on its employees.

With reference to the man-power allocation of operators in the nuclear power stations, the number of CGN Power's operators holding valid licenses can satisfy approximately 40 nuclear power generating units for their operation at the same time. As at 31 December 2016, CGN Power and its subsidiaries had 592 reactor operator holding valid licenses and 410 senior reactor operators. For the year ended 31 December 2016, 83 and 102 licenses for operators and senior operators, respectively, were obtained by the employees of CGN Power.

The CGNPC Group determines remuneration payable to its employees based on their respective performance, working experience, duties and the prevailing market rates. As required by applicable laws and regulations, the CGNPC Group participates in various retirement plans administered by municipal and provincial governments for its employees, including contributions to social insurance and housing fund in the PRC.

The CGNPC Group's employees have a labour union to represent them with respect to labour disputes and other employee matters. The labour union does not represent employees for the purpose of collective bargaining and the CGNPC Group's employees are not covered by any collective bargaining agreement. The CGNPC Group maintains a good working relationship with its employees and has not experienced any labour disputes that could cause material adverse effect to the operation and performance of the CGNPC Group.

## LEGAL PROCEEDINGS

Members of the CGNPC Group may from time to time become involved in disputes in the ordinary course of business with its suppliers, contractors, agencies and other third parties. As at the date of this Offering Circular, neither the Guarantor, the Issuer nor their respective subsidiaries are involved in any material litigation or arbitration proceedings and the Guarantor and the Issuer are not aware of any such litigation or proceedings pending or threatened against it or any of their respective subsidiaries which are material in the context of the offering of the Bonds.

## MANAGEMENT OF THE GUARANTOR

The members of the Guarantor's management are responsible and have general powers for the management and conduct of its businesses. The business address of the management is 33th Floor, CGN Tower South Building, 2002 Shennan Blvd., Shenzhen, PRC. The members of the Guarantor's senior management as at the date of this Offering Circular are as follows:

| Name | Position |
| --- | --- |
| He Yu | Chairman and Secretary of the Communist Party of China ("**CPC**") General Branch |
| Zhang Shanming | Director, General Manager and Deputy Secretary of the CPC General Branch |
| Tang Jun | External Director |
| Wang Qingtang | External Director |
| Shi Chengliang | External Director |
| Gao Mingxiang | External Director |
| Sha Ming | External Director |
| Shu Guogang | Employee Director and Deputy General Manager |
| Wang Hongxin | Part-time Supervisor |
| Cai Zihua | Part-time Supervisor |
| Tan Jiansheng | Deputy General Manager and member of the CPC General Branch |
| Shi Bing | Deputy General Manager and member of CPC General Branch |
| Gao Ligang | Member of the CPC General Branch |
| Li Yourong | Head of Disciplinary Inspection Commission and member of the CPC General Branch |
| Pang Songtao | Deputy General Manager |
| Wu Junfeng | Chief Financial Officer |

### SENIOR MANAGEMENT OF THE GUARANTOR

#### He Yu

Mr. He, aged 60, has been the chairman and the secretary of the CPC General Branch of the Guarantor since April 2010. Mr. He joined the Guarantor in 1986 and has 31 years of working experience in the nuclear power industry. Mr. He served as execution vice section chief and section chief of production department, production department manager and senior vice president of GNPJVC, and senior vice president and president of the Guarantor. Mr. He holds a doctoral degree and is entitled to the special allowance of the State Council.

#### Zhang Shanming

Mr. Zhang, aged 53, has been a director, general manager and deputy secretary of the CPC General Branch of the Guarantor since August 2010, March 2014 and March 2014, respectively. Mr. Zhang joined the Guarantor in 1984 and has 33 years of working experience in the nuclear power industry. He was accredited as a senior engineer (research level) in 2001. He has served as safety and licence section chief of production department, as well as deputy manager and manager of the production department of GNPJVC. Mr. Zhang has also served as the chief economist and a senior vice president of the Guarantor. Mr. Zhang holds a doctoral degree and is entitled to the special allowance of the State Council.

**Tang Jun**

Mr. Tang, aged 52, has been an external director since July 2017. He currently also serves as director, general manager and member of CPC General Branch of Guangdong Hengjian Investment Holdings Co., Ltd. (廣東恒健投資控股有限公司). He served as deputy head of the capital operation department of Guangdong Province Guangye Assets Management Co., Ltd. (廣東省廣業資產經營有限公司), the deputy general manager and the deputy secretary of the CPC General Branch of South United Assets & Equity Exchange Co., Ltd. (南方聯合產權交易中心有限責任公司). He holds a master's degree and he is an accredited engineer.

**Wang Qingtang**

Mr. Wang, aged 69, has been the external director of the Guarantor since March 2014. He has served as officer and secretary of the CPC Party Branch of Majianao iron ore, head and secretary of CPC Party Branch of Majianao iron ore mining district, deputy director of Wuji iron and steel plant, mine chief Fushan iron ore mine, secretary of the CPC Committee, deputy director and director of Handan Metallurgical Mining Management Bureau. He has also served as vice president of China Minmetals Corporation. Mr. Wang holds a bachelor's degree.

**Shi Chengliang**

Mr. Shi, aged 69, has been the external director of the Guarantor since March 2014. He has served as director of office of Qinghai Electric Power Bureau, director and secretary of the CPC Committee of Longyangxia hydropower plant, inspector of the Disciplinary Inspection Group and deputy director of supervision bureau of the Central Commission in the Ministry of Electronic Power Industry, deputy team head of the Disciplinary Inspection Group and director of supervision bureau of the Central Commission in the State Power Corporation, head of power construction department of State Power Corporation, preparatory group member, deputy general manager and member of the CPC General Branch of State Power Investment Corporation. Mr. Shi holds a bachelor's degree.

**Gao Mingxiang**

Mr. Gao, aged 65, has been the external director of the Guarantor since March 2014. He has served as deputy head, head and deputy director of audit bureau of Chian National Nuclear Corporation, assistant to the head and member of the CPC General Branch of Sichuan Nuclear Industry Bureau, deputy chief accountant, head of finance department, deputy general manager, chief accountant and member of CPC General Branch of China Nuclear E&C Group. Mr. Gao holds a bachelor's degree.

**Sha Ming**

Mr. Sha, aged 61, has been the external director of the Guarantor since November 2015. He currently also serves as general manager and director of Beijing Xinxing International Group. He has served as technician, section head, department head, deputy director and director of the Quartermaster Research Institute of the General Logistics Department of the People's Liberation Army, deputy general manager of Beijing Xingli Property Development CO., Ltd., chief of 3501 Factory, assistant to the general manager and deputy general manager of Beijing Xinxing Pipe Group Co., Ltd, Mr. Sha holds a bachelor's degree.

**Shu Guogang**

Mr. Shu, aged 54, has been the employee director of the Guarantor since June 2016 and the deputy general manager since June 2017. He has been the materials research centre director, assistant to director and deputy director of the Thermal Power Research Institute of the Ministry of Electric Power Industry, director of Suzhou Nuclear Power Research Centre, general manager and secretary of the CPC Committee of Suzhou Thermal Power Research Institute Co., Ltd., general manager of China

Nuclear Power Technology Research Institute Co., Ltd., deputy general manager, general manager and secretary of the CPC Committee of China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) ("**CNPEC**"), deputy direct of CGN Power Co., Ltd. and assistant to the general manager of the Guarantor. Mr. Shu holds a doctorate degree and he is a senior engineer at research level.

**Wang Hongxin**

Mr. Wang, aged 54, has been the part-time supervisor of the Guarantor since January 2015. He has served as a lecturer in thermal power and environmental engineering department in Tianjian Institute of Urban Construction, senior engineer of information section of production department of GNPJVC, deputy research officer in document and information section of technology department of DNMC, deputy head of the compliance management office of audit department, head of the office of discipline inspection of party-masses department and director of party-masses department of China Guangdong Nuclear Power Group, director of legal department, assistant to general manager and deputy general manager and deputy director of supervision department of the Guarantor. Mr. Wang holds a master's degree.

**Cai Zihua**

Mr. Cai, aged 52, has been the part-time supervisor of the Guarantor since January 2015. He has served as senior audit officer of Guangdong Nuclear Power Group, manager of the finance department of CGN Datang Real Estate Co., Ltd., chief financial officer of Shanghai Guangdong Nuclear Investment Corporation and Shanghai Shengtang Properties Limited, manager of the finance department of Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司) and Taishan Nuclear Power Joint Venture Co., Ltd., chief accountant of Taishan Nuclear Power Joint Venture Co., Ltd. and chief accountant of CNPEC. Mr. Cai holds a bachelor's degree.

**Tan Jiansheng**

Mr. Tan, aged 58, has been a deputy general manager and member of the CPC General Branch of the Guarantor since September 2000 and March 2001, respectively. Mr. Tan joined the Guarantor in 2000, and has 17 years of working experience in the nuclear power industry. He served as investment section chief, and general manager of the international business department of China Construction Bank Guangdong Branch. Mr. Tan was also a board member and the general manager of Well Kent International Holdings Co., Ltd., the Hong Kong branch of China Credit Asset Management Co., Ltd., a subsidiary of China Construction Bank. Mr. Tan holds a master's degree.

**Shi Bing**

Mr. Shi, aged 50, has been a deputy general manager of the Guarantor since January 2009. He has also been a member of the CPC General Branch of the Guarantor since January 2010. Mr. Shi joined the Guarantor in 1996, and has 21 years of working experience in the nuclear power industry. Mr. Shi has over 20 years of working experience in finance. He has taught at the tax school of Jiangsu Yangzhou University, and has served as management accounting manager of the finance department and deputy manager of the audit department of the Guarantor, senior vice president and chief accountant of CNPEC, deputy chief accountant and president of the finance department of the Guarantor. Mr. Shi holds a master's degree and is entitled to the special allowance of the State Council.

**Gao Ligang**

Mr. Gao, aged 52, has been a member of the CPC General Branch of the Guarantor since April 2012. Mr. Gao joined the Guarantor in 1988, and has 29 years of working experience in the nuclear power industry. He was accredited as a senior engineer at research level in 2001. He currently serves as president of CGN Power Co., Ltd.. He served as deputy chief and chief of technological support section of the production department, deputy manager of the maintenance department, and manager of the technology department of GNPJVC. Mr. Gao was also a senior vice president and president of DNMC, the president of Yangjiang Nuclear Power Co., Ltd., and the president of Taishan Nuclear Power Joint Venture Co., Ltd. Mr. Gao holds a master's degree and is entitled to the special allowance of the State Council.

**Li Yourong**

Mr. Li, aged 63, has been the head of Disciplinary Inspection Commission and a member of the CPC General Branch of the Company since March 2013. He has over 20 years of working experience in government authorities. Mr. Li served as officer of the secretariat of the Economic and Trade Office, researcher, director and deputy inspector of the secretariat of the general office of the Central Work Committee for Enterprises. Mr. Li holds a doctoral degree.

**Pang Songtao**

Mr. Pang, aged 46, has been the deputy general manager since June 2017. Mr. Pang joined the Guarantor in 1994 and has 23 years of working experience in the nuclear power industry. He currently also serves as executive director, secretary of the CPC General Branch and general manager of China Nuclear Power Technology Research Institute Co., Ltd. (中廣核研究院有限公司). He served as engineer in the production department of GNPJVC, junior officer, senior officer, manager and assistant to general manager in the maintenance department of DNMC, deputy general manager of the nuclear power operations department of the Guarantor and deputy general manager China Nuclear Power Operations Co., Ltd. (中廣核核電運營有限公司). He holds a master's degree and he is a senior engineer at research level.

**Wu Junfeng**

Mr. Wu, aged 44, has been the chief financial officer since June 2017. Mr. Wu joined the Guarantor in 2000 and has 17 years of working experience in the finance industry. He serve as the auditing director of the audit department of the Guarantor, the deputy head of the accounting division of the finance department of China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司), chief financial officer and chief accountant of Beijing Guangli Nuclear System Engineering Co., Ltd. (北京廣利核系統工程有限公司), assistant to the general manager of the finance department of the Guarantor, chief accountant of Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司) and general manager of the capital operation department of the Guarantor. He holds a doctorate degree and he is a senior accountant.

**Conflict of Interest**

There are no potential conflicts of interest between any duties of the Guarantor's management and their private interests and/or other duties.

## PRINCIPAL SHAREHOLDERS OF THE GUARANTOR

The Guarantor is a wholly state-owned company and established under the laws of the PRC. Authorised by the State Council, in accordance with the Company Law of the PRC and other administrative regulations, SASAC has investor's rights and responsibilities in the Guarantor. As the date of this Offering Circular, SASAC, and Guangdong Hengjian Investment Holdings Co., Ltd. (on behalf of the People's Government of Guangdong Province) held 90.0 per cent. and 10.0 per cent., respectively, of the equity interest of the Guarantor.

*This section summarises the principal PRC laws and regulations which are relevant to the CGNPC Group's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the CGNPC Group's business and operations.*

## THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. In general, PRC court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC (the "**NPC**") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

## THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a "second instance as final" appellate system. A party may appeal against a judgment or ruling of a local court to the court at the next higher level. Second judgments or rulings given at the next higher level and the first judgments or rulings given by the Supreme People's Court are final. First judgments or rulings of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a legally effective judgment which has been given by any court at a lower level, or the president of a court finds an error in a legally effective judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007 and 31 August 2012, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff 's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, ruling or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by any party to the action, mandatorily enforce the judgment.

A party seeking to enforce a judgment or ruling of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

## FOREIGN EXCHANGE CONTROLS

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of foreign currency out of the PRC. The SAFE is responsible for administering all matters relating to foreign exchange, including the enforcement of the PRC foreign exchange control regulations.

Under the existing PRC foreign exchange control regulations, all international payments and transfers are classified into current account items and capital account items. Foreign currency payments under current account items by domestic institutions, including payments for imports and exports of goods and services and payments of income and current transfers into and outside the PRC must be either paid with their own foreign currency with valid documentation or with the foreign currency purchased from financial institutions. Foreign currency income accounted for under current account items may be retained or sold to financial institutions. Foreign currency payments under capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans, and must be made out of a domestic institution's own foreign currency with valid documentation or be made with foreign currency purchased from any financial institution. The payments of current account items can be made in foreign currencies without the prior approval from the SAFE, by complying with certain procedural requirements. However, payments under the capital account items are subject to significant foreign exchange controls and require the prior approval from the SAFE or the registration with the SAFE or its designated banks.

## NDRC RULES ON ISSUANCE OF FOREIGN DEBTS

On 14 September 2015, the NDRC issued the Notice on Promoting the Administrative Reform of the Record-filing and Registration System for the Issuance of Foreign Debts by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (the "**NDRC Circular**"), which became effective on 14 September 2015. The NDRC Circular provides that, among others, (i) the issuance of foreign debts by enterprises shall be applied to the record-filing and the registration system instead of the quota review and approval system by the NDRC and (ii) the enterprises must make the record-filing and registration about the foreign debts with the NDRC before issuing such foreign debts and then report the actual information of such issuance to the NDRC within 10 business days following the closing date of such issuance. The term "foreign debts" referred to in the NDRC Circular means RMB-denominated or foreign currency-denominated debt instruments with a maturity of more than one year which are issued overseas by the domestic enterprises and their controlled overseas enterprises or branches and of which the principal and interest are repaid as agreed, including bonds issued overseas and long- and medium-term international commercial loans, etc.

Following the NDRC Circular, the NDRC further issued the Official Reply of the National Development and Reform Commission on the Pilot Enterprise (Second Batch) of Foreign Debt Scale Management Reform of 2017 (《國家發展改革委關於2017年度外債規模管理改革試點企業(第二批)的批覆》) (發改外資[2017]560號) and its appendixes (collectively the "**NDRC Reply**") on 22 March 2017, according to which the NDRC granted to the Guarantor and its controlled foreign enterprise 2017 annual foreign debt scale of US$1.5 billion which will expire on 31 March 2018. The Guarantor or its controlled foreign enterprise may issue foreign currency-denominated debts up to the said granted annual foreign debt scale according to the NDRC Reply without making a separate pre-issuance registration under the NDRC Circular, although it still has the obligation to make a post-issuance filing to the NDRC within 20 business days after the issuance of the foreign debts under the NDRC Reply.

## POWER INDUSTRY REGULATION IN THE PRC

The regulatory framework of the PRC power industry is mainly codified in the Electric Power Law of the PRC (中華人民共和國電力法) (effective on 1 April 1996 and amended on 27 August 2009 and 24 April 2015) and the Electric Power Regulatory Ordinance (電力監管條例) (effective on 1 May 2005). One of the stated purposes of the Electric Power Law is to protect the legitimate interests of investors, operators and users and to ensure the safety of power operations. The Electric Power Law also states that the PRC government encourages and guides PRC and foreign investment in the power industry. The Electric Power Regulatory Ordinance sets forth regulatory requirements for many aspects of the power industry, including, among others, the issuance of electric power business permit, the regulatory inspections of power generators and grid companies and the legal liabilities resulting from violations of the regulatory requirements.

Pursuant to the Provision on the Administration of the Electric Power Business Permit (電力業務許可證管理條例, the "**Permit Provision**") issued by the State Electricity Regulatory Commission of the PRC (中華人民共和國國家電力監管管理委員會) (the "**SERC**"[2]), which was promulgated on 13 October 2005 and amended on 30 May 2015, the electric power business permit should be obtained before engaging in any electric power business in the PRC. Pursuant to the Permit Provision, unless otherwise provided by SERC (currently, the NEA), any company or individual in the PRC may not engage in any electric power business (including power generation, transmission, dispatch and sales) without obtaining an electric power business permit promulgated by SERC (currently, the NEA). Applicants for the electric power business permit for power generation business must submit relevant evidence documents in respect of the power project's construction, generation capacity and environmental compliance. NEA (the successor of the SERC) will issue the electric power business permit to the applicants after the application material passed the review.

On-grid tariff is the price the grid companies pay the power plants. The Electric Power Law sets out the general principles for the determination of power tariffs, according to which, tariffs are to be set to provide reasonable compensation for costs and a reasonable return on investment, to share expenses fairly and to promote the construction of further power projects. The on-grid power tariffs of power plants, the supply power tariffs between the grid companies and the sales power tariffs of the grid companies are based on a centralised policy, fixed in accordance with a unified principle and administered at different levels. The on-grid tariffs are subject to the review and approval by NDRC and other competent pricing bureaus.

To achieve more efficient and reasonable power dispatch, the State Council promulgated the Regulations on the Administration of Electric Power Dispatch to Networks and Grids (電網調度管理條例, the "**Dispatch Regulations**"), effective on 1 November 1993 and amended on 8 January 2011. The former Ministry of Power Industry (whose major function is now performed by NEA) promulgated and implemented the Implementation Measures on the Regulations on the Administration of Electric Power Dispatch to Networks and Grids (電網調度管理條例實施辦法) on 11 October 1994. Pursuant to the Dispatch Regulations, all power generating enterprises and power grid companies must comply with the centralised dispatch of the dispatch institutions. The dispatch institutions shall be responsible for the administration and dispatch of power distribution to the grids by the power plants. In July 2003, the State Council approved the Power Tariff Reform Plan (電價改革方案, the "**Reform Plan**") and stated that their long-term objective is to establish a standardised and transparent on-grid tariff-setting mechanism. On 28 March 2005, NDRC issued the Provisional Measures for the Administration of On-grid Tariffs (上網電價管理暫行辦法, the "**NDRC Measures**"), which provides regulatory guidance for the Reform Plan. (For power plants within the regional grids that have not implemented competitive bidding tariff-setting mechanisms, on-grid tariffs will be set by relevant pricing bureaus based on economic life cycle of power projects and in accordance with the principles of reasonable compensation for costs, a reasonable return on investment and tax compliance.) For power plants within the regional grids that have implemented competitive bidding tariff-setting mechanisms, the on-grid tariffs comprise of two components: (i) a capacity tariff determined by NDRC based on the average investment cost of the power producers competing within the same regional grid and (ii) a competitive tariff determined through the competitive bidding process. This NDRC Measures became effective from 1 May 2005. The Circular Regulations on the Administration of Issues Related to the Electricity Energy Transaction Prices (關於規範電能交易價格管理等有關問題的通知) issued by NDRC, SERC and NEA dated 11 October 2009 provides that other than the interprovincial or cross-regional power energy transactions, all on-grid power should be priced in accordance with the tariffs set by the pricing bureaus of the government unless otherwise provided by the state. All producers of clean and renewable energy, except hydropower producers, must comply

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2 The functions of the SERC had been incorporated into the NEA, according to the Notice of the General Office of the State Council on Setting up National Energy Administration on 22 January 2010.

with the on-grid tariffs approved by the pricing bureaus. On 27 May 2011, NDRC promulgated the Circular on Relevant Issues Regarding Proper Adjustment of the Tariff (適當調整電價有關問題的通知), according to which the on-grid tariff of thermal power enterprises was increased and the on-grid tariffs of some hydroelectric power enterprises were verified and adjusted.

## REGULATIONS RELATING TO CLEAN AND RENEWABLE ENERGY INDUSTRIES

According to the Renewable Energy Law of the PRC (中華人民共和國可再生能源法) which was promulgated on 28 February 2005 and amended on 26 December 2009, all electricity power generated from clean and renewable energy shall be purchased in full amount provided that on-grid technical standards have been complied with and the related power generation entities have obtained related administrative approvals or been filed for record. Grid companies shall purchase the full amount of on-grid electricity generated by approved clean and renewable energy plants whose power generation projects meet the grid connection technical standards in the areas covered by the grid companies' power grids. Power grid companies shall improve the power grid construction, expand the dispatch area of the power generated by renewable energy sources, improve and implement technologies regarding intelligent power grid and energy storage, improve operational management of power grids and increase the power grids' capacity to absorb power generated by renewable energy sources in order to provide better on-grid service for the electricity generated from clean and renewable energy. To promote the development and utilization of the renewable energy, the Ministry of Finance of the PRC, NDRC and NEA jointly promulgated the Provisional Administrative Measures for Tariff Premium Subsidy Funds for Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) on 14 March 2012, according to which the government will provide the tarriff premium subsidy to the renewable energy power projects if the relevant requirements are met.

## REGULATIONS REGARDING OVERSEAS INVESTMENT AND ACQUISITION ACTIVITIES

### NDRC Supervision

According to the Measures for the Administration of Approval and Filing of Overseas Investment Projects (境外投資項目核准和備案管理辦法) effective from 8 May 2014 and amended on 27 December 2014, the procedure of approval and filing shall be respectively applied to different overseas investment projects. Specifically, if the project is related to the sensitive countries, regions or industries, regardless of the investment amount, the projects shall be subject to the approval of NDRC. If the amount of the investment made by the Chinese party is US$2 billion or more, and the project is related to the sensitive countries, areas or industries, the projects shall be subject to the examination of NDRC and then shall be reported to the State Council for the approval. Other than the projects specified above, the other projects shall be subject to the filing with the competent governmental body.

Specifically, overseas investment projects carried out by enterprises under central management, or those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds US$300 million shall be subject to the filing with NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below US$300 million shall be subject to the filing with competent investment departments of the provincial government.

Investment projects to be carried out in Hong Kong and/or the Macau Special Administrative Region shall be governed by the Measures for the Administration of Approval and Filing of Overseas Investment Projects.

### MOFCOM Supervision

MOFCOM issued the new version of the Overseas Investment Administration Rules (境外投資管理辦法) on 6 September 2014, effective from 6 October 2014 (the "**MOFCOM Overseas Investment Rules**"). Under the MOFCOM Overseas Investment Rules, a domestic enterprise intending to carry out any overseas investment shall report to the competent department of commerce for approval or filing and the competent department of commerce shall, with regard to an enterprise so approved or filed, issue thereto an Enterprise Overseas Investment Certificate. If two or more enterprises make joint investment to establish an overseas enterprise, the larger (or largest) shareholder shall be responsible for the approval or filing procedure after obtaining written consent of other investing parties.

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the approval from MOFCOM. "Sensitive countries and regions" mean those countries without a diplomatic relationship with the PRC, or subject to the UN sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. "Sensitive industries" mean those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the MOFCOM Overseas Investment Rules, a central enterprise shall apply to MOFCOM for approval procedure and MOFCOM shall, within 20 working days after accepting such application, decide whether or not to approve such application. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such approval. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise's application and submit all application documents to MOFCOM, while MOFCOM shall decide whether or not to approve such application within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon approval, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

Other than those overseas investments subject to MOFCOM's approval procedure, all other overseas investments are subject to a filing procedure. The investing enterprise shall complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence, for filing at MOFCOM (for a central enterprise) or the provincial department of commerce (for a local enterprise) respectively. MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within 3 working days of receipt of such filing form.

The investing enterprise must carry out the investment within two years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such certificate will automatically become invalid and a new filing or approval application has to be made by the investing enterprise. In addition, if any item specified in such certificate is changed, the investing enterprise shall make the change of registration at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the legal process of the investment is completed offshore. The investing enterprise shall complete and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form from the Overseas Investment Management System and stamp and submit such form to MOFCOM or the provincial department of commerce.

The New Overseas Investment Rules specifically provide that an overseas invested company cannot use the words of "China" ("中國" or "中華") in its name, unless otherwise approved.

Pursuant to the Anti-Monopoly Law of the PRC (中華人民共和國反壟斷法) which became effective on 1 August 2008, when market concentration by business carriers through merger, acquisition of control through shares or assets acquisition, or acquisition of control or the ability to exercise decisive influence over other business carriers by contract or by other means reaches a threshold of declaration level prescribed by the State Council, the business carriers shall declare in advance to the Anti-monopoly Law enforcement agency; otherwise, the business carriers shall not implement such market concentration.

**Foreign Exchange Administration**

According to the Circular of the State Administration of Foreign Exchange on Promulgating the Administrative Provisions on Foreign Exchange of the Outbound Direct Investments of Domestic Institutions (國家外匯管理局關於發佈《境內機構境外直接投資外匯管理規定》的通知) issued on 13 July 2009, corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration with the SAFE. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the SAFE for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment. To enhance and facilitate fund operations in the cross-border investment by the enterprise, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) on 13 February 2015, according to which the SAFE authorises the banks to review and make the foreign exchange registration of the overseas direct investment of domestic enterprise where the SAFE can indirectly regulate the foreign exchange registration of the direct investment through the banks.

**Supervision on the Overseas Investments by Central Enterprises**

On 7 January 2017, the SASAC promulgated the Measures for the Supervision and Administration of Overseas Investments by Central Enterprises, pursuant to which, the overseas investments made by the central enterprises shall be in compliance with the following principles: (i) strategic guidance, (ii) compliance with applicable laws and regulations, (iii) capacity matching, and (iv) reasonable return.

Central enterprises shall, in accordance with the five-year development planning outlines for central enterprises and enterprise development strategies and planning developed by the SASAC, develop clear international operation planning, specify the key regions, key fields and key projects in respect of medium and long-term international operation and prepare its annual overseas investment plans. The SASAC will conduct random supervision and inspection of the material overseas investment projects being implemented by central enterprises, and focus on inspecting the decision-making on and the implementation and effectiveness of the material overseas investment projects. The central enterprise shall, after the completion of its annual overseas investments, prepare a report on its annual overseas investment, and submit it to the SASAC prior to January 31 of the next year.

**EIT LAW**

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), which was passed by the National People's Congress in China (全國人民代表大會, the "**NPC**") on 16 March 2007 with effect from 1 January 2008, and amended on 24 February 2017, and its Implementation Regulations (企業所得稅法實施條例) (collectively, the "**EIT Law**"), which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008, enterprises are classified into resident enterprises and non-resident enterprises. Enterprises, which are incorporated in the PRC or which are incorporated pursuant to the foreign laws with their "de facto management bodies" located in the PRC, are deemed "resident enterprise" and subject to an enterprise income tax rate of 25 per cent. on their global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25 per cent. on their income generated by their establishments or places of business in the PRC and its income derived outside the PRC which are effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10 per cent. on their income derived from the PRC but not connected with its establishments or places of business located in the PRC. Non-resident enterprises without an establishment or place of business in the PRC are subject to an enterprise income tax of 10 per cent. on their income derived from the PRC. According to the EIT Law and the Administrative Measures on the Recognition of High and New Technology Enterprise (高新技術企業認定管理辦法), which was passed on 14 April 2008 and became effective retrospectively from 1 January 2008, and was amended on 29 January 2016 and became effective retrospectively from 1 January 2016, a high and new technology enterprise recognised by the relevant governmental authorities may enjoy a preferential enterprise income tax rate of 15 per cent. from the year it obtains the certificate of the high and new technology enterprise.

Pursuant to the Notice on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy (關於深入實施西部大開發戰略有關稅收政策問題的通知), effective from 1 January 2011, the enterprises within the state-encouraged industry located in western China are taxed at a preferential income tax rate of 15 per cent. for years from 1 January 2011 to 31 December 2020.

In addition, pursuant to the Circular of the Ministry of Finance and State Administration of Taxation on Issues Relating to the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment promulgated on 23 September 2008 (財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知, the "**Circular 46**") and the Circular of the State Administration of Taxation on the Issues of the Implementation of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment (國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知, the "**Circular 80**") with effect from 1 January 2008 (), an enterprise set up after 1 January 2008 and engaged in public infrastructure projects is entitled to three-year full exemption followed by a three-year 50 per cent. exemption commencing from the first year it generates revenue. Accordingly, wind power projects which have obtained government approval on or after 1 January 2008 are fully exempted from EIT for three years starting from the year when revenue is first derived from the sales of electricity, and is 50 per cent. exempted from EIT for three years thereafter.

## VALUE ADDED TAX

According to the Interim Regulations on the Value-added Tax of the PRC (中華人民共和國共和國增值稅暫行條例, "the **Interim VAT Regulation**") which were promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and were amended on 10 November 2008 and 6 February 2016, and the Implementation Rules of the Interim Regulations on the Value-added Tax of the PRC promulgated by the PRC Ministry of Finance which came into effect on 1 January 2009 and was amended on 28 October 2011, organisations or individuals who sell commodities, provide processing, repairing or replacement services, or import commodities within the PRC's territories are subject to value-added tax ("**VAT**"), and shall pay the value-added tax accordingly. In respect of the sale and import of goods or provision of processing, repairing and replacing services by the taxpayer, the VAT rate is 17 per cent., while for the sale and import of particular commodities listed on the Interim VAT Regulation by the taxpayer, the VAT rate is 13 per cent. and for the export of applicable commodities by the taxpayer, the VAT rate is zero unless otherwise provided by the State Council. The said VAT rate of 13 per cent will be changed to 11 percent according to the Notice of Ministry of Finance and State Administration of Taxation on Reduction of Value-added Tax Rate with effect from 1 July 2017 (財政部、國家稅務總局關於簡並增值稅稅率有關政策的通知).

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular of Full Implementation of Business Tax to Value-added Tax Reform (關於全面推開營業稅改征增值稅試點的通知, "**Circular 36**"), which provides that effective from 1 May 2016, value-added tax completely replaced business tax to cover all the business sectors that used to fall under the business tax regime.

## ENVIRONMENTAL PROTECTION LAWS

The Ministry of Environmental Protection is responsible for the overall supervision and management of environmental protection in the PRC. All manufacturers in the PRC must comply with environmental laws and regulations including the Environmental Protection Law of the PRC, Prevention and Control of Water Pollution Law of the PRC, Prevention and Control of Air Pollution Law of the PRC and Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC, and relevant environmental regulations such as provisions regarding the treatment and disposal of pollutants and sewage, discharge of polluted fumes and the prevention of industrial pollution. The emission of air pollutants from the thermal power plants (including coal-fired, oil-fired or gas-fired power plants) in the PRC shall meet the Emission Standard of Air Pollutants for Thermal Power Plants (GB 13223-2011), which was promulgated by the Ministry of Environmental Protection on 29 July 2011 and came into effect on 1 January 2012. Depending on the circumstances and the seriousness of the violation of the environmental regulations, the local authorities are authorised to impose various types of penalties on the persons or entities in violation of the environmental regulations. The penalties which could be imposed include the issue of warning, suspension of operation or installation and use of preventive facilities which are incomplete and fail to meet the prescribed standard, reinstallation of preventive facilities which have been dismantled or left idle, administrative sanction against office-in-charge, suspension of business operations or shut-down of the enterprise or institution. Fines could also be levied together with these penalties. The relevant local authorities may apply to the court for compulsory enforcement of environmental compliance. The persons or entities in violation of the applicable laws and regulations may also be liable to pay damages to the victims and/or result in criminal liability.

Air emissions of all existing thermal power plants in the PRC have to meet a more stringent new national emissions regulation, which became effective on 1 July 2014. According to Prevention and Control of Air Pollution Law of the PRC, a penalty of up to RMB100,000 is levied for non-compliance. Furthermore, according to the Environmental Protection Law of the PRC, an additional penalty of up to RMB100,000 is further levied for non-compliance. The environmental laws and regulations also impose fines on enterprises which violate such laws, regulations or decrees and provide for other sanctions including the possible closure of any power projects which fail to rectify activities that cause environmental damage.

Other environmental protection laws applicable to the CGNPC Group include: the Regulations of Environmental Management on Project, the Regulations of Environmental Protection Acceptance Inspection on Projects Completion and the Environmental Impact Evaluation Law of the PRC.

## INDUSTRY POLICY

On 2 December 2005, the State Council issued the Interim Provisions on Promoting Industrial Structure Adjustment, under which industries were classified into encouraged section, permitted section, restricted section and elimination section.

## CROSS-BORDER SECURITY REGULATIONS

On 12 May 2014, the SAFE promulgated the Notice concerning the Foreign Exchange Administration Rules on Cross-Border Guarantee (國家外匯管理局關於發佈《跨境擔保外匯管理規定》的通知) and the relating implementation guidelines (collectively the "Cross-border Security Regulations"), which came into force on 1 June 2014. The Cross-border Security Regulations classify cross-border security into three types.

- Nei Bao Wai Dai (內保外貸) ("**NBWD**"): security/guarantee provided by an onshore security provider for a debt owed by an offshore debtor to an offshore creditor.

- Wai Bao Nei Dai (外保內貸) ("**WBND**"): security/guarantee provided by an offshore security provider for a debt owed by an onshore debtor to an onshore creditor.

- Other Types of Cross-border Security (其他形式跨境擔保): any cross-border security/guarantee other than NBWD and WBND.

In respect of NBWD, in the case where the onshore security provider is a non-financial institution, it shall register (by submitting an application document package) the relevant security/guarantee with SAFE within 15 working days after its execution (or 15 working days after the date of any change to the security). Upon enforcement, the onshore security provider can pay to the offshore creditor directly (by effecting remittance through an onshore bank) where the NBWD has been registered with SAFE. In addition, if any onshore security provider under a NBWD provides any security or guarantee for an offshore bond issuance, the offshore issuer's equity shares must be fully or partially held directly or indirectly by an onshore entity in the PRC. Moreover, the proceeds from any such offshore bond issuance must be applied towards the offshore project (s) , where an onshore entity holds equity interest, and in respect of which the related approval, registration, record, or confirmation have been obtained from or made with the competent authorities subject to PRC laws.

On 26 January 2017, the SAFE promulgated the Notice of the SAFE on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), which allows the funds under NBWD to be repatriated and used domestically. An offshore debtor may directly or indirectly repatriate the funds under NBWD and use them domestically by, among others, granting loans and making equity investment domestically.

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed are contained in the Deed of Guarantee.

The Deed of Guarantee will be executed by the Guarantor on or before the Issue Date. Under the Cross-border Security Regulations, the Deed of Guarantee does not require any pre-approval by SAFE and is binding and effective upon execution.

The Guarantor is required to submit the Deed of Guarantee to the Shenzhen Branch of SAFE for registration within 15 working days after its execution. The SAFE registration is merely a post signing registration requirement, which is not a condition to the effectiveness of the Guarantee.

Under the Cross-border Security Regulations, the Shenzhen Branch of SAFE will go through a procedural review (as opposed to a substantive approval process) of the Guarantor's application for registration. Upon completion of the review, the Shenzhen Branch of SAFE will issue a registration notice or record to the Guarantor to confirm the completion of the registration. The Guarantor has been advised by its PRC legal advisors that there are no foreseeable obstacles to the completion of the registration so long as all relevant documents have been duly and timely submitted to SAFE and SAFE has no doubt with the authenticity, commercial reasonableness, legal validity, performance propensity of the Deed of Guarantee.

Under the Cross-border Security Regulations:

- non-registration does not render the Guarantee of the Bonds ineffective or invalid under PRC law although SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame of 15 working days; and

- there may be logistical hurdles at the time of remittance (if any cross-border payment is to be made by the Guarantor upon enforcement under the Guarantee of the Bonds) as domestic banks may require evidence of SAFE registration in order to effect such remittance, although this does not affect the validity of the Guarantee itself.

The Terms and Conditions provide that the Guarantor will file, or cause to be filed the Deed of Guarantee with SAFE in accordance with, and within the time period prescribed by, the Cross-border Security Regulations and uses its best endeavours to complete the registration and obtain a registration record from SAFE on or before Registration Deadline. If the Guarantor fails to complete the SAFE registration and deliver the registration records to the Trustee before the Registration Deadline, the holders will have a put option to require the Issuer to redeem all the Bonds held by them on the Put Settlement Date at 101 percent of the Principal Amount (see Condition 6 (c) (*Redemption for Relevant Events*)).

# TAXATION

*The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisors concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.*

## HONG KONG

### Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

### Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- interest on the Bonds is derived from Hong Kong and is received by or accrues to a company (other than a financial institution) carrying on a trade, profession or business in Hong Kong;

- interest on the Bonds is derived from Hong Kong and is received by or accrues to a person (other than a company), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or

- interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution from the carrying on of a trade, profession or business in Hong Kong, the sum is revenue in nature and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Bonds are required and disposed of.

**Stamp Duty**

No Hong Kong stamp duty is payable on the issue of the Bonds. Stamp duty may be payable on any transfer of the Bonds as the relevant transfer is required to be registered in Hong Kong, but stamp duty will not be payable if the Bonds constitute loan capital (as defined in the Stamp Duty Ordinance (Cap.117 of the Laws of Hong Kong)). The Bonds, under the present terms and conditions, constitute loan capital (as defined in the Stamp Duty Ordinance) and accordingly no Hong Kong stamp duty will be chargeable upon the issue, transfer or exchange of a Bond.

**Estate Duty**

No Hong Kong estate duty is payable in respect of the Bonds.

**PRC**

*Income Tax*

The following summary describes certain PRC tax consequences of ownership and deposition of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this "Taxation — PRC" section. In considering whether to invest in the Bonds, investors should consult their own tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "*de facto management body*" are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25 per cent. in respect of their taxable income. Although the rules are not entirely clear, dividends from a PRC tax resident enterprise should be excluded from the taxable income of a recipient that is also a PRC tax resident enterprise. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "*de facto management body*" of the Issuer is within the territory of the PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law, and the Issuer may be subject to PRC enterprise income tax at the rate of 25 per cent. on its taxable income. At the date of this Offering Circular, the Issuer has not been noticed or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law.

However, there can be no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer.

Accordingly, if the Issuer is treated as a PRC tax resident enterprise by the PRC tax authorities, the Issuer may be required to withhold income tax from the payments of interest in respect of the Bonds to any non-PRC Bondholder, and gain from the disposition of the Bonds may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally 10 per cent. for non-resident enterprise Bondholders and 20 per cent. in the case of non-resident individuals, subject to the provisions of an applicable tax treaty. The Issuer has agreed to pay additional amounts to Bondholders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of each series of the Bonds.

In addition, as the Guarantor is currently regarded as a PRC tax resident enterprise, if the Issuer is not able to make payments under the Bonds and the Guarantor fulfils the payment obligations under the Guarantee, the Guarantor must withhold PRC income tax on payments with respect to the interest accrued on the Bonds to non-resident enterprise holders generally at the rate of 10 per cent. (and possibly at a rate of 20 per cent. in the case of payments to non-resident individual holders), subject to the provisions of any applicable tax treaty.

*VAT*

According to Circular 36, the entities and individuals providing the services within PRC are subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services potentially subject to VAT include the provision of financial services such as the provision of the loans. It is further clarified under Circular 36 that the ''loans'' refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of ''loans'' under Circular 36, the issuance of Bonds is likely to be treated as the Bondholders providing the loans to the Issuer, which thus shall be regarded as the financial services for VAT purposes.

In the event the Issuer is deemed to be in the PRC by the PRC tax authorities, the Bondholders may be regarded as providing the financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-resident Bondholders may subject to withholding VAT at the rate of 6 per cent. plus related surcharges.

Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties, and the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

The Group confirms that, as at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise.

In addition, as the Guarantor is a company located within the PRC, if the Issuer is not able to make payments under the Bonds and the Guarantor fulfils the payment obligations under the Guarantee, the Guarantor needs to withhold VAT at the rate of 6 per cent plus surcharges from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC. The Issuer has agreed to pay additional amounts to Bondholders, subject to certain exceptions, so that Bondholders would receive the full amount of the scheduled payment, as further set out in the Conditions.

*Stamp Duty*

No PRC stamp duty will be imposed on non-PRC Bondholders either upon the issue of the Bonds or upon a subsequent transfer of the Bonds to the extent that the register of Bondholders is maintained outside the PRC and the issue and the sale of the Bonds is made outside the PRC.

## EXCHANGE RATES

### China

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the markets during the prior day. The PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange market. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and US dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to US dollars was generally stable. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to that of the US dollar only, to allow the value of the Renminbi to fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the US dollar.

The PRC government has made further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the US dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the US dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 19 June 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. On 12 April 2012, the PBOC announced that on 16 April 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the US dollar would be enlarged from 0.5 per cent. to 1.0 per cent. around the central parity rate, allowing the Renminbi to fluctuate against the US dollar by up to 1.0 per cent. above or below the central parity rate published by the PBOC. The PBOC announced on 15 March 2014 that since 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the US dollar was further expanded from 1 per cent. to 2 per cent. On each business day, the spread between the Renminbi and US dollar buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3 per cent. of the published central parity of US dollar on that day, instead of 2 per cent.

Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of SAFE and other relevant authorities.

The following table sets forth for the periods indicated, certain information concerning the exchange rates between Renminbi and US dollars. For periods after 1 January 2010, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

| Period | Exchange Rate | | | |
|---|---|---|---|---|
| | Period End | Average[(1)] | High | Low |
| | (RMB per US$1.00) | | | |
| 2012 | 6.2301 | 6.3093 | 6.3879 | 6.2221 |
| 2013 | 6.0537 | 6.1478 | 6.2438 | 6.0537 |
| 2014 | 6.2046 | 6.1704 | 6.2591 | 6.0402 |
| 2015 | 6.4778 | 6.2869 | 6.1870 | 6.4896 |
| 2016 | 6.9430 | 6.6549 | 6.9580 | 6.4480 |
| 2017 | | | | |
| April | 6.8900 | 6.8866 | 6.8900 | 6.8832 |
| May | 6.8098 | 6.8499 | 6.8900 | 6.8098 |
| June | 6.7793 | 6.7911 | 6.8029 | 6.7793 |
| July | 6.7240 | 6.7517 | 6.7793 | 6.7240 |
| August | 6.5888 | 6.6670 | 6.7272 | 6.5888 |
| September | 6.6533 | 6.5690 | 6.6591 | 6.4773 |
| October | 6.6328 | 6.6254 | 6.6533 | 6.5712 |
| November (through 17 November 2017) | 6.6245 | 6.6268 | 6.6385 | 6.6018 |

*Note:*

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for the average rates in 2017, which were determined by averaging the daily rates for such month or part thereof.

## Hong Kong

Under existing Hong Kong law, there are no limitations on the rights of non-residents or foreign owners to hold the Bonds. The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (the "**Basic Law**"), which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The Hong Kong dollar is freely convertible into other currencies, including the US dollar. Since 1983, the Hong Kong dollar has been linked to the US dollar at the rate of HK$7.80 to US$1.00. The central element in the arrangements which gave effect to the link is that by agreement between the Hong Kong government and the three Hong Kong banknote issuing banks (The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and Bank of China), certificates of indebtedness, which are issued by the Hong Kong Government Exchange Fund to the banknote issuing banks to be held as cover for their banknote issues, are issued and redeemed only against payment in US dollars at the fixed exchange rate of HK$7.80 to US$1.00. When the banknotes are withdrawn from circulation, the banknote issuing banks surrender the certificates of indebtedness to the Hong Kong Government Exchange Fund and are paid the equivalent US dollars at the fixed rate.

The market exchange rate of the Hong Kong dollar against the US dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to US$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible.

The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the US dollar. However, no assurance can be given that the Hong Kong government will maintain the link at HK$7.80 to US$1.00 or at all.

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between HK dollars and US dollars. The exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

| | Exchange Rate | | | |
|---|---|---|---|---|
| **Period** | **Period End** | **Average**(1) | **High** | **Low** |
| | | **(HK$1.00 per US$1.00)** | | |
| 2012 | 7.7507 | 7.7569 | 7.7699 | 7.7493 |
| 2013 | 7.7539 | 7.7565 | 7.7654 | 7.7503 |
| 2014 | 7.7531 | 7.7554 | 7.7669 | 7.7495 |
| 2015 | 7.7507 | 7.7507 | 7.7507 | 7.7507 |
| 2016 | 7.7534 | 7.7620 | 7.8270 | 7.7505 |
| 2017 | | | | |
| April | 7.7779 | 7.7747 | 7.7779 | 7.7714 |
| May | 7.7929 | 7.7864 | 7.7929 | 7.7775 |
| June | 7.8055 | 7.7985 | 7.8055 | 7.7915 |
| July | 7.8100 | 7.8078 | 7.8100 | 7.8055 |
| August | 7.8267 | 7.8216 | 7.8267 | 7.8121 |
| September | 7.8110 | 7.8127 | 7.8256 | 7.7995 |
| October | 7.8015 | 7.8053 | 7.8106 | 7.7996 |
| November (through 17 November 2017) | 7.8116 | 7.8033 | 7.8116 | 7.7955 |

*Note:*

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for the average rates in 2017, which were determined by averaging the daily rates for such month or part thereof.

### Europe

The following table sets forth for the periods indicated, certain information concerning the exchange rates between Euro and US dollars. For periods after 1 January 2010, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

| | Exchange Rate | | | |
|---|---|---|---|---|
| **Period** | **Period End** | **Average** | **High** | **Low** |
| | | **(US dollar per €1.00)** | | |
| 2012 | 1.3186 | 1.2858 | 1.3463 | 1.2062 |
| 2013 | 1.3779 | 1.3283 | 1.3816 | 1.2774 |
| 2014 | 1.2101 | 1.3295 | 1.3927 | 1.2101 |
| 2015 | 1.0859 | 1.1097 | 1.2015 | 1.0524 |
| 2016 | 1.0552 | 1.1072 | 1.1516 | 1.0375 |
| 2017 | | | | |
| April | 1.0895 | 1.0718 | 1.0941 | 1.0606 |
| May | 1.1236 | 1.1050 | 1.1236 | 1.0869 |
| June | 1.1411 | 1.1233 | 1.1420 | 1.1124 |
| July | 1.1826 | 1.1530 | 1.1826 | 1.1336 |
| August | 1.1894 | 1.1803 | 1.1973 | 1.1703 |
| September | 1.1813 | 1.1913 | 1.2041 | 1.1747 |
| October | 1.1648 | 1.1755 | 1.1847 | 1.1580 |
| November (through 17 November 2017 | 1.1799 | 1.1676 | 1.1799 | 1.1577 |

*Note:*

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for the average rates in 2017, which were determined by averaging the daily rates for such month or part thereof.

## DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

*The consolidated financial statements of the Issuer and the Guarantor included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications between PRC GAAP and IFRS, which might be relevant to the financial information of the Issuer and the Guarantor included herein.*

*The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to the Issuer and the Guarantor. The differences identified below are limited to those significant differences that are appropriate to the Issuer's and the Guarantor's financial statements. The Issuer and the Guarantor are responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. The Issuer and the Guarantor have not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Issuer and the Guarantor, other potentially significant accounting and disclosure differences may be required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standard. Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.*

*In making an investment decision, prospective investors must rely upon their own examination of the Issuer, the Guarantor, the CGNPC Group, the terms of the offering and other disclosure contained herein. Prospective investors should consult their own professional advisors for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.*

### PROVISION FOR FUTURE DEVELOPMENT FUND AND WORK SAFETY COST

Under PRC GAAP, in accordance with relevant regulations of the Chinese authorities, the CGNPC Group has to accrue special reserves such as future development funds, work safety cost reserves, which are presented as cost of expenses of the period and the amount that has been accrued but not used are presented in special reserve of owner's equity. Work safety cost, which belongs to cost of expenses, directly offset the special reserves. The accrued work safety cost, which is used by enterprises and used to form fixed assets, shall be charged as "construction in progress", and recognised as a fixed asset upon the project being completed and reaching the expected operational standard. Meanwhile, the special reserves are offset in accordance with the cost of fixed asset formation, while the equivalent amount of accumulated depreciation is recorded. The fixed asset so formed shall cease to accrue depreciation in the following periods.

Pursuant to the IFRS, these expenditures should be recognised when incurred. Relevant capital expenditures are recognised as part of cost of non-current assets when they are incurred and depreciated according to the respective depreciation policy. The differences between the above mentioned standards give rise to differences in deferred tax.

## GOVERNMENT GRANT

- PRC GAAP only requires an assets-related government grant to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

  However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

- Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants Standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

- Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit and loss.

## REVERSAL OF AN IMPAIRMENT LOSS

- Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period.

- Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

## RELATED PARTY DISCLOSURES

- Under PRC GAAP, government-related entities are not treated as related parties.

- Under IFRS, government-related entities are still treated as related parties.

## FIXED ASSETS AND INTANGIBLE ASSETS

- Under PRC GAAP, only the cost model is allowed.

- Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

## SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners dated on or about 5 December 2017 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners, and the Joint Global Coordinators, the Joint Lead Managers and the Joint Bookrunners have agreed to severally but not jointly subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of each Series of Bonds as indicated in the following table.

| | Principal amount of the Bonds to be subscribed(1) | | |
|---|---|---|---|
| | **2022 USD Bonds (US$)** | **2027 USD Bonds (US$)** | **Euro Bonds (€)** |
| Bank of China Limited | 63,000,000 | 99,000,000 | 90,000,000 |
| Bank of China (Hong Kong) Limited | 63,000,000 | 99,000,000 | 90,000,000 |
| BNP Paribas | 63,000,000 | 99,000,000 | 90,000,000 |
| Crédit Agricole Corporate and Investment Bank | 63,000,000 | 99,000,000 | 90,000,000 |
| ICBC International Securities Limited | 63,000,000 | 99,000,000 | 90,000,000 |
| ABCI Capital Limited | 7,000,000 | 11,000,000 | 10,000,000 |
| Agricultural Bank of China Limited Hong Kong Branch | 7,000,000 | 11,000,000 | 10,000,000 |
| China Construction Bank (Asia) Corporation Limited | 7,000,000 | 11,000,000 | 10,000,000 |
| China Everbright Bank Co., Ltd., Hong Kong Branch | 7,000,000 | 11,000,000 | 10,000,000 |
| Société Générale | 7,000,000 | 11,000,000 | 10,000,000 |
| **Total** | **350,000,000** | **550,000,000** | **500,000,000** |

*Note:*

(1) On a several but not joint basis.

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners and their affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners are subject to certain conditions precedent and entitles the Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services and/or Transactions**"). The Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds) and such orders and/or allocations of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being 'offered' should be read as including any offering of the Bonds to the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners and/or their respective affiliates, or affiliates of the Issuer or the Guarantor for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see "Risk Factors — Risks Relating to the Bonds and the Guarantee — The liquidity and price of the Bonds following the offering may be volatile."). The Issuer, the Guarantor, the Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

Some of the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer and/or the Guarantor. The Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners and their affiliates have received, or may in the future receive, customary fees and commissions for these transactions.

In the ordinary course of their various business activities, the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Bonds. Certain of the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners or their affiliates that have a lending relationship with the Issuer and/or the Guarantor routinely hedge their credit exposure to the Issuer and/or the Guarantor consistent with their customary risk management policies. Typically, such Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's and/or the Guarantor's securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

In connection with the issue of the Bonds, Crédit Agricole CIB (the "**Stabilisation Manager**") or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the price of the Bonds of a relevant Series at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake stabilisation action. Any loss or profit sustained as a consequence of any such overallotment or stabilisation shall be for the account of the Joint Global Coordinators, the Joint Lead Managers and Joint Bookrunners.

## GENERAL

The Bonds are a new issue of securities with no established trading market. No assurance can be given as the liquidity of any trading market for the Bonds.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor, the Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering or publicity material in connection with the Bonds may be distributed or published, by the Issuer, the Guarantor, the Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Guarantor, the Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners.

## UNITED STATES

The Bonds and the Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States, unless pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. The Bonds and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of Bonds and the Guarantee within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

## EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require the Issuer, the Guarantor, the Joint Global Coordinators or the Joint Lead Managers and Joint Bookrunners to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

**UNITED KINGDOM**

The Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners have represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

**HONG KONG**

The Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners have represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance of Hong Kong and any rules made under that Ordinance.

**THE PEOPLE'S REPUBLIC OF CHINA**

The Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners have represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

## SINGAPORE

The Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners have acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners have represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## GENERAL INFORMATION

1. **Clearing Systems**: The Bonds have been accepted for clearance through Euroclear and Clearstream with a Common Code 172555292 and an ISIN XS1725552928 for the 2022 USD Bonds, a Common Code 173384173 and an ISIN XS1733841735 for the 2027 USD Bonds and a Common Code 172555306 and an ISIN XS1725553066 for the Euro Bonds, respectively.

2. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer passed on 16 June 2017 and 21 November 2017, respectively. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the Deed of Guarantee, the Trust Deed and the Agency Agreement. The execution of the transaction documents in connection with the Bonds was authorised by the shareholders' resolutions of the Guarantor dated 25 May 2017, the resolutions of the board of directors of the Guarantor dated 9 January 2017 and the meeting of the General Manager's Office of the Guarantor on 16 June 2017.

3. **No Material Adverse Change**: There has been no material adverse change in the prospects of the Issuer, the Guarantor and the CGNPC Group and no significant change in the financial or trading position of the Issuer, the Guarantor and the CGNPC Group since 31 December 2016.

4. **Litigation**: None of the Issuer, the Guarantor or any of their respective subsidiaries is involved in any legal, governmental or arbitration proceedings over the past 12 months, which may have or have had significant effects on its financial position or profitability and, so far as the Issuer is aware, no such legal, governmental or arbitration proceedings are pending or threatened.

5. **Available Documents**: For as long as the Bonds are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market, copies of the Issuer's audited consolidated financial statements for the years ended 31 December 2015 and 2016, the Guarantor's audited consolidated financial statements for the years ended 31 December 2015 and 2016, the Deed of Guarantee, the articles of association of the Issuer, the articles of association of the Guarantor, the Trust Deed and the Agency Agreement relating to the Bonds will be available for inspection in electronic form from the Issue Date at the Issuer's office at Room 1901, CC Wu Building, 302 Hennessy Road, Wanchai, Hong Kong. Copies of the Deed of Guarantee, the Trust Deed and the Agency Agreement relating to the Bonds will be available for inspection in electronic form from the Issue Date at the specified office of the Principal Paying Agent (currently at 15/F, Bank of Communications Tower, 231-235 Gloucester Road, Wan Chai, Hong Kong) upon prior written request and satisfactory proof of holding during its normal business hours, so long as any of the Bonds is outstanding.

6. **Audited Financial Statements**: The Issuer's audited consolidated financial statements as at and for the years ended 31 December 2015 and 2016, which are included elsewhere in this Offering Circular, have been audited by ShineWing Certified Public Accountants Shenzhen Branch in accordance with PRC GAAP. The Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2015 and 2016, which are included elsewhere in this Offering Circular, have been audited by ShineWing Certified Public Accountants in accordance with PRC GAAP.

7. **Listing of Bonds**: Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, each Series of the USD Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 12 December 2017.

   Application has been made to the Irish Stock Exchange for the Euro Bonds to be admitted to the Official List and traded on the Global Exchange Market which is the exchange regulated market for the Irish Stock Exchange. Market is not a regulated market for the purposes of Directive 2004/39/EC. It is expected that dealing in, and listing of, the Euro Bonds on the Irish Stock

Exchange will commence on or about 12 December 2017. Maples and Calder is acting solely in its capacity as listing agent for the Issuer in relation to the Euro Bonds and is not itself seeking admission of the Euro Bonds to the Official List of the Irish Stock Exchange or trading on the Global Exchange Market of Irish Stock Exchange.

## INDEX TO FINANCIAL STATEMENTS

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**The Guarantor's Audited Consolidated Financial Statements as of and for the Year Ended 31 December 2016**



**The Guarantor's Audited Consolidated Financial Statements as of and for the Year Ended 31 December 2015**

信永中和
ShineWing

信永中和会计师事务所
深圳分所

ShineWing
certified public accountants
Shenzhen branch

深圳市福田区滨河大道
联合广场A座10层

10/F, Block A, United Plaza,
Binhe Road, Futian District,
Shenzhen, 518033, P.R.China

联系电话: +86(0755)8290 0800
telephone: +86(0755)8290 0800

传真: +86(0755)8290 0815
facsimile: +86(0755)8290 0815

# Independent Auditor's Report

XYZH/2017SZA40854

**To the Board of Directors of**
CGNPC International Limited

We have audited the accompanying financial statements of CGNPC International Limited (hereinafter referred to as the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated and the company statement of financial position as at December 31, 2016, and statement of profit or loss and other comprehensive income of consolidated and the Company, and cash flows statement and the statement of changes in equity for the year then ended, and notes to the financial statements.

## 1. Management's Responsibility for the Financial Statements

The management of the company is responsible for the preparation and fair presentation of these financial statements. These responsibilities include: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining the internal control w relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

## 2. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards .Those standards require that we comply with Code of Ethics for Chinese Certified Public Accountants, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments， we consider the internal control relevant to the preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances , but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**3. Opinion**

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Group and the Company as at 31 December 2016, and financial performance and cash flows of the Group and the Company for the year then ended in accordance with the Accounting Standards for Business Enterprises.

ShineWing Certified Public Accountants Shenzhen Branch

February 24, 2017

## Consolidated Statement of Financial Position

As at 31 December 2016

Prepared by: CGNPC International Limited — Unit: RMB

| Item | Notes | 2016 | 2015 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and bank balances | 8.1 | 7,457,586,074.12 | 9,367,437,525.78 |
| △Settlement funds | | | |
| △Lending funds | | | |
| Financial assets at fair value through profit or loss | | | |
| Derivative financial instruments | 8.2 | 20,497,219.24 | |
| Notes receivable | 8.3 | 68,911,059.92 | 154,505,635.12 |
| Accounts receivable | 8.4 | 5,104,220,670.20 | 1,249,940,277.86 |
| Prepayments | 8.5 | 481,064,775.50 | 111,483,062.91 |
| △Premium receivable | | | |
| △Reinsurance accounts receivable | | 116,275,379.03 | 74,443,623.69 |
| △Receivable from subcontracting reserves | | 39,803,712.87 | 40,742,382.10 |
| Interest receivable | 8.6 | 73,477,621.26 | 1,119,067.53 |
| Dividends receivable | 8.7 | 63,699,999.97 | 279,772,693.02 |
| Other receivables | 8.8 | 1,359,128,226.15 | 652,128,158.60 |
| △Buying back the sale of financial assets | | | |
| Inventories | 8.9 | 1,607,390,937.25 | 186,953,769.72 |
| Including: Raw materials | | 1,574,916,535.64 | 81,689,746.65 |
| Finished goods | | | |
| Held-for-sale assets | | | |
| Non-current assets due within one year | 8.10 | 3,415,694,081.83 | 1,012,894,222.46 |
| Other current assets | 8.11 | 300,500,338.22 | 798,250,476.49 |
| **Total current assets** | | 20,108,250,095.56 | 13,929,670,895.28 |
| **Non-current assets:** | | | |
| △Loan or Advances | | | |
| Available-for-sale financial assets | 8.12 | 737,705,075.45 | |
| Held-to-maturity investments | | | |
| Long-term receivables | 8.13 | 20,489,798,812.93 | 2,970,785,237.35 |
| Long-term equity investments | 8.14 | 7,075,503,145.72 | 6,304,830,853.25 |
| Investment properties | | | |
| Fixed assets-original cost | 8.15 | 43,080,573,399.56 | 25,874,846,460.25 |
| Less: accumulated depreciation | 8.15 | 16,445,577,832.20 | 6,036,681,772.18 |
| Fixed assets-original cost net of depreciation | 8.15 | 26,634,995,567.36 | 19,838,164,688.07 |
| Less:provision for impairment of fixed assets | 8.15 | 324,380,000.00 | |
| Fixed assets-net book value | 8.15 | 26,310,615,567.36 | 19,838,164,688.07 |
| Construction in progress | 8.16 | 875,265,825.63 | 1,053,775,643.20 |
| Construction materials | 8.17 | 1,145,653.90 | |
| Fixed assets pending for disposal | | | |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Intangible assets | 8.18 | 6,361,033,181.65 | 1,351,845,870.57 |
| Development disbursements | | | |
| Goodwill | 8.19 | 4,994,794,655.25 | 1,142,865,774.18 |
| Long-term deferred expenses | 8.20 | 133,707,988.87 | 208,260,466.58 |
| Deferred tax assets | 8.21 | 69,607,764.56 | 24,579,928.04 |
| Other non-current assets | 8.22 | 2,619,862,042.03 | 123,837,161.76 |
| Including: physical assets reserve specifically authorized | | | |
| **Total non-current assets** | | 69,669,039,713.35 | 33,018,945,623.00 |
| **Total assets** | | 89,777,289,808.91 | 46,948,616,518.28 |

## Consolidated Statement of Financial Position (continued)

As at 31 December 2016

Prepared by: CGNPC International Limited　　Unit: RMB

| Item | Notes | 2016 | 2015 |
|---|---|---|---|
| **Current liabilities** | | | |
| Short-term loans | 8.24 | 24,792,684,526.39 | 10,842,858,655.42 |
| △Borrowings from central bank | | | |
| △Deposits from customers and interbank | | | |
| △Offered fund | | | |
| Financial liabilities at fair value through profit or loss | | | |
| Derivative financial instruments | 8.25 | 171,493,297.34 | |
| Notes payable | | | |
| Accounts payable | 8.26 | 2,192,793,007.60 | 1,245,735,229.03 |
| Advances from customers | 8.27 | 10,251,149.46 | 6,195,780.19 |
| △Financial assets sold for repurchase | | | |
| △Handling charges and commissions payable | | 182,440.75 | |
| Employee benefits payable | 8.28 | 127,170,828.92 | 61,383,490.53 |
| Including:Salary payable | 8.28 | 118,920,206.36 | 49,942,441.98 |
| Welfare benefits payable | 8.28 | 144,290.00 | 3,192,498.14 |
| #Including: bonus and allowance bond | 8.28 | 144,290.00 | 3,192,498.14 |
| Taxes and surcharges payable | 8.29 | 400,445,778.62 | 113,868,737.29 |
| Including:taxes payables excluding surcharges | 8.29 | 387,636,725.45 | 99,809,647.00 |
| Interest payable | 8.30 | 1,007,512,338.87 | 126,938,522.13 |
| Dividends payable | 8.31 | 3,673,409.23 | 150,668.28 |
| Other payables | 8.32 | 1,650,429,485.02 | 677,021,740.16 |
| △Dividend payable for reinsurance | | 53,288,759.61 | 44,706,198.80 |
| △Provision for insurance contracts | | 95,799,578.92 | 68,675,629.45 |
| △Acting trading securities | | | |
| △Acting underwriting securities | | | |
| Held-for-sale Liabilities | | | - |
| Non-current liabilities due within one year | 8.33 | 2,251,687,577.49 | 708,697,713.56 |
| Other current liabilities | 8.34 | 91,456,874.48 | |
| **Total current liabilities** | | 32,848,869,052.70 | 13,896,232,364.84 |
| **Non-current liabilities:** | | | |
| Long-term loans | 8.35 | 36,296,997,615.37 | 17,790,087,099.89 |
| Bonds payable | 8.36 | 9,976,912,503.64 | 9,329,062,690.83 |
| Long-term payables | 8.37 | 391,048,992.35 | 462,728,163.70 |
| Long-term employee benefits payable | | | |
| Grants payable | | | |
| Provisions | 8.38 | 380,737,067.35 | |
| Deferred income | 8.39 | 70,608,975.24 | 74,912,345.16 |
| Deferred tax liabilities | 8.21 | 3,925,337,865.46 | 894,471,434.83 |
| Other non-current liabilities | 8.40 | 530,015.91 | 552,566.99 |
| Including: Special reserve funds | | | |
| **Total non-current liabilities** | | 51,042,173,035.32 | 28,551,814,301.40 |
| **Total liabilities** | | 83,891,042,088.02 | 42,448,046,666.24 |
| **Owner's equity** | | | |
| Share capital | 8.41 | 2,423,648,788.24 | 2,423,648,788.24 |
| State-owned capital | 8.41 | 2,423,648,788.24 | 2,423,648,788.24 |
| Including:State-owned legal person's capital | 8.41 | 2,423,648,788.24 | 2,423,648,788.24 |
| Collectively owned capital | | | |
| Private capital | | | |
| Including:individual capital | | | |
| Foreign capital | | | |
| #Less: Investment returned | | | |
| Share capital - net value | 8.41 | 2,423,648,788.24 | 2,423,648,788.24 |
| Other equity instruments | | | |
| Preferred stock | | | |
| Perpetual debt | | | |
| Capital reserves | 8.42 | 54,514,239.18 | 49,854,883.58 |
| Less: treasury shares | | | |
| Other comprehensive income | | -1,105,291,250.26 | -224,365,991.32 |
| Including:currency translation reserve | | -1,120,074,559.85 | -323,877,420.60 |
| Specialized reserve | | | |
| Surplus reserve | | | |
| Including:Statutory surplus reserves | | | |
| Voluntary surplus reserves | | | |
| #Reserve fund | | | |
| #Enterprise development fund | | | |
| #Investment of returned profits | | | |
| △Generic risk reserve | | | |
| Retained earnings | 8.43 | -72,305,648.40 | -423,614,208.93 |
| Equity attributable to owners of the Company | | 1,300,566,128.76 | 1,825,523,471.57 |
| Non-controlling interest | | 4,585,681,592.13 | 2,675,046,380.47 |
| **Total owner's equity** | | 5,886,247,720.89 | 4,500,569,852.04 |
| **Total liabilities and owner's equity** | | 89,777,289,808.91 | 46,948,616,518.28 |

## Statement of Financial Position of the Company

As at 31 December 2016

Prepared by: CGNPC International Limited Unit: RMB

| Item | Notes | 2016 | 2015 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and bank balances | | 895,056.40 | 897,975.58 |
| Financial assets at fair value through profit or loss | | | |
| Derivative financial instruments | | | |
| Notes receivable | | | |
| Accounts receivable | | | |
| Prepayments | | | |
| Interest receivable | | 16,685,478.29 | 11,539,333.72 |
| Dividends receivable | | | |
| Other receivables | 12.1 (1) | 37,021,900.80 | 9,486,004.36 |
| Inventories | | | |
| Held-for-sale assets | | | |
| Non-current assets due within one year | | | - |
| Other current assets | | 7,709,999,053.93 | 2,430,743,103.67 |
| **Total current assets** | | 7,764,601,489.42 | 2,452,666,417.33 |
| **Non-current assets:** | | | |
| Available-for-sale financial assets | | | |
| Held-to-maturity investments | | | |
| Long-term receivables | | | 649,359,926.88 |
| Long-term equity investments | 12.1 (2) | 4,534,596,223.66 | 4,115,763,976.61 |
| Investment properties | | | |
| Fixed assets | | | |
| Construction in progress | | | |
| Construction materials | | | |
| Fixed assets pending for disposal | | | |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Intangible assets | | | |
| Development disbursements | | | |
| Goodwill | | | |
| Long-term deferred expenses | | | |
| Deferred tax assets | | | |
| Other non-current assets | | | |
| **Total non-current assets** | | 4,534,596,223.66 | 4,765,123,903.49 |
| **Total assets** | | 12,299,197,713.08 | 7,217,790,320.82 |

## Statement of Financial Position of the Company (continued)

As at 31 December 2016

Prepared by: CGNPC International Limited | Unit: RMB

| Item | Notes | 2016 | 2015 |
|---|---|---|---|
| **Current liabilities** | | | |
| Short-term loans | | 3,515,578,406.18 | 363,177,630.00 |
| Financial liabilities at fair value through profit or loss | | | |
| Derivative financial instruments | | | |
| Notes payable | | | |
| Accounts payable | | | |
| Advances from customers | | | |
| Employee benefits payables | | | |
| Taxes and surcharges payable | | | |
| Interest payable | | 43,177,531.69 | 29,013,887.54 |
| Dividends payable | | | |
| Other payables | | 1,592,318.62 | 2,110,837.71 |
| Held-for-sale Liabilities | | | |
| Non-current liabilities due within one year | | | |
| Other current liabilities | | | |
| **Total current liabilities** | | 3,560,348,256.49 | 394,302,355.25 |
| **Non-current liabilities:** | | | |
| Long-term loans | | 2,952,945,626.09 | 990,993,945.66 |
| Bonds payable | | 4,121,696,916.89 | 3,853,908,731.53 |
| Long-term payables | | | |
| Long-term employee benefits payable | | | |
| Grants payable | | | |
| Provisions | | | |
| Deferred income | | | |
| Deferred tax liabilities | | | |
| Other non-current liabilities | | | |
| **Total non-current liabilities** | | 7,074,642,542.98 | 4,844,902,677.19 |
| **Total liabilities** | | 10,634,990,799.47 | 5,239,205,032.44 |
| **Owner's equity** | | | |
| Share capital | | 2,423,648,788.24 | 2,423,648,788.24 |
| Other equity instruments | | | |
| Preferred stock | | | |
| Perpetual debt | | | |
| Capital reserves | | 11,880,677.89 | 11,880,677.89 |
| Less: treasury shares | | | |
| Other comprehensive income | | 40,437,650.47 | -20,919,681.55 |
| Including:currency translation reserve | | -2,900,726.39 | -118,153,932.68 |
| Specialized reserve | | | |
| Surplus reserve | | | |
| Retained earnings | | -811,760,202.99 | -436,024,496.20 |
| **Total owner's equity** | | 1,664,206,913.61 | 1,978,585,288.38 |
| **Total liabilities and owner's equity** | | 12,299,197,713.08 | 7,217,790,320.82 |

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2016

Prepared by: CGNPC International Limited — Unit: RMB

| Items | Notes | 2016 | 2015 |
|---|---|---|---|
| **1. Total Revenue** | | 14,302,360,573.52 | 8,502,046,497.28 |
| Including: operation revenue | 8.44 | 14,252,053,225.83 | 8,495,182,722.99 |
| △Interest income | | | |
| △Premium earned | | 50,307,347.69 | 6,863,774.29 |
| △Fee and commission income | | | |
| **2. Total Cost** | | 15,331,707,868.66 | 8,899,547,261.88 |
| Including: operation cost | 8.44 | 11,204,375,080.88 | 6,470,002,882.80 |
| △Interest expenses | | | |
| △Service charge and commission fee | | 244,792.16 | 1,562,285.06 |
| △Surrender value | | | |
| △Net payments for insurance claims | | | |
| △Net payments for withdrawing reserve fund for insurance contracts | | 2,888,910.13 | |
| △Bond insurance expenses | | | |
| △Amortised reinsurance expenditures | | 8,819,799.20 | 5,130,232.27 |
| Tax and surchages | | 43,701,639.60 | 27,215,315.85 |
| Selling and distribution expenses | 8.45 | 4,138,222.26 | 4,328,034.94 |
| General and administrative expenses | 8.46 | 798,562,185.02 | 640,736,345.19 |
| Including:Research & Development expenses | | | |
| Financial costs | 8.47 | 2,410,364,422.46 | 1,149,097,339.25 |
| Including:Interest expense | 8.47 | 2,304,983,307.54 | 1,126,906,348.54 |
| Interest income | 8.47 | 148,245,548.41 | 46,907,925.81 |
| Exchange loss ("-"for net gain) | 8.47 | 140,842,234.42 | 54,749,332.32 |
| Impairment losses | 8.48 | 858,612,816.95 | 601,474,826.52 |
| Other costs and expenses | | | |
| Add: Gain from fair value changes ("-" for loss) | 8.49 | 20,497,219.24 | 19,589,178.17 |
| Investment income ("-" for loss) | 8.50 | 1,238,804,723.67 | 769,151,360.19 |
| Including: Investment income from associates and joint ventures | 8.50 | 343,362,883.76 | 819,852,994.91 |
| △Gain on foreign exchange | | | |
| **3. Operating profits ("-" for loss)** | | 229,954,647.77 | 391,239,773.76 |
| Add: Non-operating income | 8.51 | 739,111,639.78 | 125,910,771.45 |
| Including: Gain on disposal of non-current assets | 8.51 | 16,148.28 | 735,824.70 |
| Gain on exchange of non-monetary assets | | | |
| Government grants | 8.51 | 36,203,105.35 | 42,693,968.40 |
| Gain on debt restructuring | | | |
| Less: Non-operating expenses | 8.52 | 17,579,252.78 | 1,116,145.52 |
| Including: Loss on disposal of non-current assets | 8.52 | 5,937,427.16 | 652,973.93 |
| Loss on exchange of non-monertary assets | | | |
| Loss on debt restructuring | | | |
| **4. Profit before tax ("-" for loss)** | | 951,487,034.77 | 516,034,399.69 |
| Less: Income tax | 8.53 | 538,901,752.22 | 287,640,229.97 |
| **5. Net profit ("-" for loss)** | | 412,585,282.55 | 228,394,169.72 |
| Net profit attributable to owners of the Company | | 351,308,560.53 | -71,051,213.38 |
| Profit/loss attributable to non-controlling interests | | 61,276,722.02 | 299,445,383.10 |
| **6. Other comprehensive income after tax** | 8.54 | -895,109,235.07 | -468,726,268.60 |
| (1) Comprehensive income not to be reclassified as profit or loss | | | |
| 1) Changes in remeasured defined benefit obligations or net assets | | | |
| 2) Portion of comprehensive income not to be reclassified as profit or loss under equity method | | | |
| (2) Comprehensive income to be reclassified as profit or loss | 8.54 | -895,109,235.07 | -468,726,268.60 |
| 1) Portion of comprehensive income to be reclassified as profit or loss under equity method | 8.54 | -19,324,483.84 | -46,660,140.41 |
| 2) Gain or loss from fair value changes of available-for-sale financial assets | 8.54 | -123,236,213.03 | |
| 3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets | | | |
| 4) Loss on effective cash flow hedging | 8.54 | 57,832,577.18 | -591,418.30 |
| 5) Currency translation reserve | 8.54 | -810,381,115.38 | -421,474,709.89 |
| **7.Total comprehensive income** | | -482,523,952.52 | -240,332,098.88 |
| Total comprehensive income attributable to owners of the Company | | -529,616,698.41 | -494,916,253.48 |
| Total comprehensive incomes attributable to Non-controlling interest | | 47,092,745.89 | 254,584,154.60 |
| **8.Earnings per share:** | | | |
| Basic earnings per share | | | |
| Diluted earnings per share | | | |

## Statement of Profit or Loss and Other Comprehensive Income of the Company

Year ended 31 December 2016

Prepared by: CGNPC International Limited                                  Unit: RMB

| Item | Notes | 2016 | 2015 |
|---|---|---|---|
| **1. Operating revenue** | | | |
| Less: Operating cost | | | |
| Sales tax and surchages | | | |
| Selling and distribution expenses | | | |
| General and administrative expenses | | 281,017.86 | 153,046.89 |
| Financial costs | | 462,697,799.91 | 279,823,668.26 |
| Impairment losses | | | 558,780,749.06 |
| Add: Gain from the changes in fair value ("-" for loss) | | | 19,589,178.17 |
| Investment income ("-" for loss) | 12.1 (3) | 87,243,110.98 | 72,907,106.87 |
| Including: Investment income from assoicates and joint ventures | | -4,756,561.93 | -8,365,968.77 |
| **2. Operating profits ("-" for loss)** | | -375,735,706.79 | -746,261,179.17 |
| Add: Non-operating income | | | |
| Including: Gain from disposal of non-current assets | | | |
| Less: Non-operating expenses | | | |
| Including: Loss from disposal of non-current assets | | | |
| **3. Profit before tax ("-" for loss)** | | -375,735,706.79 | -746,261,179.17 |
| Less: Income tax | | | |
| **4. Net profit ("-" for loss)** | | -375,735,706.79 | -746,261,179.17 |
| **5. Other comprehensive income after tax** | | 61,357,332.02 | 82,157,032.83 |
| (1) Comprehensive income not to be reclassified as profit or loss | | | |
| 1) Changes in remeasured defined benefit obligations or net assets | | | |
| 2) Portion of comprehensive income not to be reclassified as profit or loss under equity method | | | |
| (2) Comprehensive income to be reclassified as profit or loss | | 61,357,332.02 | 82,157,032.83 |
| 1) Portion of comprehensive income to be reclassified as profit or loss under equity method | | -53,895,874.27 | -49,274,725.55 |
| 2) Gain or loss from fair value changes of available-for-sale financial assets | | | |
| 3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets | | | |
| 4) Gain or loss on effective cash flow hedging | | | |
| 5) Currency translation reserve | | 115,253,206.29 | 131,431,758.38 |
| **6.Total comprehensive income** | | -314,378,374.77 | -664,104,146.34 |
| **7.Earnings per share:** | | | |
| Basic earnings per share | | | |
| Diluted earnings per share | | | |

## Consolidated Cash Flows Statement

Year ended 31 December 2016

Prepared by: CGNPC International Limited　　　　Unit: RMB

| Item | Notes | 2016 | 2015 |
|---|---|---|---|
| **1. Cash flows from operating activities** | | | |
| Cash received from sales of goods or rendering of service | | 15,908,156,159.36 | 9,901,375,145.17 |
| △Net increase in deposits and placements from financial institutions | | | |
| △Net increase amount of borrowings from central bank | | | |
| △Net increase amount of funds borrowed from other financial institutions | | | |
| △Cash received from the premium of original insurance contract | | | |
| △Net cash received from reinsurance business | | 38,335,573.71 | |
| △Net increase amount of deposit of the insured and investment fund | | | |
| △Net increase amount of dispose the financial assets at fair value through profit or loss | | | |
| △Cash received from interest, handling charge and commission | | | |
| △Net increase amount of borrowing funds | | | |
| △Net increase amount of repurchase operation funds | | | |
| Cash received from tax refund | | 10,957,935.44 | 33,210,299.08 |
| Cash received from other activities related to operating activities | | 893,921,735.23 | 4,475,596,584.52 |
| **Sub-total of cash inflows from operation activities** | | 16,851,371,403.74 | 14,410,182,028.77 |
| Cash paid for goods and services | | 13,365,446,550.27 | 9,199,094,530.17 |
| △Net increase in loans and advances | | | |
| △Net increase in deposits with central banks and other financial institutions | | | |
| △Cash payment for compensation of original inisurance contract | | | |
| △Cash paid for interest,fees and commissions | | 707,809.75 | 1,562,285.06 |
| △Cash payment for policy dividend | | | |
| Cash paid to and on behalf of employees | | 682,321,004.81 | 418,403,628.08 |
| Cash paid to taxes and surchages | | 1,034,691,666.88 | 484,899,087.13 |
| Cash paid relating to other operating activities | | 993,003,653.89 | 3,710,021,613.00 |
| **Sub-total of cash outflows used in operation activities** | | 16,076,170,685.60 | 13,813,981,143.44 |
| **Net cash flows from operating activities** | | 775,200,718.14 | 596,200,885.33 |
| **2. Cash flows from investing activities** | | | |
| Cash received from withdraw of investment | | 302,128,800.09 | 614,179,994.88 |
| Cash received from investments income | | 551,056,187.89 | 436,973,817.52 |
| Net Cash received from disposal of fixed assets, intangible assets and other long-terms assets | | | 152,606.08 |
| Net cash received from disposal of subsidiaries and other operating organizations | | 204,192,001.32 | 444,130,598.85 |
| Other cash received relating to investing activities | | 518,994,562.71 | 76,556,110.87 |
| **Sub-total of cash inflows from investment activities** | | 1,576,371,552.01 | 1,571,993,128.20 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 704,913,463.91 | 1,534,395,098.92 |
| Cash paid for investments | | 13,407,442,823.72 | |
| △Net increase amount of pledge loans | | | |
| Net cash paid for acquiring subsidiaries or other business units | | 12,001,566,180.32 | 440,248,554.71 |
| Other cash payments relating to investing activities | | 485,040.28 | 637,710,916.55 |
| **Sub-total of cash outflows used in investment activities** | | 26,114,407,508.23 | 2,612,354,570.18 |
| **Net cash flows from investing activities** | | -24,538,035,956.22 | -1,040,361,441.98 |
| **3. Cash flows from financing activities** | | | |
| Cash received from investors | | 111,200,995.36 | |
| Including: Cash received from non-controlling shareholders' investment | | 111,200,995.36 | |
| Cash received from borrowings | | 49,041,402,426.81 | 22,664,865,321.92 |
| △Cash received from bonds | | | |
| Other cash received relating to financing activities | | 33,151,653.47 | 1,840,277,545.42 |
| **Sub-total of cash inflows from financing activities** | | 49,185,755,075.64 | 24,505,142,867.34 |
| Repayments of borrowings and debts | | 25,531,076,227.57 | 8,510,214,325.73 |
| Cash paid for distribution of dividends or profits, or cash paid for interest expenses | | 2,863,448,316.67 | 1,771,712,421.26 |
| Including: Dividends or profit paid to non-controlling shareholders | | 202,751,537.78 | 117,197,376.94 |
| Other cash payments relating to financing activites | | 117,249,395.65 | 7,731,840,340.71 |
| **Sub-total of cash outflows used in financing activities** | | 28,511,773,939.89 | 18,013,767,087.70 |
| **Net cash flows from financing activities** | | 20,673,981,135.75 | 6,491,375,779.64 |
| **4. Effect of foreign exchange rate changes on cash and cash equivalents** | | 423,373,646.42 | -8,302,661.62 |
| **5. Net increase in cash and cash equivalents** | 8.56 | -2,665,480,455.91 | 6,038,912,561.37 |
| Cash and cash equivalents at the beginning of the year | | 8,880,125,313.78 | 2,841,212,752.41 |
| **6. Cash and cash equivalents at the end of the year** | | 6,214,644,857.87 | 8,880,125,313.78 |

## Cash Flows Statement of the Company

Year ended 31 December 2016

Prepared by: CGNPC International Limited  Unit: RMB

| Item | Notes | 2016 | 2015 |
|---|---|---|---|
| **1. Cash flows from operating activities** | | | |
| Cash received from sales of goods or rendering of service | | | |
| Cash received from tax refund | | | |
| Cash received from other activities related to operating activities | | 134,450.48 | 1,383,380,850.21 |
| **Sub-total of cash inflows from operation activities** | | 134,450.48 | 1,383,380,850.21 |
| Cash paid for goods and services | | | |
| Cash paid to and on behalf of employees | | | |
| Cash paid to taxes and surchages | | | |
| Cash paid relating to other operating activities | | 28,216,462.91 | 16,121,679.39 |
| **Sub-total of cash outflows used in operation activities** | | 28,216,462.91 | 16,121,679.39 |
| **Net cash flows from operating activities** | | -28,082,012.43 | 1,367,259,170.82 |
| **2. Cash flows from investing activities** | | | |
| Cash received from withdarw of investments | | 5,641,308,193.37 | 1,511,617,411.79 |
| Cash received from investments income | | 62,359,077.35 | 43,485,460.66 |
| Net Cash received from disposal of fixed assets, intangible assets and other long-terms assets | | | |
| Net cash received from disposal of subsidiaries and other operating organizations | | | |
| Other cash received relating to investing activities | | | 13,180,392.19 |
| **Sub-total of cash inflows from investment activities** | | 5,703,667,270.72 | 1,568,283,264.64 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | | |
| Cash payments for investments | | 10,289,880,470.89 | 2,346,505,154.86 |
| Net cash paid for acquiring subsidiaries or other business units | | | |
| Other cash payments related to investing activities | | | 8,049.80 |
| **Sub-total of cash outflows used in investment activities** | | 10,289,880,470.89 | 2,346,513,204.66 |
| **Net cash flows from investing activities** | | -4,586,213,200.17 | -778,229,940.02 |
| **3. Cash flows from financing activities** | | | |
| Cash received from investments by others | | | |
| Cash received from borrowings | | 8,747,905,908.25 | 4,945,099,734.67 |
| Other cash received relating to financing activities | | 444,624.77 | |
| **Sub-total of cash inflows from financing activities** | | 8,748,350,533.02 | 4,945,099,734.67 |
| Cash repayments for debts | | 3,883,656,099.82 | 3,823,701,910.89 |
| Cash payments for distribution of dividends, profit and interest expenses | | 247,797,076.98 | 200,398,046.10 |
| Other cash payments related to financing activities | | | 1,482,717,022.54 |
| **Sub-total of cash outflows used in financing activities** | | 4,131,453,176.80 | 5,506,816,979.53 |
| **Net cash flows from financing activities** | | 4,616,897,356.22 | -561,717,244.86 |
| **4. Effect of foreign exchange rate changes on cash and cash equivalents** | | -2,605,062.80 | -27,190,081.70 |
| **5. Net increase in cash and cash equivalents** | 12.1 (4) | -2,919.18 | 121,904.24 |
| Add: beginning balance of cash and cash equivalents | | 897,975.58 | 776,071.34 |
| **6.Ending balance of cash and cash equivalents** | | 895,056.40 | 897,975.58 |

## Consolidated Statement of Changes in Equity

Year ended 31 December 2016

Prepared by: CGNPC International Limited

Unit: RMB

| Items | Lines | 2016 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to parent company | | | | | | | | | | | Minority interests | Total owner's equity |
| | | Share capital (paid-in capital) | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △Generic risk reserve | Retained earnings | Others | Subtotal | | |
| Columns | — | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **1. Ending balance of last year** | 1 | 2,423,648,788.24 | - | 49,854,883.58 | - | -224,365,991.32 | - | - | - | -423,614,208.93 | - | 1,825,523,471.57 | 2,675,046,380.47 | 4,500,569,852.04 |
| Add: increase/decrease due to changes in accounting policies | 2 | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Increase/decrease due to corrections of errors in prior period | 3 | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Others | 4 | | | | | | | | | | | - | | - |
| **2. Beginning balance of current year** | 5 | 2,423,648,788.24 | - | 49,854,883.58 | - | -224,365,991.32 | - | - | - | -423,614,208.93 | - | 1,825,523,471.57 | 2,675,046,380.47 | 4,500,569,852.04 |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | - | - | 4,659,355.60 | - | -880,925,258.94 | - | - | - | 351,308,560.53 | - | -524,957,342.81 | 1,910,635,211.66 | 1,385,677,868.85 |
| (1) Total comprehensive income | 7 | — | — | — | — | -880,925,258.94 | — | — | — | 351,308,560.53 | — | -529,616,698.41 | 47,092,745.89 | -482,523,952.52 |
| (2) Owner's contibutions and withdrawals of capital | 8 | - | - | 4,659,355.60 | - | - | - | - | - | - | - | 4,659,355.60 | 2,069,816,744.50 | 2,074,476,100.10 |
| 1)Common stock contributed by owners | 9 | | — | | — | — | — | — | — | — | — | - | 108,003,562.31 | 108,003,562.31 |
| 2)Capital contributed by other equity instruments holders | 10 | | | | — | — | — | — | — | — | — | - | | |
| 3)Share-based payment recorded in owners equity | 11 | | — | 4,659,355.60 | — | — | — | — | — | — | — | 4,659,355.60 | 1,786,011.12 | 6,445,366.72 |
| 4)Others | 12 | | — | | | | | | | | | - | 1,960,027,171.07 | 1,960,027,171.07 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1)Accrual of specialized reserve | 14 | — | — | — | — | — | | — | — | — | — | - | | - |
| 2)Utilization of specialized reserve | 15 | — | — | — | — | — | | — | — | — | — | - | | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | - | - | - | - | - | -206,274,278.73 | -206,274,278.73 |
| 1)Appropriation of surplus reserves | 17 | — | — | — | — | — | — | | — | | — | - | — | - |
| Including: statutory surplus reserve | 18 | — | — | — | — | — | — | | — | | — | - | — | - |
| Decretionary surplus reserve | 19 | — | — | — | — | — | — | | — | | — | - | — | - |
| #Reserve funds | 20 | — | — | — | — | — | — | | — | | — | - | — | - |
| #Enterprise development funds | 21 | — | — | — | — | — | — | | — | | — | - | — | - |
| #Re-investment by retained profits | 22 | — | — | — | — | — | — | | — | | — | - | — | - |
| 2) Accrual of general risk reserve | 23 | — | — | — | — | — | — | — | | | — | - | — | - |
| 3)Distribution to owners (or shareholders) | 24 | — | — | — | — | — | — | — | — | | — | - | -206,274,278.73 | -206,274,278.73 |
| 4)Others | 25 | | | | | | | | | | | - | | - |
| (5) Transfer within owner's equity | 26 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | | | | — | — | — | — | — | — | — | - | — | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | | — | — | — | — | — | | — | — | — | - | — | - |
| 3)Recover of loss by surplus reserve | 29 | — | — | — | — | — | — | | — | | — | - | — | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | — | — | — | — | | — | — | — | | — | - | — | - |
| 5)Others | 31 | | | | | | | | | | | - | | - |
| **4.Ending banalance of current year** | 32 | 2,423,648,788.24 | - | 54,514,239.18 | - | -1,105,291,250.26 | - | - | - | -72,305,648.40 | - | 1,300,566,128.76 | 4,585,681,592.13 | 5,886,247,720.89 |

## Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2016

Prepared by: CGNPC International Limited | Unit: RMB

| Items | Lines | 2015 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to parent company | | | | | | | | | | | Minority interests | Total owner's equity |
| | | Share capital (paid-in capital) | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △Generic risk reserve | Retained earnings | Others | Subtotal | | |
| Columns | — | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **1. Ending balance of last year** | 1 | 2,423,648,788.24 | - | 2,836,394,252.59 | - | 199,499,048.78 | - | - | | 511,754,496.06 | - | 5,971,296,585.67 | 2,772,914,596.66 | 8,744,211,182.33 |
| Add: increase/decrease due to changes in accounting policies | 2 | — | — | — | — | — | — | — | | — | — | — | — | — |
| Increase/decrease due to corrections of errors in prior period | 3 | — | — | — | — | — | — | — | | — | — | — | — | — |
| Others | 4 | | | | | | | | | | | - | | - |
| **2. Beginning balance of current year** | 5 | 2,423,648,788.24 | - | 2,836,394,252.59 | - | 199,499,048.78 | - | - | | 511,754,496.06 | - | 5,971,296,585.67 | 2,772,914,596.66 | 8,744,211,182.33 |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | - | - | -2,786,539,369.01 | - | -423,865,040.10 | - | - | | -935,368,704.99 | - | -4,145,773,114.10 | -97,868,216.19 | -4,243,641,330.29 |
| (1) Total comprehensive income | 7 | — | — | — | — | -423,865,040.10 | — | — | | -71,051,213.38 | — | -494,916,253.48 | 254,584,154.60 | -240,332,098.88 |
| (2) Owner's contibutions and withdrawals of capital | 8 | - | - | -2,786,539,369.01 | - | - | - | - | | -863,687,164.77 | - | -3,650,226,533.78 | -246,907,712.14 | -3,897,134,245.92 |
| 1)Common stock contributed by owners | 9 | | — | | — | — | — | — | | — | — | - | | - |
| 2)Capital contributed by other equity instruments holders | 10 | | | | — | — | — | — | | — | — | - | | |
| 3)Share-based payment recorded in owners equity | 11 | | — | 351,735.67 | — | — | — | — | | — | — | 351,735.67 | 134,826.33 | 486,562.00 |
| 4)Others | 12 | | — | -2,786,891,104.68 | | | | | | -863,687,164.77 | | -3,650,578,269.45 | -247,042,538.47 | -3,897,620,807.92 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | | - | - | - | - | - |
| 1)Accrual of specialized reserve | 14 | — | — | — | — | — | | — | | — | — | - | | - |
| 2)Utilization of specialized reserve | 15 | — | — | — | — | — | | — | | — | — | - | | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | - | | -630,326.84 | - | -630,326.84 | -105,544,658.65 | -106,174,985.49 |
| 1)Appropriation of surplus reserves | 17 | — | — | — | — | — | — | | | | — | - | — | - |
| Including: statutory surplus reserve | 18 | — | — | — | — | — | — | | | | — | - | — | - |
| Decretionary surplus reserve | 19 | — | — | — | — | — | — | | | | — | - | — | - |
| #Reserve funds | 20 | — | — | — | — | — | — | | | | — | - | — | - |
| #Enterprise development funds | 21 | — | — | — | — | — | — | | | | — | - | — | - |
| #Re-investment by retained profits | 22 | — | — | — | — | — | — | | | | — | - | — | - |
| 2) Accrual of general risk reserve | 23 | — | — | — | — | — | — | — | | | — | - | — | - |
| 3)Distribution to owners (or shareholders) | 24 | — | — | — | — | — | — | — | | | — | - | -105,303,043.54 | -105,303,043.54 |
| 4)Others | 25 | | | | | | | | | -630,326.84 | | -630,326.84 | -241,615.11 | -871,941.95 |
| (5) Transfer within owner's equity | 26 | - | - | - | - | - | - | - | | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | | | | — | — | — | — | | — | — | - | — | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | | — | — | — | — | — | | | — | — | - | — | - |
| 3)Recover of loss by surplus reserve | 29 | — | — | — | — | — | — | | | | — | - | — | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | — | — | — | — | | — | — | | | — | - | — | - |
| 5)Others | 31 | | | | | | | | | | | - | | - |
| **4.Ending banalance of current year** | 32 | 2,423,648,788.24 | - | 49,854,883.58 | - | -224,365,991.32 | - | - | | -423,614,208.93 | - | 1,825,523,471.57 | 2,675,046,380.47 | 4,500,569,852.04 |

## Statement of Changes in Equity of the Company

Year ended 31 December 2016

Prepared by: CGNPC International Limited

Unit: RMB

| Items | Lines | 2016 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital (paid-in capital) | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △Generic risk reserve | Retained earnings | Others | Subtotal |
| Columns | — | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **1. Ending balance of last year** | 1 | 2,423,648,788.24 | - | 11,880,677.89 | - | -20,919,681.55 | - | - | - | -436,024,496.20 | - | 1,978,585,288.38 |
| Add: increase/decrease due to changes in accounting policies | 2 | — | — | — | — | — | — | — | — | — | — | — |
| Increase/decrease due to corrections of errors in prior perio | 3 | — | — | — | — | — | — | — | — | — | — | — |
| Others | 4 | | | | | | | | | | | - |
| **2. Beginning balance of current year** | 5 | 2,423,648,788.24 | - | 11,880,677.89 | - | -20,919,681.55 | - | - | - | -436,024,496.20 | - | 1,978,585,288.38 |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | - | - | - | - | 61,357,332.02 | - | - | - | -375,735,706.79 | - | -314,378,374.77 |
| (1) Total comprehensive income | 7 | — | — | — | — | 61,357,332.02 | — | — | — | -375,735,706.79 | — | -314,378,374.77 |
| (2) Owner's contibutions and withdrawals of capital | 8 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Common stock contributed by owners | 9 | | — | | — | — | — | — | — | — | — | - |
| 2)Capital contributed by other equity instruments holders | 10 | | | | — | — | — | — | — | — | — | - |
| 3)Share-based payment recorded in owners equity | 11 | | — | | — | — | — | — | — | — | — | - |
| 4)Others | 12 | | — | | | | | | | | | - |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Accrual of specialized reserve | 14 | — | — | — | — | — | | — | — | — | — | - |
| 2)Utilization of specialized reserve | 15 | — | — | — | — | — | | — | — | — | — | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Appropriation of surplus reserves | 17 | — | — | — | — | — | — | | — | | — | - |
| Including: statutory surplus reserve | 18 | — | — | — | — | — | — | | — | | — | - |
| Decretionary surplus reserve | 19 | — | — | — | — | — | — | | — | | — | - |
| #Reserve funds | 20 | — | — | — | — | — | — | | — | | — | - |
| #Enterprise development funds | 21 | — | — | — | — | — | — | | — | | — | - |
| #Re-investment by retained profits | 22 | — | — | — | — | — | — | | — | | — | - |
| 2) Accrual of general risk reserve | 23 | — | — | — | — | — | — | — | | | — | - |
| 3)Distribution to owners (or shareholders) | 24 | — | — | — | — | — | — | — | — | | — | - |
| 4)Others | 25 | | | | | | | | | | | - |
| (5) Transfer within owner's equity | 26 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | | | | — | — | — | — | — | — | — | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | | — | — | — | — | — | | — | — | — | - |
| 3)Recover of loss by surplus reserve | 29 | — | — | — | — | — | — | | — | | — | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | — | — | — | — | | — | — | — | | — | - |
| 5)Others | 31 | | | | | | | | | | | - |
| **4.Ending banalance of current year** | 32 | 2,423,648,788.24 | - | 11,880,677.89 | - | 40,437,650.47 | - | - | - | -811,760,202.99 | - | 1,664,206,913.61 |

## Statement of Changes in Equity of the Company (continued)

Year ended 31 December 2016

Prepared by: CGNPC International Limited

Unit: RMB

| Items | Lines | 2015 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital (paid-in capital) | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △Generic risk reserve | Retained earnings | Others | Subtotal |
| Columns | — | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **1. Ending balance of last year** | 1 | 2,423,648,788.24 | | 11,880,677.89 | | -103,076,714.38 | | | | 310,236,682.97 | | 2,642,689,434.72 |
| Add: increase/decrease due to changes in accounting policies | 2 | — | — | — | — | — | — | — | — | — | — | — |
| Increase/decrease due to corrections of errors in prior period | 3 | — | — | — | — | — | — | — | — | — | — | — |
| Others | 4 | | | | | | | | | | | - |
| **2. Beginning balance of current year** | 5 | 2,423,648,788.24 | - | 11,880,677.89 | - | -103,076,714.38 | - | - | - | 310,236,682.97 | - | 2,642,689,434.72 |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | - | - | - | - | 82,157,032.83 | - | - | - | -746,261,179.17 | - | -664,104,146.34 |
| (1) Total comprehensive income | 7 | — | — | — | — | 82,157,032.83 | — | — | — | -746,261,179.17 | — | -664,104,146.34 |
| (2) Owner's contibutions and withdrawals of capital | 8 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Common stock contributed by owners | 9 | | — | | — | — | — | — | — | — | — | - |
| 2)Capital contributed by other equity instruments holders | 10 | | | | — | — | — | — | — | — | — | - |
| 3)Share-based payment recorded in owners equity | 11 | | — | | — | — | — | — | — | — | — | - |
| 4)Others | 12 | | — | | | | | | | | | - |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Accrual of specialized reserve | 14 | — | — | — | — | — | | — | — | — | — | - |
| 2)Utilization of specialized reserve | 15 | — | — | — | — | — | | — | — | — | — | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Appropriation of surplus reserves | 17 | — | — | — | — | — | — | | — | | — | - |
| Including: statutory surplus reserve | 18 | — | — | — | — | — | — | | — | | — | - |
| Decretionary surplus reserve | 19 | — | — | — | — | — | — | | — | | — | - |
| #Reserve funds | 20 | — | — | — | — | — | — | | — | | — | - |
| #Enterprise development funds | 21 | — | — | — | — | — | — | | — | | — | - |
| #Re-investment by retained profits | 22 | — | — | — | — | — | — | | — | | — | - |
| 2) Accrual of general risk reserve | 23 | — | — | — | — | — | — | — | | | — | - |
| 3)Distribution to owners (or shareholders) | 24 | — | — | — | — | — | — | — | — | | — | - |
| 4)Others | 25 | | | | | | | | | | | - |
| (5) Transfer within owner's equity | 26 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | | | | — | — | — | — | — | — | — | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | | — | — | — | — | — | | — | — | — | - |
| 3)Recover of loss by surplus reserve | 29 | — | — | — | — | — | — | | — | | — | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | — | — | — | — | | — | — | — | | — | - |
| 5)Others | 31 | | | | | | | | | | | - |
| **4.Ending banalance of current year** | 32 | 2,423,648,788.24 | - | 11,880,677.89 | - | -20,919,681.55 | - | - | - | -436,024,496.20 | - | 1,978,585,288.38 |

# I. General information

## 1. The company registration location, formation and address

CGNPC International Limited (the "Company"or the "Group" when including subsidiaries") is a limited company incorporated in Hong Kong, which is approved by Economic and Trade Department of PRC (now is known as Ministry of Commerce of PRC) and was named as Hongkong high-tech development company before increase capital.The Company's registered capital is HKD2,805,974,175.00 and was 100% contributed by China Gerneral Nuclear Power Corporation ("CGNPC").The address of the registered office and principal place of business of the Company are Room 1901, CC Wu Building,302 Hennessy Road,Wanchai,Hong Kong.

## 2. The nature of the company's business and main operating activities

The principal activity of the Company is investment holding.

## 3. The immediate holding company and the Group's name

The Company's immediate and ultimate holding company is CGNPC and its major subsidiaries are listed as follows:

| Name of subsidiary | abbreviation |
|---|---|
| CGNPC Huamei Investment Limited | Huamei |
| Aigrette Green Energy Development Company Limited | Aigrette Green |
| Gold Sky Capital Limited | Gold Sky |
| CGNPC International Financial Leasing Limited | Financial Leasing company |
| CGN Captive Insurance Limited | CGN Insurance |
| Gigastar Limited | Gigastar |
| China Clean Energy Development Limited | Clean Energy |
| China Nuclear Power Limited | Nuclear Power |
| China Nuclear Power EPC Limited | Nuclear Power EPC |

The Company sets up Board of Directors which is responsible for important decision making and management and control of the company's daily operation.

# II. Basis of preparation of financial statements

The Company's financial statements have been prepared on a going concern basis and based on actual transactions and events, in accordance with "Accounting Standards for Business Enterprises" and other related regulations issued by the China Ministry of Finance and the accounting policies and estimates of the Company as stated in Note IV "Principal accounting policies and accounting estimates".

## III.Statement of compliance of Accounting Standards for Business Enterprises

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and related accounting requirements, and truly and completely reflected the Company's financial position and their financial performance and cash flows and other related information.

## IV.Principal accounting policies and accounting estimates

### 1. Accounting period

The accounting period of the Group is from 1 January to 31 December of each calendar year.

### 2.Recording currency

The recording currency of the Company is HKD, the subsidiaries in China are using RMB as their recording currency, and the subsidiaries in Korea are using KRW as their recording currency. Other subsidiaries are using other currencies as their recording curreny, such as USD, GBP, EUR, HKD, etc.

RMB is the currency used in preparing our financial statements, unit of the amounts are expressed in RMB unless otherwise specified.

### 3. Basis of accounting and principle of measurement

The Company's financial statements have been prepared on an accrual basis. Except for derivative financial assets which are measured at fair value, the financial statements are prepared under the historical cost convention.

### 4.Business combination

The Group is the acquirer, the assets and liabilities that the acquirer obtains in a business combination under common control shall be measured on the basis of their carrying value in the consolidated financial statement on the acquisition date. As for the balance between the carrying amount of the net assets obtained by the acquirer and the carrying amount of the consideration, the capital reserve shall be adjusted, if the balance of the capital reserve is not sufficient, any excess shall be adjusted against retained earnings.

The identifiable assets, liabilities and contingent liabilities of the acquiree which is obtained in a business combination not under common control shall be measured on their fair value on the acquisition date. The combination costs shall be the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquiree and the all relevant direct expenses incurred for the combination (for a business combination realized by step to step transactions, the combination costs shall be the sum of the costs of all separate transactions). The positive balance between the combination costs and the fair value of the identifiable net assets obtained from the acquiree shall be recognized as goodwill. If the balance between the combination costs and the fair value of the identifiable net assets obtained is negative, the acquirer shall re-examine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities, non-monetary assets of considerations or equiry securities issued. If, after the re-examination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquiree, the negative balance shall be recorded into the non-operating income of the current period.

**5.Consolidated financial statements**

5.1Recognition principle of the Consolidation Scope

The scope of consolidated financial statements of the Group includes all subsidiaries and structural entities under control.

5.2 Principle, methods and procedures to prepare the consolidated financial statements

When preparing consolidated financial statements, the accounting policies or accounting period of its subsidiaries are different from those of the parent, the parent shall make necessary adjustments to the financial statements of the subsidiary based on its own accounting policies or accounting period.

All significant intragroup transactions, balances and unrealized profits in the scope of consolidation shall be eliminated when preparing the consolidated financial statements. That portion of a subsidiary's equity that is not attributable to the parent and the portion of net gain/loss, other comprehensive income and total comprehensive income attributable to equity of minority share-holders shall be treated as non-controlling interests and presented as "non-controlling interests", "profit/loss attributable to non-controlling interests", "Total comprehensive incomes attributable to non-controlling interests" in the consolidated financial statements.

When preparing the consolidated financial statements, if the parent has acquired a subsidiary or business during the reporting period through a business combination involving the Group under common control, the revenue, expenses and profit and the cash flows of the subsidiary or business shall be included in the consolidated financial statements. In addition, relevant items in the comparative statement shall be adjusted as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained control.

If the parent has acquired a subsidiary or business through step by step transactions involving the Group under the common control, the consolidated financial statements shall be adjusted as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained control. No earlier than the time when the ultimate controlling party obtained control of the Group and the combined party, the relevant assets, liabilities of the combined party shall be included in the comparative statement of the Group and the net assets increased due to the combination shall be adjusted to the relevant items of owner's equity of the comparative statement. To avoid the double calculation of the value of combined party's net assets, the long-term equity investments held by the Group before the combination and their profit/loss, other comprehensive income and other changes of net assets gains during the original acquisition date and the current controlling date shall offset the beginning balance of retained earnings and the profit/loss of current period.

Where a subsidiary or business has been acquired through a business combination under non-common control, the revenue, expenses and profit, cash flows of that subsidiary or business from the acquisition date to the end of the reporting period shall be included in the consolidated financial statements. When preparing the consolidated financial statement, Adjustments to the financial statements of the subsidiary shall be based on the fair value of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

If the parent has acquired a subsidiary or business through step by step transactions under the non-common control, for the acquiree's equity acquired before acquisition date, shall be remearsured by the fair value on its acquisition date, the balance between the fair value and its book value shall be recorded into investment income of current period; If the acquiree's equity held by aquirer before the acquisition date involves the other comprehensive income calculated under equity method, other changes in owner's equity besides the net gain/loss, other comprehensive income and the distribution of profits, which shall transfer into investment income in current period, but the exception is for other comprehensive income caused by changes of net liabilities or net assets remeasurment of the benefit obligation by the combined party.

Where the parent disposes of a portion of the long-term equity investments in a subsidiary without loss of control, the difference between the amount of the consideration received and the corresponding portion of net assets of the subsidiary calculated continuously from the acquisition date or the combination date related to the disposal of the long-term equity investments shall be adjusted to the capital reserve (capital premium or share premium) in the consolidated financial statements. If the balance of the capital reserve is not sufficient, any excess shall be adjusted against retained earnings.

If the Group loses control of an investee due to the disposal of a portion of an equiry investment or other reasons, the remaining equiry investment shall be re-measured at its fair value in the consolidated financial statements at the date when control is lost. The difference between the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and the share of net assets of the former subsidiary calculated continuously from the acquisition date or the combination date based on the previous shareholding proportion, shall be recognized as investment income for the current period when control is lost, and the goodwill related to the subsidiary shall also be derecognized. The amount previously recognized in other comprehensive income in relation to the former subsidiary's equity invement should be transferred to investment income for the current period when control is lost.

Where the Group loses control of subsidiary in multiple transactions in which it disposes of its subsidiary in stages, if each of the multiple transactions forms part of a bundled transaction which eventually results in loss of control of the subsidiary, these multiple transactions should be accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets in each transaction prior to the loss of control shall be recognized in other comprehensive income and transferred to the profit or loss when the parent eventually loses control of the subsidiary.

**6.Classification of a joint arrangement and accouting by parties to a joint operation**

The group's joint arrangements include joint operations and joint ventures. For joint operations, the Group, as a joint operator shall recognize its solely-held assets, solely-assumed liabilities and its share of any assets held jointly, any liabilities incurred jointly, its solely-earned revenue, solely-incurred expenses and its share of the revenue, its share of any expenses incurred jointly. When the Group enters into the transaction with the joint operation, such as purchasing or selling of assets (not to form a business), the Group shall recognize gains or losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

**7.Basis of recognition of cash and cash equivalents**

Cash in the Group's cash flows statement represents cash on hand and deposits that can be readily draw on demand. Cash equivalents in the cash flow statement represent short-term (3 months or less), and highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

**8.Foreign currency transactions and currency translation reserve**

(1) Foreign currency transactions

When Non-RMB currencies transactions occur, the corresponding foreign currencies amounts shall be converted in RMB using the exchange rate published by the People's Bank of China at the transaction dates. At the end of the year, foreign currency monetary items shall be converted into RMB using the spot exchange rate at the balance sheet date. The difference of the exchange rates shall: 1) be credited to long-term prepaid expense for preparing period; 2) be capitalized or credited to profit or loss of current period follows the rules of borrowings, if it's gain/loss on foreign exchange related to specialized loans for purchase and contruction of fixed assets.

(2) Currency translation reserve

The company prepares the financial statements denominated in RMB in accordance with following regulations: all asset and liability items except for the owner's equity items are converted into RMB based on the spot exchange rate at the balance sheet date, the paid up capital and capital reserve items adopt the history exchange rate. The "undistributed profits" are taken as a balance figure from the "Statement of Changes in Owners' Equity" after all other items is converted into RMB. The balancing difference that appears in the balance sheet after currency conversion is listed as a "Currency translation reserve" item in the owner's equity items of balance sheet. The amounts in the "Statement of Profit and Loss" and respectively represent in the "Statement of Changes in Owner's Equity" are converted based on the average of the exchange rate of the end of every month of the reporting period.

**9.Financial assets and financial liabilities**

(1)Financial assets

Financial assets or liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

1) Classification of financial assets

Financial assets are classified into four categories according to the purposes of investments and their economic substance: "Financial assets at fair value through profit or loss", "Held-to-maturity investments", "Loan and receivables" and "Available-for-sale financial assets".

Financial assets at fair value through profit or loss include tradable financial assets and the designated as it in initial recognition. The group classifies the financial assets which met following one of the conditions as the tradable financial assets: The purpose to acquire the said financial assets is mainly for selling of them in the near future; Forming a part of the identifiable combination of financial instruments which are managed in a centralized way and for which there are objective evidences proving that the enterprise may manage the combination by way of short term profit making in the near future; Being a derivative instrument, excluding the designated derivative instruments which are effective hedging instruments, or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments. The group classifies financial assets, only one of the following requirements met when they are initially recognized, can be designated as financial assets at fair value through profit or loss: The designation is able to eliminate or obviously reduce the discrepancies in the recognition or measurement of relevant gains or losses arisen from the different basis of measurement of the financial assets or financial liabilities; The official written documents on risk management or investment strategies of the enterprise concerned have recorded that the combination of said financial assets, the combination of said financial liabilities, or the combination of said financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and be reported to the key management personnel. Including one or multiple embedded derivative mixed instrument, excepting where the embedded derivative instrument does not significantly change the cash flow of the mixed instrument; where the derivative instruments embedded in similar mixed instruments shall obviously not be separated from the relevant mixed instruments. The Financial assets at fair value through profit or loss are measured by fair value subsequently and the fair value change and the dividend and interest related to those financial assets are calculated in current period profit or loss.

Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments that management has positive intention and abilityto hold to maturity.

Receivables are the non-derivatives financial assets with fixed and determinable payment that are not quoted in active market. The group adopts the actual interest rate method and subsequent measured the receivables on the post-amortization costs basis, the amortization, impairment and disposal loss or profit are calculated in current period profit or loss.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. In those financial assets, the equity investment instruments for which there is no quoted price in the active market and whose fair value cannot be reliably measured and the derivative financial assets which connected to the equity investment and only can be settled by the equity investment is delivered are subsequent measured on cost method . The others assets exist active market and the fair value can be reliably measured are subsequent measured on fair value, and the fair value changes are recorded in other comprehensive income. For those kinds of assets are subsequent measured on fair value, the fair value changes are directly recorded in equity interest, except impairment loss and monetary foreign assets exchange loss or profit. When the financial assets are derecognized, the accumulated changed recorded in equity interest are transfer to current period profit or loss. The interest of available for sale financial liability is calculated by actual interest rate. The cash divided related to that equity financial instrument are recorded in current period profit or loss as investment income. For the equity investment instruments for which there is no quoted price in the active market are subsequent measured on cost method.

2) The transfer of financial assets recognition and measures

The financial assets would be derecognized when one of following conditions is satisfied: (1)The contract to receive the cash inflow generated by the financial assets is terminated. (2)The financial assets have been transferred and the Group transfers substantially all the risks and rewards of ownership of a financial asset to the transferee.(3)The financial assets has been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, but gives up the control of such financial asset.

In the case of the Company neither transfers or retains substantially all the risks and rewards of ownership of a financial asset, nor gives up the control of such financial asset, the financial assets shall be recognized based on the extent that the Company is continuously related to such financial assets. The extent that the company is continuously related to such financial assets means the risk level the Company would suffer in case of the changes of the financial assets.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the aggregate of consideration received and the accumulative amount of changes of fair value originally recorded in the owner's equity is recognized in the income statement.

On de-recognition of a financial asset in its portion, the carrying amount of the financial assets should be amortized between the de-recognition part and recognition part based on their fair value. The difference between the sum of the aggregate of consideration received and the accumulative amount of changes of fair value originally recorded in the owner's equity for the de-recognition part, and the carrying amount amortized to de-recognition part, is recorded through profit or loss of current year.

3) Impairment of financial assets testing method and accounting method

Besides the financial assets at fair value through profit or loss, the Group would re-evaluate the book value of the financial assets on the balance sheet date. In the case that there is relatively significant and objective evidence indicating a decline in fair value, impairment should be recognized.

When the financial assets which was measured at amortization cost incurred impairment loss, the amount of impairment loss should be recognized as the balance between the predict amount for future cash flows and the book value. In the case that there is relatively significant and objective evidence indicating a restoring value of financial assets and the restoring was related to event that happened after the recognition of impairment loss objectively, impairment loss should be reversed and recorded through profit or loss of current year.

4) When available-for-sale financial assets which measure on fair value are impaired, the cumulative loss arising from decline in fair value that had been recognized directly in equity shall be removed from equity and recognized as impairment losses accordingly. For the available for sale financial debts instruments with identified impairment loss, in the case of there is an subsequently increase in fair value, meanwhile the increase occurred after recognition, the impairment could be write back and recorded as current profit or loss. For the identified available-for-sale equity investments, the subsequently increase in fair value is directly recorded as current profit or loss.

(2) Financial liabilities

i)The classification recognition and measures of financial liability

On initial recognition, the financial liabilities are classified as the financial liabilities at fair value through profit or loss and other financial liabilities.

The financial liabilities at fair value through profit or loss include the Held-for-trading Financial Liabilities and designated as financial liabilities at fair value through profit or loss on initial recognition. The gain or loss caused by the changes of fair value and the related dividend and interest are recorded as current profit or loss.

The other financial liabilities should be subsequently measured at amortization cost by adopting interest rate method and amortized.

ii)The de-recognition of financial liability

In the case of the obligations of financial liabilities are partly or entirely terminated, the total or terminated part of such financial liabilities are de-recognized. The group (debtor)and debtee reached agreement, replace the existence liability by new liability and the new liability conditions are substantially different with existence liability, the group shall derecognize the existence financial liability and record a new financial liability. The group amended whole existence liability conditions or partial conditions; the group shall derecognize the existence financial liability or partially derecognize it and record a new financial liability. The difference between the carrying amount of terminated part and the consideration paid shall be recorded as current profit or loss.

iii) Determination of fair value of financial instruments

The group measures the fair value of the financial assets and liability mainly on principle market price. In the absence of a principle market, an enterprise shall measure the fair value of the asset or liability based on the price in the most advantageous market meanwhile the group use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available.

**10.Hedging**

Hedge of the Company is cash flow hedge. In the case of all of the following conditions are satisfied, the offset result by change of fair value of hedging instrument and hedged item will charge in current profit or loss:

1) At the beginning of hedge, the hedging relationship has been appointed and relevant written document for supporting the hedging relationship, risk management, and hedging strategy. This written document must indicate the hedging instrument, hedged item, nature of hedged risk, and effectiveness of hedging, etc. The hedging must be relevant to identified and appointed risk and affect the Group's profit or loss.

2) The hedge is much effective as expected, and complies with the risk management strategy designed by the Group.

3) For the cash flow hedge for future transaction, the future transaction should be possibly occurring, and the Group must face the risk of change of cash flow to affect its profit or loss.

4) The effectiveness of hedging is reliably measurable.

5) The Group should evaluate the effectiveness of hedging, and ensure the hedging is much effective in hedging period.

**11.Provision for bad debts on receivables**

The Group shall consider the following situations of debtor as the criteria for bad debts on receivables: dissolving, bankruptcy, insolvency, significant insufficiency in cash flows, suspending its business due to severe nature disasters and unable to repay debts in a foreseeable future, unable to pay its debts overdue for more than 5 years or other conclusive evidences show the debts are unable to be recovered or unlikely to be recovered.

The allowance method is used for the possible bad debts losses, impairment test of individual or groups shall be conducted at the end of each accouting period, bad debts provision shall be recognized, impairment losses be credited to the profit or loss of current period. For receivables which have conclusive evidences showing the certainty of not to be recovered, a loss shall be recognized after the approvement under procedures of the Group and the bad debts provision shall be writen-off.

(1) Receivable with individually significant amount and bad debts provision recognized individually

| | |
|---|---|
| Criteria or standard for judging individually significant amount | 10% of receivables' total balance |
| Method for bad debts provision recognition of individually significant amount | The amount that the present value of the future cash flows lower than the book value should be recognized as impairment losses and provision for bad debts should be accrued accordingly. |

(2)Receivables which bad debts provision is recognized in a portfolio basis:

| | |
|---|---|
| Classifications of portfolio | |
| Aging | Receivables with same aging and similar credit risks |
| Inter-group receivables | Inter-group receivables |
| With conclusive evidences the receivables can be recovered that are outside the Group | With conclusive evidences the receivables can be recovered that are outside the Group |
| Provision method of portfolio | |
| Aging | Aging analysis |
| Inter-group receivables | No provision |
| With conclusive evidences the receivables can be recovered that are outside the Group | No provision |

1) Proportion of bad debts provision with aging analysis method:

| **Aging** | **Proportion of trade receivables(%)** | **Proportion of other receivables(%)** |
|---|---|---|
| Less than1 year | 0.00 | 0.00 |

| **Aging** | **Proportion of trade receivables(%)** | **Proportion of other receivables(%)** |
|---|---|---|
| 1-2 years (2 years inclusive) | 10.00 | 10.00 |
| 2-3 years (3 years inclusive) | 30.00 | 30.00 |
| 3-4 years (4 years inclusive) | 50.00 | 50.00 |
| 4-5 years (5 years inclusive) | 80.00 | 80.00 |
| Over 5 years | 100.00 | 100.00 |

(3) Receivables that are not individually significant but bad debts provision is accrued individually.

| | |
|---|---|
| Reason for accrued the provision individually | Receivables not individually significant amount, however the profolio method is unable to show its risk |
| Method for bad debts provision | The amount that the present value of the future cash flows lower than the book value should be recognized as impairment losses and provision for bad debts should be accrued accordingly. |

**12.Inventories**

Inventories of the Company include raw materials, revolving materials, spare parts, etc.

The Company maintains a perpetual inventory system. Inventories are recorded at cost of purchase. Cost is calculated using weighted average method when the inventories are issued or consumed. Low-valued consumables and packaging material are amortized by one-time write off basis.

At the balance sheet date, inventories are stated at the lower of costs or net realizable value. Where the inventories become damaged, partially or wholly obsolete or whose selling price is lower than its cost, provision for inventory impairment is made for amount of cost that are expected irrecoverable.For finished goods and bulk raw material, inventory impairment provision is provided at the difference of cost of single item of inventory exceeding its net realizable value. For inventories with tremendous number and relatively low unit price, provision is determined according to the type of inventory.

Net realizable value of finished goods, work in progress or held-for-sale raw materials are determined by their estimated selling price less estimated selling expenses and related taxes. Net realizable value for raw material held for production are determined by the estimated selling price of finished goods less the estimated cost to completion, selling expenses and taxes.

**13.Long-term equity investment**

(1) The judgements for the control of , joint control or significant influence over an investee

The Group's long-term equity investment refer to equity investments where an investor has control of, or significant influence over an investee, as well as equity investments in joint venture.

Control means the Group or the Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

"Joint control" with other parties on the investee is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. A joint arrangement is an arrangement of which two or more parties have joint control. A joint venture is joint arrangement whereby the joint venture have rights to the net assets of the arrangement.

"Significant influence" over the investee is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of significant influence is representing on the board of directors or equivalent governing body of the investee and participating in the investee' financial and operating policy-making process. The basis of significant influence means the Group holds, or holds via its subsidiaries more than 20% (20% inclusive) but lowers than 50% voting shares of the investee. In the case of there is objective evidence shows that the Group doesn't have the power to participate in the financial and operating policy decision of the investee, then there is no significant influence at all. To determine whether the investor has significant influence over the investee, the group will consider the voting right that directly and indirectly held, and also will consider the influence of exercisable potential voting right the group and other parties hold assumed converted to voting right, such as share warrants, shall call option, and debts that convertible to ordinary shares.

(2) The recognition of investment cost and subsequent measurements and profit and loss recognition method.

For business combinations involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the owners' equity of the party being absorbed at the date of combination. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

If the consideration of the combination is issue of equity securities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The aggregate face value of the shares issued shall be accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

For a business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition determined in acquisition date.

The intermediary fees come from audit service, legal service, evaluation and consultation and related administrative fees paid by the absorbing party or acquirer for the business combination, shall be recognized in profit or loss as incurred. The transaction fees to issue equity and debt as the combination consideration are calculated in the initial amount of debts or equity.

For other situations beside business combinations, when a long-term equity investment is acquired by cash, the initial investment cost shall be the actual purchase price paid; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost shall be the fair value of the securities issued; for a long-term equity investment contributed by an investor, the initial investment cost shall be the value stipulated in the investment contract or agreement (deducting cash dividends or profits declared to be distributed but not received), except where the value stipulated in the contract or agreement is not fair; for the long-term investment acquired by transfer of non-cash assets and assumption of liabilities, the cost of investment is determined according to related accounting policies and regulations.

The Group accounts for a long-term equity investment in a subsidiary using the cost method. The equity method shall be used in joint venture and associate.

When the cost method is applied, the long-term investments are measured by the initial cost, adjusted when the investments are additionally invested or divested. Cash dividends or profit distributions declared by the investee shall be recognized as investment income in the current period.

When the equity method is applied, initial long-term equity investment cost shall not be adjusted for the excess of initial cost over fair value of identifiable net asset of investee at the time of investment; when initial cost is less than fair value of identifiable net asset of investee at the time of investment, difference shall be recognized in profit and loss and adjusted to long-term equity cost. After the investor has acquired a long-term equity investment, it shall recognize its share of the investee’s net profits or losses, as well as its share of the investee’s other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the investor. The investor’s share of the investee’s owners’ equity changes, other than those arising from the investee’s net profit or loss, other comprehensive income or profit distribution, shall be recognized in the investors equity, and the carrying amount of the long- term equity investment shall adjusted accordingly. To confirm the proportion of the net profit or loss of the investee, take up the fair value of the identified assets of the investees as the basis, and write-off the internal trading profit or loss among joint ventures to adjust the net profit of the investee according to the Group’s accounting policies and accounting period.

(3) The changes of long term investment

When the Group becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, the Group shall change to the equity method, the fair value of the previously-held equity instrument classified as available-for-sale financial assets plus the additional investment cost are the initial investment under equity method. The difference between the fair value and carrying amount and the accumulated changes in fair value included in other comprehensive income shall be transferred to profit or loss for the current period upon commencement of the equity method. The difference shall not be adjusted for the excess of above mentioned initial investment cost over the fair value of identifiable net asset of investee at the time of additional investment. When initial cost is less than fair value of identifiable net asset of investee at the time of additional investment, difference shall be recognized in non-operational income and adjusted to long-term equity cost.

When the Group becomes capable of exercising control over an investee not under common control due to additional investment or other reasons, in stand-alone financial statements, the investor shall change to the cost method and use the carrying amount of the previously-held equity investment, together with the additional investment cost, as the initial investment under cost method. When the previously-held equity investment is accounted under equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. For previously-held equity investment which classified as available for sale financial assets, the accumulated changes in fair value included in other comprehensive income shall be transferred to profit or loss for the current period upon commencement of the cost method.

When an investor can no longer exercise joint control of or significant influence over an investee due to partial disposal of equity investment or other reasons, the remaining equity investment classified as available for sale financial assets, the difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence shall be charged to profit or loss for the current period. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method.

When an investor can no longer exercise control over an investee due to partial disposal of equity investment or other reasons, and with the retained interest, still has joint control of, or significant influence over, the investee, when preparing the individual financial statement, the investor shall change to the equity method and adjust the remaining equity investment as if the equity method had been applied from the date of the first acquisition. If the investor can not exercise joint control of or significant influence over the investee after partial disposal of equity investment, the remaining equity investment classified as available for sale financial assets, the difference between the fair value and carrying amount at the date of the loss of control shall charged to profit or loss for the current period.

(4) The disposal of a long-term equity investment

When the long-term investment is disposed, the difference between the book value and proceeds shall be recorded as current profit or loss. After disposal, the investments still applicable to equity method, the other comprehensive income recognized under previously equity method shall adopt the same basis of the investor dispose of relative assets or liabilities for measurement, and charged in respective portion to profit or losses for the current period accordingly.

**14.Fixed assets**

Fixed assets of the Company are tangible assets that held for production of goods or rendering of services, leasing to others, or for administrative purposes; have useful life over one accounting year.

Fixed assets consist of real estate properties, buildings, plants and machineries, motor vehicles and office equipments. The fixed assets are initially measured at cost. The cost of fixed assets purchased from outsiders includes purchase prices, related import taxes and necessary expenses incurred for bringing the assets to the working condition for its intended use. The cost of self-constructed fixed assets includes construction expenses incurred for bringing the assets to the working condition for its intended use. The cost of fixed assets injected by investors to the

Company is measured at the considerations as specified in the investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the assets will be recorded at their fair value. The cost of fixed assets acquired under finance lease arrangement is measures at the lower of their fair value and the present value of the minimum lease payment at the inception of the leases.

Subsequent expenditure relating to fixed assets, such as repairing expenditures, renovation and improvements are recognized as the cost of fixed assets when they meet the recognition criteria. The carrying amount of the replaced parts is derecognized. All other subsequent expenditures not meeting the recognition criteria are charged in the profit or loss for the current period.

Except for those fixed assets that are fully depreciated but still in use and lands that are separately recorded, depreciation is provided for fixed assets over their estimated useful life using the average life method (or other method). Depreciation charge is included in the cost of fixed assets or expenses for the period according to the usage of the assets. The useful life, estimated residual value and annual depreciation rate of each classification of the Company's fixed assets are as follows:

| No. | Classification | Useful life (years) | Residual percentage | Annual depreciation |
|---|---|---|---|---|
| 1 | Buildings & Structures | 20-50 years | 0%-10% | 2%-5% |
| 2 | Machinery Equipments | 20-25 years | 0%-10% | 4%-5% |
| 3 | Office Equipments | 4-10 years | 0%-3% | 9.7%-25% |
| 4 | Vehicles | 5-10 years | 0%-5% | 9.5%-20% |

The company reviews the estimated useful life and estimated net residual value of a fixed asset and the depreciation method at the end of each financial year. Any changes are accounted for as a change in an accounting estimate.

A fixed asset is derecognized when it is disposed or expected not bringing economic benefit from its use or disposal. The net amount of proceeds from disposal, transfer, retirement or damage of the asset after the carrying amount and related taxes is recognized in profit or loss for the current period.

**15.Construction in progress**

The cost of construction in progress is measured based on actual construction expenditures incurred. Cost of self-operating construction is measured at such cost as direct materials, direct wages, and direct construction expenditures. Cost of sub-contracting construction is measured at such cost as construction payable. Cost of equipment installation work is measured at such cost of equipment being installed, installation cost, and commissioning cost. Cost of construction in progress also includes capitalized borrowing costs and currency translation differences.

When a fixed asset under construction reaches its usable status but the final cost of construction has not been ascertained, it should be transferred to fixed assets at the estimated cost from the date on which it reached its usable status, and depreciated from the next month. Cost shall be adjusted after the final cost of construction is ascertained.

**16. Borrowing costs**

Borrowing costs include interest, amortisation of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset commence capitalised as part of the cost of assets when expenditures for the asset have been incurred; the borrowing costs have been incurred; and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have been commenced. The capitalisation of borrowing costs ceases when the qualifying assets under acquisition, construction or production become ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

For specific borrowings obtained for the acquisition of qualifying assets, the amount of borrowing costs to be capitalized is the interest expenses actually incurred during the period of capitalization deducting any interest income earned from depositing the unused borrowings in the banks or any investment income arising from temporary investment of those borrowings. For general borrowings obtained for the acquisition of qualifying assets, the amount of borrowing to be capitalized is determined by applying the weighted average effective interest rate of general borrowings, to weighted average of the excess amount of cumulative expenditures on the assets over the amount of specific borrowings.

Qualifying assets are assets (fixed assets, investment property, inventories) that might take a substantial period of time (usually more than 1 year) for acquisition, construction or production to become ready for their intended use or sale.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production activities is resumed.

**17. Intangible assets**

Intangible assets of the company include land use right, patents and non-patent technology etc. Intangible assets are measured at actual cost on acquisition. The cost of intangible assets purchased from outsiders includes purchase prices and other relevant expenditures. The cost of intangible assets as an investment by investors to the company is measured at the consideration as specified in the investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the assets are measured at its fair value.

For intangible assets acquired in a business combination not involving the Group under common control which owned by a acquiree but not been recognized in the acquiree's financial statements, the intangible assets shall be recognized in fair value at the initial recognision of aquiree's assets, as if one of the criteriar is satisfied: 1) acquired due to a contract right or other staturoty right; 2) can be separated from the acquiree's assets, can be used for purpose of sale, transfer, grant, lease or exchange individually or with other contract, assets or liabilities.

Land-use rights are amortised evenly over the lease terms as from the date of purchase. Patents, technologies and other intangible assets are amortised over the shortest of their estimated useful life, contractual beneficial period and useful life specified in the law. Amortisation charge is included in the cost of assets or expenses, as appropriate, for the period according to the usage of the assets.

The estimated useful life and amortisation method of intangible assets with finite useful life are reviewed at the end of each financial year. Any changes are accounted for as a change in an accounting estimate. The estimated useful life of intangible assets with indefinite useful life is reviewed in each accounting period. Where there are objective evidences that the useful life of the intangible assets become definite, then the useful life of the assets is estimated and amortisation is provided over its estimated useful life.

**18.Research and Development**

The research and development of the Group is classified as the research expense and the development expense based on nature and uncertainty to consequently form the intangible assets. The research expenses charge to current profit or loss at occurrence; the development expenses would be regarded as the intangible assets by satisfying all the following criteria:

a) The technical feasibility of completing the intangible assets so that it will be available for use or sale;
b) Its intention to complete the intangible asset and use or sell it;
c) How the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
d) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

e) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If any of the above criteria cannot be satisfied, the development expenses charge to current profit or loss at occurrence. The research expenses recognized would not be regarded as the assets. The capitalized part of development expenses shall be stated as the development expenses on the balance sheet, and it turns to the intangible assets after the project has been prepared as ready-in-use status.

**19.Long-term deferred expensed**

Long-term deferred expenses of the company are expenditures such as fixed assets improvement and building interior expense that have been incurred but shall be amortized over the current period and subsequent periods of more than one year. The expenditures are amortized evenly over the estimated beneficial period. If the long-term prepayments are no longer beneficial to the subsequent accounting periods, the unamortized balance is then transferred to profit or loss for the period.

**20. Goodwill**

Goodwill is the balance that the cost of equity investment or the cost of a business combination not under common control exceeds the Group's interest in the fair values of the investee's identifiable net assets at the acquisition date.

The goodwill related to subsidiaries shall be listed on the consolidated financial statements separately, the goodwill related to associates or a joint venture shall be included in the carrying value of long-term equity investment.

**21. Impairment of long-term non-financial assets**

The Group assesses at each balance sheet date whether there is any indication that long-term equity investments, fixed assets, construction in progress and intangible assets with definite useful life may be impaired. If there is any indication that an asset may be impaired, the asset will be tested for impairment. Goodwill arising in a business combination and intangible asset with infinite useful life are tested for impairment annually no matter there is any indication of impairment or not. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined on the basis of the asset groups or asset portfolio to which the asset belongs.

If the recoverable amount of an asset is less than its carrying amount, the difference is recognized as an impairment loss and charged to profit or loss for the period. Once an impairment loss on the assets is recognized, it is not reversed in a subsequent period. The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset.

The indications of impairment are as follows:

(1) The market price of an asset declines substantially during the period. The decline is explicitly more than that as expected caused by passage of time or normal application;

(2) There are significant changes in the economic, technical or legal environment in which the Group is operating and in the market of an asset in the current period or in the near future causing an adverse impacts on the Group;

(3) The market interest rate or rate of return of other investments was increased in the current period that affects the discount rate used by Group to calculate the present value of estimated cash flow resulting in a substantial decline in the recoverable amount of the assets;

(4) There is evidence to demonstrate that the asset has gone obsolete or damaged;

(5) The asset has already been or will be left idle, retired or disposed before it was planned;

(6) There is evidence from the entity's internal reports that economic returns of the asset, such as generation of net cash flows or realization operating profit (loss), was lower or will be lower than expectation;

(7) Other signs indicating the assets have been impaired.

**22. Employee's benefits**

Employee's benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

(1) Short-term employee benefits are employee benefits (other than compensation for termination of employment relationship) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits include: employee wages or salaries, bonus, allowances and subsidies, staff welfare, social security contributions such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running

costs and employee education costs, short-term paid absences, short-term profit-sharing plan, non-monetary benefits and other short-term benefits.

The Group recognizes, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as lability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset. Employee's short-term benefits which are non-monetary benefits shall be measured at fair value.

(2) Post-employment benefits (other than short-term employee benefits and termination benefits) are any remuneration and benefits in exchange for service rendered by employees that payable after the retirement of the employees or termination of employment relationship.

Defined contribution plans are payments made by the Group of basic pension insurance, unemployment insurance and annuity payment (supplementary pension insurance) for employees in accordance with relevant requirements of local government, which shall, in the accounting period in which employees provide services, be calculated according to prescribed bases and percentages of provision in determining the amount of payment and recognize relevant liabilities, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

The Group shall attribute benefit obligations under a defined benefit plan to periods of service provided by employees according to the formula determined by projected unit credit method, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset. The group shall recognize the deficit or surplus by deducing the present value of the defined benefit plan obligation from the fair value of defined benefit plan assets as a net defined benefit plan liability or net defined benefit asset. When a defined benefit plan has a suplus, the Group shall measure the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling.

The group shall discount all defined benefit plan obligations, including obligations that are expected to be paid before twelve months after the end of the annual reporting period in which the employees render service. This discount rate used shall be determined by reference to market yields at the balance sheet date on government bonds or on high quality corporate bonds in an active market, of which the term and currency are consistent with the term and currency of the defined benefit obligation.

The service cost and the net interest on the net defined benefit plan liability (asset) arising from defined benefit plan shall charge to the profit or loss for the current period or the cost of a relevant asset; Changes as a result of remeasurements of the net defined benefit liability (asset) shall be recognized in other comprehensive income and shall not be reclassified to profit or loss in a subsequent period.

The Group shall recognize a gain or loss on the settlement of a defined benefit plan when the settlement occurs, the gain or loss on a settlement is the difference of the present value of the defined benefit plan obligation, as determined on the date of settlement and the settlement price.

(3) Termination benefits are compensation provided when the Group decides to terminate the employment relationship with employees before the end of the employment contracts, or compensation provided as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. For an employee who has not terminate the contract relationship with the Group, however will not provide the service to the Group in future, and therefore cannot bring any economic benefits to the Group, and the Group promise to provide compensation which is termination benefits substantially. The Group in this case shall refer to termination benefits metthod before the retirement of the employee, and after the employee's retirement the post-employment benefits shall be used.

The Group which provides termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: when the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; when the Goup recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

The Group shall reasonably estimate and recognize employee benefits payable in respect of termination benefits in compliance with the terms of its employment termination plan. If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the Group shall apply the relevant requirements for other long-term employee benefits.

(4)Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits. Other long-term employee benefits include long-term paid absence, long-term disability benefits, long-term profit-sharing plan.

When other long-term employee benefits provided by the Group to the employees satisfied the conditions for classifying as a defined contribution plan, those benefis shall be accounted for inaccordance with the requirements relating to defined contribution plan. The Group shall recognize and measure the net liability or net asset of other long-term employee benefits in accordance with the requirements relating to defined benefit plan. At the end of the reporting period, the Group shall recognize the componets of cost of employee benefits arising from other long-term employee benefits as the followings: service cost; net interest on the net liability or net assets of other long-term employee benefits; changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits.The net total of the a foresaid amounts shall be recognized in profit or loss for the current period or included in the cost of a relevant asset.

**23.Share-based payment**

Share-based payment refers to a transaction in which the Group grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. Share-based payment can be classified as the equity-settled share-based payment and the cash-settled share-based payment.

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly.

The cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Group. As to a cash-settled share-based payment instruments, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the Group shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Group.

The Group shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

**24.Bond payable**

The initial recognition of the Group's bond payables shall be measured at fair value, the related transaction expenses shall be charged to the initial recognition amount. The subsequent recognition shall be measured at the amortised cost.

The difference between the prices paid for the bond and the aggregate amount of the bond's face value shall be treated as bond surplus or discount, and be amortised when accrueing interest during the lasting period of the bond using the effective interest method, and shall in accordance with the accouting principles of borrowing cost.

**25.Provisions**

Provision is recognised for an obligation related to a contingency, such as guarantee given to external parties, discounted commercial notes, pending litigation or arbitration, product quality warranty, as a liability when all of the following conditions are satisfied: 1) the obligation is a present obligation to the Group; 2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; 3) the amount of the obligation can be measured reliably.

Provision is measured at the best estimate of the expenditures required to settle the present obligation taking into account the risks and uncertainties surrounding the obligation. Where the effect of time value of money is material, the amount of provision is measured using the cash flows estimated to settle present obligation. Provisions are reviewed at each balance sheet date. If there are any changes, the carrying amount of provisions will be adjusted to reflect the current best estimate.

**26.Recognition of revenue**

The operating revenues of the Group mainly included revenue from sales of goods, rendering of services and transferring of assets use rights and construction contracts. The principles of revenue recognition are as follows:

Sales of goods are recognised when 1) the significant risks and rewards of the ownership of commodities are transferred to customers; 2) the Group has no longer retained continuous management rights generally associated with the ownerships; 3) the Group has no longer effective control over the commodities sold; 4) the amount of revenue can be reliably measured; 5) it is very likely that the economic benefits will be flowed to the Group; and 6) when the related costs that has incurred or will be incurred can be reliably measured.

Revenue from rendering of services is recognised when 1) total revenue and total costs of the services can be measure reliably; 2) the associated economic benefits are probably flow to the Group; 3) the stage of completion of the services can be estimated reliably. At the balance sheet date, revenue is recognised using the percentage of completion method when the outcome of the services rendered are estimated reliably. The percentage of completion method is determined as the proportion of completed work measured/services rendered to date over the total contracted services/ (the proportion of costs incurred to date over the total estimated cost).

Where the outcome of the service rendering transaction cannot be reliably estimated or the costs incurred are not expected to be recoverable, no revenue will be recognised. The costs incurred are charged to profit or loss for the period.

(3)Revenue from transfer of asset use rights is recognised when the economic benefits in connection with the transaction are probably flow to the Group and the amount of revenue can be reliably measured.

**27. Construction contract**

The construction contract revenue and expenses are recognised when 1) the amount of total contract revenue can be reliably measured; 2) it is very likely that the economic benefits related to the contract will be flowed to the Group; 3) the costs related to contract that has incurred can be clearly distinguished and reliably measured; 4) the progress of the construction and the predict costs for complete the construction in the future can be reliably measured. The construction contract revenue and expenses will be recognized as the percentage of completion at the balance sheet date. The progress of the contstruction will be measured as the amount of real incurred costs over predicted total costs when use the percentage of completion method.

When the amount of the constuction contract cannot be relaly measured, if the cost of the contract can be recovered, the contract revenue will be recognised depends on the recoverable costs, the contract costs should be recorded in profit or loss during current period. If the cost of the contract cannot be recovered, then should be recognized as expenses immediately at occurrence, the revenue will not be recognition.

The Group will go through the construction contract at the end of the term. If the amount of total predict costs exceed the total predict revenue, then should accrue loss provisions, the provisions should be recorded as expenses during current period.

**28.Government grants**

A government grant is recognised when the Group complies with the conditions attaching to the grant and when the Group is able to receive the grant.

Where a government grant is in the form of a transfer of monetary asset, it is measured at the amount received. Where a government grant is made on the basis of fixed amount, it is measured at the amount receivable. Where a government grant is in the form of a transfer of non-monetary asset, it is measured at fair value. If fair value cannot be determined reliably, it is measured at a nominal amount of RMB1.

Government subsidies of the Group classifies as government subsidies related to asset and government subsidies related to profits. Among them, the term "government subsidies related to asset" prefers to government subsidies which are acquired by the Group, used for acquisition and construction, or formed long-term asset in other ways; the term "government subsidies related to profits" prefers to government subsidies except government subsidies related to asset. If in government documents recipients were not clearly identified, the Group shall judge according to the above principle of distinction.

Assets-related government grants are recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. Income-related government grants that is a compensation for related expenses or losses to be incurred in subsequent periods are recognised as deferred income and credited to the relevant period when the related expense are incurred. Government grants relating to compensation for related expenses or losses already incurred are charged directly to the profit or loss for the period.

**29.Deferred tax assets and deferred tax liabilities**

Deferred tax assets and deferred liabilities are recognized based on the differences between tax bases of assets and liabilities and respective carrying amount (temporary differences). Deductible tax losses or tax credit that can be carried forward in accordance with tax law requirements for deduction of taxable income in subsequent years are deemed as temporary differences. These temporary differences are recognized as deferred tax assets. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available to offset the deductible temporary difference. At the balance sheet date, the carrying value of the recognized deferred tax assets is reviewed. If it is very likely that no future taxable profits will be available to offset the deferred tax assets, the carrying value of the deferred tax assets will be reduced. If it is very likely that sufficient taxable profits will be available, the amount previously reduced will be reversed.

**30.Leases**

Leases are classified as finance leases and operating leases at the date of inception.

Finance lease is a lease that substantially transfers all the risks and rewards of ownership of the assets. The company, as a lessee, recognises the assets under finance lease at the lower of their fair value at the inception of the leases and the present value of minimum lease payments. The corresponding liability is recorded as "Long-term payable" at the amount of minimum lease payments. Their difference is recorded as unrecognised finance lease charge.

Operating leases are leases other than finance leases. The company, as a lessee, recognises lease payment on a straight-line basis over the terms of the relevant lease and allocated to as a cost of an assets or an expense for the period. The company, as a lessor, recognises lease payments as rental income on a straight-line basis over the terms of the relevant lease.

**31.Held for sale**

The non-current assets meeting the following conditions concurrently shall be classified as held for sale: 1) The Group has made a resolution to dispose of the non-current assets; 2) the Group has signed an irrevocable transfer agreement with the transferee; 3) The transfer is to be completed within one year. Non-current assets being held for sale include individual assets and disposal set, disposal set refers to a set of assets that is sale as a whole or disposed of by other means in a transaction. Disposal set usually is a set of asset group, an asset group or part of an asset group.

The Group shall adjust the estimated net salvage value of the fixed assets for sale held by it to make the estimated net salvage value of the fixed assets reflect the amount of its fair value after deduction of the disposal expenses, which shall not exceed the original book value of the fixed assets when they meet the conditions for being held for sale, and the difference between the original book value and the estimated net residual value after adjustment shall be included in the current profits and losses as losses from impairment of assets.

An asset or a disposal set been classified as held for sale, but later no longer satisfied the recognition conditions for held for sale fixed assets, the Group shall cease recognise it as held for sale, and measured at the lower of two amounts follows: The carrying value of the asset or disposal set before it been classified as held for sale, and adjusted of the depreciation, amortization or impairment assume it was not been classified as held for sale; the recoverable amount at the date deciding not for sale.

Other non-current assets meeting the conditions for being held for sale such as intangible assets, shall be handled in accordance with the above-mentioned principles.

**32.Fair value measurement**

(1) Initial measurement of fair value

When measuring an asset or a liability at fair value, the Group shall take into account the characteristics of the asset or liability, and using the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Goup shall assume the transaction that market participants sell the asset or transfer the liability at the measurement date is an orderly transaction under current market condition and the orderly transaction to shell the asset or transfer the liability takes place in the principal market for the asset or liability. In the absence of a principal market, the Group shall assume such transaction takes place in the most adantagrous market for the asset or liability. The fair value of the asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Group shall take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(2) Valuation techniques

When measuring the asset or liability at fair value, the Group shall use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques used mainly include the market approach, the income approach and the cost approach. When using valuation techniques, the Group shall give priority to the use of relevant observable inputs, and shall use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

(3) Fair value hierarchy

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date. Active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices includes within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the assets or liability.

**33.Accouting for financial asset transfering and non financial assets Securitization**

When a financial asset transferred to the transferee, the Group makes a judgment based on whether nearly all of the risks and rewards related to the ownership of a financial asset are transferred, where the Group has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset. Where the Group does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, if it gives up its control over the financial asset, it shall stop recognizing the financial asset; if it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly. If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the book value of the transferred financial asset and the consideration received from the transfer shall be recorded in the profits and losses of the current period, as well as the accumulative amount of the changes of the fair value originally recorded in the owner's equities; If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value.

**34.Segment information**

The Group shall identify operating segments based on internal organizational structure, management requirements and internal reporting system, reporting segment based on operating segments and disclose segment information according to the following provisions. Operating segment, is an integral part when the following conditions are met within the Group: this integral part is able to generate incomes and costs in daily activities; the Group management is able to regularly assess business performance of this part to determine the allocation of resources and evaluate its performance; The Group are able to obtain financial position, business performance, cash flows and other relevant accounting information of this part. If the Group has two or more operating segments with similar economic characteristics, they may consolidate them into a single operating segment.

The transfering price between segments shall be decided according to the market price, and the common expenses shall be distributed to different segments according to proportion of revenue except for parts unable to be distributed reasonably.

**35.Discontinued operation**

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable operationally and for financial reporting purpose. The component shall be disposed in a whole or in parts under the Group’s plan.

A component of the Group that satisfies all of the following conditions shall be classified as held for sale: the Group has decided to dispose of the component; the Group has signed an irrevocable transfer agreement with the transferee and the transfer is to be completed within one year.

## V.Changes in accounting policies and accounting estimates and correction of errors

1.Changes and effects in accounting policies

There is no occurrence of changes in accounting policies this year of the group.

2.Changes and effects in accouting estimates

There is no occurrence of changes in accounting estimates this year of the Group.

3.Correction of material errors in former periods and its effects

There is no occurrence of correction of material errors in former periods this year of the Group.

## VI.Taxation

1. Major taxes and tax rates

| Taxes | Tax basis | Tax rate |
|---|---|---|
| Value added tax | Revenue stipulated by tax law | 6%、17% |
| Business tax | BT Taxable income | 5% |
| City maintenance and construction tax | Turnover tax | 7% |
| Education surcharge | Turnover tax | 3% |
| Local education surcharge | Turnover tax | 2% |

2. Corporate income tax

1) The profit tax of the Company's headquarter in Hong Kong is 16.5%

2) This year's income tax of the Group's subsidiaries in Hong Kong is 16.5%. The income tax of Korean companies of current period is 24.2%.

3) According to Ministry of Finance of PRC, Customs General Administration of PRC, State Administration of Taxation PRC "the notification of tax policy for further implementation of the western development strategy" (CaiShui[2011]No.58), the Group's sudisidiaries: Mianyang Sanjiang Meiya Hydro Power Limited (hereinafter referred to as Sanjiang Meiya), Guangxi Zuojiang Meiya Hydro Power Limited (hereinafter referred to as Zuojiang Meiya), Guangxi Rongjiang Meiya Limited (hereinafter referred to as Rongjiang Meiya), and Guangxi Rongjiang Meiya Hydro Power Limited (hereinafter referred to as Rongjiang Meiya Hydro Power)satisfies the conditions for tax preferential of western development. The income tax rate of this year and last year is 15%.

4) According to Ministry of Finance of PRC, State Administration of Taxation PRC "the nontification to the relative problems about the contents of special preference of corporate

income tax when company implement public infrastructure project" (CaiShui[2008]No.46), when company invests public infrastructure project which approved after 1st Jan 2008, then all the revenue they earned on this project can enjoy an income tax exemption during the first three years, allowed a 50% reduction in income tax during the 4th to 6th years (from the taxable year that company earned their first operating revenue on this project). The following list shows the subsidiaries which are allowed by the above preferential policy:

| No. | Subsidiaries | Income tax rate | The situation of recored |
|---|---|---|---|
| 1 | CGN Gansu Guazhou Wind Power Company Limited | Tax exemption | Recorded |
| 2 | CGN Gansu Minqin (II) Wind Power Company Limited | Tax exemption | Recorded |
| 3 | CGN Gansu Guazhou (II) Wind Power Company Limited | Tax exemption | Recorded |
| 4 | CGN Solar (Jiaxing) Company Limited | Tax exemption | Recorded |
| 5 | CGN (Zhejiang Ninghai) Windy Power Company Limited | Tax exemption | Recorded |
| 6 | CGN Solar (Shenzhen) Company Limited | Tax exemption | Recorded |
| 7 | CGN Solar Wulan Company Limited | Tax exemption | Recorded |
| 8 | CGN (Zhejiang Xiangshan) Wind Company Limited | Tax exemption | Recorded |
| 9 | Yishui Longshan Wind Power Company Limited | Tax exemption | Recorded |
| 10 | CGN Gansu Minqin Wind Power Company Limited | 12.50% | Recorded |
| 11 | Guazhou Tianrun Wind Power Company Limited | 12.50% | Recorded |
| 12 | Anqiu Taipingshan Wind Power Company Limited | 12.50% | Recorded |
| 13 | CGN Solar (Dachaidan) Development Company Limited | 12.50% | Recorded |
| 14 | CGN Solar Dunhuang Company Limited | 12.50% | Recorded |
| 15 | CGN Solar Jinta Company Limited | 12.50% | Recorded |
| 16 | Yishui Tangwangshan Wind Power Company Limited | 12.50% | Recorded |
| 17 | CGN Linqu Wind Power Company Limited | 12.50% | Recorded |
| 18 | CGN Linqu Longgang Wind Power Company Limited | 12.50% | Recorded |
| 19 | CGN Yishui Wind Power Company Limited | 12.50% | Recorded |

Besides that, other PRC subsidiaries under the Group should pay income tax according to the regulation of "income tax in PRC", the tax rate is 25%.

3. Value added tax

The amount of the value added tax for all the Chinese and Korean subsidiaries under the Group should be calculated as the balance between the output tax amounts minus the input tax deductible amounts. Value added tax on sales should be 17% or 6% of the revenue which calculated depends on relevant tax rules.

According to “the notification about resourse comprehensive utilization and other products’ value added tax policy” (CaiShui[2008]No.156), the wind power generation used electricity which provided by wind power. Due to the reason above, the value added tax of the revenue of wind power generation implement 50% drawback plicy.

## VII.Business combination and consolidated financial statements

1. The basic information of subsidiaries included within the scope of consolidation

| No. | Name of subsidiary | Level | Type of the subsidiary | Principle place of business | Place of registration | Principal activities | Paid-in capital | Share-holding proportion | Voting rights | Investment cost | Method of acquisition |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Huamei | 2 | 3 | Hong Kong | Hong Kong | Power producer | 2,185,603,200.00 | 100.00% | 100.00% | 1,672,807,869.25 | 1 |
| 2 | Aigrette Green | 2 | 3 | Hong Kong | Hong Kong | Investment holding | 100.80 | 100.00% | 100.00% | 89.45 | 1 |
| 3 | Gold Sky | 2 | 3 | BVI | BVI | Offshore | 1,300.15 | 100.00% | 100.00% | 694,519,032.24 | 3 |
| 4 | Financial Leasing company | 2 | 2 | Shen Zhen | Shen Zhen | Financial leasing business | 1,206,490,400.00 | 100.00% | 100.00% | 1,330,332,633.74 | 1 |
| 5 | CGN Insurance | 2 | 3 | Hong Kong | Hong Kong | Property insurance | 498,495,080.79 | 100.00% | 100.00% | 562,646,790.89 | 1 |
| 6 | Gigastar | 2 | 3 | BVI | BVI | Offshore | 6.50 | 100.00% | 100.00% | 6.93 | 1 |
| 7 | Clean Energy | 2 | 3 | Hong Kong | Hong Kong | Investment holding | 0.79 | 100.00% | 100.00% | 0.89 | 1 |
| 8 | Nuclear Power | 2 | 3 | Hong Kong | Hong Kong | Investment holding | 0.90 | 100.00% | 100.00% | 0.89 | 1 |
| 9 | Nuclear Power EPC | 2 | 3 | Hong Kong | Hong Kong | Investment holding | 0.90 | 100.00% | 100.00% | 0.89 | 1 |

Notes: Narure of subsidiary: 1. Domestic non-financial subsidiary; 2. Domestic Financial Subsidiary; 3.Overseas Subsidiary; 4.Public service unit; 5.Infrastructure Unit.

Acquisition methods: 1. Investments; 2. Business combination under common control; 3. Business combination under non-common control; 4.Others.

2. The change of the consolidation scope during this year

1) Entities that newly added into consolidation scope during this year:

| Company's name | Share-holding proportion(%) | Net Assets at the end of the year | Net Profit in this year | Notes |
|---|---|---|---|---|
| **Subsidiaries** | | | | |
| CGN Europe Energy Green Power Holding Ltd | 100.00 | 1,688,143,686.73 | -15,277,088.28 | |
| Nuclear Power | 100.00 | -178,043,253.95 | -187,118,870.26 | |
| Nuclear Power EPC | 100.00 | 105,314,302.89 | -518,379.27 | |
| Powertek Energy Sdn Bhd | 100.00 | 3,072,618,835.27 | 134,049,440.22 | |
| Jimah Teknik Sdn Bhd | 100.00 | 668,485,217.47 | -18,894,858.86 | |
| Mastika Lagenda Sdn Bhd | 100.00 | 875,479,496.51 | 326,098,166.09 | |
| Edra Solar Sdn Bhd | 100.00 | 43,520,137.81 | -909,122.41 | |
| Jimah O&M Sdn Bhd | 100.00 | 845,712,058.98 | 38,788,439.18 | |
| Tiara Tanah Sdn Bhd | 100.00 | 68,244,915.52 | 1,206,450.71 | |
| Edra Energy Sdn Bhd | 100.00 | 82,785,590.15 | -1,526,319.09 | |

3. Business combination under common control in this year:

| Company's name | Share-holding proportion(%) | Voting right(%) | Share Capital | Nature | Registration place | Principal activities |
|---|---|---|---|---|---|---|
| MeiyaSanjiangHydropowerLimited | 100.00 | 100.00 | USD50,000 | Limited Liability Company | Cayman Island | Investment holdings |
| Mianyang Sanjiang Meiya Hydro Power Limited | 75.00 | 75.00 | CNY100,000,000 | Limited Liability Company | PRC | Power generation and supply |
| MeiyaZuojiangHydropowerLtd. | 100.00 | 100.00 | USD20 | Limited Liability Company | Mauritius | Investment holdings |
| Guangxi Zuojiang Meiya Hydro Power Limited | 60.00 | 60.00 | CNY345,596,455 | Limited Liability Company | PRC | Power generation and supply |
| MeiyaPowerChinaHoldingsLimited | 100.00 | 100.00 | USD 50,000 | Limited Liability Company | Cayman Island | Investment holdings |
| CGN Linqu Wind Power Company Limited | 100.00 | 100.00 | CNY75,040,000.00 | Limited Liability Company | PRC | Investment holdings |
| CGN (Zhejiang Ninghai) Windy Power Company Limited | 100.00 | 100.00 | CNY 79,600,000.00 | Limited Liability Company | PRC | Investment holdings |
| NantongMeiyaCo-generationCo.,Ltd. | 100.00 | 100.00 | USD 16,800,000 | Limited Liability Company | PRC | Power ,steam and related product's generation and supply |
| CGN(Zhejiang Xiangshan) Wind Power Co., Ltd. | 100.00 | 100.00 | CNY 134,610,000.00 | Limited Liability Company | PRC | Investment holdings |
| CGN New Energy (hongze) Company Limited | 100.00 | 100.00 | CNY 500,000.00 | Limited Liability Company | PRC | Investment holdings |
| ShanghaiWeiGangEnergyCo.,Ltd. | 65.00 | 65.00 | USD 29,800,000 | Limited Liability Company | PRC | Power and steam generation and supply |
| MeiyaJinqiaoPower(BVI)Limited | 100.00 | 100.00 | USD 50,000 | Limited Liability Company | BVI | Investment holdings |
| YunnanGuangdongNuclearPowerSalesCo.Ltd | 100.00 | 100.00 | CNY 492,931,000.00 | Limited Liability Company | PRC | Investment holdings |
| YunNan CGN Power Selling Company Limited | 100.00 | 100.00 | CNY 100.000.00 | Limited Liability Company | PRC | Steam generation and supply |

| Company's name | Share-holding proportion(%) | Voting right(%) | Share Capital | Nature | Registration place | Principal activities |
|---|---|---|---|---|---|---|
| MeiyaPowerProject(BVI)ILimited | 100.00 | 100.00 | USD 50,000 | Limited Liability Company | BVI | Investment holdings |
| MeiyaRongjiangHydropowerLtd. | 100.00 | 100.00 | USD 20 | Limited Liability Company | Mauritius | Investment holdings |
| ChinaGuangdongWeifangEnergyCo.Ltd. | 55.00 | 55.00 | CNY 80,000,000.00 | Limited Liability Company | PRC | Dam and related equipment |
| Weifang CGN Energy Co.Ltd. | 80.00 | 80.00 | CNY 72,000,000 | Limited Liability Company | PRC | Power generation and supply |
| CGN New Energy (rudong) Company Limited | 100.00 | 100.00 | CNY 100,000,000.00 | Limited Liability Company | PRC | Investment holdings |
| MeiyaHaianCogenPowerLimited | 100.00 | 100.00 | HKD10,000 | Limited Liability Company | Hong Kong | Investment holdings |
| ChinaGuangdongHainingnewenergyCo.Ltd. | 100.00 | 100.00 | CNY 138,918,000.00 | Limited Liability Company | PRC | Power ,steam and related product's generation and supply |
| MeiyaHuangshiPower(BVI)Limited | 100.00 | 100.00 | USD 50,000 | Limited Liability Company | BVI | Investment holdings |

Notes: Group newly built subsidiary New energy Shenzhen current year, signed an agreement with CGN Wind Power and CGN Solar Energy in 15 June 2015, which was common controlled under same controller, spent CNY 3,965,500,000.00 purchasing the stock of 19 subsidiaries. All the acquisition conditions were was settled at 1st Sep 2015.

At acquisition date, the part of net asset book value transferred by acquiree was CNY 3,115,276,471.05, lower than purchase consideration.

The judgement for defined as business combination under common control: before and after combination, the final controller of New energy Shenzhen, CGN Wind Power and CGN Solar Energy were CGNPC.

The acquisition date was the date when combining party actually achieves the combined party's control rights, also the date when combined party transferred their net assets and control rights of production and management to combining party.

4) Business combination under no common control in this year:

| Company's name | Combination date | Book value of net assets of acquiree | Fair value of net identifiable assets of acquiree | |
|---|---|---|---|---|
| | | | Amounts | Determination method |
| Powertek Energy Sdn Bhd | 2016-3-23 | 7,031,710,924.65 | 7,280,619,616.05 | Audit/Assessment |
| Tiara Tanah Sdn Bhd | 2016-3-23 | 66,765,339.62 | 66,765,502.65 | Audit/Assessment |
| Mastika Lagenda Sdn Bhd | 2016-3-23 | 1,037,494,953.83 | 1,443,750,234.30 | Audit/Assessment |
| Jimah Teknik Sdn Bhd | 2016-3-23 | 187,359,724.12 | 2,564,783,718.75 | Audit/Assessment |
| Jimah O&M Sdn Bhd | 2016-3-23 | 510,037,972.91 | 659,210,163.15 | Audit/Assessment |
| Edra Solar Sdn Bhd | 2016-3-23 | 15,223,522.09 | 15,223,733.25 | Audit/Assessment |
| Edra Energy Sdn Bhd | 2016-3-23 | 77,515,260.95 | 77,514,498.60 | Audit/Assessment |

(Continued):

| Company's name | Consideration | Goodwill | |
|---|---|---|---|
| | | Amounts | Determination method |
| Powertek Energy Sdn Bhd | 6,435,596,064.15 | 69,609,957.45 | The goodwill recorded in balance sheet include the exceed amount of acquisition payment, non controlling party's stock rights and the fair value of acquiree's assets equities at the acqusition date before acquisition. |
| Tiara Tanah Sdn Bhd | 66,765,502.65 | | |
| Mastika Lagenda Sdn Bhd | 1,243,672,650.00 | 151,538,640.00 | |
| Jimah Teknik Sdn Bhd | 3,199,738,383.60 | 1,244,517,291.60 | |
| Jimah O&M Sdn Bhd | 2,561,872,500.00 | 1,902,662,336.85 | |
| Edra Solar Sdn Bhd | 619,507,350.00 | 604,283,616.75 | |
| Edra Energy Sdn Bhd | 229,792,200.00 | 152,277,701.40 | |

## VIII.Explanatory notes for significant matters in consolidated financial statements

Unless otherwise specified, "Beginning balance" in the financial statements as set out below means balance at 1 January 2016;"Ending balance" means balance at 31 December 2016; "Current period" means the period from 1 January 2016 to 31 December 2016. "Prior period" means the period from 1 January 2015 to 31 December 2015, and the financial statements are expressed in RMB.

1. Cash and Bank Balances

(1) Details of Cash and Bank Balances

| Items | Ending balance | Beginning balance |
|---|---|---|
| | Amount in RMB | Amount in RMB |
| Cash on hand | 69,450.82 | 90,384.61 |
| Cash at bank | 6,214,573,480.85 | 8,880,033,125.13 |
| Other monetary funds | 1,242,943,142.45 | 487,314,016.04 |
| **Total** | **7,457,586,074.12** | **9,367,437,525.78** |
| Include: total funds that deposit overseas | 5,727,532,937.25 | 1,597,984,327.63 |

(2)The restriction of Cash and Bank Balances

| Item | Amount | Reason for restriction |
|---|---|---|
| Performance bond | 168,712,646.89 | Performance bond |
| Fixed term deposit and call deposit as guarantee | 1,074,228,569.36 | Fixed term deposit and call deposit as guarantee |
| **Total** | **1,242,941,216.25** | |

2. Derivative financial instruments

| Item | Ending balance | Beginning balance |
|---|---|---|
| Currency swap | 20,497,219.24 | |
| **Total** | **20,497,219.24** | |

3. Notes receivable

| Categories | Ending balance | Beginning balance |
|---|---|---|
| Banker's acceptance | 67,604,159.92 | 152,494,418.62 |
| Trade acceptance | 1,306,900.00 | 2,011,216.50 |
| **Total** | **68,911,059.92** | **154,505,635.12** |

(1) Notes receivables which was endorsed or discounted at the end of the year and still not expired yet at the balance sheet date

| Items | Amount of derecognition at the end of the year | Amount of still recognition at the end of the year |
|---|---|---|
| Banker's acceptance | 9,500,000.00 | 24,800,000.00 |
| **Total** | **9,500,000.00** | **24,800,000.00** |

4. Accounts receivable

| Category | Ending balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Accounts receivable that are individually significant and are provided for bad debts on individual basis | 2,490,459,211.56 | 46.77 | 221,117,290.06 | 8.88 |
| Accounts receivable that are provided for bad debts on portfolio basis | 2,825,516,252.13 | 53.06 | | |
| Accounts receivable that are not individually significant and are provided for bad debts on individual basis | 9,362,496.57 | 0.17 | | |
| **Total** | **5,325,337,960.26** | **100.00** | **221,117,290.06** | — |

Continued

| Category | Beginning balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Accounts receivable that are individually significant and are provided for bad debts on individual basis | 76,891,390.59 | 6.15 | 1,235,600.17 | 1.61 |
| Accounts receivables that are provided for bad debts on portfolio basis | 1,174,284,487.44 | 93.85 | | |
| Accounts receivable that are not individually significant and are provided for bad debts on individual basis | | | | |
| **Total** | **1,251,175,878.03** | **100.00** | **1,235,600.17** | |

(1) Accounts receivable that are individually significant and are provided for bad debts on individual basis

| Debtor's Name | Ending balance | Provision for Bad debts | Aged | Proportion (%) | Reason |
|---|---|---|---|---|---|
| Jiangsu Electric Power Co. | 48,343,470.34 | 655,250.66 | Over 5 years | 1.36 | Predict partial irrecoverable |
| Others | 23,033,170.67 | 1,898,770.19 | Over 5 years | 8.24 | Predict partial irrecoverable |
| Haian New Era Cement Co., Ltd. | 3,085,538.23 | 925,661.47 | 2-3 years | 30.00 | Predict partial irrecoverable |
| Zhejiang Longteng technological development Co., Ltd. | 6,311,399.40 | 6,311,399.40 | 1-2 years | 100.00 | Predict partial irrecoverable |
| Bangladesh Power Development Board | 403,542,079.26 | 207,326,208.34 | Over 5 years | 51.38 | Predict partial irrecoverable |
| CGN Lufeng Nuclear Power Co., Ltd | 2,006,143,553.66 | 4,000,000.00 | Less than 1 year | 0.20 | Predict partial irrecoverable |
| **Total** | 2,490,459,211.56 | 221,117,290.06 | — | — | — |

(2) Accounts receivable that are provided for bad debts on portfolio basis

a. Accounts receivable that are provided for bad debts on portfolio basis of other methods

| Item | Ending balance | | | Beginning balance | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Proportion (%) | Provision for bad debts | Carrying amount | Proportion (%) | Provision for bad debts |
| Accounts receivable of inter-group | | | | 1,391,181.92 | | |
| Other receivables of outer-group with convincing collectible evidence | 2,825,516,252.13 | | | 1,172,893,305.52 | | |
| **Total** | **2,825,516,252.13** | | | **1,174,284,487.44** | | |

(3) Accounts receivable that are not individually significant and are provided for bad debts on individual basis

| Debtor's Name | Ending balance | Provision for Bad debts | Aged | Proportion (%) | Reason |
|---|---|---|---|---|---|
| GS Paper & Packaging Sdn Bhd | 8,955,556.19 | | Less than 1 year | | Predicted net recoverable value |
| GS Paperboard Sdn Bhd | 406,800.81 | | Less than 1 year | | Predicted net recoverable value |
| GS Utilities & Services Sdn Bhd | 139.57 | | Less than 1 year | | Predicted net recoverable |

| Debtor's Name | Ending balance | Provision for Bad debts | Aged | Proportion (%) | Reason |
|---|---|---|---|---|---|
| | | | | | value |
| **Total** | **9,362,496.57** | | — | — | — |

(4) The top 5 customers which ranked by the ending balance of accounts reveivable:

| Debtor's Name | Ending balance | Proportion (%) | Provision for Bad debts |
|---|---|---|---|
| CGN Lufeng Nuclear Power Co., Ltd | 2,006,143,553.66 | 37.67 | 4,000,000.00 |
| Tenaga National Berhad | 996,983,722.59 | 18.72 | |
| Egyptian Electricity Transmission | 466,629,575.93 | 8.76 | |
| Bangladesh Power Development Board | 403,542,079.26 | 7.58 | 207,326,208.34 |
| State Grid Gansu Electric Power Co. | 379,412,340.46 | 7.12 | |
| **Total** | **4,252,711,271.90** | **79.85** | **211,326,208.34** |

5. Prepayments

| Aging | Ending balance | | | Beginning balance | | |
|---|---|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | Carrying amount | | Provision for bad debts |
| | Amount | Proportion (%) | | Amount | Proportion (%) | |
| Within 1 year | 471,422,058.77 | 98.00 | | 99,725,796.29 | 89.45 | |
| 1-2 years | 4,521,428.35 | 0.94 | | 8,861,907.42 | 7.95 | |
| 2-3 years | 2,219,879.28 | 0.46 | | 2,186,710.00 | 1.96 | |
| Over 3 years | 2,901,409.10 | 0.60 | | 708,649.20 | 0.64 | |
| **Total** | **481,064,775.50** | **100.00** | | **111,483,062.91** | **100.00** | |

Following lists shows the significant advance payments which aging exceed 1 year:

| Creditors Company | Debtor's Company | Ending Balance | Aged | Reasons |
|---|---|---|---|---|
| Group | Power Construction Corporation of China Mid-South Design & Research Institute Co., Ltd | 2,970,000.00 | Over 2 years | No inspection |
| **Total** | | **2,970,000.00** | | |

6. Interest receivable

| Item | Ending balance | Beginning balance |
|---|---|---|
| Fixed term deposit | 19,299,559.69 | 1,117,231.72 |
| Loan | 54,178,061.57 | |

| Item | Ending balance | Beginning balance |
|---|---|---|
| Others | | 1,835.81 |
| **Total** | **73,477,621.26** | **1,119,067.53** |

7. Dividends receivable

| Item | Ending Balance | Beginning Balance | Reasons of haven't recoverable | Impairment occurrence |
|---|---|---|---|---|
| Dividend receivable within 1 year | 63,699,999.97 | 279,772,693.02 | | |
| Including: Hubei Xisaishan Power Limited | 14,699,999.97 | 112,887,423.50 | Waiting for duty paid procedure | No |
| Hubei Huadian Xisaishan Power Generation Co. Ltd. | 49,000,000.00 | 166,885,269.52 | Waiting for duty paid procedure | No |
| **Total** | **63,699,999.97** | **279,772,693.02** | | |

8. Other receivables

| Category | Ending balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion（%） | Amount | Proportion（%） |
| Other receivables that are individually significant and are provided for bad debts on individual basis | 384,638,356.04 | 28.30 | | |
| Other receivables that are provided for bad debts on portfolio basis | 752,915,350.07 | 55.40 | | |
| Other receivables that are individually insignificant but are individually provided for bad debts | 221,574,520.04 | 16.30 | | |
| **Total** | **1,359,128,226.15** | **100.00** | | |

Continued

| Category | Ending balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion（%） | Amount | Proportion（%） |
| Other receivables that are individually significant and are provided for bad debts on individual basis | | | | |
| Other receivables that are provided for bad debts on portfolio basis | 652,128,158.60 | 100.00 | | |
| Other receivables that are individually insignificant but are individually provided for bad debts | | | | |
| **Total** | **652,128,158.60** | **100.00** | | |

(1) Other receivables that are individually significant and are provided for bad debts on individual basis

| Debtor's Name | Ending balance | Provision for bad debts | Aging | Proportion（%） | Reasons |
|---|---|---|---|---|---|
| Taweelah Asia Power Company | 66,870,443.16 | | Less than 1 year | | |
| Willis singapore pte ltd | 244,938,554.16 | | Less than 1 year | | |
| Petronas | 72,829,358.72 | | Less than 1 year | | |
| **Total** | **384,638,356.04** | | | | |

(2) Other receivables that are provided for bad debts on portfolio basis

a. Other reveivables which accrued bad debt provisions using aging analysis

| Aged | Ending Balance | | | Beginning Balance | | |
|---|---|---|---|---|---|---|
| | Book Value | | Provisions for bad debts | Book Value | | Provisions for bad debts |
| | Amount | Proporation（%） | | Amount | Proporation（%） | |
| Below 1 year | | | | 17,331,168.76 | 100.00 | 17,331,168.76 |
| **Total** | | | | **17,331,168.76** | | **17,331,168.76** |

b. Other reveivables which accrued bad debt provisions using other combination method

| Item | Ending balance | | | Beginning balance | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Proportion（%） | Provision for bad debts | Carrying amount | Proportion（%） | Provision for bad debts |
| Other receivables of Inter-group | 659,349,689.09 | | | 595,262,019.21 | | |
| Other receivables of outer-group with convincing collectible evidence | 93,565,660.98 | | | 39,534,970.63 | | |
| **Total** | **752,915,350.07** | | | **634,796,989.84** | | |

(2) Other receivables that are individually insignificant but are individually provided for bad debts

| Debtor's Name | Ending Balance | Provision for bad debts | Aging | Proportion（%） | Reasons |
|---|---|---|---|---|---|
| Tadau Energy Sdn Bhd | 1,552,650.00 | | Less than 1 year | | |
| Lembaga Hasil Dalam Negeri Malaysia | 2,019,688.97 | | Less than 1 year | | |
| CIMB Bank Berhad | 1,396.67 | | Less than 1 year | | |

| Debtor's Name | Ending Balance | Provision for bad debts | Aging | Proportion（%） | Reasons |
|---|---|---|---|---|---|
| Ketua Pengarah Kastam Malaysia | 5,434,589.60 | | Less than 1 year | | |
| HRDF Fund | 266,828.40 | | Less than 1 year | | |
| GE Power | 88,352.57 | | Less than 1 year | | |
| P.Plan fund | 11,256,465.68 | | Less than 1 year | | |
| Withhold and remit tax payment | 15,390,163.99 | | Less than 1 year | | |
| Rahmat Lim & Partners | 3,027,667.50 | | Less than 1 year | | |
| Mohd Akhir & Partners | 32,295,120.00 | | Less than 1 year | | |
| Car loan | 4,450,119.26 | | Less than 1 year | | |
| Housing loan | 1,178,752.24 | | Less than 1 year | | |
| Employee's travelling expenses and house rent | 93,722.29 | | Less than 1 year | | |
| advance against-disputed&other taxes | 5,248,937.16 | | Less than 1 year | | |
| advance against-lease rent(govt) | 130,059.35 | | Less than 1 year | | |
| advance against-suppliers(list) | 13,233,961.11 | | Less than 1 year | | |
| advance against-LC margin（list） | 18,107,327.68 | | Less than 1 year | | |
| Advance for Suppliers | 8,716,944.71 | | Less than 1 year | | |
| Advance against bank guarantees | 20,901,182.14 | | Less than 1 year | | |
| Advance against income tax | 6,883,743.36 | | Less than 1 year | | |
| CP & EP loss arising from transformer break down | 34,009,627.72 | | Less than 1 year | | |
| Insurance expenses | 2,083,367.65 | | Less than 1 year | | |
| Others | 31,934,195.51 | | Less than 1 year | | |
| stamp duties Egyptian electricity transmission | 3,269,656.48 | | Less than 2 year | | |
| **Total** | **221,574,520.04** | | — | — | — |

(4)The top 5 customers which ranked by the ending balance of other reveivables

| Debtor's name | Natures of funds | Ending Balance |
|---|---|---|
| Willis singapore pte ltd | Inserance benefit | 244,938,554.17 |
| Petroliam Nasional Berhad | Bank guarantees | 72,829,358.72 |

| Debtor's name | Natures of funds | Ending Balance |
|---|---|---|
| Taweelah Asia Power Company-Debt Service Reserve Account | Deposit from joint operations | 66,870,443.16 |
| CGNPC Huasheng Investment Limited | Deposit | 584,972,053.38 |
| Sagittarius International Limited | Intercourse funds | 37,874,956.48 |
| **Total** | | **1,007,485,365.91** |

9. Inventories

（1）Categories of inventories

| Item | Ending balance | | |
|---|---|---|---|
| | Carrying amount | Provision for deduction | Book value |
| Raw materials | 1,576,071,251.15 | 1,154,715.51 | 1,574,916,535.64 |
| Turnover materials | 2,650,831.33 | 251,937.43 | 2,398,893.90 |
| Others | 30,075,507.71 | | 30,075,507.71 |
| **Total** | **1,608,797,590.19** | **1,406,652.94** | **1,607,390,937.25** |

Continued

| Item | Beginning balance | | |
|---|---|---|---|
| | Carrying amount | Provision for reduction | Book value |
| Raw materials | 82,918,790.20 | 1,229,043.55 | 81,689,746.65 |
| Turnover materials | 77,319,286.15 | | 77,319,286.15 |
| Others | 27,944,736.92 | | 27,944,736.92 |
| **Total** | **188,182,813.27** | **1,229,043.55** | **186,953,769.72** |

10. Non-current assets due within one year

| Item | Ending balance | Beginning balance |
|---|---|---|
| Financial leasing funds due within 1 year | 3,351,432,157.14 | 936,841,028.15 |
| Long-term prepaid expenses due within 1 year | 64,261,924.69 | 68,336,275.40 |
| Others | | 7,716,918.91 |
| **Total** | **3,415,694,081.83** | **1,012,894,222.46** |

11. Other current assets

| Items | Ending balance | Beginning balance |
|---|---|---|
| Value added tax (input tax to be deducted) | 242,757,789.05 | 785,594,559.30 |
| Others | 57,742,549.17 | 12,655,917.19 |
| **Total** | **300,500,338.22** | **798,250,476.49** |

12. Available-for-sale financial assets

(1) Conditions of Available-for-sale financial assets

| Items | Ending balance | | |
|---|---|---|---|
| | Carrying amount | Provision for bad debts | Book value |
| Available-for-sale debt instrument | | | |
| Bond (Class B IMTN) | 737,705,075.45 | | 737,705,075.45 |
| **Total** | **737,705,075.45** | | **737,705,075.45** |

Continued:

| Items | Beginning balance | | |
|---|---|---|---|
| | Carrying amount | Provision for bad debts | Book value |
| Available-for-sale debt instrument | | | |
| Bond (Class B IMTN) | | | |
| **Total** | | | |

13. Long-term receivables

| Items | Ending balance | | |
|---|---|---|---|
| | Carrying amount | Provision for bad debts | Book value |
| Financial lease reveivables | 5,588,804,323.31 | 152,775,711.57 | 5,436,028,611.74 |
| Including:Unrealized financinig income | 1,499,062,958.04 | | 1,499,062,958.04 |
| Loan | 9,690,267,573.62 | | 9,690,267,573.62 |
| Others | 5,363,502,627.57 | | 5,363,502,627.57 |
| Including:Unrealized financinig income | 1,634,786,928.60 | | 1,634,786,928.60 |
| **Total** | **20,642,574,524.50** | **152,775,711.57** | **20,489,798,812.93** |

Continued:

| Items | Beginning balance | | | Interval of discount |
|---|---|---|---|---|
| | Carrying amount | Provision for bad debts | Book value | rate |
| Financial lease reveivables | 3,006,085,573.37 | 48,141,521.00 | 2,957,944,052.37 | 3.45% - 15% |
| Including:Unrealized financinig income | 408,490,670.83 | | 408,490,670.83 | |
| Loan | | | | |
| Others | 12,841,184.98 | | 12,841,184.98 | 15% |
| Including:Unrealized financinig income | | | | |
| **Total** | **3,018,926,758.35** | **48,141,521.00** | **2,970,785,237.35** | |

14. Long-term equity investments

(1) Classification of long-term equity investments

| Items | Beginning balance | Increase | Decrease | Increases by other reasons | Ending balance |
|---|---|---|---|---|---|
| Investment to joint venture | 4,216,986,017.57 | 1,180,836,183.42 | 203,348,306.10 | | 5,194,473,894.89 |
| Investment to associate company | 2,785,432,890.84 | 256,329,440.03 | 423,765,621.79 | | 2,617,996,709.08 |
| Subtotal | 7,002,418,908.41 | 1,437,165,623.45 | 627,113,927.89 | | 7,812,470,603.97 |
| Less: Provision for long-term equity investment | 697,588,055.16 | | | 39,379,403.09 | 736,967,458.25 |
| **Total** | **6,304,830,853.25** | **1,437,165,623.45** | **627,113,927.89** | **39,379,403.09** | **7,075,503,145.72** |

(2)Details of long-term equity investment

| Name of investors | Investment cost | Beginning balance | Changing in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional Investment | Negative investment | Investment income confirmed by equity method | The adjustment of other comprehensive income |
| **Joint venture** | | | | | | |
| Hunan Xiangtou International Investment Co.Ltd. | 2,290,955,218.63 | 4,216,986,017.57 | | | 398,289,121.56 | 236,164,330.75 |
| Asia Gulf Power Service Company Limited | 329,102.26 | | 329,102.26 | | 2,997,066.88 | 9,168,832.68 |
| Asia Gulf Power Holding Company Limited | 297,775,463.66 | | 297,775,463.66 | | 41,945,332.44 | 66,978,306.97 |
| Fauji Kabirwala Power Company Ltd | 134,877,408.72 | | 134,877,408.72 | | 25,473,199.79 | -33,161,982.29 |

| Name of investors | Investment cost | Beginning balance | Changing in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional Investment | Negative investment | Investment income confirmed by equity method | The adjustment of other comprehensive income |
| **Associates** | | | | | | |
| YinjianInternational Industries Limited (Note1) | 791,565,640.81 | 895,770,312.70 | 58,100,352.32 | | -4,756,561.93 | -53,895,874.27 |
| Hubei Huadian Xisaishan Power Generation Co. Ltd. | 463,973,292.74 | 612,359,711.86 | | | 106,351,582.22 | -22,544,928.07 |
| Hubei Xisaishan Power Generation Co. Ltd. | 463,050,000.00 | 429,829,984.69 | | | 40,764,653.75 | 11,939,364.36 |
| Jingyuan No.2 Power Generation Co. Ltd. | 295,397,178.49 | 469,678,931.80 | | | -82,340,622.01 | -411,596.70 |
| Dongyuan Qujing Power Co. Ltd. | 365,479,193.51 | 116,039,027.92 | | | | |
| Tadau Energy Sdn Bhd | 1,578,265.63 | | 1,578,265.63 | | -703,632.41 | |
| Inner Mongolia CGN Wind Power Generation Co. Ltd. | | 191,930,655.98 | | 191,930,655.98 | | |
| Gansu CGN Wind Power Generation Co. Ltd. | | 69,824,265.89 | | 69,824,265.89 | | |
| Definite Arise Limited | 59.57 | | 59.57 | | -59.57 | |
| NNB Holding Company（SZC） | 187,868,984.49 | | 187,868,984.49 | | | |
| **Total** | **5,292,849,808.51** | **7,002,418,908.41** | **680,529,636.65** | **261,754,921.87** | **528,020,080.72** | **214,236,453.43** |

Continued:

| Name of investors | Changing in this year | | | | Ending Balance | Provision for impairment |
|---|---|---|---|---|---|---|
| | Other equity changes | Declaration of cashing dividend or profit distribution | Accrue provision for impairment loss | Others | | Ending Balance |
| **Joint venture** | | | | | | |
| Hunan Xiangtou International Investment Co.Ltd. | | 159,960,585.29 | | | 4,691,478,884.59 | |
| Asia Gulf Power Service Company Limited | | 6,074,511.49 | | | 6,420,490.33 | |
| Asia Gulf Power Holding Company Limited | | 21,022,865.22 | | | 385,676,237.85 | |
| Fauji Kabirwala Power Company Ltd | | 16,290,344.10 | | | 110,898,282.12 | |
| **Associates** | | | | | | |
| YinjianInternational Industries Limited (Note1) | | | | | 895,218,228.82 | 620,928,430.33 |
| Hubei Huadian Xisaishan Power Generation Co. Ltd. | | 92,239,897.62 | | | 603,926,468.39 | |
| Hubei Xisaishan Power Generation Co. Ltd. | | 55,391,349.65 | | | 427,142,653.15 | |
| Jingyuan No.2 Power Generation Co. Ltd. | | | | | 386,926,713.09 | |
| Dongyuan Qujing Power Co. Ltd. | | | | | 116,039,027.92 | 116,039,027.92 |
| Tadau Energy Sdn Bhd | | | | | 874,633.22 | |
| Inner Mongolia CGN Wind Power Generation Co. Ltd. | | | | | | |
| Gansu CGN Wind Power Generation Co. Ltd. | | | | | | |
| Definite Arise Limited | | | | | | |

| Name of investors | Changing in this year | | | | Ending Balance | Provision for impairment |
|---|---|---|---|---|---|---|
| | Other equity changes | Declaration of cashing dividend or profit distribution | Accrue provision for impairment loss | Others | | Ending Balance |
| NNB Holding Company（SZC） | | | | | 187,868,984.49 | |
| **Total** | | **350,979,553.37** | | | **7,812,470,603.97** | **736,967,458.25** |

Note 1: According to the constitution of Yinjian International Industries Co. Ltd., the Company sends a representative in the Board of directors of Yinjian International Co. Ltd., though the proportion of voting rights is 15.8%, the Company could exert significant impact on it, so equity method is adopted in subsequent measurements.

(3) Main financial information of significant joint ventures

| Items | Current period | | | |
|---|---|---|---|---|
| | Hunan Xiangtou International Investment Co.Ltd. | Asia Gulf Power Holding Company Limited | Asia Gulf Power Service Company Limited | Fauji Kabirwala Power Company Limited |
| Current assets | 417,170,283.36 | 620,010,848.50 | 99,006,784.00 | 456,161,844.38 |
| Non-current assets | 6,688,635,139.25 | 5,382,185,153.19 | - | 252,907,778.95 |
| Total of assets | 7,105,805,422.61 | 6,002,196,001.69 | 99,006,784.00 | 709,069,623.33 |
| Current liabilities | 94,560,586.77 | 3,870,491,911.58 | 27,080,352.33 | 8,950,899.63 |
| Non-current liabilities | 913,683,000.00 | 589,761,549.44 | 45,483,433.32 | 190,959,810.64 |
| Total of liabilities | 1,008,243,586.77 | 4,460,253,461.02 | 72,563,785.65 | 199,910,710.27 |
| Net assets | 6,072,265,178.35 | 1,541,942,540.67 | 26,442,998.35 | 509,158,913.06 |
| Net assets amount calculated by helding proportion | 3,036,132,589.18 | 385,485,635.17 | 6,610,749.59 | 213,846,743.49 |
| Adjusting transactions | 1,655,346,295.41 | 190,602.68 | -190,259.26 | -102,948,461.37 |

| Items | Current period | | | |
|---|---|---|---|---|
| | **Hunan Xiangtou International Investment Co.Ltd.** | **Asia Gulf Power Holding Company Limited** | **Asia Gulf Power Service Company Limited** | **Fauji Kabirwala Power Company Limited** |
| Book value of joint venture equity investment | 4,691,478,884.59 | 385,676,237.85 | 6,420,490.33 | 110,898,282.12 |
| Fair value of equity investment with public offer | | | | |
| Operating revenue | 167,738,400.98 | 1,527,257,385.47 | 242,045,502.50 | 299,198,870.33 |
| Finance expenses | 29,834,175.19 | | | 5,104.82 |
| Income tax expenses | 4,263,097.88 | | | |
| Net income | 748,536,704.85 | 167,782,076.87 | 11,988,320.89 | 60,650,475.69 |
| Other comprehensive income | | | | |
| Total comprehensive income | 748,536,704.85 | 167,782,076.87 | 11,988,320.89 | 60,650,475.69 |
| Dividend from joint venture in current period | 143,964,526.76 | 21,022,865.22 | 6,074,511.49 | 16,290,344.10 |

Continued:

| Items | Prior period | | | |
|---|---|---|---|---|
| | **Hunan Xiangtou International Investment Co.Ltd.** | **Asia Gulf Power Holding Company Limited** | **Asia Gulf Power Service Company Limited** | **Fauji Kabirwala Power Company Limited** |
| Current assets | 547,665,978.36 | | | |
| Non-current assets | 6,301,394,200.09 | | | |
| Total of assets | 6,849,060,178.45 | | | |
| Current liabilities | 107,016,665.85 | | | |
| Non-current liabilities | 989,683,000.00 | | | |
| Total of liabilities | 1,096,699,665.85 | | | |

| Items | Prior period | | | |
|---|---|---|---|---|
| | Hunan Xiangtou International Investment Co.Ltd. | Asia Gulf Power Holding Company Limited | Asia Gulf Power Service Company Limited | Fauji Kabirwala Power Company Limited |
| Net assets | 5,727,984,402.61 | | | |
| Net assets amount calculated by helding proportion | 2,863,992,201.31 | | | |
| Adjusting transactions | 1,352,993,816.26 | | | |
| Book value of joint venture equity investment | 4,216,986,017.57 | | | |
| Fair value of equity investment with public offer | | | | |
| Operating revenue | 152,042,387.55 | | | |
| Finance expenses | 35,629,098.86 | | | |
| Income tax expenses | 1,448,617.82 | | | |
| Net income | 849,711,708.86 | | | |
| Other comprehensive income | | | | |
| Total comprehensive income | 849,711,708.86 | | | |
| Dividend from joint venture in current period | 60,750,000.00 | | | |

(4) Main financial information of significant associats

| Items | Current period | | | | | | |
|---|---|---|---|---|---|---|---|
| | YinjianInternational Industries Limited | Hubei Huadian Xisaishan Power Generation Co. Ltd. | Hubei Xisaishan Power Generation Co. Ltd. | Jingyuan No.2 Power Generation Co. Ltd. | Dongyuan Qujing Energy Co. Ltd. | Tadau Energy Sdn Bhd | NNB Holding Company （SZC） |
| Current assets | 3,045,518,517.78 | 793,321,715.93 | 629,024,764.99 | 400,773,394.48 | 190,025,319.95 | 3,267,040.64 | |
| Non-current | 6,700,091,004.36 | 3,614,380,492.38 | 1,547,643,810.44 | 2,017,661,157.58 | 1,114,505,485.23 | 1,817,910.09 | 938,651,134.05 |

| Items | Current period | | | | | | |
|---|---|---|---|---|---|---|---|
| | YinjianInternational Industries Limited | Hubei Huadian Xisaishan Power Generation Co. Ltd. | Hubei Xisaishan Power Generation Co. Ltd. | Jingyuan No.2 Power Generation Co. Ltd. | Dongyuan Qujing Energy Co. Ltd. | Tadau Energy Sdn Bhd | NNB Holding Company （SZC） |
| assets | | | | | | | |
| Total of assets | 9,745,609,522.14 | 4,407,702,208.31 | 2,176,668,575.43 | 2,418,434,552.06 | 1,304,530,805.18 | 5,084,950.73 | 938,651,134.05 |
| Current liabilities | 2,328,071,405.22 | 1,704,669,506.61 | 1,169,376,531.86 | 964,133,678.05 | 1,147,220,716.17 | 701,643.81 | |
| Non-current liabilities | 1,521,997,136.37 | 1,490,815,546.52 | 32,059,055.83 | 416,199,411.99 | 620,711,780.00 | | |
| Total of liabilities | 3,850,068,541.59 | 3,195,485,053.13 | 1,201,435,587.69 | 1,380,333,090.04 | 1,767,932,496.17 | 701,643.81 | |
| Net assets | 5,686,484,153.94 | 1,212,217,155.18 | 975,232,987.74 | 1,038,101,462.02 | -463,401,690.99 | 4,383,306.92 | 938,651,134.05 |
| Net assets amount calculated by helding proportion | 898,464,496.32 | 593,986,406.04 | 477,864,163.99 | 319,008,579.28 | -171,458,625.67 | 876,661.38 | 187,730,226.81 |
| Adjusting transactions | -624,174,697.83 | 9,940,062.35 | -50,721,510.84 | 67,918,133.81 | 171,458,625.67 | -2,028.16 | 11.91 |
| Book value of associated company equity investment | 274,289,798.49 | 603,926,468.39 | 427,142,653.15 | 386,926,713.09 | | 874,633.22 | 187,730,238.72 |
| Fair value of equity investment with public offer | 276,867,840.69 | | | | | | |
| Operating revenue | 361,326,439.60 | 2,134,491,852.51 | 1,170,387,783.19 | 796,137,486.40 | 559,332,648.49 | | |
| Finance expenses | 148,424,951.15 | 113,811,048.29 | 35,099,929.19 | 31,798,246.55 | 97,218,501.22 | -113,691.42 | |

| Items | Current period | | | | | | |
|---|---|---|---|---|---|---|---|
| | YinjianInternational Industries Limited | Hubei Huadian Xisaishan Power Generation Co. Ltd. | Hubei Xisaishan Power Generation Co. Ltd. | Jingyuan No.2 Power Generation Co. Ltd. | Dongyuan Qujing Energy Co. Ltd. | Tadau Energy Sdn Bhd | NNB Holding Company （SZC） |
| Income tax expenses | 36,243,730.60 | 70,639,660.08 | 30,522,278.07 | -1,313,843.76 | | | |
| Net income | -129,523,079.35 | 214,470,907.37 | 85,766,308.89 | -244,702,508.39 | -697,139,500.00 | -2,486,397.69 | |
| Other comprehensive income | -359,276,993.95 | | | | | | |
| Total comprehensive income | -488,800,073.30 | 214,470,907.37 | 85,766,308.89 | -244,702,508.39 | -697,139,500.00 | -2,486,397.69 | |
| Dividend from associated company in current period | | 210,125,167.14 | 153,578,773.18 | | | | |

Continued:

| Items | Current period | | | | | | |
|---|---|---|---|---|---|---|---|
| | YinjianInternational Industries Limited | Hubei Huadian Xisaishan Power Generation Co. Ltd. | Hubei Xisaishan Power Generation Co. Ltd. | Jingyuan No.2 Power Generation Co. Ltd. | Dongyuan Qujing Energy Co. Ltd. | Tadau Energy Sdn Bhd | NNB Holding Company （SZC） |
| Current assets | 2,389,237,973.04 | 591,267,083.70 | 279,650,389.56 | 272,873,103.00 | 282,686,163.00 | | |
| Non-current assets | 7,073,446,913.52 | 3,590,216,098.49 | 1,764,441,021.51 | 2,691,264,149.00 | 1,297,373,231.00 | | |
| Total of assets | 9,462,684,886.56 | 4,181,483,182.19 | 2,044,091,411.07 | 2,964,137,252.00 | 1,580,059,394.00 | | |
| Current liabilities | 2,263,209,889.86 | 1,325,148,331.96 | 520,581,682.74 | 540,313,090.00 | 988,832,451.00 | | |

| Items | Current period | | | | | | |
|---|---|---|---|---|---|---|---|
| | **YinjianInternational Industries Limited** | **Hubei Huadian Xisaishan Power Generation Co. Ltd.** | **Hubei Xisaishan Power Generation Co. Ltd.** | **Jingyuan No.2 Power Generation Co. Ltd.** | **Dongyuan Qujing Energy Co. Ltd.** | **Tadau Energy Sdn Bhd** | **NNB Holding Company （SZC）** |
| Non-current liabilities | 1,200,076,285.44 | 1,619,600,000.00 | 503,349,608.36 | 642,222,578.00 | 910,221,023.00 | | |
| Total of liabilities | 3,463,286,175.30 | 2,944,748,331.96 | 1,023,931,291.10 | 1,182,535,668.00 | 1,899,053,474.00 | | |
| Net assets | 5,688,929,172.18 | 1,236,734,850.23 | 1,020,160,119.97 | 1,781,601,584.00 | -318,994,080.00 | | |
| Net assets amount calculated by helding proportion | 898,850,809.20 | 606,000,076.61 | 499,878,458.79 | 547,486,166.76 | -118,027,809.60 | | |
| Adjusting transactions | -584,629,523.74 | 6,359,635.25 | -70,048,474.10 | -77,807,234.96 | 118,027,809.60 | | |
| Book value of associated company equity investment | 314,221,285.46 | 612,359,711.86 | 429,829,984.69 | 469,678,931.80 | | | |
| Fair value of equity investment with public offer | 314,221,285.46 | | | | | | |
| Operating revenue | 271,473,065.16 | 1,914,773,756.70 | 1,397,177,710.53 | 963,711,994.00 | 823,688,968.00 | | |
| Finance expenses | 38,630,990.20 | 139,098,993.01 | 44,154,181.57 | 48,500,000.00 | 123,585,621.00 | | |
| Income tax expenses | 7,937,907.78 | 137,841,082.96 | 97,862,208.19 | 36,305,170.00 | | | |
| Net income | -104,500,088.66 | 344,300,469.56 | 300,953,958.20 | -28,687,879.00 | -135,768,123.00 | | |

| Items | Current period | | | | | | |
|---|---|---|---|---|---|---|---|
| | **YinjianInternational Industries Limited** | **Hubei Huadian Xisaishan Power Generation Co. Ltd.** | **Hubei Xisaishan Power Generation Co. Ltd.** | **Jingyuan No.2 Power Generation Co. Ltd.** | **Dongyuan Qujing Energy Co. Ltd.** | **Tadau Energy Sdn Bhd** | **NNB Holding Company （SZC）** |
| Other comprehensive income | -331,326,548.08 | | | | | | |
| Total comprehensive income | -435,826,636.74 | 344,300,469.56 | 300,953,958.20 | -28,687,879.00 | -135,768,123.00 | | |
| Dividend from associated company in current period | 14,656,270.86 | 158,774,982.90 | 72,351,884.77 | 23,459,902.86 | | | |

15. Fixed assets

(1) Original Costs

| Items | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Land assets | 466,076,614.24 | 36,225,900.91 | | 502,302,515.15 |
| Houses and Building | 4,819,525,510.24 | 412,919,850.56 | 19,611,516.80 | 5,212,833,844.00 |
| Machinary | 20,452,081,220.37 | 16,952,238,655.47 | 437,770,362.40 | 36,966,549,513.44 |
| Transprotation facility | 46,961,092.45 | 36,770,878.63 | 2,825,448.64 | 80,906,522.44 |
| Electronic equipment | | 235,917.78 | | 235,917.78 |
| Office equipment | 90,202,022.95 | 222,450,807.06 | 5,490,455.87 | 307,162,374.14 |
| Disposal costs | | 10,582,712.61 | | 10,582,712.61 |
| Others | | | | |
| **Total** | **25,874,846,460.25** | **17,671,424,723.02** | **465,697,783.71** | **43,080,573,399.56** |

(2) Accumulated depreciation

| Items | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Land assets | | | | |
| Houses and Building | 1,120,889,354.80 | 266,262,821.56 | 15,409,894.53 | 1,371,742,281.83 |
| Machinary | 4,832,183,512.29 | 10,248,629,657.40 | 304,162,998.95 | 14,776,650,170.74 |
| Transprotation facility | 29,848,751.71 | 34,193,952.54 | 1,951,213.27 | 62,091,490.98 |
| Electronic equipment | | 15,679.63 | | 15,679.63 |
| Office equipment | 53,760,153.38 | 183,506,933.71 | 4,121,791.94 | 233,145,295.15 |
| Disposal costs | | 1,932,913.87 | | 1,932,913.87 |
| Others | | 1,898.04 | 1,898.04 | |
| **Total** | **6,036,681,772.18** | **10,734,543,856.75** | **325,647,796.73** | **16,445,577,832.20** |

(3) Net book value

| Items | Beginning balance | Ending balance |
|---|---|---|
| Land assets | 466,076,614.24 | 502,302,515.15 |
| Houses and Building | 3,698,636,155.44 | 3,841,091,562.17 |
| Machinary | 15,619,897,708.08 | 22,189,899,342.70 |
| Transprotation facility | 17,112,340.74 | 18,815,031.46 |
| Electronic equipment | | 220,238.15 |
| Office equipment | 36,441,869.57 | 74,017,078.99 |

| Items | Beginning balance | Ending balance |
|---|---|---|
| Disposal costs | | 8,649,798.74 |
| Others | | |
| **Total** | **19,838,164,688.07** | **26,634,995,567.36** |

(4) Provision for impairment loss of fixed assets

| Items | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Land assets | | | | |
| Houses and Building | | 262,107,293.25 | | 262,107,293.25 |
| Machinary | | 62,272,706.75 | | 62,272,706.75 |
| Transprotation facility | | | | |
| Electronic equipment | | | | |
| Office equipment | | | | |
| Disposal costs | | | | |
| Others | | | | |
| **Total** | | **324,380,000.00** | | **324,380,000.00** |

(5) Carrying amount of fixed assets

| Items | Beginning balance | Ending balance |
|---|---|---|
| Land assets | 466,076,614.24 | 502,302,515.15 |
| Houses and Building | 3,698,636,155.44 | 3,578,984,268.92 |
| Machinary | 15,619,897,708.08 | 22,127,626,635.95 |
| Transprotation facility | 17,112,340.74 | 18,815,031.46 |
| Electronic equipment | | 220,238.15 |
| Office equipment | 36,441,869.57 | 74,017,078.99 |
| Disposal costs | | 8,649,798.74 |
| Others | | |
| **Total** | **19,838,164,688.07** | **26,310,615,567.36** |

(1)The book value of fixed assets which are mortgaged is RMB6,968,232,961.74. The original cost of fixed assets which are fully depreciated but still in use is RMB 3,020,945,588.66.

(2)Land assets are the unlimited land right owned by Korean subsidiary of the Group.

16. Construction in progress

(1) Conditions on constructions

| Items | Ending balance | | |
|---|---|---|---|
| | Carrying amount | Provision for impairment | Book value |

| Items | Ending balance | | |
|---|---|---|---|
| | Carrying amount | Provision for impairment | Book value |
| Tangman river second order station | 448,407,218.91 | 95,740,000.00 | 352,667,218.91 |
| Mijiao river first stage hydropower station | 278,282,151.03 | 89,960,000.00 | 188,322,151.03 |
| Bridge nuclear power station | 160,413,204.07 | 44,892,000.00 | 115,521,204.07 |
| Paulette project construction | 112,618,693.21 | | 112,618,693.21 |
| Luozhao nuclear power station | 71,594,129.99 | 60,510,000.00 | 11,084,129.99 |
| Nongzi nuclear power station | 58,347,400.86 | 29,928,000.00 | 28,419,400.86 |
| Nantong third phase project | 21,916,857.56 | | 21,916,857.56 |
| Project Tuah Melaka | 7,664,628.86 | | 7,664,628.86 |
| Golden bridge project | 5,671,043.21 | | 5,671,043.21 |
| Project Solar Kedah | 4,473,461.06 | | 4,473,461.06 |
| Others | 26,907,036.87 | | 26,907,036.87 |
| **Total** | **1,196,295,825.63** | **321,030,000.00** | **875,265,825.63** |

Continued:

| Items | Beginning balance | | |
|---|---|---|---|
| | Carrying amount | Provision for impairment | Book value |
| Tangman river second order station | 387,314,873.93 | | 387,314,873.93 |
| Mijiao river first stage hydropower station | 244,133,377.50 | | 244,133,377.50 |
| Bridge nuclear power station | 111,896,480.99 | | 111,896,480.99 |
| Paulette project construction | 59,829,983.25 | | 59,829,983.25 |
| Luozhao nuclear power station | 71,318,825.99 | | 71,318,825.99 |
| Nongzi nuclear power station | 57,957,212.36 | | 57,957,212.36 |
| Nantong third phase project | 2,025,482.35 | | 2,025,482.35 |
| Project Tuah Melaka | | | |
| Golden bridge project | 20,216,335.89 | | 20,216,335.89 |
| Project Solar Kedah | | | |
| Others | 99,083,070.94 | | 99,083,070.94 |
| **Total** | **1,053,775,643.20** | | **1,053,775,643.20** |

(2)Changing situation on significant construction during current year

| Project Name | Budget | Beginning balance | Increase | Transfer to fixed asset | Other decrease | Ending balance |
|---|---|---|---|---|---|---|
| Tangman river second order station | 508,670,000.00 | 387,314,873.93 | 61,092,344.98 | | | 448,407,218.91 |
| Mijiao river first stage hydropower station | 363,810,000.00 | 244,133,377.50 | 34,148,773.53 | | | 278,282,151.03 |
| Bridge nuclear power station | 252,080,000.00 | 111,896,480.99 | 48,516,723.08 | | | 160,413,204.07 |
| Paulette project construction | 540,000,000.00 | 59,829,983.25 | 52,788,709.96 | | | 112,618,693.21 |
| Luozhao nuclear power station | 158,080,000.00 | 71,318,825.99 | 275,304.00 | | | 71,594,129.99 |
| Nongzi nuclear power station | 182,160,000.00 | 57,957,212.36 | 390,188.50 | | | 58,347,400.86 |
| Nantong third phase project | 240,868,200.00 | 2,025,482.35 | 18,552,025.21 | -1,339,350.00 | | 21,916,857.56 |
| Project Tuah Melaka | 9,177,607,563.68 | | 8,026,692.22 | | 362,063.36 | 7,664,628.86 |
| Golden bridge project | 5,881,986.59 | 20,216,335.89 | 8,563,563.31 | 23,108,855.99 | | 5,671,043.21 |
| Project Solar Kedah | 567,211,213.18 | | 4,740,728.97 | | 267,267.91 | 4,473,461.06 |
| Others | 13,331,351,074.07 | 99,083,070.94 | 169,775,006.91 | 230,904,552.13 | 11,046,488.85 | 26,907,036.87 |
| **Total** | **25,327,720,037.52** | **1,053,775,643.20** | **406,870,060.67** | **252,674,058.12** | **11,675,820.12** | **1,196,295,825.63** |

Continued:

| Project Name | Proportion of project investment over budget(%) | Progress of works(%) | Accumulated capitalization of interest | Include:capitalization of interestamount this year | Interest capitalization rate this year（%） | Source of fund |
|---|---|---|---|---|---|---|
| Tangman river second order station | 88.15 | 88.15 | 84,003,727.90 | 14,530,413.70 | 5.16 | Loan from bank and intra-group |
| Mijiao river first stage hydropower station | 73.90 | 76.49 | 33,948,839.27 | 8,550,671.70 | 5.49 | loan |

| Project Name | Proportion of project investment over budget(%) | Progress of works(%) | Accumulated capitalization of interest | Include:capitalization of interestamount this year | Interest capitalization rate this year （%） | Source of fund |
|---|---|---|---|---|---|---|
| Bridge nuclear power station | 63.64 | 63.64 | 11,432,815.08 | 5,402,594.49 | 4.90 | Bank loan |
| Paulette project construction | 20.80 | 20.80 | 189,468.85 | 189,468.85 | 2.89 | Bank loan |
| Luozhao nuclear power station | 45.29 | 45.29 | 4,900,000.00 | | | Bank loan |
| Nongzi nuclear power station | 32.03 | 32.03 | 977,680.60 | | | Bank loan |
| Nantong third phase project | 8.54 | 8.54 | | | | Own capital |
| Project Tuah Melaka | 0.08 | 0.08 | | | | Self-raised funds |
| Golden bridge project | 100.00 | 100.00 | | | | Self-raised funds |
| Project Solar Kedah | 0.79 | 0.79 | | | | Self-raised funds |
| Others | | | 244,029,420.69 | 333,647.15 | 4.35 | |
| **Total** | | | **379,481,952.39** | **29,006,795.89** | | |

17. Construction materials

| Items | Ending balance | Beginning balance |
|---|---|---|
| Second phase of minqin salt water well | 308,547.00 | |
| Professional equipment | 358,974.36 | |
| Materials maintenance | 478,132.54 | |
| **Total** | **1,145,653.90** | |

18. Intangible assets

(1) Intangible assets

| Items | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| **Original value** | 2,313,411,012.95 | 5,538,905,138.28 | 16,261,391.20 | 7,836,054,760.03 |
| Including: softwares | 9,262,085.61 | 4,560,681.20 | 34,855.20 | 13,787,911.61 |
| Land use rights | 360,413,371.79 | 142,222,515.53 | 126,536.00 | 502,509,351.32 |
| Franchising rights | 1,943,735,555.55 | 5,392,121,941.55 | 16,100,000.00 | 7,319,757,497.10 |
| **Accumulated amortisation** | 961,565,142.38 | 525,533,334.04 | 12,076,898.04 | 1,475,021,578.39 |
| Including: softwares | 6,200,886.55 | 1,985,300.53 | - | 8,186,187.09 |
| Land use rights | 165,171,789.27 | 45,227,006.01 | 1,898.04 | 210,396,897.24 |
| Franchising rights | 790,192,466.56 | 478,321,027.50 | 12,075,000.00 | 1,256,438,494.06 |
| **Provision for impairment loss** | | | | |
| Including: softwares | | | | |
| Land use rights | | | | |
| Franchising rights | | | | |
| **Book value** | 1,351,845,870.57 | | | 6,361,033,181.65 |
| Including: softwares | 3,061,199.06 | | | 5,601,724.53 |
| Land use rights | 195,241,582.52 | | | 292,112,454.08 |
| Franchising rights | 1,153,543,088.99 | | | 6,063,319,003.04 |

19. Goodwill

(1) The original value of goodwill

| Name of the invested organization or goodwill formation matters | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Nantong Meiya Thermal Power Co. Ltd. | 4,829,670.33 | 329,782.52 | | 5,159,452.85 |
| Acquisition premium of Fujin project | 71,406,290.72 | 119,388,673.60 | | 190,794,964.32 |
| Acquisition premium of Clover project | 457,463,037.84 | | 384,082,859.43 | 73,380,178.41 |
| Acquisition premium of | 108,708,109.90 | | 8,596,242.89 | 100,111,867.01 |

| Name of the invested organization or goodwill formation matters | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| project P | | | | |
| Acquire Meiya Power | 500,458,665.39 | | | 500,458,665.39 |
| Powertek Energy Sdn Bhd | | 69,609,957.45 | | 69,609,957.45 |
| Jimah Teknik Sdn Bhd | | 1,244,517,291.60 | | 1,244,517,291.60 |
| Mastika Lagenda Sdn Bhd | | 151,538,640.00 | | 151,538,640.00 |
| Edra Solar Sdn Bhd | | 604,283,616.75 | | 604,283,616.75 |
| Jimah O&M Sdn Bhd | | 1,902,662,336.85 | | 1,902,662,336.85 |
| Edra Energy Sdn Bhd | | 152,277,684.62 | | 152,277,684.62 |
| **Total** | **1,142,865,774.18** | **4,244,607,983.39** | **392,679,102.32** | **4,994,794,655.25** |

20. Long-term deferred expenses

| Items | Beginning balance | Increase | Amortization |
|---|---|---|---|
| Long-term maintenance contract | 145,773,044.35 | 2,421,996.76 | 26,611,036.91 |
| Insurance (performance bond) | 4,565,046.38 | | 479,858.30 |
| Ash yard leasing expenses | 187,500.00 | | 37,500.00 |
| Amortization of prepaid Chinese service charges | 160,000.00 | | 100,000.00 |
| Others | 3,542,197.59 | | 500,203.60 |
| Amortisation of costs of house for talent renting | 586,943.64 | | 36,876.00 |
| Long-term deferred expenses: land-use fees | 37,778,863.35 | | 767,083.56 |
| Long-term deferred expenses: Others (such as land-use fees, etc.) | 13,734,158.47 | 3,685,000.00 | 316,661.04 |
| 42b4- Amortisation of operation insurance expenses for the year 2015 to 2016 | 348,192.94 | | 348,192.94 |
| 42B5-Amortisation of operation insurance expenses | 180,661.27 | | 180,661.27 |
| Long-term deferred expenses: Others (central control room and machine room decoration and equipment transformation) | | 376,754.95 | 15,698.10 |
| Long-term deferred expenses:payment of decoration | | 783,370.39 | 26,112.34 |
| Office decoration | 127,806.08 | | 99,574.85 |
| Office rent | 30,000.00 | | 20,000.00 |
| Production arrangement fees | 1,246,052.51 | | 271,068.02 |
| Telecom-broadband installation expenses of power station | | | 5,580.00 |
| Intangible - SG loan arrangement | | 12,268,431.81 | |
| **Total** | **208,260,466.58** | **19,535,553.91** | **29,816,106.93** |

Continued:

| Items | Other decrease | Ending balance | Reason of other decrease |
|---|---|---|---|
| Long-term maintenance contract | 64,184,527.65 | 57,399,476.55 | transfer to the portion due within one year |
| Insurance (performance bond) | 77,397.04 | 4,007,791.04 | transfer to the portion due within one year |
| Ash yard leasing expenses | | 150,000.00 | |
| Amortization of prepaid Chinese service charges | | 60,000.00 | |
| Others | | 3,041,993.99 | |
| Amortisation of costs of house for talent renting | | 550,067.64 | |
| Long-term deferred expenses: land-use fees | | 37,011,779.79 | |
| Long-term deferred expenses: Others (such as land-use fees, etc.) | | 17,102,497.43 | |
| 42b4- Amortisation of operation insurance expenses for the year 2015 to 2016 | | | |
| 42B5-Amortisation of operation insurance expenses | | | |
| Long-term deferred expenses: Others (central control room and machine room decoration and equipment transformation) | | 361,056.85 | |
| Long-term deferred expenses:payment of decoration | | 757,258.05 | |
| Office decoration | | 28,231.23 | |
| Office rent | 10,000.00 | | Refund by landlord due to early check-out |
| Production arrangement fees | | 974,984.49 | |
| Telecom-broadband installation expenses of power station | | -5,580.00 | |
| Intangible - SG loan arrangement | | 12,268,431.81 | |
| **Total** | **64,271,924.69** | **133,707,988.87** | |

21. Deferred tax assets and deferred tax liabilities

(1)Deferred tax assets and deferred tax liabilities are not listed as net amount after offsetting

| Items | Ending balance | |
|---|---|---|
| | Deferred tax assets/liabilities | Deductible/Taxable temporary differences |
| **Deferred tax assets** | | |
| Preperation for the impairment of assets | 40,506,847.63 | 162,027,390.51 |
| Depreciation of fixed assets | 21,727,404.69 | 86,909,618.76 |

| Items | Ending balance | |
|---|---|---|
| | Deferred tax assets/liabilities | Deductible/Taxable temporary differences |
| Employee's benefit payable | 896,706.38 | 3,586,825.50 |
| Accrued expenses | 977,353.00 | 3,909,412.01 |
| Others | 24,377.38 | 97,509.52 |
| The profit or loss from unrealized intratransaction | 113,009.71 | 452,038.84 |
| Accrued liabilities and provision for bad debt, etc. | 5,362,065.77 | 22,720,409.50 |
| **Total** | 69,607,764.56 | 279,703,204.64 |
| **Deferred tax liabilities** | | |
| Added value of acquired subsidiaries' assets | 4,648,328.38 | 18,593,313.53 |
| Depreciation of fixed assets | 42,782,541.07 | 171,130,164.28 |
| Income tax deducted by available profit | 234,574,419.57 | 938,297,678.28 |
| Discounting of long-term payables | 791,916.00 | 3,167,664.00 |
| Withholding income tax for dividends | 171,930,614.33 | 1,719,306,143.30 |
| Value added assessment for acquisition of Meiya | 446,719,164.46 | 1,786,876,657.83 |
| Others | 43,126,173.04 | 215,630,865.20 |
| Fixed assets | 51,037,436.12 | 255,187,180.60 |
| Value added assessment for acquisition of project clover | 81,200,907.06 | 451,116,150.33 |
| Depreciation expenses | 962,485,926.02 | 4,028,656,765.04 |
| Long-term receivables | 827,320,236.60 | 2,858,550,214.84 |
| Value added assessment for acquisition of project edra | 1,058,720,202.81 | 4,400,446,261.65 |
| **Total** | **3,925,337,865.46** | **16,846,959,058.88** |

Continued:

| Items | Beginning balance | |
|---|---|---|
| | Deferred tax assets/liabilities | Deductible/Taxable temporary differences |
| **Deferred tax assets** | | |
| Preperation for the impairment of assets | 12,780,722.75 | 51,122,891.00 |
| Depreciation of fixed assets | 10,193,513.58 | 40,774,054.32 |
| Employee's benefit payable | 738,033.00 | 2,952,132.00 |
| Accrued expenses | 730,272.00 | 2,921,088.00 |
| Others | 24,377.00 | 97,508.00 |
| The profit or loss from unrealized intratransaction | 113,009.71 | 452,038.84 |

| Items | Beginning balance | |
|---|---|---|
| | Deferred tax assets/liabilities | Deductible/Taxable temporary differences |
| Accrued liabilities and provision for bad debt, etc. | | |
| **Total** | 24,579,928.04 | 98,319,712.16 |
| **Deferred tax liabilities** | | |
| Added value of acquired subsidiaries' assets | 5,644,515.91 | 22,578,063.63 |
| Depreciation of fixed assets | 31,148,260.14 | 124,593,040.56 |
| Income tax deducted by available profit | 230,938,695.41 | 923,754,781.65 |
| Discounting of long-term payables | 791,916.00 | 3,167,664.00 |
| Withholding income tax for dividends | 135,307,796.22 | 1,353,077,962.20 |
| Value added assessment for acquisition of Meiya | 490,640,251.15 | 1,962,561,004.61 |
| Others | | |
| Fixed assets | | |
| Value added assessment for acquisition of project clover | | |
| Depreciation expenses | | |
| Long-term receivables | | |
| Value added assessment for acquisition of project edra | | |
| **Total** | **894,471,434.83** | **4,389,732,516.65** |

(1)Added value of acquired subsidiaries' assets is the differences between tax base and book value that caused by NGLE' subsidiaries' land assets evaluation increment while the Group acquired NGLE Pushan Power Limited.

(2) Added value of acquired CGN New Energy Holdings Co., Ltd. assets is the evaluation increment of fixed assets, intangible assets, land, franchises and etc. of CGN New Energy Holdings Co., Ltd. (previously named "CGN Meiya Power holding Co. Ltd.") and it subsidiaries, while Huamei Company acquired the CGN New Energy Holdings Co., Ltd.

(3) Income tax provision for undistributed dividend is the income tax identified on the profit available for distribution of Chinese and Korean subsidiaries at each period in accordance with the realated laws in China and Korea, while the CGN New Energy Holdings Co., Ltd. prepared the consolidated statements.

22. Other non-current assets

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Prepayment for some long-term assets such as engineering equipment, etc. | 86,118,833.29 | 73,051,051.48 |
| Pending deductible on VAT input tax | 406,494,709.97 | 1,855,309.76 |
| Others | 2,127,248,498.77 | 48,930,800.52 |
| **Total** | **2,619,862,042.03** | **123,837,161.76** |

23. Details of provision for the impairment of assets

| Items | Beginning balance | Increase | | | |
|---|---|---|---|---|---|
| | | Accrued during current period | Consolidation | Other reasons | Total |
| Provision for bad debts | 51,203,775.17 | 212,950,879.52 | 111,997,370.12 | | 324,948,249.64 |
| Provision for inventories | 1,229,043.55 | 251,937.43 | | | 251,937.43 |
| Provision for long-term equity investments | 697,588,055.16 | | | 39,379,403.09 | 39,379,403.09 |
| Provision for fixed assets | | 324,380,000.00 | | | 324,380,000.00 |
| Provision for construction in progress | | 321,030,000.00 | | | 321,030,000.00 |
| **Total** | **750,020,873.88** | **858,612,816.95** | **111,997,370.12** | **39,379,403.09** | **1,009,989,590.16** |

Continued:

| Items | Decrease | | | | Ending balance |
|---|---|---|---|---|---|
| | Reversal | Consolidation | Other reasons | Total | |
| Provision for bad debts | | | 62,059.75 | 62,059.75 | 376,089,965.06 |
| Provision for inventories | | | 74,328.04 | 74,328.04 | 1,406,652.94 |
| Provision for long-term equity investments | | | | | 736,967,458.25 |
| Provision for fixed assets | | | | | 324,380,000.00 |
| Provision for construction in progress | | | | | 321,030,000.00 |
| **Total** | | | **136,387.79** | **136,387.79** | **1,759,874,076.25** |

24. Short-term loans

(1) Classification of short-term borrowings

| Category | Ending balance | Beginning balance |
|---|---|---|
| Guaranteed loans | 318,293,250.00 | |
| Unsecured loans | 24,474,391,276.39 | 10,842,858,655.42 |
| **Total** | **24,792,684,526.39** | **10,842,858,655.42** |

25.Derivative financial instruments

| Item | Ending balance | Beginning balance |
|---|---|---|
| Derivative financial liabilities | 171,493,297.34 | |
| Including: Interest-rate swaps | 171,493,297.34 | |
| **Total** | **171,493,297.34** | |

26. Accounts payable

| Aged | Ending balance | Beginning balance |
|---|---|---|
| Within 1 year（including 1 year） | 1,704,008,814.42 | 790,809,962.68 |
| 1-2 years（including 2 years） | 92,784,579.77 | 308,844,618.84 |
| 2-3 years（including 3 years） | 270,748,435.90 | 61,777,053.78 |
| Over 3 years | 125,251,177.51 | 84,303,593.73 |
| **Total** | **2,192,793,007.60** | **1,245,735,229.03** |

The significant accounts payable which exceeds 1 year：

| Creditor’s name | Ending balance | Reasons for outstanding |
|---|---|---|
| Shanghai Electric Wind Power Equipment Co., Ltd | 152,208,050.00 | Haven’t meet the payment request on contract |
| Guangdong Mingyang Wind Power Industry Co., Ltd | 56,400,300.00 | Haven’t meet the payment request on contract |
| Zhejiang Yunda Wind Power Limited-Liability Company. | 35,991,500.00 | Haven’t meet the payment request on contract |
| Xinjiang Jinfeng Technology Limited Liability Company | 21,597,317.50 | Haven’t meet the payment request on contract |
| Bangladesh Power Development Board | 21,097,916.64 | Haven’t meet the payment request on contract |
| **Total** | **287,295,084.14** | — |

27. Advances from customers

| Aged | Ending balance | Beginning balance |
|---|---|---|
| Within 1 year（including 1 year） | 9,643,217.14 | 5,624,398.22 |
| Over 1 year | 607,932.32 | 571,381.97 |
| **Total** | **10,251,149.46** | **6,195,780.19** |

The significant advances from customers which exceeds 1 year：

| Creditor's name | Ending balance | Reasons for outstanding |
|---|---|---|
| Nantong Kangde Biological Product Co., Ltd. | 372,929.60 | Haven't meet the payment request on contract |
| Jiangsu Bangrui Industry Co., Ltd. | 166,679.72 | Haven't meet the payment request on contract |
| **Total** | **539,609.32** | — |

28. Employee benefits payable

(1)Classification of employee benefits payable

| Items | Beginning balance | Increase | Decrease | Other transfer out | Ending balance |
|---|---|---|---|---|---|
| Short-term compensation | 61,002,094.95 | 695,833,853.39 | 631,917,616.24 | -1,836,251.32 | 126,754,583.42 |
| Post-employment welfare—Defined contribution plans | 381,395.58 | 43,832,825.14 | 43,797,975.22 | - | 416,245.50 |
| Dismission welfare | | 11,052,476.80 | 11,052,476.80 | | |
| Other benefits due within 1 year | | | | | |
| Others | | 2,623,201.87 | 2,623,201.87 | | |
| **Total** | **61,383,490.53** | **753,342,357.20** | **689,391,270.13** | **-1,836,251.32** | **127,170,828.92** |

(2) Short-term Compensation

| Items | Beginning balance | Increase | Decrease | Other transfer out | Ending balance |
|---|---|---|---|---|---|
| Salaries, bonuses, allowances and subsidies | 49,942,441.98 | 574,035,293.83 | 506,872,798.27 | -1,815,268.82 | 118,920,206.36 |
| Welfare expenses | 3,192,498.14 | 23,255,963.50 | 26,304,171.64 | | 144,290.00 |
| Social insurance charges | 245,572.90 | 35,611,652.29 | 35,603,514.24 | | 253,710.95 |
| Including: Medical insurance premiums | 137,147.59 | 17,408,324.21 | 17,386,892.86 | | 158,578.94 |
| Work-related injury insurance premiums | 25,815.83 | 3,543,912.64 | 3,559,253.67 | | 10,474.80 |
| Birth insurance premiums | 10,583.98 | 920,438.56 | 918,390.83 | | 12,631.71 |
| Others | 72,025.50 | 13,738,976.88 | 13,738,976.88 | | 72,025.50 |
| Housing provident funds | 39,723.09 | 17,015,400.39 | 17,026,801.08 | | 28,322.40 |
| Labor union dues and employee education | 3,354,011.79 | 5,914,394.68 | 6,718,605.36 | -20,982.50 | 2,570,783.61 |

| Items | Beginning balance | Increase | Decrease | Other transfer out | Ending balance |
|---|---|---|---|---|---|
| funds | | | | | |
| Short-term compensated absences | | 1,507.38 | 1,507.38 | | |
| Short-term profit sharing plan | | | | | |
| Other short-term compensation | 4,227,847.05 | 39,999,641.32 | 39,390,218.27 | | 4,837,270.10 |
| **Total** | **61,002,094.95** | **695,833,853.39** | **631,917,616.24** | **-1,836,251.32** | **126,754,583.42** |

(3) Defined Contribution Plans

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Basic pension insurance | 329,675.34 | 38,094,310.42 | 38,021,415.77 | 402,569.99 |
| Unemployment insurance expense | 22,394.24 | 1,029,765.18 | 1,032,102.91 | 20,056.51 |
| Enterprise annuity payment | 29,326.00 | 4,708,749.54 | 4,744,456.54 | -6,381.00 |
| **Total** | **381,395.58** | **43,832,825.14** | **43,797,975.22** | **416,245.50** |

29. Taxes and surcharges payable

| Items | Beginning balance | Increase | Decrease | Other transfer out | Ending balance |
|---|---|---|---|---|---|
| Value added tax | 12,205,003.61 | 279,099,315.96 | 171,343,406.42 | 13,692,013.77 | 106,268,899.38 |
| Business tax | 351,028.59 | 1,685,268.87 | 2,036,297.45 | | 0.01 |
| Enterprise income tax | 78,277,860.49 | 550,923,919.46 | 478,326,807.28 | -119,201,009.43 | 270,075,982.10 |
| Urban maintenance and construction tax | 973,520.61 | 8,477,532.18 | 8,609,078.66 | 17.24 | 841,956.89 |
| Housing tax | 1,093,178.07 | 4,955,463.11 | 4,917,312.10 | | 1,131,329.08 |
| Land usage tax | 803,748.46 | 10,118,840.86 | 10,111,624.43 | | 810,964.89 |
| Individual income tax | 1,916,207.18 | 24,912,757.87 | 24,368,972.63 | -225,882.38 | 2,685,874.80 |
| Additional education | 796,384.92 | 8,053,790.88 | 8,210,750.88 | | 639,424.92 |
| Stamp duty | 2,173,043.95 | 2,200,872.60 | 3,800,047.20 | -2,692.70 | 576,562.05 |
| Other taxes | 15,278,761.41 | 208,804,154.72 | 206,668,131.63 | | 17,414,784.50 |
| **Total** | **113,868,737.29** | **1,099,231,916.51** | **918,392,428.68** | **-105,737,553.50** | **400,445,778.62** |

30. Interest payable

| Items | Ending balance | Beginning balance |
|---|---|---|
| Long-term loans interest with instalment | 876,632,531.99 | 34,385,308.58 |

| Items | Ending balance | Beginning balance |
|---|---|---|
| and interest charges and pay principal when due | | |
| Enterprise bonds interest | 76,824,120.12 | 71,898,580.25 |
| Interest payable for short-term loan | 53,779,113.20 | 20,285,033.30 |
| Other interest payable | 276,573.56 | 369,600.00 |
| **Total** | **1,007,512,338.87** | **126,938,522.13** |

31. Dividends payable

| Company's name | Ending balance | Beginning balance |
|---|---|---|
| Ordinary stock dividends | 3,673,409.23 | 150,668.28 |
| **Total** | 3,673,409.23 | 150,668.28 |

32. Other payables

(1)Other payables classified as different natures:

| The nature of money | Ending balance | Beginning balance |
|---|---|---|
| Loan | 690,180,967.32 | |
| Intercourse fund | 441,612,341.35 | 226,003,657.47 |
| Construction funds | 196,199,970.66 | 251,613,869.75 |
| Guarantee funds | 150,107,134.84 | 108,977,382.15 |
| Management and utilities fees | 42,550,312.46 | |
| Consulting fee | 34,606,957.73 | 77,446,753.58 |
| Funds | 30,521,599.18 | - |
| Others | 26,784,632.05 | |
| Tax expenses | 22,629,252.64 | |
| Operational accrual | 11,712,651.24 | |
| Sponsorship fee to football club | 3,105,300.00 | |
| Insurance fees | 240,262.51 | |
| Other charges for employee's benefits | 178,103.04 | 4,996,605.94 |
| Land-transferring fees | | 7,751,000.00 |
| Apportionment of expenses for informatization | | 203,750.00 |
| Commission charges | | 28,721.27 |
| **Total** | **1,650,429,485.02** | **677,021,740.16** |

(2)Significant other payables which aging exceed 1 year:

| Company's name | Ending balance | Reasons for outstanding |
|---|---|---|
| Guangxi Chongzuo Huiyuan Hydro power Company | 46,727,282.84 | Haven't reach the settlement requirement |
| Donogli Synthetic Fibre(Nantong) Co., Ltd. | 16,014,042.30 | Temporarily haven't payment |

| Company's name | Ending balance | Reasons for outstanding |
|---|---|---|
| Yunnan Minhe Hydropower Investment Co., Ltd. | 3,732,353.00 | Construction temporarily haven't meet completion of settlement |
| Jiangsu Xinzhong Environmental Protection Co., Ltd. | 11,500,080.41 | Temporarily haven't payment |
| Kaili Shengyun Power Environmental Protection Co., Ltd. | 4,000,000.00 | Cash deposit will be refunded when project closure |
| **Total** | **81,973,758.55** | |

33. Non-current liabilities due within 1 year

| Items | Ending balance | Beginning balance |
|---|---|---|
| Long-term loan due within 1 year | 2,217,569,772.22 | 708,697,713.56 |
| Accrued liabilities which predicted payment within 1 year | 34,117,805.27 | |
| **Total** | **2,251,687,577.49** | **708,697,713.56** |

34. Other current liabilities

| Item | Ending balance | Beginning balance |
|---|---|---|
| Others | 91,456,874.48 | |
| **Total** | **91,456,874.48** | |

35. Long-term loans

| Category | Ending balance | Beginning balance | Interest range at the end of the year |
|---|---|---|---|
| Pledged loans | 5,089,619,106.18 | 5,071,702,785.61 | 3.58%~5.39% |
| Mortgage loans | 12,613,377,353.23 | 5,421,718,479.91 | 4.66%~18.06% |
| Guaranteed loans | 12,185,599,910.25 | 3,857,043,950.00 | 3.57%~4.90% |
| Unsecured loans | 6,408,401,245.71 | 3,439,621,884.37 | 2.24%~7.00% |
| **Total** | **36,296,997,615.37** | **17,790,087,099.89** | |

36. Bond payables

(1) Classification of bond payables

| Items | Ending balance | Beginning balance |
|---|---|---|
| The first phase of US dollars debt of CGNPC International | 4,121,696,916.89 | 3,853,908,731.53 |
| 5 years USD bond issued on 2013 (USD 350 million) | 2,423,691,864.48 | 2,266,321,651.06 |
| The second phase of US dollars debt of CGNPC International | 3,431,523,722.27 | 3,208,832,308.24 |
| **Total** | **9,976,912,503.64** | **9,329,062,690.83** |

(2) Changes on bond payables

| Bond's name | Face value | Issue date | Bond period | Issue amount | Beginning balance |
|---|---|---|---|---|---|
| The first phase of US dollars debt of CGNPC International | 3,896,159,561.28 | 2015-05-19 | 10 | 3,896,159,561.28 | 3,853,908,731.53 |
| 5 years USD bond issued on 2013 (USD 350 million) | 2,123,274,712.68 | 2013-08-19 | 5 | 2,123,274,712.68 | 2,266,321,651.06 |
| The second phase of US dollars debt of CGNPC International | 3,246,800,000.00 | 2015-11-05 | 10 | 3,209,321,151.06 | 3,208,832,308.24 |
| **Total** | | | | | **9,329,062,690.83** |

Continued:

| Bond's name | Issue during current period | Accruing interest at par value | Amortization of premium/discount | Redemption during current period | Ending balance |
|---|---|---|---|---|---|
| The first phase of US dollars debt of CGNPC International | | | -267,788,185.36 | | 4,121,696,916.89 |
| 5 years USD bond issued on 2013 (USD 350 million) | | | -157,370,213.42 | | 2,423,691,864.48 |
| The second phase of US dollars debt of CGNPC International | | | -222,691,414.03 | | 3,431,523,722.27 |
| **Total** | | | **-647,849,812.81** | | **9,976,912,503.64** |

37. Long-term payable

| Item | Ending balance | Beginning balance |
|---|---|---|
| **Total** | **391,048,992.35** | **462,728,163.70** |
| Including: Shanxi Guanglingrun Guangwo Sheep Yard Wind Power Generation Co., Ltd | 98,272,824.02 | 100,285,661.01 |
| Tongzhou Thermal Power Plant | 27,905,368.03 | 26,121,709.39 |
| Xiangtan High-tech (Group) Co., Ltd | 27,000,000.00 | 27,000,000.00 |
| Pan Jin Port Group Corporation | 25,000,000.00 | 25,000,000.00 |
| Management Centre of Toll Highway based on Loan Repayment in Henan | 21,200,000.00 | 21,200,000.00 |

Note: The payable to Tongzhou Thermal Power Plant is the additional capital contribution by Sino-investors and which is payable after the Group revovered the capital contribution.

38. Provisions

| Item | Ending balance | Beginning balance |
|---|---|---|
| Others | 380,737,067.35 | |
| **Total** | **380,737,067.35** | |

39. Deferred income

| Item/Category | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Government grants | 74,912,345.16 | | 4,303,369.92 | 70,608,975.24 |
| **Total** | **74,912,345.16** | | **4,303,369.92** | **70,608,975.24** |

Government grants：

| Type of government grants | Book value at the end of the year | | The amount recorded in profit or loss during current period | The amount of reimbursement during current period | Reason for reimburse ment |
|---|---|---|---|---|---|
| | The amount disclosed on other current liabilities | The amount disclosed on deferred income | | | |
| Government grants | | 65,300,000.14 | 3,999,999.96 | | |
| Government subsidies | | 5,308,975.10 | 303,369.96 | | |
| **Total** | | **70,608,975.24** | **4,303,369.92** | | |

40. Other non-current liabilities

| Items | Ending balance | Beginning balance |
|---|---|---|
| Others | 530,015.91 | 552,566.99 |
| **Total** | **530,015.91** | **552,566.99** |

41. Share capital

| Name of investors | Beginning balance | | Increase | Decrease | Ending balance | |
|---|---|---|---|---|---|---|
| | Amount | Proportion (%) | | | Amount | Proportion (%) |
| CGNPC | 2,423,648,788.24 | 100.00 | | | 2,423,648,788.24 | 100.00 |
| **Total** | **2,423,648,788.24** | **100.00** | | | **2,423,648,788.24** | **100.00** |

42. Capital reserves

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Share premium | 11,880,677.89 | | | 11,880,677.89 |
| Other capital reserves | 37,974,205.69 | 4,659,355.60 | | 42,633,561.29 |
| Including: Discharged capital reserves by acquiring Meiya | -28,596,528.19 | | | -28,596,528.19 |
| Obtained by taking Meiya public and financing | 66,218,998.21 | | | 66,218,998.21 |
| Share-based payment recorded in owners' equity | 351,735.67 | 4,659,355.60 | | 5,011,091.27 |
| **Total** | **49,854,883.58** | **4,659,355.60** | | **54,514,239.18** |

43. Retained earnings

| Item | Current period | Prior period |
|---|---|---|
| **Beginning balance of this year** | -423,614,208.93 | 511,754,496.06 |
| **Increase in this year** | 351,308,560.53 | -71,051,213.38 |
| Including: Net profits attributable to the owners' of the Parent for the year | 351,308,560.53 | -71,051,213.38 |
| Other adjustment factors | | |
| **Decrease in this year** | | 864,317,491.61 |
| Including: Withdraw discretionary surplus reserve | | |
| Withdraw generic risk reserve | | |
| Cash dividend distribution for the year | | |
| Converted into capital | | |
| Other decreasing factors | | 864,317,491.61 |
| **Ending balance of this year** | -72,305,648.40 | -423,614,208.93 |

44.Operation revenue and operation cost

| Item | Current period | | Prior period | |
|---|---|---|---|---|
| | Operating revenue | cost of operation | Operating revenue | cost of operation |
| (1)Subtotal of main operation | 14,130,896,850.84 | 11,201,946,597.38 | 8,315,793,443.78 | 6,386,329,111.00 |
| Sale of | 12,632,073,667.56 | 10,162,828,908.84 | 7,640,139,191.63 | 5,973,328,112.56 |

| Item | Current period | | Prior period | |
|---|---|---|---|---|
| | Operating revenue | cost of operation | Operating revenue | cost of operation |
| electricity | | | | |
| Sale of commodity | 503,189,154.39 | 391,090,077.37 | 463,405,625.04 | 337,204,099.66 |
| Leasing | 303,952,495.47 | 140,837,176.09 | 209,676,237.40 | 74,266,985.14 |
| Others | 691,681,533.42 | 507,190,435.08 | 2,572,389.71 | 1,529,913.64 |
| (2)Subtotal of Other operation | 121,156,374.99 | 2,428,483.50 | 179,389,279.21 | 83,673,771.80 |
| Sale of materials | | | 18,109,962.12 | 2,134,534.37 |
| Leasing | 1,040,456.22 | 94,396.68 | 174,214.80 | |
| Management services | 101,221,886.81 | | 75,742,247.56 | |
| Technical support | 94,245.28 | | | |
| Others | 18,799,786.68 | 2,334,086.82 | 85,362,854.73 | 81,539,237.43 |
| **Total** | **14,252,053,225.83** | **11,204,375,080.88** | **8,495,182,722.99** | **6,470,002,882.80** |

45. Selling and distribution expenses

| Items | Current period | Prior period |
|---|---|---|
| Employee's salaries expenses | 2,663,959.61 | 2,877,225.54 |
| Business funds | 171,529.01 | 189,932.60 |
| Depreciation expenses | 22,658.99 | 17,830.59 |
| Others | 1,280,074.65 | 1,243,046.21 |
| **Total** | **4,138,222.26** | **4,328,034.94** |

46. General and administrative expenses

| Items | Current period | Prior period |
|---|---|---|
| Salaries | 342,797,748.92 | 238,207,788.40 |
| Insurance expenses | 4,162,684.36 | 2,734,692.10 |
| Depreciation | 38,125,749.94 | 22,024,481.88 |
| Repairment expenses | 2,105,295.73 | 2,849,839.77 |
| Amortization of intangible assets | 11,209,668.78 | 154,585,902.30 |
| Amortization of long-term prepaid expenses | 396,222.87 | 981,005.36 |
| Amortization of low-priced and perishable articles | 168,950.33 | 409,717.18 |
| Inventory loss | -3,577.81 | 5,489.09 |
| Business entertainment expensses | 2,861,533.60 | 3,739,841.24 |
| Travelling expenses | 23,745,888.21 | 11,742,567.09 |
| Administrative expenses | 19,054,840.81 | 6,943,201.33 |

| Items | Current period | Prior period |
|---|---|---|
| Conference fees | 380,371.35 | 305,543.38 |
| Utilities fees | 1,187,051.40 | 538,764.77 |
| Tax expenses | 112,915,372.00 | 18,884,164.34 |
| Rental fees | 28,614,677.52 | 17,014,055.42 |
| Litigation fees | 656,415.02 | 333018.87 |
| Agency fees | 27,787,619.93 | 22,639,776.92 |
| Consulting fees | 43,414,824.26 | 88,317,820.58 |
| Board fees | 178,930.78 | 281,771.09 |
| Pollutant discharge fees | 48,500.00 | 41,650.00 |
| Preparation fees | 867,041.34 | 310,603.42 |
| Others | 137,886,375.68 | 47,844,650.66 |
| **Total** | **798,562,185.02** | **640,736,345.19** |

47. Financial costs

| Items | Current period | Prior period |
|---|---|---|
| Interest expenses | 2,304,983,307.54 | 1,126,906,348.54 |
| Less: Interest income | 148,245,548.41 | 46,907,925.81 |
| Add: Exchange loss | 140,842,234.42 | 54,749,332.32 |
| Add: Other expenses | 112,784,428.91 | 14,349,584.20 |
| **Total** | **2,410,364,422.46** | **1,149,097,339.25** |

48. Impairment losses

| Items | Current period | Prior period |
|---|---|---|
| Loss on bad debts | 212,950,879.52 | 42,694,077.46 |
| Loss on impairment of long-term equity investments | | 558,780,749.06 |
| Provision for inventories | 251,937.43 | |
| Provision for fixed assets | 324,380,000.00 | |
| Provision for construction in progress | 321,030,000.00 | |
| **Total** | **858,612,816.95** | **601,474,826.52** |

49. Gain from fair value changes

| Source of changes in fair value | Current period | Prior period |
|---|---|---|
| Derivative financial instruments | 20,497,219.24 | 19,589,178.17 |
| Including: Currency swap | 20,497,219.24 | 19,589,178.17 |
| **Total** | **20,497,219.24** | **19,589,178.17** |

50. Investment income

(1) Resource of investment income

| Resource of investment income | Current period | Prior period |
|---|---|---|
| Long-term equity investment income under the equity method of accounting | 343,362,883.76 | 819,852,994.91 |
| Investment income from disposal of long-term equity investment | 151,482,370.94 | -69,051,566.59 |
| Loan proceeds | 56,939,745.82 | |
| Others | 687,019,723.15 | 18,349,931.87 |
| **Total** | **1,238,804,723.67** | **769,151,360.19** |

(2) There has no significant restriction on investment income remit to the Group.

51. Non-operating income

(1)Non operating income

| Project | Current period | Prior period | The amount recorded as non-recurring profit and loss |
|---|---|---|---|
| Gains on disposal of non-current assets | 16,148.28 | 735,824.70 | 16,148.28 |
| Including: Gains on disposal of fixed assets | 16,148.28 | 735,824.70 | 16,148.28 |
| Government grants | 36,203,105.35 | 42,693,968.40 | 36,203,105.35 |
| Others | 702,892,386.15 | 82,480,978.35 | 702,892,386.15 |
| **Total** | **739,111,639.78** | **125,910,771.45** | **739,111,639.78** |

Notes: Others mainly refer to gains on compensation of break a contract..

(2) Detail of government subsidy

| Project | Current period | Prior period | Related to assets/income |
|---|---|---|---|
| Products that comprehensive utilization of resources, 100% drawback policy | 10,974,504.74 | 22,920,371.09 | Related to income |
| Value added tax 50% drawback policy | 4,531,928.78 | 2,769,183.95 | Related to income |
| Other VAT rebates | 5,213,445.53 | | Related to income |
| Denitration transform and dedusting transform | | 625,000.00 | Related to income |
| Denitration transform and dedusting transform | | 2,570,000.00 | Related to income |
| Boiler desulphurization and denitration transform | | 600,000.00 | Related to income |
| Desulphurization retrofit for thermal power enterprises | | 900,000.00 | Related to income |
| Subsidies for manufacture and information industry transition | 50,000.00 | | Related to income |
| Pipe network subsidies | 4,094,050.00 | | Related to income |

| Project | Current period | Prior period | Related to assets/income |
|---|---|---|---|
| Development area fiscal subsidies | 900,000.00 | | Related to income |
| Other awards | 189,760.00 | 146,359.00 | Related to income |
| Technological transformation for energy conservation and emission reduction | | 464,700.00 | Related to income |
| 00011M Government subsidy of project demonstration from Shenzhen Technology Innovation Committee | | 5,000,000.00 | Related to income |
| Affirmation of strategic emerging industry project in Ningbo | | 1,000,000.00 | Related to income |
| Financial incentives for special projects which belong to strategic emerging industry in Ningbo | | 1,000,000.00 | Related to income |
| Tax deduction and rebate - land use tax | 23,757.12 | | Related to income |
| Tax rebate – property tax | 25,253.92 | | Related to income |
| Financial incentives for Ninghai industrial scale improvement in 2015 | 20,000.00 | | Related to income |
| Government grant funds | 50,000.00 | | Related to income |
| Commission charges of withhold and remit tax refund | 58,020.00 | | Related to income |
| Subsidy for job stability of employee | | 7,500.82 | Related to income |
| Support fund of corporate development | 38,500.00 | | Related to income |
| Financial supporting funds for replacing the business tax with a value-added tax | 722,467.76 | 387,483.62 | Related to income |
| Supporting funds from Qianhai authority | 5,000,000.00 | | Related to income |
| 10 MW project of Shenzhen airport | 3,999,999.96 | 3,999,999.96 | Related to assets |
| Government grants for cooling towers padding, remoulding and water saving in 2016 | 757.58 | | Related to assets |
| Subsidy for Xiuzhou district | 310,659.96 | 303,369.96 | Related to assets |
| **Total** | **36,203,105.35** | **42,693,968.40** | |

52. Non-operating expenses

| Project | Current period | Prior period | The amount recorded as non-recurring profit and loss |
|---|---|---|---|
| Loss on disposal of non-current assets | 5,937,427.16 | 652,973.93 | 5,937,427.16 |
| Including: Loss on disposal of fixed assets | 5,937,427.16 | 652,973.93 | 5,937,427.16 |
| External Donation | 793,776.42 | 156,308.04 | 793,776.42 |
| Compensation, liquidated damages and penalty expenses | 28,524.92 | | 28,524.92 |
| Others | 10,819,524.28 | 306,863.55 | 10,819,524.28 |
| **Total** | **17,579,252.78** | **1,116,145.52** | **17,579,252.78** |

53. Income tax

| Project | Current period | Prior period |
|---|---|---|
| Income tax expense of this year according to the tax law and related regulations | 588,975,358.93 | 234,189,626.00 |
| Deferred income tax adjustment | -39,737,557.14 | 53,595,784.58 |
| Others | -10,336,049.57 | -145,180.61 |
| **Total** | **538,901,752.22** | **287,640,229.97** |

54. Other comprehensive income

(1) Other comprehensive income items and income tax influences and the state of transferring to the profits and loss:

| Project | Current period | | | Prior period | | |
|---|---|---|---|---|---|---|
| | The pre tax amount | Income tax | Net amount after tax | The pre tax amount | Income tax | Net amount after tax |
| i. other comprehensive income can't be re-classified into profit and loss in the future | | | | | | |
| 1. Remeasurement of defined benefit plans or changes in net assets net of liabilities | | | | | | |
| 2. deserved portion in other comprehensive income that can't be classified into gains or losses in invested entities under equity method | | | | | | |
| ii. other comprehensive income will be classified into profit and loss in the future | -895,109,235.07 | | -895,109,235.07 | -468,868,208.99 | -141,940.39 | -468,726,268.60 |
| 1. deserved portion in other comprehensive income that will be classified into profit and loss in invested entities under equity method | -19,324,483.84 | | -19,324,483.84 | -46,660,140.41 | | -46,660,140.41 |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | | | | |
| Subtotal | -19,324,483.84 | | -19,324,483.84 | -46,660,140.41 | | -46,660,140.41 |
| 2．Available for sale financial assets at fair value changes in profit and loss | -123,236,213.03 | | -123,236,213.03 | | | |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | | | | |
| Subtotal | -123,236,213.03 | | -123,236,213.03 | | | |
| 3．Held to maturity investments are classified as available for sale financial assets | | | | | | |

| Project | Current period | | | Prior period | | |
|---|---|---|---|---|---|---|
| | The pre tax amount | Income tax | Net amount after tax | The pre tax amount | Income tax | Net amount after tax |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | | | | |
| Subtotal | | | | | | |
| 4．The effective part of cash flow hedging profit and loss | 57,832,577.18 | | 57,832,577.18 | -733,358.69 | -141,940.39 | -591,418.30 |
| Adjusted amount of the hedged item initial confirmation amount | | | | | | |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | | | | |
| Subtotal | 57,832,577.18 | | 57,832,577.18 | -733,358.69 | -141,940.39 | -591,418.30 |
| 5．The difference between the translation of foreign currency financial statements | -810,381,115.38 | | -810,381,115.38 | -421,474,709.89 | | -421,474,709.89 |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | | | | |
| Subtotal | -810,381,115.38 | | -810,381,115.38 | -421,474,709.89 | | -421,474,709.89 |
| iii. Total amount of other comprehensive incomes | **-895,109,235.07** | | **-895,109,235.07** | **-468,868,208.99** | **-141,940.39** | **-468,726,268.60** |

(2) Adjustment of other comprehension income items:

| Project | Beginning Balance last year | Changes in the amount of increase or decrease last year | Beginning Balance current year | Changes in the amount of increase or decrease current year | Ending Balance current year |
|---|---|---|---|---|---|
| Deserved portion in other comprehensive income that will be re-classified into profit and loss in invested entities under equity method | 150,240,267.48 | -47,384,641.94 | 102,855,625.54 | -19,324,483.84 | 83,531,141.70 |

| Project | Beginning Balance last year | Changes in the amount of increase or decrease last year | Beginning Balance current year | Changes in the amount of increase or decrease current year | Ending Balance current year |
|---|---|---|---|---|---|
| Profit or loss due to available for sale financial asset fair value changes | | | | -123,236,213.03 | -123,236,213.03 |
| The effective part of cash flow hedging profit and loss | -10,524,614.90 | -427,536.29 | -10,952,151.19 | 57,832,577.18 | 46,880,425.99 |
| The difference between the translation of foreign currency financial statements | 52,175,441.27 | -376,052,861.87 | -323,877,420.60 | -796,197,139.25 | -1,120,074,559.85 |
| Others | 7,607,954.93 | | 7,607,954.93 | | 7,607,954.93 |
| **Total** | **199,499,048.78** | **-423,865,040.10** | **-224,365,991.32** | **-880,925,258.94** | **-1,105,291,250.26** |

55.Lease

(1)The minimum lease receipts（the lessor of financing lease）

| The remaining lease term | The minimum lease receipts |
|---|---|
| Within 1 year（including 1 year） | 2,885,866,654.07 |
| 1-2 years（including 2 years） | 1,599,483,382.66 |
| 2-3 years（including 3 years） | 2,756,897,767.00 |
| Over 3 years | 2,731,486,131.68 |
| **Total** | **9,973,733,935.41** |

(2)Significant operating lease (the lessee of operating lease)

| The remaining lease term | The minimum operating lease payment which was irrevocable |
|---|---|
| Within 1 year（including 1 year） | 26,651,954.00 |
| 1-2 years（including 2 years） | 36,148,707.00 |
| 2-3 years（including 3 years） | 24,099,138.00 |
| Over 3 years | 22,468,943.00 |
| **Total** | **109,368,742.00** |

56.Consolidated cash flow statement

(1) Supplementary informations of consolidated cash flow statement

| Items | Current period | Prior period |
|---|---|---|
| 1. Adjustment of net profit to cash flows from operating activities | | |
| Net profit | 385,269,213.37 | 228,394,169.72 |
| Add: Provision of impairment of assets | 858,612,816.95 | 601,474,826.52 |
| Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets | 1,848,471,347.94 | 1,523,719,903.14 |
| Amortization of intangible assets | 537,931,623.95 | 164,592,898.69 |
| Amortization of long-term deferred expenditures | 29,893,503.97 | 32,454,098.69 |
| Loss on disposal of fixed assets, intangible assets and other long-term assets ( “-” for gains) | 5,921,278.88 | -82,850.77 |
| Loss on written off of fixed assets ( “-” for gains) | | |
| Loss on fair value change ( “-” for gains) | -20,497,219.24 | -19,589,178.17 |
| Financial expenses ( “-” for gains) | 2,541,467,428.67 | 1,181,655,680.86 |
| Loss on investments ( “-” for gains) | -1,211,634,472.71 | -769,151,360.19 |
| Decrease in deferred tax assets (“-” for increases) | 85,756,988.34 | -8,249,232.15 |
| Increase in deferred tax liabilities (“-” for decreases) | 114,808,451.79 | 13,493,934.79 |
| Decrease in inventories( “-” for increases) | -121,571,096.84 | 6,821,147.04 |
| Decrease in operating receivables( “-” for increases) | -4,822,061,157.34 | 1,259,087,680.60 |

| Items | Current period | Prior period |
|---|---|---|
| Increase in operating payables("-" for decreases) | 542,832,010.41 | -3,618,420,833.44 |
| Others | | |
| Net cash flow generated from operating activities | 775,200,718.14 | 596,200,885.33 |
| 2. Significant non-cash investing and financing activities | | |
| Conversion of debts into capital | | |
| Convertible bonds repayable within 1 year | | |
| Fixed assets acquired under finance leases arrangement | | |
| 3. Changes in cash and cash equivalents | | |
| Cash at end of year | 6,214,644,857.87 | 8,880,125,313.78 |
| Less: Cash at beginning of year | 8,880,125,313.78 | 2,841,212,752.41 |
| Add: Cash equivalents at end of year | | |
| Less: Cash equivalents at beginning of year | | |
| Net increase in cash and cash equivalents | -2,665,480,455.91 | 6,038,912,561.37 |

(2) New subsidiaries aquired in current period or cash received for disposing of subsidiaries in current period

| Items | Current period |
|---|---|
| 1.Cash or cash equivalent payment for business combination occurred in current period | 14,899,358,184.16 |
| Less：Cash or cash equivalent controlled by subsidiaries on acquisition date | 2,897,792,003.84 |
| Add：Cash or cash equivalent payment in current period for business combination occurred in prior period | |
| Net cash payment for acquisition | 12,001,566,180.32 |
| 2.Cash or cash equivalent received for disposing subsidiaries in current period | 204,192,001.32 |
| Less：Cash or cash equivalent controlled by subsidiaries on the date of losing control | |
| Add：Cash or cash equivalent received in current period for disposing subsidiaries in prior period | |
| Net cash received for disposing subsidiaries | 204,192,001.32 |

(3)Cash and cash equivalents

| Items | Current period | Prior period |
|---|---|---|
| Cash | 6,214,644,857.87 | 8,880,125,313.78 |
| Including: Cash in hand | 69,450.82 | 90,384.61 |
| Bank deposits available for use on demand | 6,214,573,480.85 | 8,880,033,125.13 |
| Other monetory funds available for use on demand | 1,926.20 | 1,804.04 |
| Deposits at central bank available for use on demand | | |
| Deposit inter-bank funds | | |
| LIBOR inter-bank funds | | |

| Items | Current period | Prior period |
|---|---|---|
| Cash equivalents | | |
| Including: Investments in debt instrument with maturity within 3 months | | |
| Cash and cash equivalents at the end of the year | 6,214,644,857.87 | 8,880,125,313.78 |
| Including: Cash and cash equivalents of which the Parent or Company companies are restricted from use | | |

57.Monetary items on foreign currency

| Items | Ending balance on foreign currency | Foreign exchange rate | Ending balance translate in RMB |
|---|---|---|---|
| Monetary funds | | | 5,732,656,925.27 |
| Including：USD | 381,096,639.20 | 6.9370 | 2,643,667,386.13 |
| EUR | 13,746,848.72 | 7.3068 | 100,445,474.23 |
| HKD | 7,186,250.05 | 0.8945 | 6,428,100.67 |
| KRW | 94,036,383,945.00 | 0.0058 | 545,411,026.88 |
| GBP | 49,476,114.07 | 8.5094 | 421,012,045.07 |
| MYR | 1,298,185,671.60 | 1.5527 | 2,015,692,892.29 |
| Accounts receivable | | | 2,143,513,470.76 |
| Including：USD | 95,547,504.62 | 6.9370 | 662,813,039.55 |
| EUR | 3,097,107.69 | 7.3068 | 22,629,946.47 |
| KRW | 72,103,392,858.62 | 0.0058 | 418,199,678.58 |
| GBP | 3,935,903.79 | 8.5094 | 33,492,179.71 |
| MYR | 648,147,502.06 | 1.5527 | 1,006,378,626.45 |
| Long-term loan | | | 23,071,146,894.60 |
| Including：USD | 1,893,372,584.71 | 6.9370 | 13,134,325,620.13 |
| EUR | 69,110,348.73 | 7.3068 | 504,975,496.10 |
| KRW | 752,116,141,858.62 | 0.0058 | 4,362,273,622.78 |
| MYR | 3,265,004,286.46 | 1.5527 | 5,069,572,155.59 |

58.Assets restricted on ownership and right to use

| Items | Book value at the end of the year | Reason of restriction |
|---|---|---|
| Monetary funds | 500,339,728.07 | Monetary funds pledged for Korean loan |
| Fixed assets | 7,398,895,265.24 | Mortgage loan |
| Account receivable | 437,828,088.97 | Mortgage loan |
| Note receivable | 24,800,000.00 | Right to recovery of electricity loan pledged |
| Fixed assets | 245,716,247.61 | ABC fugong branch Mortgage loan |
| Monetary funds | 742,601,488.18 | Security guarantees for bank loan |
| Account receivable | 1,595,891,933.20 | Security guarantees for bank loan |

| Items | Book value at the end of the year | Reason of restriction |
|---|---|---|
| Inventories | 859,933,457.20 | Security guarantees for bank loan |
| Fixed assets | 9,350,649,048.51 | Security guarantees for bank loan |
| Intangible assets | 12,489,585.44 | Security guarantees for bank loan |
| Others | 3,285,295,509.43 | Security guarantees for bank loan |
| Others | 3,514,607,277.99 | Pledge right to financial lease asset for loan |

## IX.Contingent events

1. Information about guarantee for other units provided by the Group at 31 December 2016:

   As at 31 December 2016, the Group hasn't provided guarantee for other units.

2. Information about pending litigation, arbitration of the Group at 31 December 2016

1) Pending litigation

A. Financial lease project of Hongchang gas pipeline

27 Aug 2015, CGNPC International Financial Leasing Limited (hereinafter referred to as "Financial leasing Ltd"), a subsidiary under the Group, sign a contract as leaser with Xinyang Hongchang Gas Pipeline Project LLC. and Xinyang Hongsheng Fuel Gas LLC. called <Financial lease contract>, contract No. is NLC15A004. According to the contract, both 2 companies mentioned above were joint lessee, sold the natural gas pipeline of second phase of west-east gas pipeline Nanyang to Xinyang branch which they legally owns to Financial lease Ltd, transfer price was RMB 300 million. To guarantee the debt performance under leasee contract, Henan Xinyang Maojian Group Co., Ltd. and Chen Siqiang provided joint liability guarantee as guarantor.

Financial leasing Ltd were fully paid the purchase price of lease item RMB 300 million to joint lessee, which performed the principal obligation under the leasee contract already. According to the contract, Xinyang Hongchang Gas Pipeline Project LLC should paid the rent to Financial leasing Ltd, which amount is RMB 136,846,382.06. Lessee haven't paid on time.After multiple mentioned, lessee accumulated payment amount to Financial leasing Ltd was RMB19,650,000.00, residual payment haven't been made.

21 Dec. 2015, Financial leasing Ltd initiated arbitration to Southern Chinese International Economic and Trade Arbitration Commission (hereinafter referred to as "SCIA"). The case was trial in court at 6 April 2016, SCIA issued <SCIA shencai [2016] D201 Arbitration Award>, support all the request mentioned by Company without part of travelling expenses and attorney fees. This arbitrament took effect since the judgement day (26 June 2016).

After submitted the arbitration application, Financial leasing Ltd made property preservation application to Zhengzhou Intermediate People's Court (hereinafter referred to as "ZIPC"), which is the property place court. ZIPC registered at 24 Dec 2015. After acceptance, ZIPC launch the work on property preservation, close down all the given clues of the property at Zhengzhou, include 3 company's shareholdings, 2 rights of charge on electricity, a personnal real estate and issued <Notification on result of closing down>.

After finish the property preservation in Zhengzhou, it is difficult to push the progress of preservation out of here. Therefore, Financial leasing Ltd made property preservation application to Xinyang Shihe People's Court (hereinafter referred to as "XSPC"). The case was trial in court at 18 March 2016. After that, XSPC launch the work on property preservation successively. So far, have preserved multiple properties located in Xinyang, Shanghai, Wuhan and Beijing. Including but not limited on jouse property, stock rights, bank account, forest right, fuel gas operation right, pipeline gas facility assets and trade mark etc. Currently finish the preservation on known property.

Financial leasing Ltd submitted the enforcement application materials of <SCIA shencai [2016] D201 Arbitration Award > to ZIPC on 21 July 2016. ZIPC registered on 25 July 2016. So far, ZIPC was sent the document such as <Enfrcement Notice> to executee. ZIPC will adopt coercive measures to execute according to legal procedures.

B. Weixi Meiya Hengfa Hydropower Co., Ltd. construction projects contract disputes

The basic facts: the plantiff Fujian Dongshui Construction Projects Co., Ltd. and Weixi Meiya Hengfa Hydropower Co., Ltd. (hereinafter referred to as "Weixi Hengfa").signed a construction contract for Luozhao river and Laboluo river project on 10 Sep 2010. In Sep 2016, Due to strategic shift, Weixi Hengfa and Meiya Weixi Power (Hong Kong) Limited decided to sold Luozhao river and Laboluo river project. The plantiff thought two defendant, Weixi Hengfa and Meiya Weixi Power(Hong Kong)Limited evade debts, therefore prosecute to Diqing Intermediate Court on 25 Oct 2016, ask for 2 defendants make a RMB 43.9156 million payment on default construction costs, RMB5.5647 million on interest and RMB 0.5 million on loss on labour and equipment management fees, undertake the litigation costs and preservation costs, and make sure that plantiff has priority right to be repaid for the project.

So far the case were trailling in court already and haven't made judgement.

C. Weixi Meiya Yongfa Hydropower Co., Ltd. construction projects contract disputes

The basic facts: the plantiff Fujian Dongshui Construction Projects Co., Ltd. and Weixi Meiya Yongfa Hydropower Co., Ltd. (hereinafter referred to as "Weixi Yongfa"). signed a civil construction contract for Nongzi river and bridge river project. 10 May 2015, Weixi Yongfa and the agent rebidding incompleted bridge river project. In Sep 2016, Due to strategic shift, Weixi Yongfa decided to sold Nongzi river and bridge river project. The plantiff thought two defendant, Weixi Yongfa and Mei Ya Wei xi Power(Hong Kong)Limite evade debts, herefore prosecute to Diqing Intermediate Court on 25 Oct 2016, ask for 2 defendants make a RMB 43.7655 million payment on default construction costs, RMB4.7267 million on interest and RMB 1 million for the loss on equipment management fees, undertake the litigation costs and preservation costs, and make sure that plantiff has priority right to be repaid for the project.

So far the case was trailling in court already and hasn't made judgement.

D. CGN Yulchon Generation Co., Ltd. contract disputes on electric power used

The basic facts: On 5 Feb 2016, Korea electric power company sued CGN Yulchon Generation Co., Ltd.( hereinafter referred to as "Yulchon Company") which haven't accord to terms and conditions stipulated by electric power used contract, install interlocking device in the middle of main power line and back-up power line when using main transformer and back-up transformer at the same time. Therefore Yulchon Company haven't paid the basic electricity provided by back-up transformer, which amount is RMB 23.9698 million.

So far the case hasn't trailling in court.

As at 31 December 2016, the Group has no other pending litigation and arbitration.

3. Information about the Group's contingent liabilities caused by other items at 31 December 2016

As at 31 December 2016, the Group has no contingent liabilities caused by other items

4. Information about the Group's contingent assets caused by other items at 31 December 2016

As at 31 December 2016, the Group hasn't contingent assets caused by other item

5. Commitments

1) Capital commitments

| Items | Current period | Prior period |
|---|---|---|
| Contracted but not identified in the financial statements. | | |
| -purchase commitment of long-term assets | 95,043,837.00 | 86,120,083.75 |
| **Total** | **95,043,837.00** | **86,120,083.75** |

2) Operating lease commitments

Until balance sheet date, the irrecoverable operating lease contract signed by our Group as follows:

| Items | Current period | Prior period |
|---|---|---|
| The minimum lease payment of irrecoverable operating lease | | |
| Less than 1 year | 26,651,954.00 | 16,045,685.60 |
| 2-5 years | 60,247,845.00 | 9,681,957.60 |
| Over 5 years | 22,468,943.00 | 9,298,835.20 |
| **Total** | **109,368,742.00** | **35,026,478.40** |

## X.Subsequent events after balance sheet date

Group has no disclosure on subsequent events after balance sheet date at the repoting date for this audit report.

## XI.Related parties and related party transactions

1. Related parties

(1) Controlling shareholder and ultimate holding company (currecy unit: 10 thousands RMB)

| Name of the controlling shareholder and the ultimate holding company | Place of registration | Principal activities | Paid-in capital | Share-holding proportion | Voting rights proportion |
|---|---|---|---|---|---|
| CGNPC | Shenzhen | Investment holding | 1,220,000.00 | 100.00% | 100.00% |

(2)Subsidiaries

The relevant information of the Group's subsidiaries are set out in Note.7.

(3)Joint venture and associates

The relevant information of the Group's joint venture and associates are set out in Note. 8 (14) disclosure of the relevant information about long-term equity investment.

(4)Other related parties

| Category | Name of related party | Name of transactions |
|---|---|---|
| Fellow subsidiary under common control of holding company and ultimate holding company | | |
| | CGNPC Huasheng Investment Limited | Interest income/expense |
| | China Guangdong Nuclear Power Finance Co., Ltd. | Loan, Interest income reimbursed |
| | CGNPC Mining Limited | Fund transfer between companies |
| | CGNPC Honghua Hydro Power Limited | Fund transfer between companies |
| | Sichuan Yutian Energy Development Limited. | Sale of goods, render services |
| | Sichuan Hongya Baihuatan Hydro Power Limited. | Sale of goods, render services |
| | CGN Guiliu Hydro Power Limited | Sale of goods, render services |
| | CGN Guding Hydro Power Limited | Sale of goods, render services |
| | Guangdong Nuclear Power Industrial development Limited | Sale of goods, render services |
| | CNG Hanjiang Hydro Power Development Limited. | Sale of goods, render services |
| | CGN Guding Hydro Power Limited | Sale of goods, render services |
| | Sichuan Yutian Energy Development Limited. | Sale of goods, render services |
| | CGN Guiliu Hydro Power Limited | Sale of goods, render services |
| | Sichuan Tianquan Jiaojipin Hydro Power Limited | Sale of goods, render services |
| | CGN Luhuo Xianshui River Hydro Power Limited | Sale of goods, render services |
| | Zhejiang Ouneng Group Shangrila County Niru River Hydro Power Limited | Sale of goods, render services |

| Category | Name of related party | Name of transactions |
|---|---|---|
| | CGN Hongya Gaofeng Mountain Hydro Power Limited | Sale of goods, render services |
| | CGNPC Energy Development Limited | Sale of goods, render services |
| | CGN Captive Insurance Limited | Purchase goods, receiving services |
| | CGNPC China Electricity Energy service(Shenzhen) Limited | Purchase goods, receiving services |
| | CGN Power Co., Ltd | Purchase goods, receiving services |
| | Shenzhen Nuclear Power Materials Supply Limited | Purchase goods, receiving services |
| | CGNPC Engineering Limited | Fund transfer between companies |
| Other related party | | |
| Non-controling shareholders hold for more than 10% of the shares in the Group's subsidiaries | Guangxi Chongzuo Huiyuan Hydro Power Limited | Construction advance payments |
| Non-controling shareholders hold for more than 10% of the shares in the Group's subsidiaries | Mianyang Sanjiang Construction Company | Others |
| Non-controling shareholders hold for more than 10% of the shares in the Group's subsidiaries | Tongzhou Heat Power Plant | Minority shareholders extra paid capital |
| Non-controling shareholders hold for more than 10% of the shares in the Group's subsidiaries | Xiamen Minrui Investment Limited | Others |
| Non-controling shareholders hold for more than 10% of the shares in the Group's subsidiaries | Yunnan Yuxi Hydro Power Group Shangrila project dpt. | Constructoin fund payables |
| Non-controling shareholders hold for more than 10% of the shares in the Group's subsidiaries | Yunnan Minhe Hydro Power Investment Limited | Construction fund payables |

2.Related party transactions

(1) Purchase goods

| Category and name of the related party | Current period | Prior period |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| Including：Inner Mongolia Jinjie Techonological | 5,660,377.36 | |

| Category and name of the related party | Current period | Prior period |
|---|---|---|
| Co.,Ltd. | | |
| CGN Captive Insurance Limited | 4,760,000.00 | |
| CGN Capital Holdings Co., Ltd | 3,500,000.00 | 2,750,000.00 |
| Shenzhen Nuclear Power Property Co.Ltd | 2,967,183.57 | 128,255.85 |
| CGN Finance Co., Ltd | 2,291,419.64 | 7,463,907.13 |
| Shenzhen Nuclear Power Materials Supply Limited | 1,937,243.95 | 585,833.13 |
| CGN Power Co., Ltd | 1,420,681.13 | 2,388,488.68 |
| Shenzhen Nuclear Power Green Catering Management Limited | 724,639.83 | 319,778.40 |
| Suzhou Nuclear Power Research Institute | 529,421.80 | 183,367.92 |
| CGN Management Consulting (Shenzhen) Co. Ltd | 344,952.99 | 8,350.00 |
| Shenzhen Aigrette Health Searvices Co. Ltd | 250,097.61 | 24,509.00 |
| CGNPC Service Group Limited | 215,613.51 | 382,538.00 |
| CGN Carbon Asset Management (Beijing) Co., Ltd. | 200,000.00 | 120,000.00 |
| Shenzhen Nuclear Power Huantong Automobile Service Limited | 150,140.97 | 105,513.73 |
| CGN (Wulancabu) Wind Power Generation Co., Ltd. | 98,644.30 | |
| Daya Bay Nuclear Power Operations and Management Co., Ltd. | 81,987.06 | 15,768.41 |
| China Nuclear Power Design Co., Ltd (Shenzhen) | 61,622.73 | 10,691,077.17 |
| Shanghai Engineering Science & Technology Co., Ltd CGNCP | 60,549.99 | |
| CGN (Suniteyouqi) Wind Power Generation Co., Ltd | 44,137.01 | |
| Guangdong Daya Bay Nuclear Power Environment Protection Co., Ltd. | 20,993.26 | 14,823.00 |
| Jining CGN New Energy Co., Ltd. | 17,925.96 | |
| Guangdong Nuclear Investment Co., Ltd | 13,933.33 | |
| CGNPC Gansu Wind Power Limited | 9,329.84 | |
| China Nuclear Power Engineering Co., Ltd | 8,372.45 | 1,072,330.90 |
| CGN ShenZhen WOER Irradiation Technology Co.,Lid. | | 20,333.33 |
| Yaneng Consulting (Shanghai) Co., Ltd. | | 6,298,786.52 |
| CGN Power Import & Export Co., Ltd | | 36,960.00 |
| CGNPC Huasheng Investment Limited | | 358,345.66 |
| CGN Meieng Corporate Management (Shenzhen) Ltd | | 471,698.10 |
| CGN Solar Energy Development CO.,LTD. | | 1,003,721.65 |
| CGNPC China Electricity Energy service(Shenzhen) Limited | | 468,867.94 |
| CGN New Energy Holdings Co., Ltd | | 1,253,985,093.69 |
| **Total** | **25,369,268.29** | **1,288,898,348.21** |

(2) Sale of goods

| Category and name of the related party | Current period | Prior period |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| Including： CGN Wind Energy Ltd | 38,416,698.25 | 13,349,056.23 |
| CGN Energy Development Co., Ltd | 33,843,679.37 | 23,584,905.75 |
| Xianning Nuclear Co., Ltd. | 19,942,890.99 | |
| CGN Solar Energy Development Co., Ltd | 7,431,698.14 | 14,198,113.21 |
| CGN Lufeng Nuclear Power Co., Ltd | 6,143,553.66 | |
| CGNPC Honghua Hydro Power Limited | 4,528,301.90 | 4,528,301.76 |
| CGN Carbon Asset Management (Beijing) Co., Ltd. | 3,432,753.00 | |
| CGN Guiliu Hydro Power Limited | 1,916,792.46 | 1,886,792.40 |
| Sichuan Hongya Baihuatan Hydro Power Limited. | 1,886,792.46 | 1,886,792.40 |
| Zhejiang Ouneng Group Shangrila County Niru River Hydro Power Limited | 1,886,792.46 | 1,886,792.40 |
| CGN Hongya Gaofeng Mountain Hydro Power Limited | 1,886,792.46 | 1,886,792.40 |
| CGN Guding Hydro Power Limited | 973,396.23 | 943,396.20 |
| Sichuan Tianquan Jiaojipin Hydro Power Limited | 943,396.23 | 943,396.20 |
| Sichuan Yutian Energy Development Limited. | 943,396.23 | 1,712,626.97 |
| CNG Hanjiang Hydro Power Development Limited. | 943,396.20 | 943,396.20 |
| China Nuclear Power Operations Co., Ltd | 868,264.99 | |
| Guangxi Rongyuan Hydro Power Limited | | 471,698.11 |
| Huzhou Dongsheng Photovoltaic Agriculture Technology Co. Ltd | | 94,339.62 |
| Zhejiang Xuhui New Energy Co. Ltd | | 492,027.33 |
| CGNFEX | | 174,214.80 |
| CGN Luhuo Xianshui River Hydro Power Limited | | 94,339.62 |
| **Total** | **125,988,595.03** | **69,076,981.60** |

(3)Finance expenses- interest income

| Category and name of the related party | Current period | | Prior period | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Fellow subsidiary under control of holding company and ultimate holding company | | | | |
| Including：CGN Finance Co., Ltd | 8,191,083.92 | 5.53 | 6,314,719.25 | 13.46 |
| CGNPC Huasheng Investment Limited | 23,672,896.79 | 15.97 | 4,240,192.66 | 9.04 |
| **Total** | **31,863,980.71** | **21.50** | **10,554,911.91** | **22.50** |

(4)Finance expenses- interest expense

| Category and name of the related party | Current period | | Prior period | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Controlling shareholder and ultimate holding company | | | | |
| Including：CGNPC | 2,375,169.59 | 0.10 | 907,836.00 | 0.08 |
| Fellow subsidiary under control of holding company and ultimate holding company | | | | |
| Including：CGN Finance Co., Ltd | 17,554,831.19 | 0.76 | 15,619,581.59 | 1.39 |
| China Uranium Development Co., Ltd. | 22,876,142.99 | 0.99 | 23,716,418.01 | 2.10 |
| CGNPC Huasheng Investment Limited | 76,005,057.01 | 3.30 | 24,447,794.44 | 2.17 |
| CGN Solar Energy Development Co., Ltd | | | 193,257.34 | 0.02 |
| CGN Energy Development Co., Ltd | 6,476,863.69 | 0.28 | 3,960,603.50 | 0.35 |
| CGN Wind Energy Ltd | | | 8,684,285.75 | 0.77 |
| **Total** | **125,288,064.47** | **5.43** | **77,529,776.63** | **6.88** |

3. Account Balances with related parties

(1)Monetary funds in related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | 1,322,416,989.26 | 1,991,163,747.98 |
| Including：CGN Finance Co., Ltd | 1,322,416,989.26 | 1,991,163,747.98 |
| **Total** | **1,322,416,989.26** | **1,991,163,747.98** |

(2)Interest receivable due from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| Including：CGN Finance Co., Ltd | 1,106,048.80 | 396,195.17 |
| CGNPC Huasheng Investment Limited | 15,430,769.89 | 556,337.16 |
| **Total** | **16,536,818.69** | **952,532.33** |

(3)Account receivables due from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| CGN (Siziwang) Wind Power Generation Co., Ltd. | | 108,901.80 |
| CGN (Suniteyouqi) Wind Power Generation Co., Ltd | | 442,265.13 |
| Inner Mongolia CGN Wind Power Co.Ltd. | | 360,188.25 |
| CGN (Wulancabu) Wind Power Generation Co., Ltd. | | 479,826.75 |

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| CGN Lufeng Nuclear Power Co., Ltd | 2,006,143,553.66 | |
| Less:provisions for bad debt | 4,000,000.00 | |
| **Total** | **2,002,143,553.66** | **1,391,181.93** |

(4)Other receivables due from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Controlling shareholder and the ultimate holding company | | |
| CGNPC | 1,461,360.00 | |
| Joint venture and associates | | |
| Meiya Xiangyun (BVI) Limited | | 0.84 |
| Meiya Xiangyun Development Limited | | 212,637,539.79 |
| Meiya Xiangtou Power Company Limited | | 531,592,588.72 |
| CGNPC Gansu Wind Power Limited | | 9,388.07 |
| Haian Meiya Cogeneration Co., Ltd. | | 7,354,956.24 |
| Xi Wu Zhu Mu Qin Qi International Renewable Energy Wind Power Co. Ltd. | | 997,992.62 |
| CGN (Siziwang) Wind Power Generation Co., Ltd. | | 38,990.09 |
| CGN (Suniteyouqi) Wind Power Generation Co., Ltd | | 44,412.50 |
| CGN （Wulanchabu）Wind Power Co., Ltd. | | 99,260.00 |
| CGN Wind Energy Ltd | | 9,601,364.20 |
| CGNPC Wind Power Generation Limited | | 26,641.40 |
| CGNPC Huasheng Investment Limited | 657,061,182.70 | 584,905,651.23 |
| CGN Mining Co., Ltd | 7,692.65 | |
| CGN Energy Development Co., Ltd | 1,245.34 | 28,085.31 |
| China Uranium Development Co Ltd | | 333,921.61 |
| Sagittarius International Limited | 37,874,956.48 | |
| Shenzhen Nuclear Power Property Co.Ltd | 818,208.40 | |
| Zhejiang Ouneng Group Shangrila County Niru River Hydro Power Limited | | 58,761.40 |
| Zhejiang Xuhui New Energy Co. Ltd | | 90.00 |
| CGNFEX | | 174,214.80 |
| Meiya Tongzhou Cogen Power Ltd | | 47,403,280.00 |
| Less: Provisions for bad debts | | |
| **Total** | **697,224,645.57** | **1,395,307,138.82** |

(5)Adavance to supplier with related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Fellow subsidiary under control of holding company | | |

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| and ultimate holding company | | |
| CGNPC European Branch | 4,018,740.00 | |
| China Nuclear Power Design Co., Ltd (Shenzhen) | | 1,183,605.00 |
| Less: Provisions for bad debts | | |
| **Total** | **4,018,740.00** | **1,183,605.00** |

(6)Dividends receivables due from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Joint venture and associates | | |
| Including：Nantong Meiya Thermal Power Co. Ltd. | | 48,343,223.74 |
| Guangxi Rongjiang Meiya Limited | | 6,337,800.11 |
| Guangxi Rongjiang Meiya Hydro Power Limited | | 2,426,078.65 |
| **Total** | | **57,107,102.50** |

(7)Short-term borrowings from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Controlling shareholder and the ultimate holding company | | |
| CGNPC | 3,137.40 | |
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| Including：CGN Finance Co., Ltd. | 196,000,000.00 | 787,600,000.00 |
| CGNPC Huasheng Investment Limited | 8,360,456,700.82 | 8,381,390,989.07 |
| CGN Energy Development Co., Ltd | 347,000,000.00 | 222,500,000.00 |
| **Total** | **8,903,459,838.22** | **9,391,490,989.07** |

(8)Account payables due from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Controlling shareholder and ultimate holding company | | |
| Including：CGNPC | | 754,500.00 |
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| China Nuclear Power Design Co., Ltd (Shenzhen) | 989,384.00 | 9,759,855.47 |
| CGN Carbon Asset Management (Beijing) Co., Ltd. | 720,000.00 | 40,000.00 |
| CGN Power Co., Ltd. | 193,700.00 | |
| Shenzhen Nuclear Power Material Supply Co.Ltd | 26,466.00 | |
| Shenzhen Nuclear Power Huantong Automobile Service Co., Ltd. | 9,270.00 | |
| Shenzhen Aigrette Health Service Co., Ltd | 7,631.00 | |

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Shenzhen Luyuan Restaurant Management Co.,Ltd | 5,988.00 | |
| CGNPC Service Group Limited | 2,673.28 | |
| Suzhou Nuclear Power Research Institute | | 401,480.00 |
| **Total** | **1,955,112.28** | **10,955,835.47** |

(9) Interest payables to related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Controlling shareholder and ultimate holding company | | |
| Including：CGNPC | 907,326.52 | 1,780,387.72 |
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| Including：China Uranium Development Co., Ltd | | 5,884,824.34 |
| CGNPC Huasheng Investment Limited | 23,670,461.57 | 13,519,991.03 |
| CGN Finance Co., Ltd. | 108,507.77 | 1,375,443.59 |
| CGN Energy Development Co., Ltd | 902,303.39 | 1,396,045.95 |
| **Total** | **25,588,599.25** | **23,956,692.63** |

(10)Other payables due to related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Controlling shareholder and ultimate holding company | | |
| Including：CGNPC | 1,659,389.76 | 2,555,291.87 |
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| CGN Energy Development Co., Ltd. | 13,900,000.00 | 8,500,000.00 |
| CGN Power Co., Ltd | 402,600.00 | |
| CGN Carbon Asset Management (Beijing) Co., Ltd. | 153,026.08 | 80,000.00 |
| Suzhou Nuclear Power Research Institute | 85,392.59 | |
| CGN Solar Energy Development Co., Ltd. | 18,774.32 | 392,356.00 |
| CGN Captive Insurance Limited | 6,302.64 | |
| Jilin CGN Wind Power Co.Ltd | | 88,533.71 |
| CGN (Wulancabu) Wind Power Generation Co., Ltd. | | 65,881.24 |
| CGN Wind Energy Co., Ltd. | | 2,596,827.98 |
| CGN Engineering Co., Ltd. | | 1,246,750.48 |
| China Dragon wind power Co. Ltd. | | 11,596.70 |
| Offset | -3,949,614.05 | 2,231,307.93 |
| **Total** | **12,275,871.34** | **17,768,545.91** |

(11)Non-current liabilities to related parties due within one year

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| CGN Finance Co., Ltd. | | 12,523,170.74 |
| **Total** | | **12,523,170.74** |

(12)Long-term borrowings from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Controlling shareholder and ultimate holding company | | |
| Including：CGNPC | 678,447,593.29 | 48,999,967.73 |
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| Including：CGN Finance Co., Ltd. | 40,000,000.00 | 140,384,146.67 |
| China Uranium Development Co td | | 649,359,926.88 |
| CGNPC Huasheng Investment Limited | 142,957,767.27 | |
| **Total** | **861,405,360.56** | **838,744,041.28** |

## XII. Explanatory notes for major financial statement items of parent company

1.Notes for major financial statement items

(1)Other receivables

| Category | Ending balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion | Amount | Proportion |
| Receivables which bad debts provision is recognized in a portfolio basis | 37,021,900.80 | 100.00 | | |
| **Total** | **37,021,900.80** | **100.00** | | |

Continued:

| Category | Ending balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion | Amount | Proportion |
| Receivables which bad debts provision is recognized in a portfolio basis | 9,486,004.36 | 100.00 | | |
| **Total** | **9,486,004.36** | **100.00** | | |

a) Receivables which bad debts provision is recognized in a portfolio basis

Receivables which bad debts provision is recognized in other portfolio basis

| Items | Ending balance | | | Beginning balance | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Percentage （%） | Provision for bad debts | Carrying amount | Percentage （%） | Provision for bad debts |
| Other inter-group receivables | 37,017,428.25 | | | 9,427,104.23 | | |
| With conclusive evidences the receivables can be recovered that are outside the Group | 4,472.55 | | | 58,900.13 | | |
| **Total** | **37,021,900.80** | | | **9,486,004.36** | | |

b) The top 4 customers which ranked by the ending balance of other reveivables

| Debtor's name | The nature of money | Ending balance |
|---|---|---|
| CGNPC Huamei Investment Limited. | Intercourse funds | 30,172,507.91 |
| China Clean Energy Development Limited | Intercourse funds | 6,844,069.40 |
| China Nuclear Power Limited | Intercourse funds | 850.94 |
| Lu Hanquan | Employee loan | 4,472.55 |
| **Total** | — | **37,021,900.80** |

## (2)Long-term equity investment

a) Classifications of long-term equity investment

| Item | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Investments in subsidiaries | 3,801,542,691.15 | 458,763,734.02 | | 4,260,306,425.17 |
| Investments in associates | 895,770,312.70 | 58,100,352.32 | 58,652,436.20 | 895,218,228.82 |
| Subtotal | 4,697,313,003.85 | 516,864,086.34 | 58,652,436.20 | 5,155,524,653.99 |
| Less: impairmentof long-term equity investment | 581,549,027.24 | 39,379,403.09 | | 620,928,430.33 |
| **Total** | **4,115,763,976.61** | **477,484,683.25** | **58,652,436.20** | **4,534,596,223.66** |

b) Details of long-term equity investments

| Name of investee | Investment costs | Beginning balance | Changes during current period | | | |
|---|---|---|---|---|---|---|
| | | | Additional investment | Negative investment | Investment income recognized under equity method | Adjustment on other comprehensive income |
| 1.Subsidiaries | | | | | | |
| Aigrette Green Energy Development Company Limited | 89.45 | 83.78 | 5.67 | | | |
| CGNPC Huamei Investment Limited | 1,672,807,869.25 | 1,566,718,065.43 | 106,089,803.82 | | | |
| CGNPC International Financial Leasing Limited | 1,330,332,633.74 | 1,057,388,415.05 | 272,944,218.69 | | | |
| CGNPC Captive Insurance Company | 562,646,790.89 | 526,963,620.84 | 35,683,170.05 | | | |
| GOLD SKY | 694,519,032.24 | 650,472,498.72 | 44,046,533.52 | | | |
| Clean Energy | 0.89 | 0.84 | 0.05 | | | |
| Gigastar | 6.93 | 6.49 | 0.44 | | | |
| Nuclear Power | 0.89 | | 0.89 | | | |
| Nuclear Power EPC | 0.89 | | 0.89 | | | |
| 2.Associates | | | | | | |
| Yinjian International Industrial Limited | 791,565,640.81 | 895,770,312.70 | 58,100,352.32 | | -4,756,561.93 | -53,895,874.27 |
| **Total** | **5,051,872,065.98** | **4,697,313,003.85** | **516,864,086.34** | **-** | **-4,756,561.93** | **-53,895,874.27** |

Continued:

| Name of investee | Changes during current period | | | | Ending balance | Ending balance of provisions for impairment |
|---|---|---|---|---|---|---|
| | Other equity changes | Declaration of cashing dividend or profit distribution | Accrued provisions for impairment | Others | | |
| 1.Subsidiaries | | | | | | |
| Aigrette Green Energy Development Company Limited | | | | | 89.45 | |
| CGNPC Huamei Investment Limited | | | | | 1,672,807,869.25 | |
| CGNPC International Financial Leasing Limited | | | | | 1,330,332,633.74 | |
| CGNPC Captive Insurance Company | | | | | 562,646,790.89 | |
| GOLD SKY | | | | | 694,519,032.24 | |
| Clean Energy | | | | | 0.89 | |
| Gigastar | | | | | 6.93 | |
| Nuclear Power | | | | | 0.89 | |
| Nuclear Power EPC | | | | | 0.89 | |
| 2.Associates | | | | | | |
| Yinjian International Industrial Limited | | | | | 895,218,228.82 | 620,928,430.33 |
| **Total** | | | | | **5,155,524,653.99** | **620,928,430.33** |

c) Major financial information for significant associates

| Items | Current period | Prior period |
|---|---|---|
| | Yinjian International Industrial Limited | Yinjian International Industrial Limited |
| Current assets | 3,045,518,517.78 | 2,389,237,973.04 |
| Non-current assets | 6,700,091,004.36 | 7,073,446,913.52 |
| Total assets | 9,745,609,522.14 | 9,462,684,886.56 |
| Current liabilities | 2,328,071,405.22 | 2,263,209,889.86 |
| Non-current liabilities | 1,521,997,136.37 | 1,200,076,285.44 |
| Total liabilities | 3,850,068,541.59 | 3,463,286,175.30 |
| Net assets | 5,686,484,153.94 | 5,688,929,172.18 |
| Share of net assets calculated by shareholding ratio | 898,464,496.32 | 898,850,809.20 |
| Adjustments: | -624,174,697.83 | -584,629,523.74 |
| Book value of equity investment on associates | 274,289,798.49 | 314,221,285.46 |
| Fair value of equity investmentswhichhas public price announcement | 276,867,840.69 | |
| Operating income | 361,326,439.60 | 271,473,065.16 |
| Financial expenses | 148,424,951.15 | 38,630,990.20 |
| Income tax expenses | 36,243,730.60 | 7,937,907.78 |
| Net profits | -129,523,079.35 | -104,500,088.66 |
| Other comprehensive income | -359,276,993.95 | -331,326,548.08 |
| Total comprehensive income | -488,800,073.30 | -435,826,636.74 |
| Dividends received from joint operatios during current period | | 14,656,270.86 |

(3) Investment income

a) Sources of investment income

| Sources of investment income | Current amount | Prior amount |
|---|---|---|
| Long-term equity investment accounted by equity method | -4,756,561.93 | -8,365,968.77 |
| Loans income | 91,999,672.91 | 62,923,143.77 |
| Others | | 18,349,931.87 |
| **Total** | **87,243,110.98** | **72,907,106.87** |

b) There is no existence of significant limitations on remittance of the investmen income.

(4)Supplementary information of the cash flow statement of parent company

| Items | Current amount | Prior amount |
|---|---|---|
| 1. Adjustment of net profit to cash flows from operating activities | | |
| Net profit | -375,735,706.79 | -746,261,179.17 |
| Add: Provision of impairment of assets | | 558,780,749.06 |
| Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets | | |
| Amortization of intangible assets | | |
| Amortization of long-term deferred expenditures | | |
| Loss on disposal of fixed assets, intangible assets and other long-term assets ( “-” for gains) | | |
| Loss on written off of fixed assets ( “-” for gains) | | |
| Loss on fair value change ( “-” for gains) | | -19,589,178.17 |
| Financial expenses ( “-” for gains) | 462,651,124.87 | 280,088,007.71 |
| Loss on investments ( “-” for gains) | -87,243,110.98 | -72,907,106.87 |
| Decrease in deferred tax assets (“-” for increases) | | |
| Increase in deferred tax liabilities (“-” for decreases) | | |
| Decrease in inventories( “-” for increases) | | |
| Decrease in operating receivables( “-” for increases) | -27,535,896.44 | 1,191,255,010.02 |
| Increase in operating payables(“-” for decreases) | -218,423.09 | 175,892,868.24 |
| Others | | |
| Net cash flow generated from operating activities | -28,082,012.43 | 1,367,259,170.82 |
| 2. Significant non-cash investing and financing activities | | |
| Conversion of debts into capital | | |
| Convertible bonds repayable within 1 year | | |
| Fixed assets acquired under finance leases arrangement | | |
| 3. Changes in cash and cash equivalents | | |
| Cash at end of year | 895,056.40 | 897,975.58 |
| Less: Cash at beginning of year | 897,975.58 | 776,071.34 |
| Add: Cash equivalents at end of year | | |
| Less: Cash equivalents at beginning of year | | |
| Net increase in cash and cash equivalents | -2,919.18 | 121,904.24 |

## XIII. Other disclosures as required by relevant Financial and Accounting System

There is no other important event to be disclosed in the reporting period according to accounting standards

## XIV.Approval of financial statements

The financial statements for the year of 2016 are approved by the Broad of Directors.

信永中和
ShineWing

信永中和会计师事务所
深圳分所

ShineWing
certified public accountants
Shenzhen branch

深圳市福田区滨河大道
联合广场A座10层

10/F, Block A, United Plaza, Binhe Road, Futian District, Shenzhen, 518033, P.R.China

联系电话: +86(0755)8290 0800
telephone: +86(0755)8290 0800

传真: +86(0755)8290 0815
facsimile: +86(0755)8290 0815

# Independent Auditor's Report

XYZH/2016SZA40077

**To the Board of Directors of**
CGNPC International Limited

We have audited the accompanying financial statements of CGNPC International Limited (hereinafter referred to as the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated and the company statement of financial position as at December 31, 2015, and statement of profit or loss and other comprehensive income of consolidated and the Company, and cash flows statement and the statement of changes in equity for the year then ended, and notes to the financial statements.

**1. Management's Responsibility for the Financial Statements**

The management of the company is responsible for the preparation and fair presentation of these financial statements. These responsibilities include: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining the internal control w relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

**2. Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards .Those standards require that we comply with Code of Ethics for Chinese Certified Public Accountants, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances , but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**3. Opinion**

In our opinion, the financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises in all material respects, present fairly, the financial position of the company as at 31 December 2015, and its financial performance and its cash flows for the year then ended.

ShineWing Certified Public Accountants Shenzhen Branch

March 2, 2016

## Consolidated Statement of Financial Position

As at 31 December 2015

Prepared by: CGNPC International Limited Unit: RMB

| Item | Notes | 2015 | 2014 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and bank balances | 8.1 | 9,367,437,525.78 | 3,818,319,576.18 |
| △Settlement funds | | | |
| △Lending funds | | | |
| Financial assets at fair value through profit or loss | | | |
| Derivative financial instruments | | | |
| Notes receivable | 8.2 | 154,505,635.12 | 37,887,000.00 |
| Accounts receivable | 8.3 | 1,249,940,277.86 | 1,299,627,350.07 |
| Prepayments | 8.4 | 111,483,062.91 | 199,380,097.96 |
| △Premium receivable | | | |
| △Reinsurance accounts receivable | | 74,443,623.69 | |
| △Receivable from subcontracting reserves | | 40,742,382.10 | |
| Interest receivable | 8.5 | 1,119,067.53 | 1,671,500.86 |
| Dividends receivable | 8.6 | 279,772,693.02 | 332,638,226.36 |
| Other receivables | 8.7 | 652,128,158.60 | 1,952,018,406.18 |
| △Buying back the sale of financial assets | | | |
| Inventories | 8.8 | 186,953,769.72 | 193,774,916.76 |
| Including: Raw materials | | 81,689,746.65 | 99,060,266.51 |
| Finished goods | | | |
| Held-for-sale assets | | | 129,496,952.05 |
| Non-current assets due within one year | 8.9 | 1,012,894,222.46 | 365,419,526.16 |
| Other current assets | 8.10 | 798,250,476.49 | 425,882,200.02 |
| **Total current assets** | | 13,929,670,895.28 | 8,756,115,752.60 |
| **Non-current assets:** | | | |
| △Loan or Advances | | | |
| Available-for-sale financial assets | | | |
| Held-to-maturity investments | | | |
| Long-term receivables | 8.11 | 2,970,785,237.35 | 960,526,811.13 |
| Long-term equity investments | 8.12 | 6,304,830,853.25 | 7,207,722,358.28 |
| Investment properties | | | |
| Fixed assets-original cost | 8.13 | 25,874,846,460.25 | 19,522,093,793.57 |
| Less: accumulated depreciation | 8.13 | 6,036,681,772.18 | 4,673,537,851.27 |
| Fixed assets-original cost net of depreciation | 8.13 | 19,838,164,688.07 | 14,848,555,942.30 |
| Less:provision for impairment of fixed assets | 8.13 | | 95,363,272.73 |
| Fixed assets-net book value | 8.13 | 19,838,164,688.07 | 14,753,192,669.57 |
| Construction in progress | 8.14 | 1,053,775,643.20 | 4,950,503,377.13 |
| Construction materials | 8.15 | | 11,040,212.74 |
| Fixed assets pending for disposal | | | |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Intangible assets | 8.16 | 1,351,845,870.57 | 1,533,548,978.75 |
| Development disbursements | | | |
| Goodwill | 8.17 | 1,142,865,774.18 | 505,009,723.77 |
| Long-term deferred expenses | 8.18 | 208,260,466.58 | 11,828,958.39 |
| Deferred tax assets | 8.19 | 24,579,928.04 | 16,330,695.89 |
| Other non-current assets | 8.20 | 123,837,161.76 | 1,537,959,461.16 |
| Including: physical assets reserve specifically authorized | | | |
| **Total non-current assets** | | 33,018,945,623.00 | 31,487,663,246.81 |
| **Total assets** | | 46,948,616,518.28 | 40,243,778,999.41 |

## Consolidated Statement of Financial Position (continued)

As at 31 December 2015

Prepared by: CGNPC International Limited | Unit: RMB

| Item | Notes | 2015 | 2014 |
|---|---|---|---|
| **Current liabilities** | | | |
| Short-term loans | 8.22 | 10,842,858,655.42 | 3,418,369,408.47 |
| △Borrowings from central bank | | | |
| △Deposits from customers and interbank | | | |
| △Offered fund | | | |
| Financial liabilities at fair value through profit or loss | | | |
| Derivative financial instruments | 8.23 | | 19,197,141.52 |
| Notes payable | | | |
| Accounts payable | 8.24 | 1,245,735,229.03 | 2,478,569,279.12 |
| Advances from customers | 8.25 | 6,195,780.19 | 5,737,872.15 |
| △Financial assets sold for repurchase | | | |
| △Handling charges and commissions payable | | | |
| Employee benefits payable | 8.26 | 61,383,490.53 | 90,620,625.71 |
| Including:Salary payable | 8.26 | 49,942,441.98 | 82,494,505.74 |
| Welfare benefits payable | 8.26 | 3,192,498.14 | 6,363,857.09 |
| #Including: bonus and allowance bond | 8.26 | 3,192,498.14 | 6,363,857.09 |
| Taxes and surcharges payable | 8.27 | 113,868,737.29 | 139,076,116.38 |
| Including:taxes payables excluding surcharges | 8.27 | 99,809,647.00 | 138,514,800.09 |
| Interest payable | 8.28 | 126,938,522.13 | 67,895,395.12 |
| Dividends payable | 8.29 | 150,668.28 | 592,729,810.84 |
| Other payables | 8.30 | 677,021,740.16 | 3,618,660,373.31 |
| △Dividend payable for reinsurance | | 44,706,198.80 | - |
| △Provision for insurance contracts | | 68,675,629.45 | - |
| △Acting trading securities | | | |
| △Acting underwriting securities | | | |
| Held-for-sale Liabilities | 8.31 | - | 5,024,096.18 |
| Non-current liabilities due within one year | 8.32 | 708,697,713.56 | 1,402,218,418.88 |
| Other current liabilities | | | |
| **Total current liabilities** | | 13,896,232,364.84 | 11,838,098,537.68 |
| **Non-current liabilities:** | | | |
| Long-term loans | 8.33 | 17,790,087,099.89 | 16,490,342,833.29 |
| Bonds payable | 8.34 | 9,329,062,690.83 | 2,133,276,696.88 |
| Long-term payables | 8.35 | 462,728,163.70 | 29,453,429.36 |
| Long-term employee benefits payable | | | |
| Grants payable | | | |
| Provisions | | | |
| Deferred income | 8.36 | 74,912,345.16 | 125,215,715.08 |
| Deferred tax liabilities | 8.19 | 894,471,434.83 | 880,977,500.04 |
| Other non-current liabilities | 8.37 | 552,566.99 | 2,203,104.75 |
| Including: Special reserve funds | | | |
| **Total non-current liabilities** | | 28,551,814,301.40 | 19,661,469,279.40 |
| **Total liabilities** | | 42,448,046,666.24 | 31,499,567,817.08 |
| **Owner's equity** | | | |
| Share capital | 8.38 | 2,423,648,788.24 | 2,423,648,788.24 |
| State-owned capital | 8.38 | 2,423,648,788.24 | 2,423,648,788.24 |
| Including:State-owned legal person's capital | 8.38 | 2,423,648,788.24 | 2,423,648,788.24 |
| Collectively owned capital | | | |
| Private capital | | | |
| Including:individual capital | | | |
| Foreign capital | | | |
| #Less: Investment returned | | | |
| Share capital - net value | 8.38 | 2,423,648,788.24 | 2,423,648,788.24 |
| Other equity instruments | | | |
| Preferred stock | | | |
| Perpetual debt | | | |
| Capital reserves | 8.39 | 49,854,883.58 | 2,836,394,252.59 |
| Less: treasury shares | | | |
| Other comprehensive income | | -224,365,991.32 | 199,499,048.78 |
| Including:currency translation reserve | | -323,877,420.60 | 52,175,441.27 |
| Specialized reserve | | | |
| Surplus reserve | | | |
| Including:Statutory surplus reserves | | | |
| Voluntary surplus reserves | | | |
| #Reserve fund | | | |
| #Enterprise development fund | | | |
| #Investment of returned profits | | | |
| △Generic risk reserve | | | |
| Retained earnings | 8.40 | -423,614,208.93 | 511,754,496.06 |
| Equity attributable to owners of the Company | | 1,825,523,471.57 | 5,971,296,585.67 |
| Non-controlling interest | | 2,675,046,380.47 | 2,772,914,596.66 |
| **Total owner's equity** | | 4,500,569,852.04 | 8,744,211,182.33 |
| **Total liabilities and owner's equity** | | 46,948,616,518.28 | 40,243,778,999.41 |

## Statement of Financial Position of the Company

As at 31 December 2015

Prepared by: CGNPC International Limited Unit: RMB

| Item | Notes | 2015 | 2014 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and bank balances | | 897,975.58 | 776,071.34 |
| Financial assets at fair value through profit or loss | | | |
| Derivative financial instruments | | | |
| Notes receivable | | | |
| Accounts receivable | | | |
| Prepayments | | | |
| Interest receivable | | 11,539,333.72 | 8,314,865.48 |
| Dividends receivable | | | |
| Other receivables | 12.1 (1) | 9,486,004.36 | 1,327,371,791.54 |
| Inventories | | | |
| Held-for-sale assets | | | |
| Non-current assets due within one year | | - | 1,482,632,821.47 |
| Other current assets | | 2,430,743,103.67 | 1,385,539,533.38 |
| **Total current assets** | | 2,452,666,417.33 | 4,204,635,083.21 |
| **Non-current assets:** | | | |
| Available-for-sale financial assets | | | |
| Held-to-maturity investments | | | |
| Long-term receivables | | 649,359,926.88 | - |
| Long-term equity investments | 12.1 (2) | 4,115,763,976.61 | 3,804,312,695.89 |
| Investment properties | | | |
| Fixed assets | | | |
| Construction in progress | | | |
| Construction materials | | | |
| Fixed assets pending for disposal | | | |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Intangible assets | | | |
| Development disbursements | | | |
| Goodwill | | | |
| Long-term deferred expenses | | | |
| Deferred tax assets | | | |
| Other non-current assets | | | |
| **Total non-current assets** | | 4,765,123,903.49 | 3,804,312,695.89 |
| **Total assets** | | 7,217,790,320.82 | 8,008,947,779.10 |

## Statement of Financial Position of the Company (continued)

As at 31 December 2015

Prepared by: CGNPC International Limited

Unit: RMB

| Item | Notes | 2015 | 2014 |
|---|---|---|---|
| **Current liabilities** | | | |
| Short-term loans | | 363,177,630.00 | 1,995,294,140.81 |
| Financial liabilities at fair value through profit or loss | | | |
| Derivative financial instruments | | | 19,197,141.52 |
| Notes payable | | | |
| Accounts payable | | | |
| Advances from customers | | | |
| Employee benefits payables | | | |
| Taxes and surcharges payable | | | |
| Interest payable | | 29,013,887.54 | 12,245,021.79 |
| Dividends payable | | | |
| Other payables | | 2,110,837.71 | 1,516,583,179.14 |
| Held-for-sale Liabilities | | | |
| Non-current liabilities due within one year | | | |
| Other current liabilities | | | |
| **Total current liabilities** | | 394,302,355.25 | 3,543,319,483.26 |
| **Non-current liabilities:** | | | |
| Long-term loans | | 990,993,945.66 | 1,822,938,861.12 |
| Bonds payable | | 3,853,908,731.53 | |
| Long-term payables | | | |
| Long-term employee benefits payable | | | |
| Grants payable | | | |
| Provisions | | | |
| Deferred income | | | |
| Deferred tax liabilities | | | |
| Other non-current liabilities | | | |
| **Total non-current liabilities** | | 4,844,902,677.19 | 1,822,938,861.12 |
| **Total liabilities** | | 5,239,205,032.44 | 5,366,258,344.38 |
| **Owner's equity** | | | |
| Share capital | | 2,423,648,788.24 | 2,423,648,788.24 |
| Other equity instruments | | | |
| Preferred stock | | | |
| Perpetual debt | | | |
| Capital reserves | | 11,880,677.89 | 11,880,677.89 |
| Less: treasury shares | | | |
| Other comprehensive income | | -20,919,681.55 | -103,076,714.38 |
| Including:currency translation reserve | | -118,153,932.68 | -249,585,691.06 |
| Specialized reserve | | | |
| Surplus reserve | | | |
| Retained earnings | | -436,024,496.20 | 310,236,682.97 |
| **Total owner's equity** | | 1,978,585,288.38 | 2,642,689,434.72 |
| **Total liabilities and owner's equity** | | 7,217,790,320.82 | 8,008,947,779.10 |

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

Year ended 31 December 2015

Prepared by: CGNPC International Limited | Unit: RMB

| Items | Notes | 2015 | 2014 |
|---|---|---|---|
| **1. Total Revenue** | | 8,502,046,497.28 | 9,482,492,801.87 |
| Including: operation revenue | 8.41 | 8,495,182,722.99 | 9,482,492,801.87 |
| △Interest income | | | |
| △Premium earned | | 6,863,774.29 | |
| △Fee and commission income | | | |
| **2. Total Cost** | | 8,899,547,261.88 | 9,160,189,779.97 |
| Including: operation cost | 8.41 | 6,470,002,882.80 | 7,674,105,976.35 |
| △Interest expenses | | | |
| △Service charge and commission fee | | 1,562,285.06 | |
| △Surrender value | | | |
| △Net payments for insurance claims | | | |
| △Net payments for withdrawing reserve fund for insurance contracts | | | |
| △Bond insurance expenses | | | |
| △Amortised reinsurance expenditures | | 5,130,232.27 | - |
| Sales tax and surchages | | 27,215,315.85 | 18,172,304.31 |
| Selling and distribution expenses | 8.42 | 4,328,034.94 | 3,397,536.84 |
| General and administrative expenses | 8.43 | 640,736,345.19 | 579,712,349.99 |
| Including:Research & Development expenses | | | |
| Financial costs | 8.44 | 1,149,097,339.25 | 877,028,924.02 |
| Including:Interest expense | 8.44 | 1,126,906,348.54 | 901,330,797.92 |
| Interest income | 8.44 | 46,907,925.81 | 26,649,307.82 |
| Exchange loss ("-"for net gain) | 8.44 | 54,749,332.32 | 1,030,837.45 |
| Impairment losses | 8.45 | 601,474,826.52 | 7,772,688.46 |
| Other costs and expenses | | | |
| Add: Gain from fair value changes ("-" for loss) | 8.46 | 19,589,178.17 | -55,285,754.17 |
| Investment income ("-" for loss) | 8.47 | 769,151,360.19 | 687,284,753.62 |
| Including: Investment income from associates and joint ventures | 8.47 | 819,852,994.91 | 647,852,354.94 |
| △Gain on foreign exchange | | | |
| **3. Operating profits ("-" for loss)** | | 391,239,773.76 | 954,302,021.35 |
| Add: Non-operating income | 8.48 | 125,910,771.45 | 44,176,253.73 |
| Including: Gain on disposal of non-current assets | 8.48 | 735,824.70 | |
| Gain on exchange of non-monetary assets | | | |
| Government grants | 8.48 | 42,693,968.40 | 31,559,160.90 |
| Gain on debt restructuring | | | |
| Less: Non-operating expenses | 8.49 | 1,116,145.52 | 2,940,067.89 |
| Including: Loss on disposal of non-current assets | | 652,973.93 | 1,035,092.25 |
| Loss on exchange of non-monertary assets | | | |
| Loss on debt restructuring | | | |
| **4. Profit before tax ("-" for loss)** | | 516,034,399.69 | 995,538,207.19 |
| Less: Income tax | 8.50 | 287,640,229.97 | 244,990,468.57 |
| **5. Net profit ("-" for loss)** | | 228,394,169.72 | 750,547,738.62 |
| Net profit attributable to owners of the Company | | -71,051,213.38 | 665,372,910.25 |
| Profit/loss attributable to non-controlling interests | | 299,445,383.10 | 85,174,828.37 |
| **6. Other comprehensive income after tax** | 8.51 | -468,726,268.60 | -97,138,013.45 |
| (1) Comprehensive income not to be reclassified as profit or loss | | | |
| 1) Changes in remeasured defined benefit obligations or net assets | | | |
| 2) Portion of comprehensive income not to be reclassified as profit or loss under equity method | | | |
| (2) Comprehensive income to be reclassified as profit or loss | 8.51 | -468,726,268.60 | -97,138,013.45 |
| 1) Portion of comprehensive income to be reclassified as profit or loss under equity method | 8.51 | -46,660,140.41 | -4,198,051.66 |
| 2) Gain or loss from fair value changes of available-for-sale financial assets | | | |
| 3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets | | | |
| 4) Loss on effective cash flow hedging | 8.51 | -591,418.30 | -648,614.00 |
| 5) Currency translation reserve | 8.51 | -421,474,709.89 | -92,291,347.79 |
| **7.Total comprehensive income** | | -240,332,098.88 | 653,409,725.17 |
| Total comprehensive income attributable to owners of the Company | | -494,916,253.48 | 568,234,896.80 |
| Total comprehensive incomes attributable to Non-controlling interest | | 254,584,154.60 | 85,174,828.37 |
| **8.Earnings per share:** | | | |
| Basic earnings per share | | | |
| Diluted earnings per share | | | |

## Statement of Profit or Loss and Other Comprehensive Income of the Company

Year ended 31 December 2015

Prepared by: CGNPC International Limited | Unit: RMB

| Item | Notes | 2015 | 2014 |
|---|---|---|---|
| **1. Operating revenue** | | | |
| Less: Operating cost | | | |
| Sales tax and surchages | | | |
| Selling and distribution expenses | | | |
| General and administrative expenses | | 153,046.89 | 188,590.55 |
| Financial costs | | 279,823,668.26 | 95,810,195.27 |
| Impairment losses | | 558,780,749.06 | - |
| Add: Gain from the changes in fair value ("-" for loss) | | 19,589,178.17 | -71,301,764.30 |
| Investment income ("-" for loss) | 12.1 (3) | 72,907,106.87 | 94,453,297.35 |
| Including: Investment income from assoicates and joint ventures | | -8,365,968.77 | 13,691,796.91 |
| **2. Operating profits ("-" for loss)** | | -746,261,179.17 | -72,847,252.77 |
| Add: Non-operating income | | | 1,086,820.15 |
| Including: Gain from disposal of non-current assets | | | |
| Less: Non-operating expenses | | | |
| Including: Loss from disposal of non-current assets | | | |
| **3. Profit before tax ("-" for loss)** | | -746,261,179.17 | -71,760,432.62 |
| Less: Income tax | | | |
| **4. Net profit ("-" for loss)** | | -746,261,179.17 | -71,760,432.62 |
| **5. Other comprehensive income after tax** | | 82,157,032.83 | 5,213,065.59 |
| (1) Comprehensive income not to be reclassified as profit or loss | | | |
| 1) Changes in remeasured defined benefit obligations or net assets | | | |
| 2) Portion of comprehensive income not to be reclassified as profit or loss under equity method | | | |
| (2) Comprehensive income to be reclassified as profit or loss | | 82,157,032.83 | 5,213,065.59 |
| 1) Portion of comprehensive income to be reclassified as profit or loss under equity method | | -49,274,725.55 | -4,217,694.90 |
| 2) Gain or loss from fair value changes of available-for-sale financial assets | | | |
| 3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets | | | |
| 4) Gain or loss on effective cash flow hedging | | | |
| 5) Currency translation reserve | | 131,431,758.38 | 9,430,760.49 |
| **6.Total comprehensive income** | | -664,104,146.34 | -66,547,367.03 |
| **7.Earnings per share:** | | | |
| Basic earnings per share | | | |
| Diluted earnings per share | | | |

## Consolidated Cash Flows Statement

Year ended 31 December 2015

Prepared by: CGNPC International Limited | Unit: RMB

| Item | Notes | 2015 | 2014 |
|---|---|---|---|
| **1. Cash flows from operating activities** | | | |
| Cash received from sales of goods or rendering of service | | 9,901,375,145.17 | 10,774,577,195.68 |
| △Net increase in deposits and placements from financial institutions | | | |
| △Net increase amount of borrowings from central bank | | | |
| △Net increase amount of funds borrowed from other financial institutions | | | |
| △Cash received from the premium of original insurance contract | | | |
| △Net cash received from reinsurance business | | | |
| △Net increase amount of deposit of the insured and investment fund | | | |
| △Net increase amount of dispose the financial assets at fair value through profit or loss | | | |
| △Cash received from interest, handling charge and commission | | | |
| △Net increase amount of borrowing funds | | | |
| △Net increase amount of repurchase operation funds | | | |
| Cash received from tax refund | | 33,210,299.08 | 95,607,972.41 |
| Cash received from other activities related to operating activities | | 4,475,596,584.52 | 3,046,384,593.31 |
| **Sub-total of cash inflows from operation activities** | | 14,410,182,028.77 | 13,916,569,761.40 |
| Cash paid for goods and services | | 9,199,094,530.17 | 8,585,190,433.28 |
| △Net increase in loans and advances | | | |
| △Net increase in deposits with central banks and other financial institutions | | | |
| △Cash payment for compensation of original inisurance contract | | | |
| △Cash paid for interest,fees and commissions | | 1,562,285.06 | |
| △Cash payment for policy dividend | | | |
| Cash paid to and on behalf of employees | | 418,403,628.08 | 343,267,503.24 |
| Cash paid to taxes and surchages | | 484,899,087.13 | 403,108,687.62 |
| Cash paid relating to other operating activities | | 3,710,021,613.00 | 4,736,272,847.91 |
| **Sub-total of cash outflows used in operation activities** | | 13,813,981,143.44 | 14,067,839,472.05 |
| **Net cash flows from operating activities** | | 596,200,885.33 | -151,269,710.65 |
| **2. Cash flows from investing activities** | | | |
| Cash received from withdraw of investment | | 614,179,994.88 | 134,959,000.00 |
| Cash received from investments income | | 436,973,817.52 | 477,902,659.51 |
| Net Cash received from disposal of fixed assets, intangible assets and other long-terms assets | | 152,606.08 | 445,157.76 |
| Net cash received from disposal of subsidiaries and other operating organizations | | 444,130,598.85 | - |
| Other cash received relating to investing activities | | 76,556,110.87 | 69,107,333.38 |
| **Sub-total of cash inflows from investment activities** | | 1,571,993,128.20 | 682,414,150.65 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 1,534,395,098.92 | 3,864,641,915.35 |
| Cash paid for investments | | | 134,959,000.00 |
| △Net increase amount of pledge loans | | | |
| Net cash paid for acquiring subsidiaries or other business units | | 440,248,554.71 | - |
| Other cash payments relating to investing activities | | 637,710,916.55 | 1,795,390,456.87 |
| **Sub-total of cash outflows used in investment activities** | | 2,612,354,570.18 | 5,794,991,372.22 |
| **Net cash flows from investing activities** | | -1,040,361,441.98 | -5,112,577,221.57 |
| **3. Cash flows from financing activities** | | | |
| Cash received from investors | | - | 1,634,020,963.14 |
| Including: Cash received from non-controlling shareholders' investment | | - | 1,538,900,963.14 |
| Cash received from borrowings | | 22,664,865,321.92 | 6,880,693,462.81 |
| △Cash received from bonds | | | |
| Other cash received relating to financing activities | | 1,840,277,545.42 | 3,989,914,354.49 |
| **Sub-total of cash inflows from financing activities** | | 24,505,142,867.34 | 12,504,628,780.44 |
| Repayments of borrowings and debts | | 8,510,214,325.73 | 1,921,486,864.20 |
| Cash paid for distribution of dividends or profits, or cash paid for interest expenses | | 1,771,712,421.26 | 1,058,333,786.32 |
| Including: Dividends or profit paid to non-controlling shareholders | | 117,197,376.94 | 94,135,105.75 |
| Other cash payments relating to financing activites | | 7,731,840,340.71 | 2,918,903,973.10 |
| **Sub-total of cash outflows used in financing activities** | | 18,013,767,087.70 | 5,898,724,623.62 |
| **Net cash flows from financing activities** | | 6,491,375,779.64 | 6,605,904,156.82 |
| **4. Effect of foreign exchange rate changes on cash and cash equivalents** | | -8,302,661.62 | -44,860,522.34 |
| **5. Net increase in cash and cash equivalents** | 8.53 | 6,038,912,561.37 | 1,297,196,702.26 |
| Cash and cash equivalents at the beginning of the year | | 2,841,212,752.41 | 1,544,016,050.15 |
| **6. Cash and cash equivalents at the end of the year** | | 8,880,125,313.78 | 2,841,212,752.41 |

## Cash Flows Statement of the Company

Year ended 31 December 2015

Prepared by: CGNPC International Limited Unit: RMB

| Item | Notes | 2015 | 2014 |
|---|---|---|---|
| **1. Cash flows from operating activities** | | | |
| Cash received from sales of goods or rendering of service | | | |
| Cash received from tax refund | | | |
| Cash received from other activities related to operating activities | | 1,383,380,850.21 | 26,957,954.23 |
| **Sub-total of cash inflows from operation activities** | | 1,383,380,850.21 | 26,957,954.23 |
| Cash paid for goods and services | | | |
| Cash paid to and on behalf of employees | | | |
| Cash paid to taxes and surchages | | | |
| Cash paid relating to other operating activities | | 16,121,679.39 | 170,677,646.96 |
| **Sub-total of cash outflows used in operation activities** | | 16,121,679.39 | 170,677,646.96 |
| **Net cash flows from operating activities** | | 1,367,259,170.82 | -143,719,692.73 |
| **2. Cash flows from investing activities** | | | |
| Cash received from withdarw of investments | | 1,511,617,411.79 | - |
| Cash received from investments income | | 43,485,460.66 | 66,380,374.74 |
| Net Cash received from disposal of fixed assets, intangible assets and other long-terms assets | | | |
| Net cash received from disposal of subsidiaries and other operating organizations | | | |
| Other cash received relating to investing activities | | 13,180,392.19 | 56,185,040.97 |
| **Sub-total of cash inflows from investment activities** | | 1,568,283,264.64 | 122,565,415.71 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | | |
| Cash payments for investments | | 2,346,505,154.86 | 1,594,063,295.49 |
| Net cash paid for acquiring subsidiaries or other business units | | | |
| Other cash payments related to investing activities | | 8,049.80 | 34,056,421.75 |
| **Sub-total of cash outflows used in investment activities** | | 2,346,513,204.66 | 1,628,119,717.24 |
| **Net cash flows from investing activities** | | -778,229,940.02 | -1,505,554,301.53 |
| **3. Cash flows from financing activities** | | | |
| Cash received from investments by others | | | |
| Cash received from borrowings | | 4,945,099,734.67 | 2,058,277,330.11 |
| Other cash received relating to financing activities | | | |
| **Sub-total of cash inflows from financing activities** | | 4,945,099,734.67 | 2,058,277,330.11 |
| Cash repayments for debts | | 3,823,701,910.89 | 316,766,584.30 |
| Cash payments for distribution of dividends, profit and interest expenses | | 200,398,046.10 | 90,835,716.25 |
| Other cash payments related to financing activities | | 1,482,717,022.54 | |
| **Sub-total of cash outflows used in financing activities** | | 5,506,816,979.53 | 407,602,300.55 |
| **Net cash flows from financing activities** | | -561,717,244.86 | 1,650,675,029.56 |
| **4. Effect of foreign exchange rate changes on cash and cash equivalents** | | -27,190,081.70 | -1,035,843.42 |
| **5. Net increase in cash and cash equivalents** | 12.1 (4) | 121,904.24 | 365,191.88 |
| Add: beginning balance of cash and cash equivalents | | 776,071.34 | 410,879.46 |
| **6.Ending balance of cash and cash equivalents** | | 897,975.58 | 776,071.34 |

## Consolidated Statement of Changes in Equity

Year ended 31 December 2015

Prepared by: CGNPC International Limited

Unit: RMB

| Items | Lines | 2015 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to parent company | | | | | | | | | | | Minority interests | Total owner's equity |
| | | Share capital (paid-in capital) | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △Generic risk reserve | Retained earnings | Others | Subtotal | | |
| Columns | — | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **1. Ending balance of last year** | 1 | 2,423,648,788.24 | - | 2,836,394,252.59 | - | 199,499,048.78 | - | - | | 511,754,496.06 | - | 5,971,296,585.67 | 2,772,914,596.66 | 8,744,211,182.33 |
| Add: increase/decrease due to changes in accounting policies | 2 | — | — | — | — | — | — | — | | — | — | — | — | — |
| Increase/decrease due to corrections of errors in prior period | 3 | — | — | — | — | — | — | — | | — | — | — | — | — |
| Others | 4 | | | | | | | | | | | - | | - |
| **2. Beginning balance of current year** | 5 | 2,423,648,788.24 | - | 2,836,394,252.59 | - | 199,499,048.78 | - | - | | 511,754,496.06 | - | 5,971,296,585.67 | 2,772,914,596.66 | 8,744,211,182.33 |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | - | - | -2,786,539,369.01 | - | -423,865,040.10 | - | - | | -935,368,704.99 | - | -4,145,773,114.10 | -97,868,216.19 | -4,243,641,330.29 |
| (1) Total comprehensive income | 7 | — | — | — | — | -423,865,040.10 | — | — | | -71,051,213.38 | — | -494,916,253.48 | 254,584,154.60 | -240,332,098.88 |
| (2) Owner's contibutions and withdrawals of capital | 8 | - | - | -2,786,539,369.01 | - | - | - | - | | -863,687,164.77 | - | -3,650,226,533.78 | -246,907,712.14 | -3,897,134,245.92 |
| 1)Common stock contributed by owners | 9 | | — | | — | — | — | — | | — | — | - | | - |
| 2)Capital contributed by other equity instruments holders | 10 | | | | — | — | — | — | | — | — | - | | |
| 3)Share-based payment recorded in owners equity | 11 | | — | 351,735.67 | — | — | — | — | | — | — | 351,735.67 | 134,826.33 | 486,562.00 |
| 4)Others | 12 | | — | -2,786,891,104.68 | | | | | | -863,687,164.77 | | -3,650,578,269.45 | -247,042,538.47 | -3,897,620,807.92 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | | - | - | - | - | - |
| 1)Accrual of specialized reserve | 14 | — | — | — | — | — | | — | | — | — | - | | - |
| 2)Utilization of specialized reserve | 15 | — | — | — | — | — | | — | | — | — | - | | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | - | | -630,326.84 | - | -630,326.84 | -105,544,658.65 | -106,174,985.49 |
| 1)Appropriation of surplus reserves | 17 | — | — | — | — | — | — | | | | — | - | — | - |
| Including: statutory surplus reserve | 18 | — | — | — | — | — | — | | | | — | - | — | - |
| Decretionary surplus reserve | 19 | — | — | — | — | — | — | | | | — | - | — | - |
| #Reserve funds | 20 | — | — | — | — | — | — | | | | — | - | — | - |
| #Enterprise development funds | 21 | — | — | — | — | — | — | | | | — | - | — | - |
| #Re-investment by retained profits | 22 | — | — | — | — | — | — | | | | — | - | — | - |
| 2) Accrual of general risk reserve | 23 | — | — | — | — | — | — | — | | | — | - | — | - |
| 3)Distribution to owners (or shareholders) | 24 | — | — | — | — | — | — | — | | | — | - | -105,303,043.54 | -105,303,043.54 |
| 4)Others | 25 | | | | | | | | | -630,326.84 | | -630,326.84 | -241,615.11 | -871,941.95 |
| (5) Transfer within owner's equity | 26 | - | - | - | - | - | - | - | | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | | | | — | — | — | — | | — | — | - | — | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | | — | — | — | — | — | | | — | — | - | — | - |
| 3)Recover of loss by surplus reserve | 29 | — | — | — | — | — | — | | | | — | - | — | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | — | — | — | — | | — | — | | | — | - | — | - |
| 5)Others | 31 | | | | | | | | | | | - | | - |
| **4.Ending banalance of current year** | 32 | 2,423,648,788.24 | - | 49,854,883.58 | - | -224,365,991.32 | - | - | | -423,614,208.93 | - | 1,825,523,471.57 | 2,675,046,380.47 | 4,500,569,852.04 |

## Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2015

Prepared by: CGNPC International Limited

Unit: RMB

| Items | Lines | 2014 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to parent company | | | | | | | | | | | Minority interests | Total owner's equity |
| | | Share capital (paid-in capital) | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △Generic risk reserve | Retained earnings | Others | Subtotal | | |
| Columns | — | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **1. Ending balance of last year** | 1 | 2,423,648,788.24 | | 2,675,055,254.38 | | 296,637,062.23 | | | | 488,382,838.25 | | 5,883,723,943.10 | 1,336,986,878.95 | 7,220,710,822.05 |
| Add: increase/decrease due to changes in accounting policies | 2 | — | — | — | — | — | — | — | | — | — | — | — | — |
| Increase/decrease due to corrections of errors in prior period | 3 | — | — | — | — | — | — | — | | — | — | — | — | — |
| Others | 4 | | | | | | | | | | | - | | - |
| **2. Beginning balance of current year** | 5 | 2,423,648,788.24 | - | 2,675,055,254.38 | - | 296,637,062.23 | - | - | | 488,382,838.25 | - | 5,883,723,943.10 | 1,336,986,878.95 | 7,220,710,822.05 |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | - | - | 161,338,998.21 | - | -97,138,013.45 | - | - | | 23,371,657.81 | - | 87,572,642.57 | 1,435,927,717.71 | 1,523,500,360.28 |
| (1) Total comprehensive income | 7 | — | — | — | — | -97,138,013.45 | — | — | | 665,372,910.25 | — | 568,234,896.80 | 85,174,828.37 | 653,409,725.17 |
| (2) Owner's contibutions and withdrawals of capital | 8 | - | - | 161,338,998.21 | - | - | - | - | | - | - | 161,338,998.21 | 1,466,083,042.57 | 1,627,422,040.78 |
| 1)Common stock contributed by owners | 9 | | — | | — | — | — | — | | — | — | - | 1,532,302,040.78 | 1,532,302,040.78 |
| 2)Capital contributed by other equity instruments holders | 10 | | | | — | — | — | — | | — | — | - | | |
| 3)Share-based payment recorded in owners equity | 11 | | — | | — | — | — | — | | — | — | - | | - |
| 4)Others | 12 | | — | 161,338,998.21 | | | | | | | | 161,338,998.21 | -66,218,998.21 | 95,120,000.00 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | | - | - | - | - | - |
| 1)Accrual of specialized reserve | 14 | — | — | — | — | — | | — | | — | — | - | | - |
| 2)Utilization of specialized reserve | 15 | — | — | — | — | — | | — | | — | — | - | | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | - | | -642,001,252.44 | - | -642,001,252.44 | -115,330,153.23 | -757,331,405.67 |
| 1)Appropriation of surplus reserves | 17 | — | — | — | — | — | — | | | | — | - | — | - |
| Including: statutory surplus reserve | 18 | — | — | — | — | — | — | | | | — | - | — | - |
| Decretionary surplus reserve | 19 | — | — | — | — | — | — | | | | — | - | — | - |
| #Reserve funds | 20 | — | — | — | — | — | — | | | | — | - | — | - |
| #Enterprise development funds | 21 | — | — | — | — | — | — | | | | — | - | — | - |
| #Re-investment by retained profits | 22 | — | — | — | — | — | — | | | | — | - | — | - |
| 2) Accrual of general risk reserve | 23 | — | — | — | — | — | — | — | | | — | - | — | - |
| 3)Distribution to owners (or shareholders) | 24 | — | — | — | — | — | — | — | | | — | - | -94,135,105.75 | -94,135,105.75 |
| 4)Others | 25 | | | | | | | | | -642,001,252.44 | | -642,001,252.44 | -21,195,047.48 | -663,196,299.92 |
| (5) Transfer within owner's equity | 26 | - | - | - | - | - | - | - | | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | | | | — | — | — | — | | — | — | - | — | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | | — | — | — | — | — | | | — | — | - | — | - |
| 3)Recover of loss by surplus reserve | 29 | — | — | — | — | — | — | | | | — | - | — | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | — | — | — | — | | — | — | | | — | - | — | - |
| 5)Others | 31 | | | | | | | | | | | - | | - |
| **4.Ending banalance of current year** | 32 | 2,423,648,788.24 | - | 2,836,394,252.59 | - | 199,499,048.78 | - | - | | 511,754,496.06 | - | 5,971,296,585.67 | 2,772,914,596.66 | 8,744,211,182.33 |

## Statement of Changes in Equity of the Company

Year ended 31 December 2015

Prepared by: CGNPC International Limited

Unit: RMB

| Items | Lines | 2015 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital (paid-in capital) | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △Generic risk reserve | Retained earnings | Others | Subtotal |
| Columns | — | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **1. Ending balance of last year** | 1 | 2,423,648,788.24 | - | 11,880,677.89 | - | -103,076,714.38 | - | - | | 310,236,682.97 | - | 2,642,689,434.72 |
| Add: increase/decrease due to changes in accounting policie | 2 | — | — | — | — | — | — | — | | — | — | — |
| Increase/decrease due to corrections of errors in prior peri | 3 | — | — | — | — | — | — | — | | — | — | — |
| Others | 4 | | | | | | | | | | | - |
| **2. Beginning balance of current year** | 5 | 2,423,648,788.24 | - | 11,880,677.89 | - | -103,076,714.38 | - | - | | 310,236,682.97 | - | 2,642,689,434.72 |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | - | - | - | - | 82,157,032.83 | - | - | | -746,261,179.17 | - | -664,104,146.34 |
| (1) Total comprehensive income | 7 | — | — | — | — | 82,157,032.83 | — | — | | -746,261,179.17 | — | -664,104,146.34 |
| (2) Owner's contibutions and withdrawals of capital | 8 | - | - | - | - | - | - | - | | - | - | - |
| 1)Common stock contributed by owners | 9 | | — | | — | — | — | — | | — | — | - |
| 2)Capital contributed by other equity instruments holders | 10 | | | | — | — | — | — | | — | — | - |
| 3)Share-based payment recorded in owners equity | 11 | | — | | — | — | — | — | | — | — | - |
| 4)Others | 12 | | — | | | | | | | | | - |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | | - | - | - |
| 1)Accrual of specialized reserve | 14 | — | — | — | — | — | | — | | — | — | - |
| 2)Utilization of specialized reserve | 15 | — | — | — | — | — | | — | | — | — | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | - | | - | - | - |
| 1)Appropriation of surplus reserves | 17 | — | — | — | — | — | — | | | | — | - |
| Including: statutory surplus reserve | 18 | — | — | — | — | — | — | | | | — | - |
| Decretionary surplus reserve | 19 | — | — | — | — | — | — | | | | — | - |
| #Reserve funds | 20 | — | — | — | — | — | — | | | | — | - |
| #Enterprise development funds | 21 | — | — | — | — | — | — | | | | — | - |
| #Re-investment by retained profits | 22 | — | — | — | — | — | — | | | | — | - |
| 2) Accrual of general risk reserve | 23 | — | — | — | — | — | — | — | | | — | - |
| 3)Distribution to owners (or shareholders) | 24 | — | — | — | — | — | — | — | | | — | - |
| 4)Others | 25 | | | | | | | | | | | - |
| (5) Transfer within owner's equity | 26 | - | - | - | - | - | - | - | | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | | | | — | — | — | — | | — | — | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | | — | — | — | — | — | | | — | — | - |
| 3)Recover of loss by surplus reserve | 29 | — | — | — | — | — | — | | | | — | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | — | — | — | — | | — | — | | | — | - |
| 5)Others | 31 | | | | | | | | | | | - |
| **4.Ending banalance of current year** | 32 | 2,423,648,788.24 | - | 11,880,677.89 | - | -20,919,681.55 | - | - | | -436,024,496.20 | - | 1,978,585,288.38 |

**Statement of Changes in Equity of the Company (continued)**

Year ended 31 December 2015

Prepared by: CGNPC International Limited

Unit: RMB

| Items | Lines | 2014 Share capital (paid-in capital) | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △Generic risk reserve | Retained earnings | Others | Subtotal |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Columns | — | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **1. Ending balance of last year** | 1 | 2,423,648,788.24 | | 11,880,677.89 | | -108,289,779.97 | | | | 381,997,115.59 | | 2,709,236,801.75 |
| Add: increase/decrease due to changes in accounting policies | 2 | — | — | — | — | — | — | — | | — | — | — |
| Increase/decrease due to corrections of errors in prior period | 3 | — | — | — | — | — | — | — | | — | — | — |
| Others | 4 | | | | | | | | | | | - |
| **2. Beginning balance of current year** | 5 | 2,423,648,788.24 | - | 11,880,677.89 | - | -108,289,779.97 | - | - | | 381,997,115.59 | - | 2,709,236,801.75 |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | - | - | - | - | 5,213,065.59 | - | - | | -71,760,432.62 | - | -66,547,367.03 |
| (1) Total comprehensive income | 7 | — | — | — | — | 5,213,065.59 | — | — | | -71,760,432.62 | — | -66,547,367.03 |
| (2) Owner's contibutions and withdrawals of capital | 8 | - | - | - | - | - | - | - | | - | - | - |
| 1)Common stock contributed by owners | 9 | | — | | — | — | — | — | | — | — | - |
| 2)Capital contributed by other equity instruments holders | 10 | | | | — | — | — | — | | — | — | - |
| 3)Share-based payment recorded in owners equity | 11 | | — | | — | — | — | — | | — | — | - |
| 4)Others | 12 | | — | | | | | | | | | - |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | | - | - | - |
| 1)Accrual of specialized reserve | 14 | — | — | — | — | — | | — | | — | — | - |
| 2)Utilization of specialized reserve | 15 | — | — | — | — | — | | — | | — | — | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | - | | - | - | - |
| 1)Appropriation of surplus reserves | 17 | — | — | — | — | — | — | | | | — | - |
| Including: statutory surplus reserve | 18 | — | — | — | — | — | — | | | | — | - |
| Decretionary surplus reserve | 19 | — | — | — | — | — | — | | | | — | - |
| #Reserve funds | 20 | — | — | — | — | — | — | | | | — | - |
| #Enterprise development funds | 21 | — | — | — | — | — | — | | | | — | - |
| #Re-investment by retained profits | 22 | — | — | — | — | — | — | | | | — | - |
| 2) Accrual of general risk reserve | 23 | — | — | — | — | — | — | — | | | — | - |
| 3)Distribution to owners (or shareholders) | 24 | — | — | — | — | — | — | — | | | — | - |
| 4)Others | 25 | | | | | | | | | | | - |
| (5) Transfer within owner's equity | 26 | - | - | - | - | - | - | - | | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | | | | — | — | — | — | | — | — | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | | — | — | — | — | — | | | — | — | - |
| 3)Recover of loss by surplus reserve | 29 | — | — | — | — | — | — | | | | — | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | — | — | — | — | | — | — | | | — | - |
| 5)Others | 31 | | | | | | | | | | | - |
| **4.Ending banalance of current year** | 32 | 2,423,648,788.24 | - | 11,880,677.89 | - | -103,076,714.38 | - | - | | 310,236,682.97 | - | 2,642,689,434.72 |

## I. General information

### 1. The company registration location, formation and address

CGNPC International Limited (the "Company"or the "Group" when including subsidiaries") is a limited company incorporated in Hong Kong, which is approved by Economic and Trade Department of PRC (now is known as Ministry of Commerce of PRC) and was named as Hongkong high-tech development company before increase capital.The Company's registered capital is HKD2,805,974,175.00 and was 100% contributed by China Gerneral Nuclear Power Corporation ("CGNPC").The address of the registered office and principal place of business of the Company are Room 1901, CC Wu Building,302 Hennessy Road,Wanchai,Hong Kong.

### 2. The nature of the company's business and main operating activities

The principal activity of the Company is investment holding.

### 3. The immediate holding company and the Group's name

The Company's immediate and ultimate holding company is CGNPC and its major subsidiaries are listed as follows:

| Name of subsidiary | abbreviation |
|---|---|
| CGNPC Huamei Investment Limited | Huamei |
| Aigrette Green Energy Development Company Limited | Aigrette Green |
| Gold Sky Capital Limited | Gold Sky |
| CGNPC International Financial Leasing Limited | Financial Leasing company |
| CGN Captive Insurance Limited | CGN Insurance |
| Gigastar Limited | Gigastar |
| China Clean Energy Development Limited | Clean Energy |

The Company sets up Board of Directors which is responsible for important decision making and management and control of the company's daily operation.

## II. Basis of preparation of financial statements

The Company's financial statements have been prepared on a going concern basis and based on actual transactions and events, in accordance with "Accounting Standards for Business Enterprises" and other related regulations issued by the China Ministry of Finance and the accounting policies and estimates of the Company as stated in Note IV "Principal accounting policies and accounting estimates".

## III.Statement of compliance of Accounting Standards for Business Enterprises

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and related accounting requirements, and truly and completely reflected the Company's financial position and their financial performance and cash flows and other related information.

## IV.Principal accounting policies and accounting estimates

### 1. Accounting period

The accounting period of the Group is from 1 January to 31 December of each calendar year.

### 2.Recording currency

The recording currency of the Company is HKD, the subsidiaries in China are using RMB as their recording currency, and the subsidiaries in Korea are using KRW as their recording currency. Other subsidiaries are using other currencies as their recording curreny, such as USD, GBP, EUR, HKD, etc.

RMB is the currency used in preparing our financial statements, unit of the amounts are expressed in RMB unless otherwise specified.

### 3. Basis of accounting and principle of measurement

The Company's financial statements have been prepared on an accrual basis. Except for derivative financial assets which are measured at fair value, the financial statements are prepared under the historical cost convention.

### 4.Business combination

The Group is the acquirer, the assets and liabilities that the acquirer obtains in a business combination under common control shall be measured on the basis of their carrying value in the consolidated financial statement on the acquisition date. As for the balance between the carrying amount of the net assets obtained by the acquirer and the carrying amount of the consideration, the capital reserve shall be adjusted, if the balance of the capital reserve is not sufficient, any excess shall be adjusted against retained earnings.

The identifiable assets, liabilities and contingent liabilities of the acquiree which is obtained in a business combination not under common control shall be measured on their fair value on the acquisition date. The combination costs shall be the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquiree and the all relevant direct expenses incurred for the combination (for a business combination realized by step to step transactions, the combination costs shall be the sum of the costs of all separate transactions). The positive balance between the combination costs and the fair value of the identifiable net assets obtained from the acquiree shall be recognized as goodwill. If the balance between the combination costs and the fair value of the identifiable net assets obtained is negative, the acquirer shall re-examine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities, non-monetary assets of considerations or equiry securities issued. If, after the re-examination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquiree, the negative balance shall be recorded into the non-operating income of the current period.

**5.Consolidated financial statements**

5.1Recognition principle of the Consolidation Scope

The scope of consolidated financial statements of the Group includes all subsidiaries and structural entities under control.

5.2 Principle, methods and procedures to prepare the consolidated financial statements

When preparing consolidated financial statements, the accounting policies or accounting period of its subsidiaries are different from those of the parent, the parent shall make necessary adjustments to the financial statements of the subsidiary based on its own accounting policies or accounting period.

All significant intragroup transactions, balances and unrealized profits in the scope of consolidation shall be eliminated when preparing the consolidated financial statements. That portion of a subsidiary's equity that is not attributable to the parent and the portion of net gain/loss, other comprehensive income and total comprehensive income attributable to equity of minority share-holders shall be treated as non-controlling interests and presented as "non-controlling interests", "profit/loss attributable to non-controlling interests", "Total comprehensive incomes attributable to non-controlling interests" in the consolidated financial statements.

When preparing the consolidated financial statements, if the parent has acquired a subsidiary or business during the reporting period through a business combination involving the Group under common control, the revenue, expenses and profit and the cash flows of the subsidiary or business shall be included in the consolidated financial statements. In addition, relevant items in the comparative statement shall be adjusted as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained control.

If the parent has acquired a subsidiary or business through step by step transactions involving the Group under the common control, the consolidated financial statements shall be adjusted as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained control. No earlier than the time when the ultimate controlling party obtained control of the Group and the combined party, the relevant assets, liabilities of the combined party shall be included in the comparative statement of the Group and the net assets increased due to the combination shall be adjusted to the relevant items of owner's equity of the comparative statement. To avoid the double calculation of the value of combined party's net assets, the long-term equity investments held by the Group before the combination and their profit/loss, other comprehensive income and other changes of net assets gains during the original acquisition date and the current controlling date shall offset the beginning balance of retained earnings and the profit/loss of current period.

Where a subsidiary or business has been acquired through a business combination under non-common control, the revenue, expenses and profit, cash flows of that subsidiary or business from the acquisition date to the end of the reporting period shall be included in the consolidated financial statements. When preparing the consolidated financial statement, Adjustments to the financial statements of the subsidiary shall be based on the fair value of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

If the parent has acquired a subsidiary or business through step by step transactions under the non-common control, for the acquiree's equity acquired before acquisition date, shall be remearsured by the fair value on its acquisition date, the balance between the fair value and its book value shall be recorded into investment income of current period; If the acquiree's equity held by aquirer before the acquisition date involves the other comprehensive income calculated under equity method, other changes in owner's equity besides the net gain/loss, other comprehensive income and the distribution of profits, which shall transfer into investment income in current period, but the exception is for other comprehensive income caused by changes of net liabilities or net assets remeasurment of the benefit obligation by the combined party.

Where the parent disposes of a portion of the long-term equity investments in a subsidiary without loss of control, the difference between the amount of the consideration received and the corresponding portion of net assets of the subsidiary calculated continuously from the acquisition date or the combination date related to the disposal of the long-term equity investments shall be adjusted to the capital reserve (capital premium or share premium) in the consolidated financial statements. If the balance of the capital reserve is not sufficient, any excess shall be adjusted against retained earnings.

If the Group loses control of an investee due to the disposal of a portion of an equiry investment or other reasons, the remaining equiry investment shall be re-measured at its fair value in the consolidated financial statements at the date when control is lost. The difference between the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and the share of net assets of the former subsidiary calculated continuously from the acquisition date or the combination date based on the previous shareholding proportion, shall be recognized as investment income for the current period when control is lost, and the goodwill related to the subsidiary shall also be derecognized. The amount previously recognized in other comprehensive income in relation to the former subsidiary's equity invement should be transferred to investment income for the current period when control is lost.

Where the Group loses control of subsidiary in multiple transactions in which it disposes of its subsidiary in stages, if each of the multiple transactions forms part of a bundled transaction which eventually results in loss of control of the subsidiary, these multiple transactions should be accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets in each transaction prior to the loss of control shall be recognized in other comprehensive income and transferred to the profit or loss when the parent eventually loses control of the subsidiary.

**6.Classification of a joint arrangement and accouting by parties to a joint operation**

The group's joint arrangements include joint operations and joint ventures. For joint operations, the Group, as a joint operator shall recognize its solely-held assets, solely-assumed liabilities and its share of any assets held jointly, any liabilities incurred jointly, its solely-earned revenue, solely-incurred expenses and its share of the revenue, its share of any expenses incurred jointly. When the Group enters into the transaction with the joint operation, such as purchasing or selling of assets (not to form a business), the Group shall recognize gains or losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

**7.Basis of recognition of cash and cash equivalents**

Cash in the Group's cash flows statement represents cash on hand and deposits that can be readily draw on demand. Cash equivalents in the cash flow statement represent short-term (3 months or less), and highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

**8.Foreign currency transactions and currency translation reserve**

(1) Foreign currency transactions

When Non-RMB currencies transactions occur, the corresponding foreign currencies amounts shall be converted in RMB using the exchange rate published by the People's Bank of China at the transaction dates. At the end of the year, foreign currency monetary items shall be converted into RMB using the spot exchange rate at the balance sheet date. The difference of the exchange rates shall: 1) be credited to long-term prepaid expense for preparing period; 2) be capitalized or credited to profit or loss of current period follows the rules of borrowings, if it's gain/loss on foreign exchange related to specialized loans for purchase and contruction of fixed assets.

(2) Currency translation reserve

The company prepares the financial statements denominated in RMB in accordance with following regulations: all asset and liability items except for the owner's equity items are converted into RMB based on the spot exchange rate at the balance sheet date, the paid up capital and capital reserve items adopt the history exchange rate. The "undistributed profits" are taken as a balance figure from the "Statement of Changes in Owners' Equity" after all other items is converted into RMB. The balancing difference that appears in the balance sheet after currency conversion is listed as a "Currency translation reserve" item in the owner's equity items of balance sheet. The amounts in the "Statement of Profit and Loss" and respectively represent in the "Statement of Changes in Owner's Equity" are converted based on the average of the exchange rate of the end of every month of the reporting period.

**9.Financial assets and financial liabilities**

(1)Financial assets

Financial assets or liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

1) Classification of financial assets

Financial assets are classified into four categories according to the purposes of investments and their economic substance: "Financial assets at fair value through profit or loss", "Held-to-maturity investments", "Loan and receivables" and "Available-for-sale financial assets".

Financial assets at fair value through profit or loss include tradable financial assets and the designated as it in initial recognition. The group classifies the financial assets which met following one of the conditions as the tradable financial assets: The purpose to acquire the said financial assets is mainly for selling of them in the near future; Forming a part of the identifiable combination of financial instruments which are managed in a centralized way and for which there are objective evidences proving that the enterprise may manage the combination by way of short term profit making in the near future; Being a derivative instrument, excluding the designated derivative instruments which are effective hedging instruments, or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments. The group classifies financial assets, only one of the following requirements met when they are initially recognized, can be designated as financial assets at fair value through profit or loss: The designation is able to eliminate or obviously reduce the discrepancies in the recognition or measurement of relevant gains or losses arisen from the different basis of measurement of the financial assets or financial liabilities; The official written documents on risk management or investment strategies of the enterprise concerned have recorded that the combination of said financial assets, the combination of said financial liabilities, or the combination of said financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and be reported to the key management personnel. Including one or multiple embedded derivative mixed instrument, excepting where the embedded derivative instrument does not significantly change the cash flow of the mixed instrument; where the derivative instruments embedded in similar mixed instruments shall obviously not be separated from the relevant mixed instruments. The Financial assets at fair value through profit or loss are measured by fair value subsequently and the fair value change and the dividend and interest related to those financial assets are calculated in current period profit or loss.

Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments that management has positive intention and abilityto hold to maturity.

Receivables are the non-derivatives financial assets with fixed and determinable payment that are not quoted in active market. The group adopts the actual interest rate method and subsequent measured the receivables on the post-amortization costs basis, the amortization, impairment and disposal loss or profit are calculated in current period profit or loss.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. In those financial assets, the equity investment instruments for which there is no quoted price in the active market and whose fair value cannot be reliably measured and the derivative financial assets which connected to the equity investment and only can be settled by the equity investment is delivered are subsequent measured on cost method . The others assets exist active market and the fair value can be reliably measured are subsequent measured on fair value, and the fair value changes are recorded in other comprehensive income. For those kinds of assets are subsequent measured on fair value, the fair value changes are directly recorded in equity interest, except impairment loss and monetary foreign assets exchange loss or profit. When the financial assets are derecognized, the accumulated changed recorded in equity interest are transfer to current period profit or loss. The interest of available for sale financial liability is calculated by actual interest rate. The cash divided related to that equity financial instrument are recorded in current period profit or loss as investment income. For the equity investment instruments for which there is no quoted price in the active market are subsequent measured on cost method.

2) The transfer of financial assets recognition and measures

The financial assets would be derecognized when one of following conditions is satisfied: (1)The contract to receive the cash inflow generated by the financial assets is terminated. (2)The financial assets have been transferred and the Group transfers substantially all the risks and rewards of ownership of a financial asset to the transferee.(3)The financial assets has been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, but gives up the control of such financial asset.

In the case of the Company neither transfers or retains substantially all the risks and rewards of ownership of a financial asset, nor gives up the control of such financial asset, the financial assets shall be recognized based on the extent that the Company is continuously related to such financial assets. The extent that the company is continuously related to such financial assets means the risk level the Company would suffer in case of the changes of the financial assets.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the aggregate of consideration received and the accumulative amount of changes of fair value originally recorded in the owner's equity is recognized in the income statement.

On de-recognition of a financial asset in its portion, the carrying amount of the financial assets should be amortized between the de-recognition part and recognition part based on their fair value. The difference between the sum of the aggregate of consideration received and the accumulative amount of changes of fair value originally recorded in the owner's equity for the de-recognition part, and the carrying amount amortized to de-recognition part, is recorded through profit or loss of current year.

3) Impairment of financial assets testing method and accounting method

Besides the financial assets at fair value through profit or loss, the Group would re-evaluate the book value of the financial assets on the balance sheet date. In the case that there is relatively significant and objective evidence indicating a decline in fair value, impairment should be recognized.

When the financial assets which was measured at amortization cost incurred impairment loss, the amount of impairment loss should be recognized as the balance between the predict amount for future cash flows and the book value. In the case that there is relatively significant and objective evidence indicating a restoring value of financial assets and the restoring was related to event that happened after the recognition of impairment loss objectively, impairment loss should be reversed and recorded through profit or loss of current year.

4) When available-for-sale financial assets which measure on fair value are impaired, the cumulative loss arising from decline in fair value that had been recognized directly in equity shall be removed from equity and recognized as impairment losses accordingly. For the available for sale financial debts instruments with identified impairment loss, in the case of there is an subsequently increase in fair value, meanwhile the increase occurred after recognition, the impairment could be write back and recorded as current profit or loss. For the identified available-for-sale equity investments, the subsequently increase in fair value is directly recorded as current profit or loss.

(2) Financial liabilities
i)The classification recognition and measures of financial liability

On initial recognition, the financial liabilities are classified as the financial liabilities at fair value through profit or loss and other financial liabilities.

The financial liabilities at fair value through profit or loss include the Held-for-trading Financial Liabilities and designated as financial liabilities at fair value through profit or loss on initial recognition. The gain or loss caused by the changes of fair value and the related dividend and interest are recorded as current profit or loss.

The other financial liabilities should be subsequently measured at amortization cost by adopting interest rate method and amortized.

ii)The de-recognition of financial liability

In the case of the obligations of financial liabilities are partly or entirely terminated, the total or terminated part of such financial liabilities are de-recognized. The group (debtor)and debtee reached agreement, replace the existence liability by new liability and the new liability conditions are substantially different with existence liability, the group shall derecognize the existence financial liability and record a new financial liability. The group amended whole existence liability conditions or partial conditions; the group shall derecognize the existence financial liability or partially derecognize it and record a new financial liability. The difference between the carrying amount of terminated part and the consideration paid shall be recorded as current profit or loss.

iii) Determination of fair value of financial instruments

The group measures the fair value of the financial assets and liability mainly on principle market price. In the absence of a principle market, an enterprise shall measure the fair value of the asset or liability based on the price in the most advantageous market meanwhile the group use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available.

**10.Hedging**

Hedge of the Company is cash flow hedge. In the case of all of the following conditions are satisfied, the offset result by change of fair value of hedging instrument and hedged item will charge in current profit or loss:

1) At the beginning of hedge, the hedging relationship has been appointed and relevant written document for supporting the hedging relationship, risk management, and hedging strategy. This written document must indicate the hedging instrument, hedged item, nature of hedged risk, and effectiveness of hedging, etc. The hedging must be relevant to identified and appointed risk and affect the Group's profit or loss.

2) The hedge is much effective as expected, and complies with the risk management strategy designed by the Group.

3) For the cash flow hedge for future transaction, the future transaction should be possibly occurring, and the Group must face the risk of change of cash flow to affect its profit or loss.

4) The effectiveness of hedging is reliably measurable.

5) The Group should evaluate the effectiveness of hedging, and ensure the hedging is much effective in hedging period.

**11.Provision for bad debts on receivables**

The Group shall consider the following situations of debtor as the criteria for bad debts on receivables: dissolving, bankruptcy, insolvency, significant insufficiency in cash flows, suspending its business due to severe nature disasters and unable to repay debts in a foreseeable future, unable to pay its debts overdue for more than 5 years or other conclusive evidences show the debts are unable to be recovered or unlikely to be recovered.

The allowance method is used for the possible bad debts losses, impairment test of individual or groups shall be conducted at the end of each accouting period, bad debts provision shall be recognized, impairment losses be credited to the profit or loss of current period. For receivables which have conclusive evidences showing the certainty of not to be recovered, a loss shall be recognized after the approvement under procedures of the Group and the bad debts provision shall be writen-off.

(1) Receivable with individually significant amount and bad debts provision recognized individually

| | |
|---|---|
| Criteria or standard for judging individually significant amount | 10% of receivables' total balance |
| Method for bad debts provision recognition of individually significant amount | The amount that the present value of the future cash flows lower than the book value should be recognized as impairment losses and provision for bad debts should be accrued accordingly. |

(2)Receivables which bad debts provision is recognized in a portfolio basis:

| | |
|---|---|
| Classifications of portfolio | |
| Aging | Receivables with same aging and similar credit risks |
| Inter-group receivables | Inter-group receivables |
| With conclusive evidences the receivables can be recovered that are outside the Group | With conclusive evidences the receivables can be recovered that are outside the Group |
| Provision method of portfolio | |
| Aging | Aging analysis |
| Inter-group receivables | No provision |
| With conclusive evidences the receivables can be recovered that are outside the Group | No provision |

1) Proportion of bad debts provision with aging analysis method:

| **Aging** | **Proportion of trade receivables(%)** | **Proportion of other receivables(%)** |
|---|---|---|
| Less than1 year | 0.00 | 0.00 |

| Aging | Proportion of trade receivables(%) | Proportion of other receivables(%) |
|---|---|---|
| 1-2 years (2 years inclusive) | 10.00 | 10.00 |
| 2-3 years (3 years inclusive) | 30.00 | 30.00 |
| 3-4 years (4 years inclusive) | 50.00 | 50.00 |
| 4-5 years (5 years inclusive) | 80.00 | 80.00 |
| Over 5 years | 100.00 | 100.00 |

(3) Receivables that are not individually significant but bad debts provision is accrued individually.

| | |
|---|---|
| Reason for accrued the provision individually | Receivables not individually significant amount, however the profolio method is unable to show its risk |
| Method for bad debts provision | The amount that the present value of the future cash flows lower than the book value should be recognized as impairment losses and provision for bad debts should be accrued accordingly. |

**12.Inventories**

Inventories of the Company include raw materials, revolving materials, spare parts, etc.

The Company maintains a perpetual inventory system. Inventories are recorded at cost of purchase. Cost is calculated using weighted average method when the inventories are issued or consumed. Low-valued consumables and packaging material are amortized by one-time write off basis.

At the balance sheet date, inventories are stated at the lower of costs or net realizable value. Where the inventories become damaged, partially or wholly obsolete or whose selling price is lower than its cost, provision for inventory impairment is made for amount of cost that are expected irrecoverable.For finished goods and bulk raw material, inventory impairment provision is provided at the difference of cost of single item of inventory exceeding its net realizable value. For inventories with tremendous number and relatively low unit price, provision is determined according to the type of inventory.

Net realizable value of finished goods, work in progress or held-for-sale raw materials are determined by their estimated selling price less estimated selling expenses and related taxes. Net realizable value for raw material held for production are determined by the estimated selling price of finished goods less the estimated cost to completion, selling expenses and taxes.

**13.Long-term equity investment**

(1) The judgements for the control of , joint control or significant influence over an investee

The Group's long-term equity investment refer to equity investments where an investor has control of, or significant influence over an investee, as well as equity investments in joint venture.

Control means the Group or the Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

"Joint control" with other parties on the investee is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. A joint arrangement is an arrangement of which two or more parties have joint control. A joint venture is joint arrangement whereby the joint venture have rights to the net assets of the arrangement.

"Significant influence" over the investee is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of significant influence is representing on the board of directors or equivalent governing body of the investee and participating in the investee' financial and operating policy-making process. The basis of significant influence means the Group holds, or holds via its subsidiaries more than 20% (20% inclusive) but lowers than 50% voting shares of the investee. In the case of there is objective evidence shows that the Group doesn't have the power to participate in the financial and operating policy decision of the investee, then there is no significant influence at all. To determine whether the investor has significant influence over the investee, the group will consider the voting right that directly and indirectly held, and also will consider the influence of exercisable potential voting right the group and other parties hold assumed converted to voting right, such as share warrants, shall call option, and debts that convertible to ordinary shares.

(2) The recognition of investment cost and subsequent measurements and profit and loss recognition method.

For business combinations involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the owners' equity of the party being absorbed at the date of combination. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

If the consideration of the combination is issue of equity securities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The aggregate face value of the shares issued shall be accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

For a business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition determined in acquisition date.

The intermediary fees come from audit service, legal service, evaluation and consultation and related administrative fees paid by the absorbing party or acquirer for the business combination, shall be recognized in profit or loss as incurred. The transaction fees to issue equity and debt as the combination consideration are calculated in the initial amount of debts or equity.

For other situations beside business combinations, when a long-term equity investment is acquired by cash, the initial investment cost shall be the actual purchase price paid; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost shall be the fair value of the securities issued; for a long-term equity investment contributed by an investor, the initial investment cost shall be the value stipulated in the investment contract or agreement (deducting cash dividends or profits declared to be distributed but not received), except where the value stipulated in the contract or agreement is not fair; for the long-term investment acquired by transfer of non-cash assets and assumption of liabilities, the cost of investment is determined according to related accounting policies and regulations.

The Group accounts for a long-term equity investment in a subsidiary using the cost method. The equity method shall be used in joint venture and associate.

When the cost method is applied, the long-term investments are measured by the initial cost, adjusted when the investments are additionally invested or divested. Cash dividends or profit distributions declared by the investee shall be recognized as investment income in the current period.

When the equity method is applied, initial long-term equity investment cost shall not be adjusted for the excess of initial cost over fair value of identifiable net asset of investee at the time of investment; when initial cost is less than fair value of identifiable net asset of investee at the time of investment, difference shall be recognized in profit and loss and adjusted to long-term equity cost. After the investor has acquired a long-term equity investment, it shall recognize its share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the investor. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognized in the investors equity, and the carrying amount of the long- term equity investment shall adjusted accordingly. To confirm the proportion of the net profit or loss of the investee, take up the fair value of the identified assets of the investees as the basis, and write-off the internal trading profit or loss among joint ventures to adjust the net profit of the investee according to the Group's accounting policies and accounting period.

(3) The changes of long term investment

When the Group becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, the Group shall change to the equity method, the fair value of the previously-held equity instrument classified as available-for-sale financial assets plus the additional investment cost are the initial investment under equity method. The difference between the fair value and carrying amount and the accumulated changes in fair value included in other comprehensive income shall be transferred to profit or loss for the current period upon commencement of the equity method. The difference shall not be adjusted for the excess of above mentioned initial investment cost over the fair value of identifiable net asset of investee at the time of additional investment. When initial cost is less than fair value of identifiable net asset of investee at the time of additional investment, difference shall be recognized in non-operational income and adjusted to long-term equity cost.

When the Group becomes capable of exercising control over an investee not under common control due to additional investment or other reasons, in stand-alone financial statements, the investor shall change to the cost method and use the carrying amount of the previously-held equity investment, together with the additional investment cost, as the initial investment under cost method. When the previously-held equity investment is accounted under equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. For previously-held equity investment which classified as available for sale financial assets, the accumulated changes in fair value included in other comprehensive income shall be transferred to profit or loss for the current period upon commencement of the cost method.

When an investor can no longer exercise joint control of or significant influence over an investee due to partial disposal of equity investment or other reasons, the remaining equity investment classified as available for sale financial assets, the difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence shall be charged to profit or loss for the current period. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method.

When an investor can no longer exercise control over an investee due to partial disposal of equity investment or other reasons, and with the retained interest, still has joint control of, or significant influence over, the investee, when preparing the individual financial statement, the investor shall change to the equity method and adjust the remaining equity investment as if the equity method had been applied from the date of the first acquisition. If the investor can not exercise joint control of or significant influence over the investee after partial disposal of equity investment, the remaining equity investment classified as available for sale financial assets, the difference between the fair value and carrying amount at the date of the loss of control shall charged to profit or loss for the current period.

(4) The disposal of a long-term equity investment

When the long-term investment is disposed, the difference between the book value and proceeds shall be recorded as current profit or loss. After disposal, the investments still applicable to equity method, the other comprehensive income recognized under previously equity method shall adopt the same basis of the investor dispose of relative assets or liabilities for measurement, and charged in respective portion to profit or losses for the current period accordingly.

**14.Fixed assets**

Fixed assets of the Company are tangible assets that held for production of goods or rendering of services, leasing to others, or for administrative purposes; have useful life over one accounting year.

Fixed assets consist of real estate properties, buildings, plants and machineries, motor vehicles and office equipments. The fixed assets are initially measured at cost. The cost of fixed assets purchased from outsiders includes purchase prices, related import taxes and necessary expenses incurred for bringing the assets to the working condition for its intended use. The cost of self-constructed fixed assets includes construction expenses incurred for bringing the assets to the working condition for its intended use. The cost of fixed assets injected by investors to the Company is measured at the considerations as specified in the investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the assets will be recorded at their fair value. The cost of fixed assets acquired under finance lease arrangement is measures at the lower of their fair value and the present value of the minimum lease payment at the inception of the leases.

Subsequent expenditure relating to fixed assets, such as repairing expenditures, renovation and improvements are recognized as the cost of fixed assets when they meet the recognition criteria. The carrying amount of the replaced parts is derecognized. All other subsequent expenditures not meeting the recognition criteria are charged in the profit or loss for the current period.

Except for those fixed assets that are fully depreciated but still in use and lands that are separately recorded, depreciation is provided for fixed assets over their estimated useful life using the average life method (or other method). Depreciation charge is included in the cost of fixed assets or expenses for the period according to the usage of the assets. The useful life, estimated residual value and annual depreciation rate of each classification of the Company's fixed assets are as follows:

| No. | Classification | Useful life (years) | Residual percentage | Annual depreciation |
|---|---|---|---|---|
| 1 | Buildings & Structures | 20-50 years | 0%-10% | 2%-5% |
| 2 | Machinery Equipments | 20-25 years | 0%-10% | 4%-5% |
| 3 | Office Equipments | 4-10 years | 0%-3% | 9.7%-25% |
| 4 | Vehicles | 5-10 years | 0%-5% | 9.5%-20% |

The company reviews the estimated useful life and estimated net residual value of a fixed asset and the depreciation method at the end of each financial year. Any changes are accounted for as a change in an accounting estimate.

A fixed asset is derecognized when it is disposed or expected not bringing economic benefit from its use or disposal. The net amount of proceeds from disposal, transfer, retirement or damage of the asset after the carrying amount and related taxes is recognized in profit or loss for the current period.

**15.Construction in progress**

The cost of construction in progress is measured based on actual construction expenditures incurred. Cost of self-operating construction is measured at such cost as direct materials, direct wages, and direct construction expenditures. Cost of sub-contracting construction is measured at such cost as construction payable. Cost of equipment installation work is measured at such cost of equipment being installed, installation cost, and commissioning cost. Cost of construction in progress also includes capitalized borrowing costs and currency translation differences.

When a fixed asset under construction reaches its usable status but the final cost of construction has not been ascertained, it should be transferred to fixed assets at the estimated cost from the date on which it reached its usable status, and depreciated from the next month. Cost shall be adjusted after the final cost of construction is ascertained.

**16. Borrowing costs**

Borrowing costs include interest, amortisation of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset commence capitalised as part of the cost of assets when expenditures for the asset have been incurred; the borrowing costs have been incurred; and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have been commenced. The capitalisation of borrowing costs ceases when the qualifying assets under acquisition, construction or production become ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

For specific borrowings obtained for the acquisition of qualifying assets, the amount of borrowing costs to be capitalized is the interest expenses actually incurred during the period of capitalization deducting any interest income earned from depositing the unused borrowings in the banks or any investment income arising from temporary investment of those borrowings. For general borrowings obtained for the acquisition of qualifying assets, the amount of borrowing to be capitalized is determined by applying the weighted average effective interest rate of general borrowings, to weighted average of the excess amount of cumulative expenditures on the assets over the amount of specific borrowings.

Qualifying assets are assets (fixed assets, investment property, inventories) that might take a substantial period of time (usually more than 1 year) for acquisition, construction or production to become ready for their intended use or sale.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production activities is resumed.

**17. Intangible assets**

Intangible assets of the company include land use right, patents and non-patent technology etc. Intangible assets are measured at actual cost on acquisition. The cost of intangible assets purchased from outsiders includes purchase prices and other relevant expenditures. The cost of intangible assets as an investment by investors to the company is measured at the consideration as specified in the investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the assets are measured at its fair value.

For intangible assets acquired in a business combination not involving the Group under common control which owned by a acquiree but not been recognized in the acquiree's financial statements, the intangible assets shall be recognized in fair value at the initial recognision of aquiree's assets, as if one of the criteriar is satisfied: 1) acquired due to a contract right or other staturoty right; 2) can be separated from the acquiree's assets, can be used for purpose of sale, transfer, grant, lease or exchange individually or with other contract, assets or liabilities.

Land-use rights are amortised evenly over the lease terms as from the date of purchase. Patents, technologies and other intangible assets are amortised over the shortest of their estimated useful life, contractual beneficial period and useful life specified in the law. Amortisation charge is included in the cost of assets or expenses, as appropriate, for the period according to the usage of the assets.

The estimated useful life and amortisation method of intangible assets with finite useful life are reviewed at the end of each financial year. Any changes are accounted for as a change in an accounting estimate. The estimated useful life of intangible assets with indefinite useful life is reviewed in each accounting period. Where there are objective evidences that the useful life of the intangible assets become definite, then the useful life of the assets is estimated and amortisation is provided over its estimated useful life.

**18.Research and Development**

The research and development of the Group is classified as the research expense and the development expense based on nature and uncertainty to consequently form the intangible assets. The research expenses charge to current profit or loss at occurrence; the development expenses would be regarded as the intangible assets by satisfying all the following criteria:

a) The technical feasibility of completing the intangible assets so that it will be available for use or sale;
b) Its intention to complete the intangible asset and use or sell it;

c) How the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
d) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
e) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If any of the above criteria cannot be satisfied, the development expenses charge to current profit or loss at occurrence. The research expenses recognized would not be regarded as the assets. The capitalized part of development expenses shall be stated as the development expenses on the balance sheet, and it turns to the intangible assets after the project has been prepared as ready-in-use status.

**19.Long-term deferred expensed**

Long-term deferred expenses of the company are expenditures such as fixed assets improvement and building interior expense that have been incurred but shall be amortized over the current period and subsequent periods of more than one year. The expenditures are amortized evenly over the estimated beneficial period. If the long-term prepayments are no longer beneficial to the subsequent accounting periods, the unamortized balance is then transferred to profit or loss for the period.

**20. Goodwill**

Goodwill is the balance that the cost of equity investment or the cost of a business combination not under common control exceeds the Group's interest in the fair values of the investee's identifiable net assets at the acquisition date.

The goodwill related to subsidiaries shall be listed on the consolidated financial statements separately, the goodwill related to associates or a joint venture shall be included in the carrying value of long-term equity investment.

**21. Impairment of long-term non-financial assets**

The Group assesses at each balance sheet date whether there is any indication that long-term equity investments, fixed assets, construction in progress and intangible assets with definite useful life may be impaired. If there is any indication that an asset may be impaired, the asset will be tested for impairment. Goodwill arising in a business combination and intangible asset with infinite useful life are tested for impairment annually no matter there is any indication of impairment or not. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined on the basis of the asset groups or asset portfolio to which the asset belongs.

If the recoverable amount of an asset is less than its carrying amount, the difference is recognized as an impairment loss and charged to profit or loss for the period. Once an impairment loss on the assets is recognized, it is not reversed in a subsequent period. The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset.

The indications of impairment are as follows:

(1) The market price of an asset declines substantially during the period. The decline is explicitly more than that as expected caused by passage of time or normal application;

(2) There are significant changes in the economic, technical or legal environment in which the Group is operating and in the market of an asset in the current period or in the near future causing an adverse impacts on the Group;

(3) The market interest rate or rate of return of other investments was increased in the current period that affects the discount rate used by Group to calculate the present value of estimated cash flow resulting in a substantial decline in the recoverable amount of the assets;

(4) There is evidence to demonstrate that the asset has gone obsolete or damaged;

(5) The asset has already been or will be left idle, retired or disposed before it was planned;

(6) There is evidence from the entity’s internal reports that economic returns of the asset, such as generation of net cash flows or realization operating profit (loss), was lower or will be lower than expectation;

(7) Other signs indicating the assets have been impaired.

**22. Employee’s benefits**

Employee’s benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee’s spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

(1) Short-term employee benefits are employee benefits (other than compensation for termination of employment relationship) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits include: employee wages or salaries, bonus, allowances and subsidies, staff welfare, social security contributions such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences, short-term profit-sharing plan, non-monetary benefits and other short-term benefits.

The Group recognizes, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as lability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset. Employee's short-term benefits which are non-monetary benefits shall be measured at fair value.

(2) Post-employment benefits (other than short-term employee benefits and termination benefits) are any remuneration and benefits in exchange for service rendered by employees that payable after the retirement of the employees or termination of employment relationship.

Defined contribution plans are payments made by the Group of basic pension insurance, unemployment insurance and annuity payment (supplementary pension insurance) for employees in accordance with relevant requirements of local government, which shall, in the accounting period in which employees provide services, be calculated according to prescribed bases and percentages of provision in determining the amount of payment and recognize relevant liabilities, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

The Group shall attribute benefit obligations under a defined benefit plan to periods of service provided by employees according to the formula determined by projected unit credit method, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset. The group shall recognize the deficit or surplus by deducing the present value of the defined benefit plan obligation from the fair value of defined benefit plan assets as a net defined benefit plan liability or net defined benefit asset. When a defined benefit plan has a suplus, the Group shall measure the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling.

The group shall discount all defined benefit plan obligations, including obligations that are expected to be paid before twelve months after the end of the annual reporting period in which the employees render service. This discount rate used shall be determined by reference to market yields at the balance sheet date on government bonds or on high quality corporate bonds in an active market, of which the term and currency are consistent with the term and currency of the defined benefit obligation.

The service cost and the net interest on the net defined benefit plan liability (asset) arising from defined benefit plan shall charge to the profit or loss for the current period or the cost of a relevant asset; Changes as a result of remeasurements of the net defined benefit liability (asset) shall be recognized in other comprehensive income and shall not be reclassified to profit or loss in a subsequent period.

The Group shall recognize a gain or loss on the settlement of a defined benefit plan when the settlement occurs, the gain or loss on a settlement is the difference of the present value of the defined benefit plan obligation, as determined on the date of settlement and the settlement price.

(3) Termination benefits are compensation provided when the Group decides to terminate the employment relationship with employees before the end of the employment contracts, or compensation provided as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. For an employee who has not terminate the contract relationship with the Group, however will not provide the service to the Group in future, and therefore cannot bring any economic benefits to the Group, and the Group promise to provide compensation which is termination benefits substantially. The Group in this case shall refer to termination benefits metthod before the retirement of the employee, and after the employee's retirement the post-employment benefits shall be used.

The Group which provides termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: when the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; when the Goup recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

The Group shall reasonably estimate and recognize employee benefits payable in respect of termination benefits in compliance with the terms of its employment termination plan. If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, the Group shall apply the relevant requirements for other long-term employee benefits.

(4)Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits. Other long-term employee benefits include long-term paid absence, long-term disability benefits, long-term profit-sharing plan.

When other long-term employee benefits provided by the Group to the employees satisfied the conditions for classifying as a defined contribution plan, those benefis shall be accounted for inaccordance with the requirements relating to defined contribution plan. The Group shall recognize and measure the net liability or net asset of other long-term employee benefits in accordance with the requirements relating to defined benefit plan. At the end of the reporting period, the Group shall recognize the componets of cost of employee benefits arising from other long-term employee benefits as the followings: service cost; net interest on the net liability or net assets of other long-term employee benefits; changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits.The net total of the a foresaid amounts shall be recognized in profit or loss for the current period or included in the cost of a relevant asset.

**23.Share-based payment**

Share-based payment refers to a transaction in which the Group grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. Share-based payment can be classified as the equity-settled share-based payment and the cash-settled share-based payment.

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly.

The cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Group. As to a cash-settled share-based payment instruments, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the Group shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Group.

The Group shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

**24.Bond payable**

The initial recognition of the Group's bond payables shall be measured at fair value, the related transaction expenses shall be charged to the initial recognition amount. The subsequent recognition shall be measured at the amortised cost.

The difference between the prices paid for the bond and the aggregate amount of the bond's face value shall be treated as bond surplus or discount, and be amortised when accrueing interest during the lasting period of the bond using the effective interest method, and shall in accordance with the accouting principles of borrowing cost.

**25.Provisions**

Provision is recognised for an obligation related to a contingency, such as guarantee given to external parties, discounted commercial notes, pending litigation or arbitration, product quality warranty, as a liability when all of the following conditions are satisfied: 1) the obligation is a present obligation to the Group; 2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; 3) the amount of the obligation can be measured reliably.

Provision is measured at the best estimate of the expenditures required to settle the present obligation taking into account the risks and uncertainties surrounding the obligation. Where the effect of time value of money is material, the amount of provision is measured using the cash flows estimated to settle present obligation. Provisions are reviewed at each balance sheet date. If there are any changes, the carrying amount of provisions will be adjusted to reflect the current best estimate.

**26.Recognition of revenue**

The operating revenues of the Group mainly included revenue from sales of goods, rendering of services and transferring of assets use rights and construction contracts. The principles of revenue recognition are as follows:

Sales of goods are recognised when 1) the significant risks and rewards of the ownership of commodities are transferred to customers; 2) the Group has no longer retained continuous management rights generally associated with the ownerships; 3) the Group has no longer effective control over the commodities sold; 4) the amount of revenue can be reliably measured;

5) it is very likely that the economic benefits will be flowed to the Group; and 6) when the related costs that has incurred or will be incurred can be reliably measured.

Revenue from rendering of services is recognised when 1) total revenue and total costs of the services can be measure reliably; 2) the associated economic benefits are probably flow to the Group; 3) the stage of completion of the services can be estimated reliably. At the balance sheet date, revenue is recognised using the percentage of completion method when the outcome of the services rendered are estimated reliably. The percentage of completion method is determined as the proportion of completed work measured/services rendered to date over the total contracted services/ (the proportion of costs incurred to date over the total estimated cost). Where the outcome of the service rendering transaction cannot be reliably estimated or the costs incurred are not expected to be recoverable, no revenue will be recognised. The costs incurred are charged to profit or loss for the period.

(3)Revenue from transfer of asset use rights is recognised when the economic benefits in connection with the transaction are probably flow to the Group and the amount of revenue can be reliably measured.

**27. Construction contract**

The construction contract revenue and expenses are recognised when 1) the amount of total contract revenue can be reliably measured; 2) it is very likely that the economic benefits related to the contract will be flowed to the Group; 3) the costs related to contract that has incurred can be clearly distinguished and reliably measured; 4) the progress of the construction and the predict costs for complete the construction in the future can be reliably measured. The construction contract revenue and expenses will be recognized as the percentage of completion at the balance sheet date. The progress of the contstruction will be measured as the amount of real incurred costs over predicted total costs when use the percentage of completion method.

When the amount of the constuction contract cannot be relaly measured, if the cost of the contract can be recovered, the contract revenue will be recognised depends on the recoverable costs, the contract costs should be recorded in profit or loss during current period. If the cost of the contract cannot be recovered, then should be recognized as expenses immediately at occurrence, the revenue will not be recognition.

The Group will go through the construction contract at the end of the term. If the amount of total predict costs exceed the total predict revenue, then should accrue loss provisions, the provisions should be recorded as expenses during current period.

**28.Government grants**

A government grant is recognised when the Group complies with the conditions attaching to the grant and when the Group is able to receive the grant.

Where a government grant is in the form of a transfer of monetary asset, it is measured at the amount received. Where a government grant is made on the basis of fixed amount, it is measured at the amount receivable. Where a government grant is in the form of a transfer of non-monetary asset, it is measured at fair value. If fair value cannot be determined reliably, it is measured at a nominal amount of RMB1.

Government subsidies of the Group classifies as government subsidies related to asset and government subsidies related to profits. Among them, the term “government subsidies related to asset” prefers to government subsidies which are acquired by the Group, used for acquisition and construction, or formed long-term asset in other ways; the term “government subsidies related to profits” prefers to government subsidies except government subsidies related to asset. If in government documents recipients were not clearly identified, the Group shall judge according to the above principle of distinction.

Assets-related government grants are recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. Income-related government grants that is a compensation for related expenses or losses to be incurred in subsequent periods are recognised as deferred income and credited to the relevant period when the related expense are incurred. Government grants relating to compensation for related expenses or losses already incurred are charged directly to the profit or loss for the period.

**29.Deferred tax assets and deferred tax liabilities**

Deferred tax assets and deferred liabilities are recognized based on the differences between tax bases of assets and liabilities and respective carrying amount (temporary differences). Deductible tax losses or tax credit that can be carried forward in accordance with tax law requirements for deduction of taxable income in subsequent years are deemed as temporary differences. These temporary differences are recognized as deferred tax assets. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available to offset the deductible temporary difference. At the balance sheet date, the carrying value of the recognized deferred tax assets is reviewed. If it is very likely that no future taxable profits will be available to offset the deferred tax assets, the carrying value of the deferred tax assets will be reduced. If it is very likely that sufficient taxable profits will be available, the amount previously reduced will be reversed.

**30.Leases**

Leases are classified as finance leases and operating leases at the date of inception.

Finance lease is a lease that substantially transfers all the risks and rewards of ownership of the assets. The company, as a lessee, recognises the assets under finance lease at the lower of their fair value at the inception of the leases and the present value of minimum lease payments. The corresponding liability is recorded as “Long-term payable” at the amount of minimum lease payments. Their difference is recorded as unrecognised finance lease charge.

Operating leases are leases other than finance leases. The company, as a lessee, recognises lease payment on a straight-line basis over the terms of the relevant lease and allocated to as a cost of an assets or an expense for the period. The company, as a lessor, recognises lease payments as rental income on a straight-line basis over the terms of the relevant lease.

**31.Held for sale**

The non-current assets meeting the following conditions concurrently shall be classified as held for sale: 1) The Group has made a resolution to dispose of the non-current assets; 2) the Group has signed an irrevocable transfer agreement with the transferee; 3) The transfer is to be completed within one year. Non-current assets being held for sale include individual assets and disposal set, disposal set refers to a set of assets that is sale as a whole or disposed of by other means in a transaction. Disposal set usually is a set of asset group, an asset group or part of an asset group.

The Group shall adjust the estimated net salvage value of the fixed assets for sale held by it to make the estimated net salvage value of the fixed assets reflect the amount of its fair value after deduction of the disposal expenses, which shall not exceed the original book value of the fixed assets when they meet the conditions for being held for sale, and the difference between the original book value and the estimated net residual value after adjustment shall be included in the current profits and losses as losses from impairment of assets.

An asset or a disposal set been classified as held for sale, but later no longer satisfied the recognition conditions for held for sale fixed assets, the Group shall cease recognise it as held for sale, and measured at the lower of two amounts follows: The carrying value of the asset or disposal set before it been classified as held for sale, and adjusted of the depreciation, amortization or impairment assume it was not been classified as held for sale; the recoverable amount at the date deciding not for sale.

Other non-current assets meeting the conditions for being held for sale such as intangible assets, shall be handled in accordance with the above-mentioned principles.

**32.Fair value measurement**

(1) Initial measurement of fair value

When measuring an asset or a liability at fair value, the Group shall take into account the characteristics of the asset or liability, and using the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Goup shall assume the transaction that market participants sell the asset or transfer the liability at the measurement date is an orderly transaction under current market condition and the orderly transaction to shell the asset or transfer the liability takes place in the principal market for the asset or liability. In the absence of a principal market, the Group shall assume such transaction takes place in the most adantagrous market for the asset or liability. The fair value of the asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Group shall take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(2) Valuation techniques

When measuring the asset or liability at fair value, the Group shall use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques used mainly include the market approach, the income approach and the cost approach. When using valuation techniques, the Group shall give priority to the use of relevant observable inputs, and shall use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

(3) Fair value hierarchy

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date. Active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices includes within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the assets or liability.

**33.Accouting for financial asset transfering and non financial assets Securitization**

When a financial asset transferred to the transferee, the Group makes a judgment based on whether nearly all of the risks and rewards related to the ownership of a financial asset are transferred, where the Group has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset. Where the Group does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, if it gives up its control over the financial asset, it shall stop recognizing the financial asset; if it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly. If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the book value of the transferred financial asset and the consideration received from the transfer shall be recorded in the profits and losses of the current period, as well as the accumulative amount of the changes of the fair value originally recorded in the owner's equities; If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value.

**34.Segment information**

The Group shall identify operating segments based on internal organizational structure, management requirements and internal reporting system, reporting segment based on operating segments and disclose segment information according to the following provisions. Operating segment, is an integral part when the following conditions are met within the Group: this integral part is able to generate incomes and costs in daily activities; the Group management is able to regularly assess business performance of this part to determine the allocation of resources and evaluate its performance; The Group are able to obtain financial position, business performance, cash flows and other relevant accounting information of this part. If the Group has two or more operating segments with similar economic characteristics, they may consolidate them into a single operating segment.

The transfering price between segments shall be decided according to the market price, and the common expenses shall be distributed to different segments according to proportion of revenue except for parts unable to be distributed reasonably.

**35.Discontinued operation**

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable operationally and for financial reporting purpose. The component shall be disposed in a whole or in parts under the Group's plan.

A component of the Group that satisfies all of the following conditions shall be classified as held for sale: the Group has decided to dispose of the component; the Group has signed an irrevocable transfer agreement with the transferee and the transfer is to be completed within one year.

## V.Changes in accounting policies and accounting estimates and correction of errors

1.Changes and effects in accounting policies

There is no occurrence of changes in accounting policies this year of the group.

2.Changes and effects in accouting estimates

There is no occurrence of changes in accounting estimates this year of the Group.

3.Correction of material errors in former periods and its effects

There in no occurrence of correction of material errors in former periods this year of the Group.

## VI.Taxation

1. Major taxes and tax rates

| Taxes | Tax basis | Tax rate |
|---|---|---|
| Business tax | BT Taxable income | 5% |
| City maintenance and construction tax | Turnover tax | 7% |
| Education surcharge | Turnover tax | 3% |
| Local education surcharge | Turnover tax | 2% |

2. Corporate income tax

1) The profit tax of the Company's headquarter in Hong Kong is 16.5%

2) This year's income tax of the Group's subsidiaries in Hong Kong, Malta, Mauritius is 16.5%, 35% and 15% respectively. The income tax of Korean companies of current period is 24.2%.

3) According to Ministry of Finance of PRC, Customs General Administration of PRC, State Administration of Taxation PRC "the notification of tax policy for further implementation of the western development strategy" (CaiShui[2011]No.58), the Group's sudisidiaries: Mianyang Sanjiang Meiya Hydro Power Limited, Guangxi Zuojiang Meiya Hydro Power Limited, Guangxi Rongjiang Meiya Limited, and Guangxi Rongjiang Meiya Hydro Power Limited satisfies the conditions for tax preferential of western development. The income tax rate of this year and last year is 15%.

4) According to Ministry of Finance of PRC, State Administration of Taxation PRC "the nontification to the relative problems about the contents of special preference of corporate income tax when company implement public infrastructure project" (CaiShui[2008]No.46), when company invests public infrastructure project which approved after 1st Jan 2008, then all the revenue they earned on this project can enjoy an income tax exemption during the first three years, allowed a 50% reduction in income tax during the 4th to 6th years (from the taxable year that company earned their first operating revenue on this project). The following list shows the subsidiaries which are allowed by the above preferential policy:

| No. | Subsidiaries | Income tax rate | The situation of recored |
|---|---|---|---|
| 1 | CGN Gansu Guazhou Wind Power Company Limited | Tax exemption | Recorded |
| 2 | CGN Gansu Minqin (II) Wind Power Company Limited | Tax exemption | Recorded |
| 3 | CGN Gansu Guazhou (II) Wind Power Company Limited | Tax exemption | Recorded |
| 4 | CGN Solar (Jiaxing) Company Limited | Tax exemption | Recorded |
| 5 | CGN (Zhejiang Ninghai) Windy Power Company Limited | Tax exemption | Recorded |
| 6 | CGN Solar (Shenzhen) Company Limited | Tax exemption | Recorded |
| 7 | CGN Solar Wulan Company Limited | Tax exemption | Recorded |
| 8 | CGN (Zhejiang Xiangshan) Wind Company Limited | Tax exemption | Recorded |
| 9 | Yishui Longshan Wind Power Company Limited | Tax exemption | Recorded |
| 10 | CGN Gansu Minqin Wind Power Company Limited | 12.50% | Recorded |
| 11 | Guazhou Tianrun Wind Power Company Limited | 12.50% | Recorded |
| 12 | Anqiu Taipingshan Wind Power Company Limited | 12.50% | Recorded |
| 13 | CGN Solar (Dachaidan) Development Company Limited | 12.50% | Recorded |
| 14 | CGN Solar Dunhuang Company Limited | 12.50% | Recorded |

| No. | Subsidiaries | Income tax rate | The situation of recored |
|---|---|---|---|
| 15 | CGN Solar Jinta Company Limited | 12.50% | Recorded |
| 16 | Yishui Tangwangshan Wind Power Company Limited | 12.50% | Recorded |
| 17 | CGN Linqu Wind Power Company Limited | 12.50% | Recorded |
| 18 | CGN Linqu Longgang Wind Power Company Limited | 12.50% | Recorded |
| 19 | CGN Yishui Wind Power Company Limited | 12.50% | Recorded |

Besides that, other PRC subsidiaries under the Group should pay income tax according to the regulation of "income tax in PRC", the tax rate is 25%.

3. Value added tax

The amount of the value added tax for all the Chinese and Korean subsidiaries under the Group should be calculated as the balance between the output tax amounts minus the input tax deductible amounts. Value added tax on sales should be 17%, 10% or 6% of the revenue which calculated depends on relevant tax rules.

According to "the notification about resourse comprehensive utilization and other products' value added tax policy", the wind power generation used electricity which provided by wind power. Due to the reason above, the value added tax of the revenue of wind power generation implement 50% drawback plicy.

## VII.Business combination and consolidated financial statements

1. The basic information of subsidiaries included within the scope of consolidation

| No. | Name of subsidiary | Level | Type of the subsidiary | Principle place of business | Place of registration | Principal activities | Paid-in capital | Share-holding proportion | Voting rights | Investment cost | Method of acquisition |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Huamei | 2 | 3 | Hong Kong | Hong Kong | Power producer | 2,185,603,200.00 | 100.00% | 100.00% | 1,566,718,065.43 | 1 |
| 2 | Aigrette Green | 2 | 3 | Hong Kong | Hong Kong | Investment holding | 100.80 | 100.00% | 100.00% | 83.78 | 1 |
| 3 | Gold Sky | 2 | 3 | BVI | BVI | Offshore | 1,300.15 | 100.00% | 100.00% | 650,472,498.72 | 3 |
| 4 | Financial Leasing company | 2 | 2 | Shen Zhen | Shen Zhen | Financial leasing business | 1,005,047,700.00 | 100.00% | 100.00% | 1,057,388,415.05 | 1 |
| 5 | CGN Insurance | 2 | 3 | Hong Kong | Hong Kong | Property insurance | 498,495,080.79 | 100.00% | 100.00% | 526,963,620.84 | 1 |
| 6 | Gigastar | 2 | 3 | BVI | BVI | Offshore | 6.50 | 100.00% | 100.00% | 6.49 | 1 |
| 7 | Clean Energy | 2 | 3 | Hong Kong | Hong Kong | Investment holding | 0.79 | 100.00% | 100.00% | 0.84 | 1 |

Notes: Narure of subsidiary: 1. Domestic non-financial subsidiary; 2. Domestic Financial Subsidiary; 3.Overseas Subsidiary; 4.Public service unit; 5.Infrastructure Unit.

Acquisition methods: 1. Investments; 2. Business combination under common control; 3. Business combination under non-common control; 4.Others.

2. The change of the consolidation scope during this year

1) Entities that newly added into consolidation scope during this year:

| Company's name | Share-holding proportion(%) | Net Assets at the end of the year | Net Profit in this year | Notes |
|---|---|---|---|---|
| **Subsidiaries** | | | | |
| Gigastar | 100.00 | -65,729,673.76 | -63,163,291.33 | |
| Clean Energy | 100.00 | 815,519.79 | 783,677.34 | |
| Eolinvest France | 100.00 | 190,060,921.52 | 15,922,633.35 | |
| Green Rigg Windfarm Limited | 80.00 | 317,871,510.40 | 45,437,860.01 | |
| Brenig Wind Limited | 100.00 | 30,136,295.31 | -435,950.46 | |
| CGN New Energy Investment (Shenzhen) Company Limited | 100.00 | 3,243,401,854.69 | 264,668,432.19 | |

2) Entities that not included into consolidation scope during this year:

| No. | Company's name | Place of registration | Principal activities | Share-holding proportion | Voting rights | Reasons of not included into consolidation scope |
|---|---|---|---|---|---|---|
| 1 | Tongzhou Meiya Cogeneration Co., Ltd | Jiangsu, Nantong | Power generation | 80.00 | 80.00 | Transfer |
| 2 | Meiya Haian Cogen Power Limited | Cayman Island | Offshore | 100.00 | 100.00 | Cancel |
| 3 | Meiya Jinqiao Power Ltd | Bermuda | Offshore | 100.00 | 100.00 | Cancel |
| 4 | China U.S. Power Partners I Ltd | Bermuda | Offshore | 100.00 | 100.00 | Cancel |
| 5 | Meiya Huangshi Power Ltd | Bermuda | Offshore | 100.00 | 100.00 | Cancel |
| 6 | Meiya Shanghai BFG Company | Cayman Island | Offshore | 100.00 | 100.00 | Cancel |

2) Entities that not included into consolidation scope during this year (Continued):

| Company's name | Disposal date | | | 2014/12/31 | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Owner's equity | Assets | Liabilities | Owner's equity |
| Tongzhou Meiya Cogeneration Co., Ltd | 58,163,068.40 | 110,137,265.20 | -51,974,196.80 | 58,163,068.40 | 110,137,265.20 | -51,974,196.80 |
| Meiya Haian Cogen Power Limited | 6.29 | | 6.29 | 6.29 | | 6.29 |
| Meiya Jinqiao Power Ltd | 75,426.00 | | 75,426.00 | 75,426.00 | | 75,426.00 |
| China U.S. Power Partners I Ltd | 75,426.00 | | 75,426.00 | 75,426.00 | | 75,426.00 |
| Meiya Huangshi Power Ltd | 75,426.00 | | 75,426.00 | 75,426.00 | | 75,426.00 |
| Meiya Shanghai BFG Company | 13,547.58 | 12,919.03 | 628.55 | 13,547.58 | 12,919.03 | 628.55 |

Continued:

| Company's name | 2015/1/1-Disposal date | | | 2014/1/1-2014/12/31 | | |
|---|---|---|---|---|---|---|
| | Income | Expense | Profit | Income | Expense | Profit |
| Tongzhou Meiya Cogeneration Co., Ltd | | | | 107,298,302.09 | 114,742,502.74 | -6,516,474.99 |
| Meiya Haian Cogen Power Limited | | | | | | |
| Meiya Jinqiao Power Ltd | | | | | | |
| China U.S. Power Partners I Ltd | | | | | | |
| Meiya Huangshi Power Ltd | | | | | | |
| Meiya Shanghai BFG Company | | | | | | |

3) Business combination under common control in this year:

| Company's name | Combination date | Book value of net assets | Consideration | Actual controller | 2015/1/1-2015/9/1(Combination date) | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Income | Net profit | Net increase amount on cash | Net cash flow from operating |
| CGN Gansu Guazhou Wind Power Company Limited | 2015/9/1 | 166,162,333.97 | 203,500,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 39,727,501.14 | -3,109,634.86 | 1,587,840.62 | 10,200,863.68 |
| CGN Gansu Minqin (II) Wind Power Company Limited | 2015/9/1 | 604,429,095.71 | 944,400,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 100,036,320.50 | 54,669,095.71 | 6,867,004.14 | -129,444,934.13 |
| CGN Gansu Guazhou (II) Wind Power Company Limited | 2015/9/1 | 298,932,640.47 | 444,000,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 53,767,030.50 | 11,932,640.47 | 32,208,028.62 | 175,678,336.36 |
| CGN Solar (Jiaxing) Company Limited | 2015/9/1 | 35,092,736.97 | 39,000,000.00 | CGN New Energy Investment | 8,114,086.35 | 4,280,442.99 | -1,056,760.83 | 6,185,901.50 |

| Company's name | Combination date | Book value of net assets | Consideration | Actual controller | 2015/1/1-2015/9/1(Combination date) | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Income | Net profit | Net increase amount on cash | Net cash flow from operating |
| | | | | (Shenzhen) Company Limited | | | | |
| CGN (Zhejiang Ninghai) Windy Power Company Limited | 2015/9/1 | 95,690,676.60 | 104,800,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 32,154,387.80 | 16,090,676.60 | 10,990,861.29 | 21,002,292.15 |
| CGN Solar (Shenzhen) Company Limited | 2015/9/1 | 54,590,599.89 | 51,600,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 6,785,565.62 | 10,251,102.90 | 76,246,948.25 | 6,629,620.00 |
| CGN Solar Wulan Company Limited | 2015/9/1 | 111,816,998.53 | 169,600,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 28,439,363.41 | 9,466,086.78 | 74,155,096.47 | 88,661,069.53 |
| CGN (Zhejiang Xiangshan) Wind Company Limited | 2015/9/1 | 146,643,558.72 | 192,300,000.00 | CGN New | 41,757,333.83 | 8,154,484.44 | 29,628,238.31 | 64,047,057.95 |

| Company's name | Combination date | Book value of net assets | Consideration | Actual controller | 2015/1/1-2015/9/1(Combination date) | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Income | Net profit | Net increase amount on cash | Net cash flow from operating |
| | | | | Energy Investment (Shenzhen) Company Limited | | | | |
| Yishui Longshan Wind Power Company Limited | 2015/9/1 | 112,152,253.51 | 148,500,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 38,882,054.63 | 20,111,473.93 | 12,982,548.61 | 50,713,983.79 |
| CGN Gansu Minqin Wind Power Company Limited | 2015/9/1 | 189,811,962.49 | 201,200,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 53,057,787.97 | 13,600,401.58 | -143,975,533.81 | -15,856,648.41 |
| Guazhou Tianrun Wind Power Company Limited | 2015/9/1 | 113,358,916.16 | 33,900,000.00 | CGN New Energy Investment (Shenzhen) | 31,772,657.09 | 8,237,417.27 | 8,579,649.06 | 53,951,582.17 |

| Company's name | Combination date | Book value of net assets | Consideration | Actual controller | 2015/1/1-2015/9/1(Combination date) | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Income | Net profit | Net increase amount on cash | Net cash flow from operating |
| | | | | Company Limited | | | | |
| Anqiu Taipingshan Wind Power Company Limited | 2015/9/1 | 217,270,938.03 | 257,300,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 38,670,910.83 | 16,547,896.97 | 25,442,457.05 | 157,220,219.20 |
| CGN Solar (Dachaidan) Development Company Limited | 2015/9/1 | 532,947,431.77 | 570,700,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 117,777,045.25 | 28,022,659.56 | 197,566,753.07 | 253,735,311.58 |
| CGN Solar Dunhuang Company Limited | 2015/9/1 | 99,939,103.23 | 67,900,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 13,252,992.94 | 1,074,353.54 | -4,476,647.40 | 3,175,829.04 |
| CGN Solar Jinta Company Limited | 2015/9/1 | 37,762,523.28 | 17,500,000.00 | CGN New Energy | 7,203,856.42 | 609,167.76 | 717,696.50 | -11,323,819.84 |

| Company's name | Combination date | Book value of net assets | Consideration | Actual controller | 2015/1/1-2015/9/1(Combination date) | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Income | Net profit | Net increase amount on cash | Net cash flow from operating |
| | | | | Investment (Shenzhen) Company Limited | | | | |
| Yishui Tangwangshan Wind Power Company Limited | 2015/9/1 | 78,255,645.53 | 63,300,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 13,547,460.27 | 4,129,244.04 | 8,947,947.85 | 24,087,792.29 |
| CGN Linqu Wind Power Company Limited | 2015/9/1 | 89,332,234.05 | 87,100,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 29,768,211.50 | 9,095,151.11 | 13,336,400.27 | 60,761,011.58 |
| CGN Linqu Longgang Wind Power Company Limited | 2015/9/1 | 101,456,261.94 | 231,200,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 38,457,481.24 | 20,219,303.40 | 45,650,804.98 | 78,776,548.96 |

| Company's name | Combination date | Book value of net assets | Consideration | Actual controller | 2015/1/1-2015/9/1(Combination date) | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Income | Net profit | Net increase amount on cash | Net cash flow from operating |
| CGN Yishui Wind Power Company Limited | 2015/9/1 | 108,981,801.51 | 137,700,000.00 | CGN New Energy Investment (Shenzhen) Company Limited | 36,233,794.90 | 11,165,916.07 | 14,650,693.36 | 88,756,542.20 |

Notes: According to "implementation of significant or related party transaction related to the target company of CGNPC ", the board of CGN New Energy Investment (Shenzhen) Company Limited announced that all the prerequisite of framework agreement was reached and the consolidation date is 1st Sep 2015 according to the clause and condition of the framework agreement. After the transaction completed, the target company became an indirect subsidiary company of CGN New Energy Holdings Co., Ltd, which was a level 3 subsidiary in the Group.

4) Business combination under no common control in this year:

| **Company's name** | **Combination date** | **Book value of net assets** | **Fair value of net identifiable assets** | |
|---|---|---|---|---|
| | | | **Amounts** | **Determination method** |
| Eolinvest France | 2015-02-09 | 186,772,250.46 | 186,772,250.46 | Book Value |
| Green Rigg Windfarm Limited | 2015-01-01 | 311,485,444.85 | 311,485,444.85 | Book Value |
| Brenig Wind Limited | 2015-07-14 | 30,575,811.86 | 30,575,811.86 | Book Value |

(Continued):

| **Company's name** | **Consideration** | **Goodwill** | |
|---|---|---|---|
| | | **Amounts** | **Determination method** |
| Eolinvest France | 258,178,541.18 | 71,406,290.72 | The amount of cost of investment exceeds the fair value of net identifiable assets |
| Green Rigg Windfarm Limited | 706,651,393.72 | 457,463,037.84 | |
| Brenig Wind Limited | 139,283,921.76 | 108,708,109.90 | |

## VIII.Explanatory notes for significant matters in consolidated financial statements

Unless otherwise specified, "Beginning balance" in the financial statements as set out below means balance at 1 January 2015;"Ending balance" means balance at 31 December 2015; "Current period" means the period from 1 January 2015 to 31 December 2015. "Prior period" means the period from 1 January 2014 to 31 December 2014, and the financial statements are expressed in RMB.

1. Cash and Bank Balances

(1) Details of Cash and Bank Balances

| Items | Ending balance | Beginning balance |
|---|---|---|
| | Amount in RMB | Amount in RMB |
| Cash on hand | 90,384.61 | 172,696.43 |
| Cash at bank | 8,880,033,125.13 | 2,926,735,768.40 |
| Other monetary funds | 487,314,016.04 | 891,411,111.35 |
| **Total** | **9,367,437,525.78** | **3,818,319,576.18** |
| Include: total funds that deposit overseas | 1,597,984,327.63 | 2,729,824,978.84 |

(2)The restriction of Cash and Bank Balances

| Item | Amount | Reason for restriction |
|---|---|---|
| Other monetary funds | 487,312,212.00 | Mortgage funds for Korean loan |
| **Total** | **487,312,212.00** | |

The restriction of cash at bank and on hand at the end of the year is the funds that Korean subsidiaries deposit in their special account for bank loan, total amount is RMB 487,312,212.00.

2. Notes receivable

| Categories | Ending balance | Beginning balance |
|---|---|---|
| Banker's acceptance | 152,494,418.62 | 37,587,000.00 |
| Trade acceptance | 2,011,216.50 | 300,000.00 |
| **Total** | **154,505,635.12** | **37,887,000.00** |

(1) Notes receivables which was endorsed or discounted at the end of the year and still not expired yet at the balance sheet date

| Items | Amount of derecognition at the end of the year | Amount of still recognition at the end of the year |
|---|---|---|
| Banker's acceptance | 3,300,000.00 | |
| **Total** | **3,300,000.00** | |

3. Accounts receivable

| Category | Ending balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Accounts receivable that are individually significant and are provided for bad debts on individual basis | 51,916,116.83 | 4.15 | 1,235,600.17 | 100.00 |
| Accounts receivable that are provided for bad debts on portfolio basis | 1,199,259,761.20 | 95.85 | | |
| **Total** | **1,251,175,878.03** | | **1,235,600.17** | |

Continued

| Category | Beginning balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Accounts receivable that are individually significant and are provided for bad debts on individual basis | 18,576,071.18 | 1.43 | 719,359.84 | 100.00 |
| Accounts receivables that are provided for bad debts on portfolio basis | 1,281,770,638.73 | 98.57 | | |
| **Total** | **1,300,346,709.91** | | **719,359.84** | |

(1) Accounts receivable that are individually significant and are provided for bad debts on individual basis

| Debtor's Name | Ending balance | Provision for Bad debts | Aged | Proportion (%) | Reason |
|---|---|---|---|---|---|
| Jiangsu Electric Power Co. | 48,460,851.75 | 717,310.41 | 5 years above | 1.48 | Predict partial irrecoverable |

| Debtor's Name | Ending balance | Provision for Bad debts | Aged | Proportion (%) | Reason |
|---|---|---|---|---|---|
| Haian County New Age Cement Co., Ltd | 3,455,265.08 | 518,289.76 | 1-3 years | 15.00 | Predict partial irrecoverable |
| **Total** | **51,916,116.83** | **1,235,600.17** | | | |

(2) Accounts receivable that are provided for bad debts on portfolio basis

a. Accounts receivable that are provided for bad debts on portfolio basis of other methods

| Item | Ending balance | | | Beginning balance | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Proportion (%) | Provision for bad debts | Carrying amount | Proportion (%) | Provision for bad debts |
| Accounts receivable of inter-group | 1,391,181.93 | | | 1,218,777.96 | | |
| Other receivables of outer-group with convincing collectible evidence | 1,197,868,579.28 | | | 1,280,379,456.80 | | |
| **Total** | **1,199,259,761.20** | | | **1,281,770,638.73** | | |

(3) The top 5 customers which ranked by the ending balance of accounts reveivable:

| Debtor's Name | Ending Balance |
|---|---|
| Gansu Electric Power Co. | 420,324,942.91 |
| KPX (Korea) | 322,806,671.49 |
| KEPCO (Korea) | 95,393,007.09 |
| Henan Electric Power Co. | 61,389,377.98 |
| Shandong Electric Power Co. | 59,050,911.10 |

4. Prepayments

| Aging | Ending balance | | | Beginning balance | | |
|---|---|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | Carrying amount | | Provision for bad debts |
| | Amount | Proportion (%) | | Amount | Proportion (%) | |
| Within 1 year | 99,725,796.29 | 89.45 | | 194,184,790.56 | 97.39 | |
| 1-2 years | 8,861,907.42 | 7.95 | | 3,361,136.45 | 1.69 | |
| 2-3 years | 2,186,710.00 | 1.96 | | 1,489,376.17 | 0.75 | |
| Over 3 years | 708,649.20 | 0.64 | | 344,794.78 | 0.17 | |
| **Total** | **111,483,062.91** | | | **199,380,097.96** | | |

Following lists shows the significant advance payments which aging exceed 1 year:

| Creditors Company | Debtor's Company | Ending Balance | Aged | Reasons |
|---|---|---|---|---|
| Group | China Gezhouba Group Corporation-Construction Project Department of Rongan Hydropower Station | 4,079,034.30 | 1-2 years | No inspection |
| Group | China National Building Materials Group Corporation | 1,443,816.00 | 1-2 years | No inspection |
| Group | Power Construction Corporation of China Mid-South Design & Research Institute Co., Ltd | 2,970,000.00 | 1-3 years | No inspection |
| **Total** | | **8,492,850.30** | | |

5. Interest receivable

| Item | Ending balance | Beginning balance |
|---|---|---|
| Fixed term deposit | 1,117,231.72 | 1,670,546.17 |
| Others | 1,835.81 | 954.69 |
| **Total** | **1,119,067.53** | **1,671,500.86** |

6. Dividends receivable

| Item | Ending Balance | Beginning Balance | Reasons of haven't recoverable | Impairment occurrence |
|---|---|---|---|---|
| Dividend receivable within 1 year | 279,772,693.02 | 332,638,226.36 | | |
| Including: Hubei Xisaishan Power Limited | 112,887,423.50 | 66,033,854.10 | Waiting for duty paid procedure | No |
| Hubei Huadian Xisaishan Power Generation Co. Ltd. | 166,885,269.52 | 159,087,395.73 | Waiting for duty paid procedure | No |
| CGN (Suniteyouqi) Wind Power Generation Co., Ltd. | | 1,088,066.24 | | No |
| CGN (Siziwang) Wind Power Generation Co. Ltd. | | 7,826,242.43 | | No |
| Gansu CGN Wind Power Generation CO. Ltd. | | 24,866,173.25 | | No |
| Jilin CGN Wind Power Generation CO. Ltd. | | 58,986,470.18 | | No |
| Inner Mongolia CGN Wind Power Generation CO. Ltd. | | 2,411,728.16 | | No |
| CGN (Chabei) Wind Power Co. Ltd | | 12,338,296.27 | | No |
| **Total** | **279,772,693.02** | **332,638,226.36** | | |

7. Other receivables

| Category | Ending balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion（%） | Amount | Proportion（%） |
| Other receivables that are individually significant and are provided for bad debts on individual basis | | | | |
| Other receivables that are provided for bad debts on portfolio basis | 652,128,158.60 | 100.00 | | |
| Other receivables that are individually insignificant but are individually provided for bad debts | | | | |
| **Total** | **652,128,158.60** | | | |

Continued

| Category | Ending balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion（%） | Amount | Proportion（%） |
| Other receivables that are individually significant and are provided for bad debts on individual basis | | | | |
| Other receivables that are provided for bad debts on portfolio basis | 1,952,018,406.18 | 100.00% | | |
| Other receivables that are individually insignificant but are individually provided for bad debts | | | | |
| **Total** | **1,952,018,406.18** | — | | |

(1)Other receivables that are provided for bad debts on portfolio basis

a. Other reveivables which accrued bad debt provisions using aging analysis

| Aged | Ending Balance | | | Beginning Balance | | |
|---|---|---|---|---|---|---|
| | Book Value | | Provisions for bad debts | Book Value | | Provisions for bad debts |
| | Amount | Proporation（%） | | Amount | Proporation（%） | |
| Below 1 year | 17,331,168.76 | 100.00 | | | | |
| **Total** | **17,331,168.76** | | | | | |

b. Other reveivables which accrued bad debt provisions using other combination method

| Item | Ending balance | | | Beginning balance | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Proportion（%） | Provision for bad debts | Carrying amount | Proportion（%） | Provision for bad debts |
| Other receivables of Inter-group | 595,262,019.21 | | | 1,909,754,414.44 | | |
| Other receivables of outer-group with convincing collectible evidence | 39,534,970.63 | | | 42,263,991.74 | | |
| **Total** | **634,796,989.84** | | | **1,952,018,406.18** | | |

(2) The top 5 customers which ranked by the ending balance of other reveivables

| Debtor's name | Natures of funds | Ending Balance |
|---|---|---|
| CGNPC Huasheng Investment Limited | Intercourse funds | 584,905,651.23 |
| Yanchang Huitong Wind Power Co.ltd | Intercourse funds | 11,996,427.00 |
| Kaili Shengyun Electricity Environmental Protection Co., Ltd | Intercourse funds | 15,291,282.06 |
| CGN Wind Energy Limited | Intercourse funds | 9,601,364.20 |
| Customer of fujin Project | Intercourse funds | 3,499,084.29 |
| **Total** | | **625,293,808.78** |

8. Inventories

（1）Categories of inventories

| Item | Ending balance | | |
|---|---|---|---|
| | Carrying amount | Provision for deduction | Book value |
| Raw materials | 82,918,790.20 | 1,229,043.55 | 81,689,746.65 |
| Turnover materials | 77,319,286.15 | | 77,319,286.15 |
| Others | 27,944,736.92 | | 27,944,736.92 |
| **Total** | **188,182,813.27** | **1,229,043.55** | **186,953,769.72** |

Continued

| Item | Beginning balance | | |
|---|---|---|---|
| | Carrying amount | Provision for reduction | Book value |
| Raw materials | 100,289,310.06 | 1,229,043.55 | 99,060,266.51 |
| Turnover materials | 79,630,220.04 | | 79,630,220.04 |
| Others | 15,084,430.21 | | 15,084,430.21 |
| **Total** | **195,003,960.31** | **1,229,043.55** | **193,774,916.76** |

9. Non-current assets due within one year

| Item | Ending balance | Beginning balance |
|---|---|---|
| Financial leasing funds due within 1 year | 936,841,028.15 | 342,913,680.23 |

| Item | Ending balance | Beginning balance |
|---|---|---|
| Long-term prepaid expenses due within 1 year | 68,336,275.40 | 19,261,024.32 |
| Others | 7,716,918.91 | 3,244,821.61 |
| **Total** | **1,012,894,222.46** | **365,419,526.16** |

10. Other current assets

| Item | Ending balance | Beginning balance |
|---|---|---|
| Value added tax (input tax to be deducted) | 785,594,559.30 | 423,764,291.64 |
| Others | 12,655,917.19 | 2,117,908.38 |
| **Total** | **798,250,476.49** | **425,882,200.02** |

11. Long-term receivables

| Item | Ending balance | | |
|---|---|---|---|
| | Carrying amount | Provision for bad debts | Book value |
| Financial lease reveivables | 3,006,085,573.37 | 48,141,521.00 | 2,957,944,052.37 |
| Including:Unrealized financinig income | 408,490,670.83 | | 408,490,670.83 |
| Others (Note 1) | 12,841,184.98 | | 12,841,184.98 |
| **Total** | **3,018,926,758.35** | **48,141,521.00** | **2,970,785,237.35** |

Continued:

| Item | Beginning balance | | | Interval of discount rate |
|---|---|---|---|---|
| | Carrying amount | Provision for bad debts | Book value | |
| Financial lease reveivables | 955,475,963.99 | 7,790,337.87 | 947,685,626.12 | 15% |
| Including:Unrealized financinig income | 320,972,392.98 | | 320,972,392.98 | |
| Others (Note 1) | 12,841,185.01 | | 12,841,185.01 | 15% |
| **Total** | **968,317,149.00** | **7,790,337.87** | **960,526,811.13** | |

Note1: the ending balance is the account of Xilingole Fengneng Electric Constructions Co. Ltd, the minority shareholder of Huamei Holding Co. Ltd.'s subdidiary West Ujimqin Banner International New Energy Wind Power Co. Ltd. The accounts receivable will be offset by the profits which West Ujimqin Banner International New Energy Wind Power Co. Ltd. should distribute to Xilingole Fengneng Electric Constructions Co. Ltd. in the future. As at the end of

the year, West Ujimqin Banner International New Energy Wind Power Co. Ltd. is not yet in operation, so the Group identified it as long-term receivables.

12. Long-term equity investments

(1) Classification of long-term equity investments

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Investment to joint venture | 3,844,487,887.69 | 442,821,790.92 | 70,323,661.04 | 4,216,986,017.57 |
| Investment to associate company | 3,479,273,498.51 | 470,959,522.49 | 1,164,800,130.16 | 2,785,432,890.84 |
| Subtotal | 7,323,761,386.20 | 913,781,313.41 | 1,235,123,791.20 | 7,002,418,908.41 |
| Less: Provision for long-term equity investment | 116,039,027.92 | 581,549,027.24 | | 697,588,055.16 |
| **Total** | **7,207,722,358.28** | **332,232,286.17** | **1,235,123,791.20** | **6,304,830,853.25** |

(2) Details of long-term equity investment

| Name of investors | Investment cost | Beginning balance | Changing in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional Investment | Negative investment | Investment income confirmed by equity method | The adjustment of other comprehensive income |
| **Joint venture** | | | | | | |
| Hunan Xiangtou International Investment Co.Ltd. | 2,290,955,218.63 | 3,844,487,887.69 | | | 442,821,790.92 | |
| **Associates** | | | | | | |
| YinjianInternational Industries Limited | 698,083,181.90 | 914,324,902.16 | | | -8,365,968.77 | -49,274,725.55 |
| Hubei Huadian Xisaishan Power Generation Co. Ltd. | 463,973,292.74 | 532,787,603.78 | | | 249,159,136.01 | |
| Hubei Xisaishan Power Generation Co. Ltd. | 463,050,000.00 | 406,103,678.29 | | | 145,918,119.98 | 2,614,585.14 |
| Jingyuan No.2 Power Generation Co. Ltd. | 295,397,178.49 | 506,503,481.71 | | | -13,364,647.05 | |
| Dongyuan Qujing Power Co. Ltd. | 365,479,193.51 | 116,039,027.92 | | | | |
| CGN (Siziwang) Wind Power Generation Co. Ltd. | 38,217,090.18 | 40,091,653.24 | | 40,091,653.24 | | |
| CGN (Suniteyouqi) Wind Power Generation Co., Ltd. | 38,022,948.15 | 38,380,597.10 | | 38,380,597.10 | | |

| Name of investors | Investment cost | Beginning balance | Changing in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional Investment | Negative investment | Investment income confirmed by equity method | The adjustment of other comprehensive income |
| Inner Mongolia CGN Wind Power Generation Co. Ltd. | 179,065,170.08 | 186,399,490.12 | | | | |
| Gansu CGN Wind Power Generation Co. Ltd. | 63,484,526.12 | 69,096,032.24 | | | | |
| Heilongjiang East Wind Power Generation Co. Ltd. | 46,453,747.24 | 53,109,653.93 | | 53,109,653.93 | | |
| Heilongjiang North Wind Power Generation CO. Ltd. | 44,213,618.08 | 53,034,516.14 | | 53,034,516.14 | | |
| CGN (Chabei) Wind Power Co. Ltd | 79,425,879.37 | 79,777,423.79 | | 79,777,423.79 | | |
| Jilin CGN Wind Power Generation Co. Ltd. | 142,639,005.90 | 150,079,246.95 | | 150,079,246.95 | | |
| Dalian Changxingdao CGN Wind Power Co., Ltd. | 186,588,659.36 | 202,387,333.05 | | 204,894,074.87 | 2,506,741.82 | |
| Mishan Linhe Wind Power Co.Ltd. | 33,000,000.00 | 34,487,036.67 | | 34,515,512.51 | 28,475.84 | |
| Mishan Panjiadian Wind Power Co.Ltd. | 33,000,000.00 | 36,671,821.42 | | 37,821,167.58 | 1,149,346.16 | |
| CGN Rudong Offshore Wind Power Co., Ltd. | 60,000,000.00 | 60,000,000.00 | | 60,000,000.00 | | |

| Name of investors | Investment cost | Beginning balance | Changing in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional Investment | Negative investment | Investment income confirmed by equity method | The adjustment of other comprehensive income |
| **Total** | **5,521,048,709.75** | **7,323,761,386.20** | | **751,703,846.11** | **819,852,994.91** | **-46,660,140.41** |

Continued

| Name of investors | Changing in this year | | | | Ending Balance | Provision for impairment |
|---|---|---|---|---|---|---|
| | Other equity changes | Declaration of cashing dividend or profit distribution | Accrue provision for impairment loss | Others | | Ending Balance |
| **Joint venture** | | | | | | |
| Hunan Xiangtou International Investment Co.Ltd. | | 70,323,661.04 | | | 4,216,986,017.57 | |
| **Associates** | | | | | | |
| YinjianInternational Industries Limited | | 14,656,270.86 | 558,780,749.06 | 53,742,375.72 | 895,770,312.70 | 581,549,027.24 |
| Hubei Huadian Xisaishan Power Generation | | 169,587,027.93 | | | 612,359,711.86 | |

| Name of investors | Changing in this year | | | | Ending Balance | Provision for impairment |
|---|---|---|---|---|---|---|
| | Other equity changes | Declaration of cashing dividend or profit distribution | Accrue provision for impairment loss | Others | | Ending Balance |
| Co. Ltd. | | | | | | |
| Hubei Xisaishan Power Generation Co. Ltd. | | 124,806,398.72 | | | 429,829,984.69 | |
| Jingyuan No.2 Power Generation Co. Ltd. | | 23,459,902.86 | | | 469,678,931.80 | |
| Dongyuan Qujing Power Co. Ltd. | | | | | 116,039,027.92 | 116,039,027.92 |
| CGN (Siziwang) Wind Power Generation Co. Ltd. | | | | | | |
| CGN (Suniteyouqi) Wind Power Generation Co., Ltd. | | | | | | |
| Inner Mongolia CGN Wind Power Generation Co. Ltd. | | 6,025,616.71 | | 11,556,782.57 | 191,930,655.98 | |
| Gansu CGN Wind Power Generation Co. Ltd. | | 3,555,725.60 | | 4,283,959.25 | 69,824,265.89 | |
| Heilongjiang East Wind Power Generation Co. Ltd. | | | | | | |
| Heilongjiang North Wind Power Generation CO. Ltd. | | | | | | |

| Name of investors | Changing in this year | | | | Ending Balance | Provision for impairment |
|---|---|---|---|---|---|---|
| | Other equity changes | Declaration of cashing dividend or profit distribution | Accrue provision for impairment loss | Others | | Ending Balance |
| CGN (Chabei) Wind Power Co. Ltd | | | | | | |
| Jilin CGN Wind Power Generation CO. Ltd. | | | | | | |
| Dalian Changxingdao CGN Wind Power Co., Ltd. | | | | | | |
| Mishan Linhe Wind Power Co.Ltd. | | | | | | |
| Mishan Panjiadian Wind Power Co.Ltd. | | | | | | |
| CGN Rudong Offshore Wind Power Co., Ltd. | | | | | | |
| **Total** | | **412,414,603.72** | **558,780,749.06** | **69,583,117.54** | **7,002,418,908.41** | **697,588,055.16** |

Note 1: According to the constitution of Yinjian International Industries Co. Ltd., the Company sends a representative in the Board of directors of Yinjian International Co. Ltd., though the proportion of voting rights is 15.8%, the Company could exert significant impact on it, so equity method is adopted in subsequent measurements.

(3) Main financial information of significant joint ventures

| Item | Current period | Prior period |
|---|---|---|
| | Hunan Xiangtou International Investment Co.Ltd. | Hunan Xiangtou International Investment Co.Ltd. |
| Current assets | 702,334,315.00 | 1,173,692,709.14 |
| Non-current assets | 8,261,917,521.00 | 6,379,580,238.75 |
| Total of assets | 8,964,251,836.00 | 7,553,272,947.89 |
| Current liabilities | 254,028,311.00 | 207,403,237.24 |
| Non-current liabilities | 1,957,501,037.00 | 1,388,688,485.01 |
| Total of liabilities | 2,211,529,348.00 | 1,596,091,722.25 |
| Net assets | 6,752,722,488.00 | 5,957,181,225.64 |
| Net assets amount calculated by helding proportion | 3,376,361,244.00 | 2,978,590,612.82 |
| Adjusting transactions | 840,624,773.57 | 865,897,274.87 |
| Book value of joint venture equity investment | 4,216,986,017.57 | 3,844,487,887.69 |
| Fair value of equity investment with public offer | | |
| Operating revenue | 442,770,630.82 | 145,685,185.20 |
| Finance expenses | 37,163,466.00 | 44,889,354.14 |
| Income tax expenses | 7,214,251.64 | 2,457,266.91 |
| Net income | 397,753,267.74 | 696,236,369.49 |
| Other comprehensive income | | |
| Total comprehensive income | 397,753,267.74 | 696,236,369.49 |
| Dividend from joint venture in current period | 70,323,661.04 | 179,846,435.03 |

(4) Main financial information of significant associats

| Item | Current period | | | |
|---|---|---|---|---|
| | Hubei Huadian Xisaishan Power Generation Co. Ltd. | Hubei Xisaishan Power Generation Co. Ltd. | Jingyuan No.2 Power Generation Co. Ltd. | Dongyuan Qujing Energy Co. Ltd. |
| Current assets | 591,267,083.70 | 279,650,389.56 | 272,873,103.00 | 282,686,163.00 |
| Non-current | 3,590,216,098.49 | 1,764,441,021.51 | 2,691,264,149.00 | 1,297,373,231.00 |

| Item | Current period | | | |
|---|---|---|---|---|
| | Hubei Huadian Xisaishan Power Generation Co. Ltd. | Hubei Xisaishan Power Generation Co. Ltd. | Jingyuan No.2 Power Generation Co. Ltd. | Dongyuan Qujing Energy Co. Ltd. |
| assets | | | | |
| Total of assets | 4,181,483,182.19 | 2,044,091,411.07 | 2,964,137,252.00 | 1,580,059,394.00 |
| Current liabilities | 1,325,148,331.96 | 520,581,682.74 | 540,313,090.00 | 988,832,451.00 |
| Non-current liabilities | 1,619,600,000.00 | 503,349,608.36 | 642,222,578.00 | 910,221,023.00 |
| Total of liabilities | 2,944,748,331.96 | 1,023,931,291.10 | 1,182,535,668.00 | 1,899,053,474.00 |
| Net assets | 1,236,734,850.23 | 1,020,160,119.97 | 1,781,601,584.00 | -318,994,080.00 |
| Net assets amount calculated by helding proportion | 606,000,076.61 | 499,878,458.79 | 547,486,166.76 | -118,027,809.60 |
| Adjusting transactions | 6,359,635.25 | -70,048,474.10 | -77,807,234.96 | 118,027,809.60 |
| Book value of associated company equity investment | 612,359,711.86 | 429,829,984.69 | 469,678,931.80 | |
| Fair value of equity investment with public offer | | | | |
| Operating revenue | 1,914,773,756.70 | 1,397,177,710.53 | 963,711,994.00 | 823,688,968.00 |
| Finance expenses | 139,098,993.01 | 44,154,181.57 | 48,500,000.00 | 123,585,621.00 |
| Income tax expenses | 137,841,082.96 | 97,862,208.19 | 36,305,170.00 | |
| Net income | 344,300,469.56 | 300,953,958.20 | -28,687,879.00 | -135,768,123.00 |
| Other comprehensive income | | | | |
| Total | 344,300,469.56 | 300,953,958.20 | -28,687,879.00 | -135,768,123.00 |

| Item | Current period | | | |
|---|---|---|---|---|
| | Hubei Huadian Xisaishan Power Generation Co. Ltd. | Hubei Xisaishan Power Generation Co. Ltd. | Jingyuan No.2 Power Generation Co. Ltd. | Dongyuan Qujing Energy Co. Ltd. |
| comprehensive income | | | | |
| Dividend from associated company in current period | 158,774,982.90 | 72,351,884.77 | 23,459,902.86 | |

Continued

| Item | Prior period | | | |
|---|---|---|---|---|
| | Hubei Huadian Xisaishan Power Generation Co. Ltd. | Hubei Xisaishan Power Generation Co. Ltd. | Jingyuan No.2 Power Generation Co. Ltd. | Dongyuan Qujing Energy Co. Ltd. |
| Current assets | 870,449,094.22 | 441,550,663.42 | 450,504,764.85 | 298,911,192.96 |
| Non-current assets | 4,022,380,626.12 | 1,912,150,382.08 | 2,795,201,152.82 | 1,853,558,077.79 |
| Total of assets | 4,892,829,720.34 | 2,353,701,045.50 | 3,245,705,917.67 | 2,152,469,270.75 |
| Current liabilities | 1,411,358,776.72 | 870,127,106.30 | 785,100,029.38 | 1,093,124,156.80 |
| Non-current liabilities | 2,393,020,000.00 | 520,270,065.55 | 576,414,637.55 | 981,800,593.52 |
| Total of liabilities | 3,804,378,776.72 | 1,390,397,171.85 | 1,361,514,666.93 | 2,074,924,750.32 |
| Net assets | 1,088,450,943.62 | 963,303,873.65 | 1,884,191,250.74 | 77,544,520.43 |
| Net assets amount calculated by helding proportion | 533,340,962.37 | 472,018,898.09 | 579,011,971.35 | 28,691,472.56 |
| Adjusting transactions | -553,358.59 | -65,915,219.80 | -72,508,489.64 | -28,691,472.56 |

| Item | Prior period | | | |
|---|---|---|---|---|
| | Hubei Huadian Xisaishan Power Generation Co. Ltd. | Hubei Xisaishan Power Generation Co. Ltd. | Jingyuan No.2 Power Generation Co. Ltd. | Dongyuan Qujing Energy Co. Ltd. |
| Book value of associated company equity investment | 532,787,603.78 | 406,103,678.29 | 506,503,481.71 | |
| Fair value of equity investment with public offer | | | | |
| Operating revenue | 2,028,850,009.33 | 1,428,603,460.12 | 1,288,327,326.51 | 892,808,462.32 |
| Finance expenses | 164,883,734.78 | 56,623,344.72 | 49,028,669.66 | 120,221,815.62 |
| Income tax expenses | 78,138,337.35 | 52,837,907.51 | 19,853,687.96 | |
| Net income | 368,995,924.86 | 151,981,511.57 | 41,814,041.67 | -224,697,643.37 |
| Other comprehensive income | | | | |
| Total comprehensive income | 368,995,924.86 | 151,981,511.57 | 41,814,041.67 | -224,697,643.37 |
| Dividend from associated company in current period | 182,979,574.35 | 74,281,735.77 | 14,330,693.03 | |

(5) Summarizing information of insignificant joint ventures and associates

| Item | Current period | Prior period |
|---|---|---|
| Associates | | |

| Item | Current period | Prior period |
|---|---|---|
| Total Carrying amount of investment | 890,197,492.79 | 1,769,594,147.94 |
| Total amount of followings calculated by helding proportion | 2,083,985,026.70 | 9,760,863,395.06 |
| Net income | -143,809,304.88 | 244,491,406.75 |
| Other comprehensive income | -662,653,096.16 | -27,969,955.00 |
| Total comprehensive income | -806,462,401.04 | 216,521,451.75 |

13. Fixed assets

(1) Original Costs

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Land assets | 463,235,684.06 | 2,840,930.18 | | 466,076,614.24 |
| Houses and Building | 3,633,418,478.79 | 1,186,107,031.45 | | 4,819,525,510.24 |
| Machinary | 15,298,961,454.87 | 5,466,460,800.43 | 313,341,034.93 | 20,452,081,220.37 |
| Transprotation facility | 44,563,974.67 | 3,759,251.12 | 1,362,133.34 | 46,961,092.45 |
| Office equipment | 81,914,201.18 | 10,565,963.83 | 2,278,142.06 | 90,202,022.95 |
| **Total** | **19,522,093,793.57** | **6,669,733,977.01** | **316,981,310.33** | **25,874,846,460.25** |

(2) Accumulated depreciation

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Land assets | | | | |
| Houses and Building | 955,930,914.76 | 164,958,440.04 | | 1,120,889,354.80 |
| Machinary | 3,646,066,936.23 | 1,343,725,477.19 | 157,608,901.13 | 4,832,183,512.29 |
| Transprotation facility | 25,213,527.07 | 5,616,736.05 | 981,511.41 | 29,848,751.71 |
| Office equipment | 46,326,473.21 | 9,419,249.86 | 1,985,569.69 | 53,760,153.38 |
| **Total** | **4,673,537,851.27** | **1,523,719,903.14** | **160,575,982.23** | **6,036,681,772.18** |

(3) Net book value

| Item | Beginning balance | Ending balance |
|---|---|---|
| Land assets | 463,235,684.06 | 466,076,614.24 |
| Houses and Building | 2,677,487,564.03 | 3,698,636,155.44 |
| Machinary | 11,652,894,518.64 | 15,619,897,708.08 |
| Transprotation facility | 19,350,447.60 | 17,112,340.74 |
| Office equipment | 35,587,727.97 | 36,441,869.57 |

| Item | Beginning balance | Ending balance |
|---|---|---|
| **Total** | **14,848,555,942.30** | **19,838,164,688.07** |

(4) Provision for impairment loss of fixed assets

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Land assets | | | | |
| Houses and Building | | | | |
| Machinary | 95,363,272.73 | | 95,363,272.73 | |
| Transprotation facility | | | | |
| Office equipment | | | | |
| **Total** | **95,363,272.73** | | **95,363,272.73** | |

(5) Carrying amount of fixed assets

| Items | Beginning balance | Ending balance |
|---|---|---|
| Land assets | 463,235,684.06 | 466,076,614.24 |
| Houses and Building | 2,677,487,564.03 | 3,698,636,155.44 |
| Machinary | 11,557,531,245.91 | 15,619,897,708.08 |
| Transprotation facility | 19,350,447.60 | 17,112,340.74 |
| Office equipment | 35,587,727.97 | 36,441,869.57 |
| **Total** | **14,753,192,669.57** | **19,838,164,688.07** |

(1)The book value of fixed assets which are mortgaged is RMB 8,326,440,533.60. The original cost of fixed assets which are fully depreciated but still in use is RMB 2,719,405.23.

(2)Land assets are the unlimited land right owned by Korean subsidiary of the Group.

14. Construction in progress

(1) Conditions on constructions

| Items | Ending balance | | | Beginning balance | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Provision for impairment | Book value | Carrying amount | Provision for impairment | Book value |
| Jinqiao project | 20,216,335.89 | | 20,216,335.89 | 13,503,986.59 | | 13,503,986.59 |
| Xitie Mountain project（The second phase of Xitie Mountain） | 3,358,974.36 | | 3,358,974.36 | 3,358,974.36 | | 3,358,974.36 |
| Haian project | 12,709,965.64 | | 12,709,965.64 | 6,792,434.97 | | 6,792,434.97 |
| Constructionin progress of Dezhou Leling project | 25,097,437.97 | | 25,097,437.97 | | | |
| Shenzhen Shangyang project | 9,374,067.56 | | 9,374,067.56 | 523,884.09 | | 523,884.09 |
| Jiaxing project | 5,044,025.01 | | 5,044,025.01 | 1,399,059.37 | | 1,399,059.37 |
| Weixi hydro-power station | 240,720,480.51 | | 240,720,480.51 | 284,881,362.89 | | 284,881,362.89 |
| Minrui hydro-power station | 652,210,922.52 | | 652,210,922.52 | 1,006,336,576.41 | | 1,006,336,576.41 |
| Maopo river hydro-power station | 740,890.87 | | 740,890.87 | 126,734,160.27 | | 126,734,160.27 |
| P project construction | 59,829,983.25 | | 59,829,983.25 | | | |
| Others | 24,472,559.62 | | 24,472,559.62 | 3,506,972,938.18 | | 3,506,972,938.18 |
| **Total** | **1,053,775,643.20** | | **1,053,775,643.20** | **4,950,503,377.13** | | **4,950,503,377.13** |

(2) Changing situation on significant construction during current year

| Project name | Budgets | Beginning balance | Increase | Transfer to fixed assets | Other decrease |
|---|---|---|---|---|---|
| Weixi hydro-power station | 436,600,000.00 | 284,881,362.89 | 31,155,721.28 | 75,316,603.66 | |
| Minrui hydro-power station | 1,389,632,199.00 | 1,006,336,576.41 | 124,575,080.30 | 446,850,000.00 | 31,850,734.19 |
| **Total** | **1,400,512,819.00** | **1,291,217,939.30** | **155,730,801.58** | **522,166,603.66** | **31,850,734.19** |

Contiuned:

| Project name | Ending balance | The proportion of investment on project over total amount of budget | Progress of project | Cumulative balance of capitalization of interest | Including:the amount of capitalization of interest during current period | Interest capitalization rate this year（%） | Capital source |
|---|---|---|---|---|---|---|---|
| Weixi hydro-power station | 240,720,480.51 | 95.00 | 95.00 | 16,944,516.86 | 4,935,255.06 | 5.90 | Loan |
| Minrui hydro-power station | 652,210,922.52 | 90.93 | 90.93 | 129,387,766.10 | 13,755,666.65 | 6.55 | Loan |
| **Total** | **892,931,403.03** | | | **146,332,282.96** | **18,690,921.71** | | |

15. Construction materials

| Items | Beginning balance | Ending balance |
|---|---|---|
| Installing and technological upgrading project of the network equipment at CGNPC DunhuangPower Station | 493,333.34 | |
| Specialized material | 92,203.37 | |
| Wind Power station project at Yishui Longshan (48MW) | 2,251,000.00 | |
| Professional equipment | 8,203,676.03 | |
| **Total** | **11,040,212.74** | |

16. Intangible assets

(1) Intangible assets

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| **Original value** | **2,409,360,732.88** | **39,462,671.57** | **135,412,391.50** | **2,313,411,012.95** |
| Including: softwares | 8,087,278.79 | 1,174,806.82 | | 9,262,085.61 |
| Land use rights | 388,343,454.09 | 38,287,864.75 | 66,217,947.05 | 360,413,371.79 |
| Franchising rights | 2,012,930,000.00 | | 69,194,444.45 | 1,943,735,555.55 |
| **Accumulated amortisation** | **797,718,976.35** | **164,592,898.69** | **746,732.66** | **961,565,142.38** |
| Including: softwares | 4,643,081.09 | 1,557,955.46 | 150.00 | 6,200,886.55 |
| Land use rights | 152,008,314.69 | 13,910,057.24 | 746,582.66 | 165,171,789.27 |
| Franchising rights | 641,067,580.57 | 149,124,885.99 | | 790,192,466.56 |
| **Provision for impairment loss** | **78,092,777.78** | | **78,092,777.78** | |
| Including: softwares | | | | |
| Land use rights | 8,898,333.33 | | 8,898,333.33 | |
| Franchising rights | 69,194,444.45 | | 69,194,444.45 | |
| **Book value** | **1,533,548,978.75** | **—** | **—** | **1,351,845,870.57** |
| Including: softwares | 3,444,197.70 | — | — | 3,061,199.06 |
| Land use rights | 227,436,806.07 | — | — | 195,241,582.52 |
| Franchising rights | 1,302,667,974.98 | — | — | 1,153,543,088.99 |

17. Goodwill

(1) The original value of goodwill

| Name of the invested organization or goodwill formation matters | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Nantong Meiya Thermal Power Co. Ltd. | 4,551,058.38 | 278,611.95 | | 4,829,670.33 |
| Eolinvest France | | 71,406,290.72 | | 71,406,290.72 |
| Green Rigg Windfarm Limited | | 457,463,037.84 | | 457,463,037.84 |
| Brenig Wind Limited | | 108,708,109.90 | | 108,708,109.90 |
| CGN New Energy Holdings Co., Ltd. | 500,458,665.39 | | | 500,458,665.39 |
| **Total** | **505,009,723.77** | **637,856,050.41** | | **1,142,865,774.18** |

18. Long-term deferred expenses

| Item | Beginning balance | Increase | Amortization |
|---|---|---|---|
| Long-term maintenance contract | | 242,294,667.35 | 28,185,347.60 |
| Insurance (performance bond) | 5,122,301.72 | | 557,255.34 |
| Ash yard leasing expenses | 225,000.00 | | 37,500.00 |
| Pipe network pressure test expenses | 16,668.80 | | 16,668.80 |
| Amortization of prepaid Chinese service charges | 260,000.00 | | 100,000.00 |
| Others | 4,158,554.20 | | 616,356.61 |
| Amortisation of costs of house for talent renting | 623,819.64 | | 36,876.00 |
| Long-term prepaid expenses: land-use fees | | 39,789,675.63 | 2,010,812.28 |
| Long-term prepaid expenses: Others (such as land-use fees, etc.) | | 14,013,375.00 | 279,216.53 |
| 42b4- Amortisation of operation insurance expenses for the year 2015 to 2016 | | 619,009.67 | 270,816.73 |
| 42B5-Amortisation of operation insurance expenses | | 321,175.58 | 140,514.31 |
| Office decoration | 240,093.38 | | 82,287.30 |
| Production arrangement fees | 1,182,520.65 | 709,850.15 | 120,447.19 |
| **Total** | **11,828,958.39** | **297,747,753.38** | **32,454,098.69** |

Continued:

| Item | Other decrease | Ending balance | Reason of other decrease |
|---|---|---|---|
| Long-term maintenance contract | 68,336,275.40 | 145,773,044.35 | transfer to the portion due within one year |
| Insurance (performance bond) | | 4,565,046.38 | |
| Ash yard leasing expenses | | 187,500.00 | |
| Pipe network pressure test expenses | | | |
| Amortization of prepaid Chinese service charges | | 160,000.00 | |
| Others | | 3,542,197.59 | |
| Amortisation of costs of house for talent renting | | 586,943.64 | |
| Long-term prepaid expenses: land-use fees | | 37,778,863.35 | |
| Long-term prepaid expenses: Others (such as land-use fees, etc.) | | 13,734,158.47 | |
| 42b4- Amortisation of operation insurance expenses for the year 2015 to 2016 | | 348,192.94 | |
| 42B5-Amortisation of operation insurance expenses | | 180,661.27 | |
| Office decoration | | 157,806.08 | |
| Production arrangement fees | 525,871.10 | 1,246,052.51 | Transfer to construction in progress |
| **Total** | **68,862,146.50** | **208,260,466.58** | |

19. Deferred tax assets and deferred tax liabilities

(1)Deferred tax assets and deferred tax liabilities are not listed as net amount after offsetting

| Items | Ending balance | |
|---|---|---|
| | Deferred tax assets/liabilities | Deductible/Taxable temporary differences |
| **Deferred tax assets** | | |
| Preperation for the impairment of assets | 12,780,722.75 | 51,122,891.00 |
| Depreciation of fixed assets | 10,193,513.58 | 40,774,054.32 |
| Employee's benefit payable | 738,033.00 | 2,952,132.00 |
| Accrued expenses | 730,272.00 | 2,921,088.00 |
| Others | 24,377.00 | 97,508.00 |
| The profit or loss from unrealized intratransaction | 113,009.71 | 452,038.84 |

| Items | Ending balance | |
|---|---|---|
| | Deferred tax assets/liabilities | Deductible/Taxable temporary differences |
| **Total** | **24,579,928.04** | **98,319,712.16** |
| **Deferred tax liabilities** | | |
| Added value of acquired subsidiaries' assets | 5,644,515.91 | 22,578,063.63 |
| Depreciation of fixed assets | 31,148,260.14 | 124,593,040.56 |
| Income tax deducted by available profit | 230,938,695.41 | 923,754,781.65 |
| Discounting of long-term payables | 791,916.00 | 3,167,664.00 |
| Withholding income tax for dividends | 135,307,796.22 | 1,353,077,962.20 |
| Value added assessment for acquirement of Meiya | 490,640,251.15 | 1,962,561,004.61 |
| **Total** | **894,471,434.83** | **4,389,732,516.65** |

Continued:

| Items | Beginning balance | |
|---|---|---|
| | Deferred tax assets/liabilities | Deductible/Taxable temporary differences |
| **Deferred tax assets** | | |
| Preperation for the impairment of assets | 3,033,577.05 | 12,134,308.20 |
| Depreciation of fixed assets | 11,831,664.00 | 47,326,656.00 |
| Employee's benefit payable | 700,044.00 | 2,800,175.00 |
| Accrued expenses | 625,829.00 | 2,503,317.00 |
| Others | 26,572.13 | 106,289.00 |
| The profit or loss from unrealized intratransaction | 113,009.71 | 452,038.84 |
| **Total** | **16,330,695.89** | **65,322,784.04** |
| **Deferred tax liabilities** | | |
| Added value of acquired subsidiaries' assets | 6,618,212.50 | 26,472,849.98 |
| Depreciation of fixed assets | 37,838,912.68 | 151,355,650.72 |
| Income tax provision for undistributed dividend | 187,922,473.41 | 2,174,164,652.19 |

| Items | Beginning balance | |
|---|---|---|
| | **Deferred tax assets/liabilities** | **Deductible/Taxable temporary differences** |
| Discounting of long-term payables | 791,916.00 | 3,167,664.00 |
| Withholding income tax for dividends | 113,667,093.12 | 1,136,670,931.20 |
| Value added assessment for acquirement of Meiya | 534,138,892.33 | 2,136,555,569.34 |
| **Total** | **880,977,500.04** | **5,628,387,317.43** |

(1)Added value of acquired subsidiaries' assets is the differences between tax base and book value that caused by NGLE' subsidiaries' land assets evaluation increment while the Group acquired NGLE Pushan  Power Limited.

(2) Added value of acquired CGN New Energy Holdings Co., Ltd. assets is the evaluation increment of fixed assets, intangible assets, land, franchises and etc. of CGN New Energy Holdings Co., Ltd. (previously named "CGN Meiya Power holding Co. Ltd.") and it subsidiaries, while Huamei Company acquired the CGN New Energy Holdings Co., Ltd.

(3) Income tax provision for undistributed dividend is the income tax identified on the profit available for distribution of Chinese and Korean subsidiaries at each period in accordance with the realated laws in China and Korea, while the CGN New Energy Holdings Co., Ltd. prepared the consolidated statements.

20. Other non-current assets

| Item | Ending Balance | Beginning Balance |
|---|---|---|
| Prepayment for some long-term assets such as engineering equipment, etc. | 73,051,051.48 | 17,044,173.99 |
| Pending deductible on VAT input tax | 1,855,309.76 | 437,384,200.09 |
| Others | 48,930,800.52 | 1,083,531,087.08 |
| **Total** | **123,837,161.76** | **1,537,959,461.16** |

21. Details of provision for the impairment of assets

| Items | Beginning balance | Increase | | | |
|---|---|---|---|---|---|
| | | Accrued during current period | Consolidation | Other reasons | Total |
| Provision for bad debts | 8,509,697.71 | 42,694,077.46 | | | 42,694,077.46 |
| Provision for inventories | 1,229,043.55 | | | | |
| Provision for long-term equity investments | 116,039,027.92 | 558,780,749.06 | | 22,768,278.18 | 581,549,027.24 |
| Provision for fixed assets | 95,363,272.73 | | | | |
| Provision for intangible assets | 78,092,777.78 | | | | |
| **Total** | **299,233,819.69** | **601,474,826.52** | | **22,768,278.18** | **624,243,104.70** |

Continued:

| Items | Decrease | | | | Ending balance |
|---|---|---|---|---|---|
| | Reversal | Consolidation | Other reasons | Total | |
| Provision for bad debts | | | | | 51,203,775.17 |
| Provision for inventories | | | | | 1,229,043.55 |
| Provision for long- | | | | | 697,588,055.16 |

| Items | Decrease | | | | Ending balance |
|---|---|---|---|---|---|
| | Reversal | Consolidation | Other reasons | Total | |
| term equity investments | | | | | |
| Provision for fixed assets | | 95,363,272.73 | | 95,363,272.73 | |
| Provision for intangible assets | | 78,092,777.78 | | 78,092,777.78 | |
| **Total** | | **173,456,050.51** | | **173,456,050.51** | **750,020,873.88** |

22. Short-term loans

(1) Classification of short-term borrowings

| Category | Ending balance | Beginning balance |
|---|---|---|
| Guaranteed loans | | 1,167,414,519.31 |
| Unsecured loans | 10,842,858,655.42 | 2,250,954,889.16 |
| **Total** | **10,842,858,655.42** | **3,418,369,408.47** |

23.Derivative financial instruments

| Item | Ending balance | Beginning balance |
|---|---|---|
| Derivative financial liabilities | | 19,197,141.52 |
| Including: Interest-rate swaps | | |
| Currency swaps | | 19,197,141.52 |
| **Total** | | **19,197,141.52** |

24. Accounts payable

| Aged | Ending balance | Beginning balance |
|---|---|---|
| Within 1 year（including 1 year） | 790,809,962.68 | 2,223,364,720.38 |
| 1-2 years（including 2 years） | 308,844,618.84 | 125,206,514.70 |
| 2-3 years（including 3 years） | 61,777,053.78 | 114,960,106.30 |

| Aged | Ending balance | Beginning balance |
|---|---|---|
| Over 3 years | 84,303,593.73 | 15,037,937.74 |
| **Total** | **1,245,735,229.03** | **2,478,569,279.12** |

The significant accounts payable which exceeds 1 year：

| Creditor's name | Ending balance | Reasons for outstanding |
|---|---|---|
| Shanghai Electric Wind Power Equipment Co., Ltd | 152,208,050.00 | Haven't meet the payment request on contract |
| Guangdong Mingyang Wind Power Industry Co., Ltd | 56,400,300.00 | Haven't meet the payment request on contract |
| Zhejiang Yunda Wind Power Limited-Liability Company. | 16,695,500.00 | Haven't meet the payment request on contract |
| Xinjiang Jinfeng Technology Limited Liability Company | 21,597,317.50 | Haven't meet the payment request on contract |
| XEMC Windpower CO.LTD | 19,584,000.00 | Haven't meet the payment request on contract |
| Zhejiang Jinko Solar Co., Ltd | 10,885,911.83 | Haven't meet the payment request on contract |
| **Total** | **277,371,079.33** | |

25. Advances from customers

| Aged | Ending balance | Beginning balance |
|---|---|---|
| Within 1 year（including 1 year） | 5,624,398.22 | 4,719,766.62 |
| Over 1 year | 571,381.97 | 1,018,105.53 |
| **Total** | **6,195,780.19** | **5,737,872.15** |

26. Employee benefits payable

(1)Classification of employee benefits payable

| Items | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Short-term compensation | 89,937,779.26 | 443,690,007.98 | 472,625,692.29 | 61,002,094.95 |
| Post-employment | 682,846.45 | 22,043,110.95 | 22,344,561.82 | 381,395.58 |

| Items | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| welfare—Defined contribution plans | | | | |
| Dismission welfare | | | | |
| Other benefits due within 1 year | | | | |
| Others | | 67,037.09 | 67,037.09 | |
| **Total** | **90,620,625.71** | **465,800,156.02** | **495,037,291.20** | **61,383,490.53** |

(2) Short-term Compensation

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Salaries, bonuses, allowances and subsidies | 82,494,505.74 | 356,390,611.21 | 388,942,674.97 | 49,942,441.98 |
| Welfare expenses | 6,363,857.09 | 21,474,179.92 | 24,645,538.87 | 3,192,498.14 |
| Social insurance charges | 227,446.54 | 31,387,294.80 | 31,369,168.44 | 245,572.90 |
| Including: Medical insurance premiums | 104,893.37 | 20,400,912.70 | 20,368,658.48 | 137,147.59 |
| Work-related injury insurance premiums | 114,745.12 | 1,694,376.69 | 1,783,305.98 | 25,815.83 |
| Birth insurance premiums | 7,808.05 | 875,806.67 | 873,030.74 | 10,583.98 |
| Others | | 8,416,198.74 | 8,344,173.24 | 72,025.50 |
| Housing provident funds | 99,765.62 | 16,675,948.17 | 16,735,990.70 | 39,723.09 |
| Labor union dues and employee education funds | 752,204.27 | 6,210,797.92 | 3,608,990.40 | 3,354,011.79 |
| Short-term compensated absences | | | | |
| Short-term profit sharing plan | | | | |
| Other short-term compensation | | 11,551,175.96 | 7,323,328.91 | 4,227,847.05 |
| **Total** | **89,937,779.26** | **443,690,007.98** | **472,625,692.29** | **61,002,094.95** |

(3) Defined Contribution Plans

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Basic pension insurance | 592,871.87 | 19,098,927.85 | 19,362,124.38 | 329,675.34 |
| Unemployment insurance expense | 69,211.58 | 1,296,349.45 | 1,343,166.79 | 22,394.24 |
| Enterprise annuity payment | 20,763.00 | 1,647,833.65 | 1,639,270.65 | 29,326.00 |
| **Total** | **682,846.45** | **22,043,110.95** | **22,344,561.82** | **381,395.58** |

27. Taxes and surcharges payable

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Value added tax | 79,766,779.79 | 187,723,581.07 | 255,285,357.25 | 12,205,003.61 |
| Business tax | 270,049.87 | 6,981,471.30 | 6,900,492.58 | 351,028.59 |
| Enterprise income tax | 51,242,721.64 | 185,153,273.23 | 158,118,134.38 | 78,277,860.49 |
| Urban maintenance and construction tax | 390,090.21 | 8,124,804.89 | 7,541,374.49 | 973,520.61 |
| Housing tax | 1,012,949.68 | 4,830,962.54 | 4,750,734.15 | 1,093,178.07 |
| Land usage tax | 1,229,074.35 | 8,520,925.66 | 8,946,251.55 | 803,748.46 |
| Individual income tax | 795,695.62 | 19,935,482.80 | 18,814,971.24 | 1,916,207.18 |
| Additional education | 337,832.12 | 7,926,223.88 | 7,467,671.08 | 796,384.92 |
| Other taxes | 4,030,923.10 | 24,752,288.39 | 11,331,406.13 | 17,451,805.36 |
| **Total** | **139,076,116.38** | **453,949,013.76** | **479,156,392.85** | **113,868,737.29** |

28. Interest payable

| Item | Ending balance | Beginning balance |
|---|---|---|
| Long-term loans interest with instalment and interest charges and pay principal when due | 34,385,308.58 | 32,390,442.10 |
| Enterprise bonds interest | 71,898,580.25 | 31,172,905.65 |
| Interest payable for short-term loan | 20,285,033.30 | 4,115,567.37 |
| Other interest payable | 369,600.00 | 216,480.00 |
| **Total** | **126,938,522.13** | **67,895,395.12** |

29. Dividends payable

| Company's name | Ending balance | Beginning balance |
|---|---|---|
| Ordinary stock dividends | 150,668.28 | 592,729,810.84 |
| **Total** | **150,668.28** | **592,729,810.84** |

30. Other payables

(1)Other payables classified as different natures:

| The nature of money | Ending balance | Beginning balance |
|---|---|---|
| Guarantee funds | 108,977,382.15 | 66,757,910.42 |
| Construction funds | 251,613,869.75 | 278,522,052.90 |
| Listing expenses | | 27,394,061.64 |
| Land-transferring fees | 7,751,000.00 | |
| Intercourse fund | 226,003,657.47 | 3,214,713,296.71 |
| Apportionment of expenses for informatization | 203,750.00 | |
| Consulting fee | 77,446,753.58 | 23,307,396.80 |
| Other charges for employee's benefits | 4,996,605.94 | 2,179,296.89 |
| Currency swap interest | | 5,759,203.67 |
| Commission charges | 28,721.27 | 27,154.28 |
| **Total** | **677,021,740.16** | **3,618,660,373.31** |

(2)Significant other payables which aging exceed 1 year:

| Company's name | Ending balance | Reasons for outstanding |
|---|---|---|
| Guangxi Chongzuo Huiyuan Hydro power Company | 77,539,641.95 | Haven't reach the settlement requirement |

31. Held-for-sale liabilities

| Name | Ending balance | Beginning balance |
|---|---|---|
| Sichuan Hexie Electric Co. Ltd. | | 5,024,096.18 |
| **Total** | | **5,024,096.18** |

32. Non-current liabilities due within 1 year

| Item | Ending balance | Beginning balance |
|---|---|---|
| Non-current liabilities due within 1 year | 708,697,713.56 | 1,402,218,418.88 |
| **Total** | **708,697,713.56** | **1,402,218,418.88** |

33. Long-term loans

| Category | Ending balance | Beginning balance | Interest range at the end of the year |
|---|---|---|---|
| Pledged loans | 5,071,702,785.61 | 3,972,610,144.67 | 3.58%~6.77% |
| Mortgage loans | 5,421,718,479.91 | 5,491,308,852.93 | 4.50%~6.55% |
| Guaranteed loans | 3,857,043,950.00 | 4,385,000,950.00 | 4.20%~4.90% |
| Unsecured loans | 3,439,621,884.37 | 2,641,422,885.69 | 1.06%~7.00% |
| **Total** | **17,790,087,099.89** | **16,490,342,833.29** | |

34. Bond payables

(1) Classification of bond payables

| Items | Ending balance | Beginning balance |
|---|---|---|
| The first phase of US dollars debt of CGNPC International | 3,853,908,731.53 | |
| 5 years USD bond issued on 2013 (USD 350 million) | 2,266,321,651.06 | 2,133,276,696.88 |
| The second phase of US dollars debt of CGNPC International | 3,208,832,308.24 | |
| **Total** | **9,329,062,690.83** | **2,133,276,696.88** |

(2) Changes on bond payables

| Bond's name | Face value | Issue date | Bond period | Issue amount | Beginning balance |
|---|---|---|---|---|---|
| The first phase of US dollars debt of CGNPC International | 3,896,159,561.28 | 2015-05-19 | 10 | 3,896,159,561.28 | |
| 5 years USD bond issued on 2013 (USD 350 million) | 2,123,274,712.68 | 2013-08-19 | 5 | 2,123,274,712.68 | 2,133,276,696.88 |
| The second phase of US dollars debt of CGNPC International | 3,246,800,000.00 | 2015-11-05 | 10 | 3,209,321,151.06 | |
| **Total** | | | | | **2,133,276,696.88** |

Continued:

| Bond's name | Issue during current period | Accruing interest at par value | Amortization of premium/discount | Redemption during current period | Ending balance |
|---|---|---|---|---|---|
| The first phase of US dollars debt of CGNPC International | 3,855,868,202.83 | | 1,959,471.30 | | 3,853,908,731.53 |
| 5 years USD bond issued on 2013 (USD 350 million) | | | -133,044,954.18 | | 2,266,321,651.06 |
| The second phase of US dollars debt of CGNPC International | 3,209,321,151.06 | | 488,842.82 | | 3,208,832,308.24 |
| **Total** | **7,065,189,353.89** | | **-130,596,640.06** | | **9,329,062,690.83** |

35. Long-term payable

| Item | Ending balance | Beginning balance |
|---|---|---|
| **Total** | **462,728,163.70** | **29,453,429.36** |
| Including: National Tax Bureau in Qianhai, Shenzhen | 100,285,661.01 | |
| Xiangtan High-tech (Group) Co., Ltd | 27,000,000.00 | |
| Tongzhou Thermal Power Plant | 26,121,709.39 | 24,614,811.45 |
| Pan Jin Port Group Corporation | 25,000,000.00 | |
| Management Centre of Toll Highway based on Loan Repayment in Henan | 21,200,000.00 | |

(1) The payable to Tongzhou Thermal Power Plant is the additional capital contribution by Sino-investors and which is payable after the Group revovered the capital contribution.

36. Deferred income

| Item/Category | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Government grants | 125,215,715.08 | | 50,303,369.92 | 74,912,345.16 |
| **Total** | **125,215,715.08** | | **50,303,369.92** | **74,912,345.16** |

Government grants：

| Type of government grants | Book value at the end of the year | | The amount recorded in profit or loss during current period | The amount of reimbursement during current period | Reason for reimburse ment |
|---|---|---|---|---|---|
| | The amount disclosed on other current liabilities | The amount disclosed on deferred income | | | |
| Government grants | | 69,300,000.10 | 3,999,999.96 | 46,000,000.00 | Fail to meet requirement, send back to government |
| Government subsidies | | 5,612,345.06 | 303,369.96 | | |
| **Total** | | **74,912,345.16** | **4,303,369.92** | **46,000,000.00** | |

37. Other non-current liabilities

| Items | Ending balance | Beginning balance |
|---|---|---|
| Deferred heating network access expenses | | 1,702,866.66 |
| Others | 552,566.99 | 500,238.09 |
| **Total** | **552,566.99** | **2,203,104.75** |

38. Share capital

| Name of investors | Beginning balance | | Increase | Decrease | Ending balance | |
|---|---|---|---|---|---|---|
| | Amount | Proportion (%) | | | Amount | Proportion (%) |
| CGNPC | 2,423,648,788.24 | 100.00 | | | 2,423,648,788.24 | 100.00 |
| **Total** | **2,423,648,788.24** | **100.00** | | | **2,423,648,788.24** | **100.00** |

39. Capital reserves

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Share premium | 2,798,771,782.57 | | 2,786,891,104.68 | 11,880,677.89 |
| Other capital reserves | 37,622,470.02 | 351,735.67 | | 37,974,205.69 |
| Including: Discharged capital reserves by acquiring Meiya | -28,596,528.19 | | | -28,596,528.19 |
| Obtained by taking Meiya public and financing | 66,218,998.21 | | | 66,218,998.21 |
| Share-based payment recorded in owners' equity | | 351,735.67 | | 351,735.67 |
| **Total** | **2,836,394,252.59** | **351,735.67** | **2,786,891,104.68** | **49,854,883.58** |

40. Retained earnings

| Item | Current period | Prior period |
|---|---|---|
| **Beginning balance of this year** | **511,754,496.06** | **488,382,838.25** |
| **Increase in this year** | **-71,051,213.38** | **665,372,910.25** |
| Including: Net profits attributable to the owners' of the Parent for the year | -71,051,213.38 | 665,372,910.25 |
| Other adjustment factors | | |
| **Decrease in this year** | **864,317,491.61** | **642,001,252.44** |
| Including: Withdraw discretionary surplus reserve | | |
| Withdraw generic risk reserve | | |
| Cash dividend distribution for the year | | |
| Converted into capital | | |
| Other decreasing factors | 864,317,491.61 | 642,001,252.44 |
| **Ending balance of this year** | **-423,614,208.93** | **511,754,496.06** |

41.Operation revenue and operation cost

Operating revenue and operation cost

| Item | Current period | | Prior period | |
|---|---|---|---|---|
| | **Operating revenue** | **cost of operation** | **Operating revenue** | **cost of operation** |
| (1)Subtotal of main operation | 8,315,793,443.78 | 6,386,329,111.00 | 9,413,758,809.16 | 7,669,684,198.99 |
| Sale of electricity | 7,640,139,191.63 | 5,973,328,112.56 | 8,760,157,664.92 | 7,152,098,255.18 |
| Sale of commodity | 463,405,625.04 | 337,204,099.66 | 560,852,511.00 | 471,177,685.50 |
| Leasing | 209,676,237.40 | 74,266,985.14 | 87,503,645.75 | 44,694,931.82 |
| Others | 2,572,389.71 | 1,529,913.64 | 5,244,987.49 | 1,713,326.49 |
| (2)Subtotal of Other operation | 179,389,279.21 | 83,673,771.80 | 68,733,992.71 | 4,421,777.36 |
| Sale of materials | 18,109,962.12 | 2,134,534.37 | 20,857,503.91 | 3,967,425.43 |
| Leasing | 174,214.80 | | | |
| Management | 75,742,247.56 | | 46,148,617.01 | |

| Item | Current period | | Prior period | |
|---|---|---|---|---|
| | Operating revenue | cost of operation | Operating revenue | cost of operation |
| services | | | | |
| Others | 85,362,854.73 | 81,539,237.43 | 1,727,871.79 | 454,351.93 |
| **Total** | **8,495,182,722.99** | **6,470,002,882.80** | **9,482,492,801.87** | **7,674,105,976.35** |

42.Selling and distribution expenses

| Items | Current period | Prior period |
|---|---|---|
| Employee's salaries expenses | 2,877,225.54 | 3,093,984.39 |
| Business funds | 189,932.60 | |
| Depreciation expenses | 17,830.59 | 17,846.97 |
| Others | 1,243,046.21 | 285,705.48 |
| **Total** | **4,328,034.94** | **3,397,536.84** |

43. General and administrative expenses

| Items | Current period | Prior period |
|---|---|---|
| Salaries | 238,207,788.40 | 232,471,711.20 |
| Insurance expenses | 2,734,692.10 | 3,127,127.36 |
| Depreciation | 22,024,481.88 | 4,645,053.62 |
| Repairment expenses | 2,849,839.77 | 1,909,180.13 |
| Amortization of intangible assets | 154,585,902.30 | 159,123,801.58 |
| Amortization of long-term prepaid expenses | 981,005.36 | 1,178,234.52 |
| Amortization of low-priced and perishable articles | 409,717.18 | 127,629.70 |
| Inventory loss | 5,489.09 | -12,018.60 |
| Business entertainment expensses | 3,739,841.24 | 5,281,164.86 |
| Travelling expenses | 11,742,567.09 | 14,426,897.62 |
| Administrative expenses | 6,943,201.33 | 6,899,038.41 |
| Conference fees | 305,543.38 | 706,801.03 |
| Utilities fees | 538,764.77 | 450,878.48 |
| Tax expenses | 18,884,164.34 | 14,967,997.49 |
| Rental fees | 17,014,055.42 | 15,094,638.40 |
| Litigation fees | 333,018.87 | 0.00 |
| Agency fees | 22,639,776.92 | 43,049,305.97 |
| Consulting fees | 88,317,820.58 | 24,460,045.98 |

| Items | Current period | Prior period |
|---|---|---|
| Board fees | 281,771.09 | 1,069,608.53 |
| Pollutant discharge fees | 41,650.00 | 39,346.64 |
| Preparation fees | 310,603.42 | 1,138,560.25 |
| Others | 47,844,650.66 | 49,557,346.82 |
| **Total** | **640,736,345.19** | **579,712,349.99** |

## 44. Financial costs

| Items | Current period | Prior period |
|---|---|---|
| Interest expenses | 1,126,906,348.54 | 901,330,797.92 |
| Less: Interest income | 46,907,925.81 | 26,649,307.82 |
| Add: Exchange loss | 54,749,332.32 | 1,030,837.45 |
| Add: Other expenses | 14,349,584.20 | 1,316,596.47 |
| **Total** | **1,149,097,339.25** | **877,028,924.02** |

## 45. Impairment losses

| Items | Current period | Prior period |
|---|---|---|
| Loss on bad debts | 42,694,077.46 | 7,772,688.46 |
| Loss on impairment of long-term equity investments | 558,780,749.06 | |
| **Total** | **601,474,826.52** | **7,772,688.46** |

## 46. Gain from fair value changes

| Source of changes in fair value | Current period | Prior period |
|---|---|---|
| Financial liabilities recorded as fair value changes through profit or loss | 19,589,178.17 | -55,285,754.17 |
| Including: Gain on fair value changes of derivative financial liabilities | 19,589,178.17 | -55,285,754.17 |
| **Total** | **19,589,178.17** | **-55,285,754.17** |

47. Investment income

(1) Resource of investment income

| Resource of investment income | Current period | Prior period |
|---|---|---|
| Long-term equity investment income under the equity method of accounting | 819,852,994.91 | 647,852,354.94 |
| Investment income from disposal of long-term equity investment | -69,051,566.59 | |
| Available for sale financial assets income | | 17,233,353.53 |
| Others | 18,349,931.87 | 22,199,045.15 |
| **Total** | **769,151,360.19** | **687,284,753.62** |

(2) There has no significant restriction on investment income remit to the Group.

48. Non-operating income

(1)Non operating income

| Project | Current period | Prior period | The amount recorded as non-recurring profit and loss |
|---|---|---|---|
| Gains on disposal of non-current assets | 735,824.70 | | 735,824.70 |
| Including: Gains on disposal of fixed assets | 735,824.70 | | 735,824.70 |
| Government grants | 42,693,968.40 | 31,559,160.90 | 42,693,968.40 |
| Others | 82,480,978.35 | 12,617,092.83 | 82,480,978.35 |
| **Total** | **125,910,771.45** | **44,176,253.73** | **125,910,771.45** |

Notes: Others mainly refer to gains on compensation of break a contract..

(2) Detail of government subsidy

| Project | Current period | Prior period | Related to assets/income |
|---|---|---|---|
| Products that comprehensive utilization of resources, 100% drawback policy | 22,920,371.09 | 19,942,152.90 | Related to income |
| Value added tax 50% drawback policy | 2,769,183.95 | | Related to income |
| Corporate development supportive funds | | 794,700.00 | Related to income |

| Project | Current period | Prior period | Related to assets/income |
|---|---|---|---|
| Subsidy for energy conservation and transformation | | 800,000.00 | Related to income |
| Financial incentives for electrostatic precipitator denitration transform | | 625,000.00 | Related to income |
| Denitration transform and dedusting transform | 625,000.00 | | Related to income |
| Denitration transform and dedusting transform | 2,570,000.00 | | Related to income |
| Boiler desulphurization and denitration transform | 600,000.00 | | Related to income |
| Desulphurization retrofit for thermal power enterprises | 900,000.00 | | Related to income |
| Compensation provided by Urban Construction Bureau for restoration of reservoir region's sewage conduit in 2011 | | 1,300,000.00 | Related to income |
| Fiscal subsidy at development area | | 900,000.00 | Related to income |
| Other awards | 146,359.00 | 105,900.00 | Related to income |
| Technological transformation for energy conservation and emission reduction | 464,700.00 | | Related to income |
| Xitie mountain 100 megawatt large-scale grid-connected photovoltaic power supply project | | 20,000.00 | Related to income |
| 00011M Government subsidy of project demonstration from Shenzhen Technology Innovation Committee | 5,000,000.00 | | Related to income |
| Affirmation of strategic emerging industry project in Ningbo | 1,000,000.00 | 1,000,000.00 | Related to income |
| Financial incentives for special projects which belong to strategic emerging industry in Ningbo | 1,000,000.00 | | Related to income |
| Others | | 1,379,723.09 | Related to income |
| Subsidy for job stability of employee | 7,500.82 | | Related to income |
| Financial supporting funds for replacing the business tax with a value-added tax | 387,483.62 | | Related to income |
| 10 MW project of Shenzhen airport | 3,999,999.96 | 4,539,999.93 | Related to assets |
| Subsidy for Xiuzhou district | 303,369.96 | 151,684.98 | Related to assets |
| **Total** | **42,693,968.40** | **31,559,160.90** | |

49. Non-operating expenses

| Project | Current period | Prior period | The amount recorded as non-recurring profit and loss |
|---|---|---|---|
| Loss on disposal of non-current assets | 652,973.93 | 1,035,092.25 | 652,973.93 |
| Including: Loss on disposal of fixed assets | 652,973.93 | 1,035,092.25 | 652,973.93 |
| External Donation | 156,308.04 | 592,569.69 | 156,308.04 |
| Others | 306,863.55 | 1,312,405.95 | 306,863.55 |
| **Total** | **1,116,145.52** | **2,940,067.89** | **1,116,145.52** |

50. Income tax

| Project | Current period | Prior period |
|---|---|---|
| Income tax expense of this year according to the tax law and related regulations | 234,189,626.00 | 191,432,680.40 |
| Deferred income tax adjustment | 53,595,784.58 | 53,485,487.71 |
| Others | -145,180.61 | 72,300.46 |
| **Total** | **287,640,229.97** | **244,990,468.57** |

51. Other comprehensive income

(1) Other comprehensive income items and income tax influences and the state of transferring to the profits and loss:

| Project | Current period | | |
|---|---|---|---|
| | The pre tax amount | Income tax | Net amount after tax |
| i. other comprehensive income can't be re-classified into profit and loss in the future | | | |
| 1. Remeasurement of defined benefit plans or changes in net assets net of liabilities | | | |
| 2. deserved portion in other comprehensive income that can't be classified into gains or losses in invested entities under equity method | | | |
| ii. other comprehensive income will be classified | -468,868,208.99 | -141,940.39 | -468,726,268.60 |

| Project | Current period | | |
|---|---|---|---|
| | The pre tax amount | Income tax | Net amount after tax |
| into profit and loss in the future | | | |
| 1. deserved portion in other comprehensive income that will be classified into profit and loss in invested entities under equity method | -46,660,140.41 | | -46,660,140.41 |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | |
| Subtotal | -46,660,140.41 | | -46,660,140.41 |
| 2．Available for sale financial assets at fair value changes in profit and loss | | | |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | |
| Subtotal | | | |
| 3．Held to maturity investments are classified as available for sale financial assets | | | |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | |
| Subtotal | | | |
| 4．The effective part of cash flow hedging profit and loss | -733,358.69 | -141,940.39 | -591,418.30 |
| Adjusted amount of the hedged item initial confirmation amount | | | |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | |
| Subtotal | -733,358.69 | -141,940.39 | -591,418.30 |
| 5．The difference between the translation of foreign currency financial statements | -421,474,709.89 | | -421,474,709.89 |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | |

| Project | Current period | | |
|---|---|---|---|
| | The pre tax amount | Income tax | Net amount after tax |
| Subtotal | -421,474,709.89 | | -421,474,709.89 |
| iii. Total amount of other comprehensive incomes | -468,868,208.99 | -141,940.39 | -468,726,268.60 |

(Continued)

| Project | Prior period | | |
|---|---|---|---|
| | The pre tax amount | Income tax | Net amount after tax |
| i. other comprehensive income can't be re-classified into profit and loss in the future | | | |
| 1. Remeasurement of defined benefit plans or changes in net assets net of liabilities | | | |
| 2. deserved portion in other comprehensive income that can't be classified into gains or losses in invested entities under equity method | | | |
| ii. other comprehensive income will be classified into profit and loss in the future | -97,339,940.45 | -201,927.00 | -97,138,013.45 |
| 1. deserved portion in other comprehensive income that will be classified into profit and loss in invested entities under equity method | -4,198,051.66 | | -4,198,051.66 |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | |
| Subtotal | -4,198,051.66 | | -4,198,051.66 |
| 2．Available for sale financial assets at fair value changes in profit and loss | | | |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | |
| Subtotal | | | |
| 3．Held to maturity investments are classified as available for sale financial assets | | | |
| Minus: Transfer into the profit and loss during | | | |

| Project | Prior period | | |
|---|---|---|---|
| | The pre tax amount | Income tax | Net amount after tax |
| current period and recognised in other comprehensive income during prior period | | | |
| Subtotal | | | |
| 4．The effective part of cash flow hedging profit and loss | -850,541.00 | -201,927.00 | -648,614.00 |
| Adjusted amount of the hedged item initial confirmation amount | | | |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | |
| Subtotal | -850,541.00 | -201,927.00 | -648,614.00 |
| 5．The difference between the translation of foreign currency financial statements | -92,291,347.79 | | -92,291,347.79 |
| Minus: Transfer into the profit and loss during current period and recognised in other comprehensive income during prior period | | | |
| Subtotal | -92,291,347.79 | | -92,291,347.79 |
| iii. Total amount of other comprehensive incomes | -97,339,940.45 | -201,927.00 | -97,138,013.45 |

(2) Adjustment of other comprehension income items:

| Project | Beginning Balance last year | Changes in the amount of increase or decrease last year |
|---|---|---|
| Deserved portion in other comprehensive income that will be re-classified into profit and loss in invested entities under equity method | 154,438,319.14 | -4,198,051.66 |
| The effective part of cash flow hedging profit and loss | -9,876,000.90 | -648,614.00 |
| The difference between the translation of foreign currency financial statements | 144,466,789.06 | -92,291,347.79 |
| Others | 7,607,954.93 | |
| **Total** | **296,637,062.23** | **-97,138,013.45** |

(Continued)

| Project | Beginning Balance current year | Changes in the amount of increase or decrease current year | Ending Balance current year |
|---|---|---|---|
| Deserved portion in other comprehensive income that will be re-classified into profit and loss in invested entities under equity method | 150,240,267.48 | -47,384,641.94 | 102,855,625.54 |
| The effective part of cash flow hedging profit and loss | -10,524,614.90 | -427,536.29 | -10,952,151.19 |
| The difference between the translation of foreign currency financial statements | 52,175,441.27 | -376,052,861.87 | -323,877,420.60 |
| Others | 7,607,954.93 | | 7,607,954.93 |
| **Total** | **199,499,048.78** | **-423,865,040.10** | **-224,365,991.32** |

52.Lease

(1)The minimum lease receipts（the lessor of financing lease）

| The remaining lease term | The minimum lease receipts |
|---|---|
| Within 1 year（including 1 year） | 1,208,025,840.79 |
| 1-2 years（including 2 years） | 1,411,932,394.33 |
| 2-3 years（including 3 years） | 676,226,864.77 |
| Over 3 years | 1,326,416,985.10 |
| **Total** | **4,622,602,084.99** |

(2)Significant operating lease (the lessee of operating lease)

| The remaining lease term | The minimum operating lease payment which was irrevocable |
|---|---|
| Within 1 year（including 1 year） | 15,905,740.66 |
| 1-2 years（including 2 years） | 9,611,344.38 |

| The remaining lease term | The minimum operating lease payment which was irrevocable |
|---|---|
| 2-3 years（including 3 years） | 7,134,291.04 |
| Over 3 years | 1,956,960.97 |
| **Total** | **34,608,337.05** |

53.Consolidated cash flow statement

(1) Supplementary informations of consolidated cash flow statement

| Items | Current period | Prior period |
|---|---|---|
| 1. Adjustment of net profit to cash flows from operating activities | | |
| Net profit | 228,394,169.72 | 750,547,738.62 |
| Add: Provision of impairment of assets | 601,474,826.52 | 7,772,688.46 |
| Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets | 1,523,719,903.14 | 879,122,672.86 |
| Amortization of intangible assets | 164,592,898.69 | 164,243,180.78 |
| Amortization of long-term deferred expenditures | 32,454,098.69 | 17,583,504.65 |
| Loss on disposal of fixed assets, intangible assets and other long-term assets ( "-" for gains) | -82,850.77 | 1,022,886.13 |
| Loss on written off of fixed assets ( "-" for gains) | | 12,206.12 |
| Loss on fair value change ( "-" for gains) | -19,589,178.17 | 55,285,754.17 |
| Financial expenses ( "-" for gains) | 1,181,655,680.86 | 903,874,431.69 |
| Loss on investments ( "-" for gains) | -769,151,360.19 | -687,284,753.62 |
| Decrease in deferred tax assets ("-" for increases) | -8,249,232.15 | -7,216,912.04 |
| Increase in deferred tax liabilities ("-" for decreases) | 13,493,934.79 | -17,539,119.04 |
| Decrease in inventories( "-" for increases) | 6,821,147.04 | -16,368,877.29 |
| Decrease in operating receivables( "-" for increases) | 1,259,087,680.60 | -1,469,598,651.55 |
| Increase in operating payables("-" for decreases) | -3,618,420,833.44 | -732,726,460.59 |
| Others | | |
| Net cash flow generated from operating activities | 596,200,885.33 | -151,269,710.65 |
| 2. Significant non-cash investing and financing activities | | |
| Conversion of debts into capital | | |

| Items | Current period | Prior period |
|---|---|---|
| Convertible bonds repayable within 1 year | | |
| Fixed assets acquired under finance leases arrangement | | |
| 3. Changes in cash and cash equivalents | | |
| Cash at end of year | 8,880,125,313.78 | 2,841,212,752.41 |
| Less: Cash at beginning of year | 2,841,212,752.41 | 1,544,016,050.15 |
| Add: Cash equivalents at end of year | | |
| Less: Cash equivalents at beginning of year | | |
| Net increase in cash and cash equivalents | 6,038,912,561.37 | 1,297,196,702.26 |

(2) New subsidiaries aquired in current period or cash received for disposing of subsidiaries in current period

| Items | Current period |
|---|---|
| 1.Cash or cash equivalent payment for business combination occurred in current period | 451,937,227.40 |
| Less：Cash or cash equivalent controlled by subsidiaries on acquisition date | 11,688,672.69 |
| Add： Cash or cash equivalent payment in current period for business combination occurred in prior period | |
| Net cash payment for acquisition | 440,248,554.71 |
| 2.Cash or cash equivalent received for disposing subsidiaries in current period | 444,161,646.00 |
| Less：Cash or cash equivalent controlled by subsidiaries on the date of losing control | 31,047.15 |
| Add：Cash or cash equivalent received in current period for disposing subsidiaries in prior period | |
| Net cash received for disposing subsidiaries | 444,130,598.85 |

(3)Cash and cash equivalents

| Items | Current period | Prior period |
|---|---|---|
| Cash | 8,880,125,313.78 | 2,841,212,752.41 |
| Including: Cash in hand | 90,384.61 | 172,696.43 |
| Bank deposits available for use on demand | 8,880,033,125.13 | 2,841,038,369.07 |
| Other monetory funds available for use on demand | 1,804.04 | 1,686.91 |
| Deposits at central bank available for use on demand | | |
| Deposit inter-bank funds | | |
| LIBOR inter-bank funds | | |
| Cash equivalents | | |

| Items | Current period | Prior period |
|---|---|---|
| Including: Investments in debt instrument with maturity within 3 months | | |
| Cash and cash equivalents at the end of the year | 8,880,125,313.78 | 2,841,212,752.41 |
| Including: Cash and cash equivalents of which the Parent or Company companies are restricted from use | | |

54.Monetary items on foreign currency

| Items | Ending balance on foreign currency | Foreign exchange rate | Ending balance translate in RMB |
|---|---|---|---|
| Monetary funds | | | 7,612,839,216.38 |
| Including：USD | 1,065,432,712.93 | 6.4936 | 6,918,493,864.74 |
| EUR | 9,373,804.43 | 7.09520 | 66,509,017.18 |
| HKD | 5,167,235.81 | 0.8378 | 4,329,110.16 |
| KRW | 93,508,021,942.00 | 0.00555 | 519,419,729.51 |
| GBP | 11,021,059.95 | 9.61590 | 105,977,410.37 |
| MYR | 2,141,000.00 | 1.511334 | 3,235,767.00 |
| Accounts receivable | | | 474,321,804.77 |
| Including：EUR | 3,189,472.67 | 7.0952 | 22,629,946.49 |
| KRW | 76,036,305,196.36 | 0.0055 | 418,199,678.58 |
| GBP | 3,483,000.00 | 9.6159 | 33,492,179.70 |
| Long-term loan | | | 5,748,242,802.19 |
| Including：USD | 100,000,000.00 | 6.4936 | 649,360,000.00 |
| EUR | 72,871,028.41 | 7.0952 | 517,034,520.77 |
| KRW | 833,063,323,894.55 | 0.0055 | 4,581,848,281.42 |

55.Assets restricted on ownership and right to use

| Items | Book value at the end of the year | Reason of restriction |
|---|---|---|
| Monetary funds | 487,312,212.00 | Monetary funds pledged for Korean loan |
| Fixed assets | 7,551,089,253.60 | Mortgage loan |
| Account receivable | 499,351,346.40 | Mortgage loan |

| Items | Book value at the end of the year | Reason of restriction |
| --- | --- | --- |
| Fixed assets | 775,351,280.00 | Fixed asset used to pledged and guarantee |

## IX.Contingent events

1. Information about guarantee for other units provided by the Group at 31 December 2015:

   As at 31 December 2015, the Group hasn't provided guarantee for other units.

2. Information about pending litigation, arbitration of the Group at 31 December 2015

   As at 31 December 2015, the Group has no pending litigation, arbitration.

3. Information about the Group's contingent liabilities caused by other items at 31 December 2015

   As at 31 December 2015, the Group has no contingent liabilities caused by other items

4. Information about the Group's contingent assets caused by other items at 31 December 2015

   As at 31 December 2015, the Group hasn't contingent assets caused by other item

5. Commitments

| Items | Current period | Prior period |
| --- | --- | --- |
| Contracted but not identified in the financial statements. | | |
| -purchase commitment of long-term assets | 86,120,083.75 | 108,663,173.36 |
| -external investment commitment | | |
| **Subtotal** | **86,120,083.75** | **108,663,173.36** |
| Other- share of the joint venture capital commitments not included in the scope of consolidated financial statements | | 17,050,887.21 |
| **Subtotal** | | **17,050,887.21** |
| **Total** | **86,120,083.75** | **125,714,060.57** |

## X.Subsequent events after balance sheet date

Group has no disclosure on subsequent events after balance sheet date at the repoting date for this audit report.

## XI.Related parties and related party transactions

1. Related parties

(1) Controlling shareholder and ultimate holding company (currecy unit: 10 thousands RMB)

| Name of the controlling shareholder and the ultimate holdin g company | Place of registration | Principal activities | Paid-in capital | Share-holding proportion | Voting rights proportion |
|---|---|---|---|---|---|
| CGNPC | Shenzhen | Investment holding | 1,220,000.00 | 100.00% | 100.00% |

(2)Subsidiaries

The relevant information of the Group's subsidiaries are set out in Note.7.

(3)Joint venture and associates

The relevant information of the Group's joint venture and associates are set out in Note. 8 (12) disclosure of the relevant information about long-term equity investment.

(4)Other related parties

| Category | Name of related party | Name of transactions |
|---|---|---|
| Fellow subsidiary under common control of holding company and ultimate holding company | | |
| | CGNPC Huasheng Investment Limited | Interest income/expense |
| | China Guangdong Nuclear Power Finance Co., Ltd. | Loan, Interest income reimbursed |
| | CGNPC Mining Limited | Fund transfer between companies |
| | CGNPC Honghua Hydro Power Limited | Fund transfer between companies |
| | Sichuan Yutian Energy Development Limited. | Sale of goods, render services |
| | Sichuan Hongya Baihuatan Hydro Power Limited. | Sale of goods, render services |
| | CGN Guiliu Hydro Power Limited | Sale of goods, render services |
| | CGN Guding Hydro Power Limited | Sale of goods, render services |
| | Guangdong Nuclear Power Industrial development Limited | Sale of goods, render services |

| Category | Name of related party | Name of transactions |
|---|---|---|
| | CNG Hanjiang Hydro Power Development Limited. | Sale of goods, render services |
| | CGN Guding Hydro Power Limited | Sale of goods, render services |
| | Sichuan Yutian Energy Development Limited. | Sale of goods, render services |
| | CGN Guiliu Hydro Power Limited | Sale of goods, render services |
| | Sichuan Tianquan Jiaojipin Hydro Power Limited | Sale of goods, render services |
| | CGN Luhuo Xianshui River Hydro Power Limited | Sale of goods, render services |
| | Zhejiang Ouneng Group Shangrila County Niru River Hydro Power Limited | Sale of goods, render services |
| | CGN Hongya Gaofeng Mountain Hydro Power Limited | Sale of goods, render services |
| | CGNPC Energy Development Limited | Sale of goods, render services |
| | CGN Captive Insurance Liminted | Purchase goods, receiving services |
| | CGNPC China Electricity Energy service(Shenzhen) Limited | Purchase goods, receiving services |
| | CGN Power Co., Ltd | Purchase goods, receiving services |
| | Shenzhen Nuclear Power Materials Supply Limited | Purchase goods, receiving services |
| | CGNPC Engineering Limited | Fund transfer between companies |
| Non-controling shareholders hold for more than 10% of the shares in the Group’s subsidiaries | | |
| | Guangxi Chongzuo Huiyuan Hydro Power Limited | Construction advance payments |
| | Mianyang Sanjiang Construction Company | Others |
| | Tongzhou Heat Power Plant | Minority shareholders extra paid capital |
| | Xiamen Minrui Investment Limited | Others |
| | Yunnan Yuxi Hydro Power Group Shangrila project dpt. | Constructoin fund payables |
| | Yunnan Minhe Hydro Power Investment Limited | Construction fund payables |

2.Related party transactions

(1)Purchase goods

| Category and name of the related party | Current period | | Prior period | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Controlling shareholder and ultimate holding company | | | | |
| Including：CGNPC | | | 61,709.39 | |
| Fellow subsidiary under control of holding company and ultimate holding company | | | | |
| Including：CGN New Energy Holdings Co., Ltd | 1,253,985,093.69 | 19.36 | | |
| Suzhou Nuclear Power Research Institute | 183,367.92 | | | |
| Shenzhen Aigrette Health Searvices Co. Ltd | 24,509.00 | | 4,600.00 | |
| Yaneng Consulting (Shanghai) Co., Ltd. | 6,298,786.52 | 0.10 | 13,494,893.03 | 0.18 |
| CGN Meieng Corporate Management (Shenzhen) Ltd | 471,698.10 | 0.01 | | |
| Shenzhen Nuclear Power Huantong Automobile Service Limited | 105,513.73 | | 27,777.33 | |
| CGN Carbon Asset Management (Beijing) Co., Ltd. | 120,000.00 | | 80,000.00 | |
| Shenzhen Nuclear Power Green Catering Management Limited | 319,778.40 | | 107,559.00 | |
| CGNPC China Electricity Energy service(Shenzhen) Limited | 468,867.94 | 0.01 | 391,981.12 | 0.01 |
| China Nuclear Power Engineering Co., Ltd | 1,072,330.90 | 0.02 | 58,071.60 | |
| Shenzhen Nuclear Power Materials Supply Limited | 585,833.13 | 0.01 | 555,128.74 | 0.01 |
| CGN Power Co., Ltd | 2,388,488.68 | 0.04 | 13,391.51 | |
| Daya Bay Nuclear Power Operations and Management Co., Ltd. | 15,768.41 | | | |

| Category and name of the related party | Current period | | Prior period | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| CGN ShenZhen WOER Irradiation Technology Co.,Lid. | 20,333.33 | | | |
| CGN Solar Energy Development CO.,LTD. | 1,003,721.65 | 0.02 | | |
| CGN Management Consulting (Shenzhen) Co. Ltd | 8,350.00 | | | |
| Shenzhen Nuclear Power Property Co.Ltd | 128,255.85 | | 25,460.00 | |
| CGNPC Service Group Limited | 382,538.00 | 0.01 | 38,198.10 | |
| China Nuclear Power Design Co., Ltd (Shenzhen) | 10,691,077.17 | 0.17 | 188,679.25 | |
| CGN Finance Co., Ltd | 7,463,907.13 | 0.12 | 17,626,355.09 | 0.23 |
| CGNPC Huasheng Investment Limited | 358,345.66 | 0.01 | 6,091,876.16 | 0.08 |
| CGN Power Import & Export Co., Ltd | 36,960.00 | | | |
| Guangdong Daya Bay Nuclear Power Environment Protection Co., Ltd. | 14,823.00 | | 12,456.00 | |
| CGN Capital Holdings Co., Ltd | 2,750,000.00 | 0.04 | | |
| **Total** | **1,288,898,348.21** | **19.92** | **38,778,136.32** | **0.51** |

(2) Sale of goods,

| Category and name of the related party | Current period | | Prior period | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Fellow subsidiary under control of holding company and ultimate holding company | | | | |
| Including： CGN Solar Energy Development Co., Ltd | 1,462,264.11 | 0.02 | | |
| CGN Energy Development Co., Ltd | 23,584,905.75 | 0.28 | | |
| CGN Luhuo Xianshui River Hydro Power Limited | 94,339.62 | | | |
| CGN Hongya Gaofeng Mountain Hydro Power Limited | 1,886,792.40 | 0.02 | | |

| Category and name of the related party | Current period | | Prior period | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| CGNPC Honghua Hydro Power Limited | 4,528,301.76 | 0.05 | | |
| CNG Hanjiang Hydro Power Development Limited. | 943,396.20 | 0.01 | | |
| CGN Guiliu Hydro Power Limited | 1,886,792.40 | 0.02 | 30,000.00 | |
| CGN Guding Hydro Power Limited | 943,396.20 | 0.01 | 30,000.00 | |
| CGNFEX | 174,214.80 | | | |
| CGN Wind Energy Ltd | 13,349,056.23 | 0.16 | | |
| Zhejiang Xuhui New Energy Co. Ltd | 492,027.33 | 0.01 | | |
| Zhejiang Ouneng Group Shangrila County Niru River Hydro Power Limited | 1,886,792.40 | 0.02 | | |
| Sichuan Yutian Energy Development Limited. | 1,712,626.97 | 0.02 | 738,461.54 | 0.01 |
| Sichuan Tianquan Jiaojipin Hydro Power Limited | 943,396.20 | 0.01 | | |
| Sichuan Hongya Baihuatan Hydro Power Limited. | 1,886,792.40 | 0.02 | 410,256.41 | |
| Sichuan Hexie Electric Co. Ltd. | | | 4,027,169.70 | 0.04 |
| Mianyang Sanjiang Meiya Hydro Power Limited | | | 2,827,608.39 | 0.03 |
| Huzhou Dongsheng Photovoltaic Agriculture Technology Co. Ltd | 94,339.62 | | | |
| Guangxi Zuojiang Meiya Hydro Power Limited | | | 2,169,811.26 | 0.03 |
| Guangxi Rongyuan Hydro Power Limited | 471,698.11 | 0.01 | 282,219.68 | |
| Guangxi Rongjiang Meiya Hydro Power Limited | | | 2,830,188.60 | 0.03 |
| Guangdong Nuclear Power Modern Economy Development Co. Ltd | 12,735,849.10 | 0.15 | | |
| **Total** | **69,076,981.60** | **0.81** | **13,345,715.58** | **0.14** |

(3)Finance expenses- interest income

| Category and name of the related party | Current period | | Prior period | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Fellow subsidiary under control of holding company and ultimate holding company | 10,554,911.91 | 22.50 | 6,086,631.28 | 25.73 |
| Including：CGN Finance Co., Ltd | 6,314,719.25 | 13.46 | 4,246,341.64 | 17.95 |
| CGNPC Huasheng Investment Limited | 4,240,192.66 | 9.04 | 1,840,289.64 | 7.78 |
| **Total** | **10,554,911.91** | **22.50** | **6,086,631.28** | **25.73** |

(4)Finance expenses- interest expense

| Category and name of the related party | Current period | | Prior period | |
|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Controlling shareholder and ultimate holding company | 907,836.00 | 0.08 | 789,607.19 | 0.10 |
| Including：CGNPC | 907,836.00 | 0.08 | 789,607.19 | 0.10 |
| Fellow subsidiary under control of holding company and ultimate holding company | 76,621,940.63 | 6.80 | 26,382,228.83 | 3.49 |
| Including：CGN Finance Co., Ltd | 15,619,581.59 | 1.39 | 60,874.45 | 0.01 |
| China Uranium Development Co., Ltd. | 23,716,418.01 | 2.10 | 23,355,414.81 | 3.09 |
| CGNPC Huasheng Investment Limited | 24,447,794.44 | 2.17 | 2,965,939.57 | 0.39 |
| CGN Solar Energy Development Co., Ltd | 193,257.34 | 0.02 | | |
| CGN Energy Development Co., Ltd | 3,960,603.50 | 0.35 | | |
| CGN Wind Energy Ltd | 8,684,285.75 | 0.77 | | |
| **Total** | **77,529,776.63** | **6.88** | **27,171,836.02** | **3.59** |

3. Account Balances with related parties

(1)Monetary funds in related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | 1,991,163,747.98 | 305,173,378.91 |
| Including：CGN Finance Co., Ltd | 1,991,163,747.98 | 305,173,378.91 |
| **Total** | **1,991,163,747.98** | **305,173,378.91** |

(2)Interest receivable due from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | | 2,222,256.71 |
| Including：CGN Finance Co., Ltd | 396,195.17 | 1,823,038.58 |
| CGNPC Huasheng Investment Limited | 556,337.16 | 399,218.13 |
| **Total** | **952,532.33** | **2,222,256.71** |

(3)Account receivables due from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| CGN (Siziwang) Wind Power Generation Co., Ltd. | 108,901.80 | 108,901.80 |
| CGN (Suniteyouqi) Wind Power Generation Co., Ltd | 442,265.13 | 442,265.12 |
| Inner Mongolia CGN Wind Power Co.Ltd. | 360,188.25 | 360,188.25 |
| CGN (Wulancabu) Wind Power Generation Co., Ltd. | 479,826.75 | 479,826.75 |
| Less:provisions for bad debt | | |
| **Total** | **1,391,181.93** | **1,391,181.93** |

(4)Other receivables due from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Joint venture and associates | | |
| Meiya Xiangyun (BVI) Limited | 0.84 | 0.80 |
| Meiya Xiangyun Development Limited | 212,637,539.79 | 200,370,996.98 |
| Meiya Xiangtou Power Company Limited | 531,592,588.72 | 404,025,820.42 |
| Fellow subsidiary under control of holding company and ultimate holding company | | |

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Chaohu Guanhu Wind Power Co.ltd | | 40,620,666.66 |
| Caohu Huailin Wind Power Co., Ltd. | | 41,261,916.66 |
| CGNPC Daan Wind Power Limited | | 736,250.01 |
| CGNPC Gansu Wind Power Limited | 9,388.07 | 9,388.07 |
| Guangxi Zuojiang Meiya Hydro Power Limited | | 19,000,000.00 |
| Haian Meiya Cogeneration Co., Ltd. | 7,354,956.24 | 17,350,199.29 |
| Nantong Meiya Thermal Power Co. Ltd. | | 4,484,506.45 |
| CGN Zhurihe Wind Power Co., Ltd. | | 2,837,333.35 |
| Xi Wu Zhu Mu Qin Qi International Renewable Energy Wind Power Co. Ltd. | 997,992.62 | 940,420.85 |
| Xilinhot Chenhui Wind Power Co.Ltd. | | 62,213,500.00 |
| CGN (Siziwang) Wind Power Generation Co., Ltd. | 38,990.09 | 39,070.00 |
| CGN (Suniteyouqi) Wind Power Generation Co., Ltd | 44,412.50 | 44,412.50 |
| CGN （Wulanchabu）Wind Power Co., Ltd. | 99,260.00 | 99,260.00 |
| CGN （Youyu）Wind Power Co., Ltd. | | 31,106,750.00 |
| CGN(Zhejiang Xiangshan) Wind Power Co., Ltd. | | 114,000.00 |
| CGN Anqiu Wind Power Co., Ltd. | | 1,412,333.32 |
| CGN Chuxiong Dayao Wind Power Co.Ltd | | 51,211,250.01 |
| CGN Wind Energy Ltd | 9,601,364.20 | 273,254,516.47 |
| CGNPC Wind Power Generation Limited | 26,641.40 | 25,086.07 |
| CGN Gansu Guazhou (II) Wind Power Company Limited | | 40,555,974.13 |
| CGN Gansu Guazhou Wind Power Company Limited | | 15,426,718.33 |
| CGN Gansu Minqin (II) Wind Power Company Limited | | 4,450,000.00 |
| CGN Guizhou Guiding Wind Power Co., Ltd. | | 114,279,822.40 |
| CGN Guizhou Longli Wind Power Co., Ltd. | | 33,228,416.66 |
| CGN Guizhou Majiang Wind Power Co., Ltd. | | 51,844,583.35 |
| CGN Hubei Dawu Wind Power Co., Ltd. | | 190,000.00 |
| CGNPC Huasheng Investment Limited | 584,905,651.23 | 688,968,611.93 |
| CGNPC Mining Limited | | 6,637.71 |
| CGN Energy Development Co., Ltd | 28,085.31 | |
| CGN Ningxia Zhongning Wind Power Co., Ltd. | | 10,155,166.66 |
| CGN Sheyang Wind Power Co., Ltd. | | 15,585,041.66 |
| CGN Solar Energy Development Co., Ltd | | 243,421,294.60 |

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| China Uranium Development Co td | 333,921.61 | 323,128.08 |
| CGN Yuxi Yuanjiang Wind Power Co., Ltd. | | 102,422,499.99 |
| CGN Zhaoyuan Zhangxing Wind Power Co., Ltd. | | 112,652.60 |
| CGN Zibo Zichuan Wind Power Co., Ltd. | | 50,205.67 |
| Other related parties | | |
| Zhejiang Ouneng Group Shangrila County Niru River Hydro Power Limited | 58,761.40 | |
| Zhejiang Xuhui New Energy Co. Ltd | 90.00 | |
| CGNFEX | 174,214.80 | |
| Meiya Tongzhou Cogen Power Ltd | 47,403,280.00 | |
| Less: Provisions for bad debts | | |
| **Total** | **1,395,307,138.82** | **2,472,178,431.68** |

(5)Adavance to supplier with related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| China Nuclear Power Engineering Co., Ltd | | 1,183,605.00 |
| China Nuclear Power Design Co., Ltd (Shenzhen) | 1,183,605.00 | |
| Less: Provisions for bad debts | | |
| **Total** | **1,183,605.00** | **1,183,605.00** |

(6)Dividends receivables due from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Joint venture and associates | | 332,638,226.36 |
| Including：Hubei Xisaishan power Limited | | 66,033,854.10 |
| Hubei Huadain Xisaishan power Limited | | 159,087,395.73 |
| CGNPC(Chabei)Wind Generation Co., Ltd | | 12,338,296.27 |
| CGN (Suniteyouqi) Wind Power Generation Co., Ltd | | 1,088,066.24 |
| CGN (Siziwang) Wind Power Generation Co., Ltd. | | 7,826,242.43 |
| CGNPC Gansu Wind Power Limited | | 24,866,173.25 |
| CGNPC Jilin Wind Power Limited | | 58,986,470.18 |
| Inner Mongolia CGN Wind Power Co.Ltd. | | 2,411,728.16 |
| Nantong Meiya Thermal Power Co. Ltd. | 48,343,223.74 | |
| Guangxi Rongjiang Meiya Limited | 6,337,800.11 | |

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Guangxi Rongjiang Meiya Hydro Power Limited | 2,426,078.65 | |
| **Total** | **57,107,102.50** | **332,638,226.36** |

(7)Short-term borrowings from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | | 1,723,839,754.64 |
| Including：CGN Finance Co., Ltd. | 787,600,000.00 | 333,900,000.00 |
| CGNPC Huasheng Investment Limited | 8,381,390,989.07 | 1,389,939,754.64 |
| CGN Energy Development Co., Ltd | 222,500,000.00 | |
| **Total** | **9,391,490,989.07** | **1,723,839,754.64** |

(8)Account payables due from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Controlling shareholder and ultimate holding company | | |
| Including：CGNPC | 754,500.00 | 868,326.00 |
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| Shenzhen Luyuan Restaurant Management Co.,Ltd | 2,230.00 | |
| Shenzhen Aigrette Health Service Co., Ltd | 3,800.00 | |
| China Nuclear Power Design Co., Ltd (Shenzhen) | 9,759,855.47 | 42,500.00 |
| Shenzhen Nuclear Power Material Supply Co.Ltd | 485,509.00 | |
| Suzhou Nuclear Power Research Institute | 401,480.00 | |
| CGN Power Services Corporation | 262,960.00 | |
| CGN Carbon Asset Management (Beijing) Co., Ltd. | 40,000.00 | 40,000.00 |
| CGN Power Co., Ltd. | 2,165,823.00 | |
| **Total** | **13,876,157.47** | **950,826.00** |

(9)Interest payables to related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Controlling shareholder and ultimate holding company | | 786,780.28 |
| Including：CGNPC | 1,780,387.72 | 786,780.28 |
| Fellow subsidiary under control of holding company and ultimate holding company | | 9,440,264.90 |
| Including：China Uranium Development Co., Ltd | 5,884,824.34 | 5,545,340.47 |
| CGNPC Huasheng Investment Limited | 13,519,991.03 | 3,203,606.64 |
| CGN Finance Co., Ltd. | 1,375,443.59 | 474,837.79 |
| CGN Energy Development Co., Ltd | 1,396,045.95 | 216,480.00 |
| **Total** | **23,956,692.63** | **10,227,045.18** |

(10)Other payables due to related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Controlling shareholder and ultimate holding company | | |
| Including：CGNPC | 2,351,541.87 | 1,512,129,769.80 |
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| CGN (Wulancabu) Wind Power Generation Co., Ltd. | 65,881.24 | |
| CGN Finance Co., Ltd. | | 52,944.34 |
| CGN Wind Energy Co., Ltd. | 2,596,827.98 | 1,401,610,274.88 |
| CGNPC Wind Power Generation Limited | | 1,390.00 |
| CGN Gansu Guazhou Wind Power Company Limited | | 11,700,000.00 |
| CGN Gansu Minqin (II) Wind Power Company Limited | | 9,140,718.33 |
| CGN Gansu Minqin Wind Power Co., Ltd. | | 14,860,000.00 |
| CGN Engineering Co., Ltd. | 1,246,750.48 | 907,332.72 |
| CGN Mining Co., Ltd. | 1.62 | |
| CGN Energy Development Co., Ltd. | 11,000,000.00 | 38,080,666.67 |
| CGN Solar Energy Development Co., Ltd. | 392,356.00 | 40,976,578.13 |
| CGN Carbon Asset Management (Beijing) Co., Ltd. | 80,000.00 | |
| CGN CLP Energy Services (Shenzhen) Co.,Ltd. | | 533,387.74 |
| CGN Power Co., Ltd. | 353,750.00 | 14,195.00 |
| CGNPC Gansu Wind Power Limited | | 33,309,527.25 |

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Gansu CGN Yongsheng Wind Power Co.Ltd. | | 70,707,860.78 |
| Jilin CGN Wind Power Co.Ltd | 88,533.71 | |
| Si'ping CGN Wind Power Co., Ltd. | | 47,461.63 |
| Other related parties | | |
| China Dragon wind power Co. Ltd. | 11,596.70 | |
| Gongshan Lanxi Hydropower Development Co., Ltd. | | 9,084,630.60 |
| Guazhou Tianrun Wind Power Co., Ltd. | | 24,845,974.13 |
| Nantong Meiya Thermal Power Co. Ltd. | 7,365,151.40 | 17,360,394.45 |
| Yaneng Consulting (Shanghai) Co., Ltd. | 11,028,581.60 | 16,403,619.27 |
| Zhejiang Ouneng Group Shangrila County Niru River Hydro Power Limited | 18,928.80 | |
| **Total** | **36,599,901.40** | **3,201,766,725.72** |

(11)Non-current liabilities to related parties due within one year

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Fellow subsidiary under control of holding company and ultimate holding company | | |
| CGN Finance Co., Ltd. | 12,523,170.74 | 12,523,170.74 |
| **Total** | **12,523,170.74** | **12,523,170.74** |

(12)Long-term borrowings from related parties

| Name of the related party | Ending balance | Beginning balance |
|---|---|---|
| Controlling shareholder and ultimate holding company | | 49,000,155.17 |
| Including：CGNPC | 48,999,967.73 | 49,000,155.17 |
| Fellow subsidiary under control of holding company and ultimate holding company | | 651,899,637.42 |
| Including：CGN Finance Co., Ltd. | 140,384,146.67 | 40,000,000.00 |
| China Uranium Development Co td | 649,359,926.88 | 611,899,637.42 |
| **Total** | **838,744,041.28** | **700,899,792.59** |

## XII. Explanatory notes for major financial statement items of parent company

1.Notes for major financial statement items

(1)Other receivables

| Category | Ending balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion | Amount | Proportion |
| Receivables which bad debts provision is recognized in a portfolio basis | 9,486,004.36 | 100.00 | | |
| **Total** | **9,486,004.36** | | | |

(Continued)

| Category | Ending balance | | | |
|---|---|---|---|---|
| | Carrying amount | | Provision for bad debts | |
| | Amount | Proportion | Amount | Proportion |
| Receivables which bad debts provision is recognized in a portfolio basis | 1,327,371,791.54 | 100.00 | | |
| **Total** | **1,327,371,791.54** | | | |

a) Receivables which bad debts provision is recognized in a portfolio basis

Receivables which bad debts provision is recognized in other portfolio basis

| Items | Ending balance | | | Beginning balance | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Percentage （%） | Provision for bad debts | Carrying amount | Percentage （%） | Provision for bad debts |
| Other inter-group receivables | 9,427,104.23 | | | 1,317,773,732.73 | | |
| With conclusive evidences the receivables can be recovered that are outside the Group | 58,900.13 | | | 9,598,058.81 | | |
| **Total** | **9,486,004.36** | — | | **1,327,371,791.54** | | |

b) The top 5 customers which ranked by the ending balance of other reveivables

| Debtor's name | The nature of money | Ending balance |
|---|---|---|
| CGNPC Huamei Investment Limited. | Intercourse funds | 8,675.21 |
| CGNPC Wind Power Generation Limited | Intercourse funds | 26,641.40 |
| Clean Energy | Intercourse funds | 617,208.02 |
| CGNPC Huasheng Investment Limited | Intercourse funds | 8,774,579.60 |
| **Total** | — | **9,427,104.23** |

## (2)Long-term equity investment

a) Classifications of long-term equity investment

| Item | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Investments in subsidiaries | 2,889,987,793.73 | 911,554,897.42 | | 3,801,542,691.15 |
| Investments in associates | 914,324,902.16 | | 18,554,589.46 | 895,770,312.70 |
| Subtotal | 3,804,312,695.89 | 911,554,897.42 | 18,554,589.46 | 4,697,313,003.85 |
| Less: impairmentof long-term equity investment | | 581,549,027.24 | | 581,549,027.24 |
| **Total** | **3,804,312,695.89** | **330,005,870.18** | **18,554,589.46** | **4,115,763,976.61** |

b) Details of long-term equity investments

| Name of investee | Investment costs | Beginning balance | Changes during current period | | | |
|---|---|---|---|---|---|---|
| | | | Additional investment | Negative investment | Investment income recognized under equity method | Adjustment on other comprehensive income |
| 1.Subsidiaries | | | | | | |
| Aigrette Green Energy Development Company Limited | 83.78 | 78.89 | | | | |
| CGNPC Huamei Investment Limited | 1,566,718,065.43 | 1,475,252,310.00 | | | | |
| CGNPC International Financial Leasing Limited | 1,057,388,415.05 | 306,038,573.17 | 699,173,200.00 | | | |
| CGNPC Captive Insurance Company | 526,963,620.84 | 496,199,230.79 | | | | |
| GOLD SKY | 650,472,498.72 | 612,497,600.88 | | | | |
| Clean Energy | 0.84 | | 0.84 | | | |
| Gigastar | 6.49 | | 6.49 | | | |
| 2.Associates | | | | | | |
| Yinjian International Industrial Limited | 741,364,392.26 | 914,324,902.16 | | | -8,365,968.77 | -49,274,725.55 |
| **Total** | **4,542,907,083.41** | **3,804,312,695.89** | **699,173,207.33** | | **-8,365,968.77** | **-49,274,725.55** |

(Continued)

| Name of investee | Changes during current period | | | | Ending balance | Ending balance of provisions for impairment |
|---|---|---|---|---|---|---|
| | Other equity changes | Declaration of cashing dividend or profit distribution | Accrued provisions for impairment | Others | | |
| 1.Subsidiaries | | | | | | |
| Aigrette Green Energy Development Company Limited | | | | 4.89 | 83.78 | |
| CGNPC Huamei Investment Limited | | | | 91,465,755.43 | 1,566,718,065.43 | |
| CGNPC International Financial Leasing Limited | | | | 52,176,641.88 | 1,057,388,415.05 | |
| CGNPC Captive Insurance Company | | | | 30,764,390.05 | 526,963,620.84 | |
| GOLD SKY | | | | 37,974,897.84 | 650,472,498.72 | |
| Clean Energy | | | | | 0.84 | |
| Gigastar | | | | | 6.49 | |
| 2.Associates | | | | | | |
| Yinjian International Industrial Limited | | 14,656,270.86 | 558,780,749.06 | 53,742,375.72 | 895,770,312.70 | 581,549,027.24 |
| **Total** | | **14,656,270.86** | **558,780,749.06** | **266,124,065.81** | **4,697,313,003.85** | **581,549,027.24** |

c) Major financial information for significant associates

| Items | Current period | Prior period |
|---|---|---|
| | Yinjian International Industrial Limited | Yinjian International Industrial Limited |
| Current assets | 2,389,237,973.04 | 2,754,928,102.02 |
| Non-current assets | 7,073,446,913.52 | 6,655,173,169.19 |
| Total assets | 9,462,684,886.56 | 9,410,101,271.21 |
| Current liabilities | 2,263,209,889.86 | 1,935,244,050.95 |
| Non-current liabilities | 1,200,076,285.44 | 1,307,690,866.12 |
| Total liabilities | 3,463,286,175.30 | 3,242,934,917.07 |
| Net assets | 5,688,929,172.18 | 5,805,217,020.74 |
| Share of net assets calculated by shareholding ratio | 898,850,809.20 | 917,224,289.28 |
| Adjustments: | -584,629,523.74 | -2,899,387.12 |
| Book value of equity investment on associates | 314,221,285.46 | 914,324,902.16 |
| Fair value of equity investmentswhichhas public price announcement | | |
| Operating income | 271,473,065.16 | 323,066,450.20 |
| Financial expenses | 38,630,990.20 | 28,954,846.05 |
| Income tax expenses | 7,937,907.78 | -62,548,109.00 |
| Net profits | -104,500,088.66 | 100,217,220.35 |
| Other comprehensive income | -331,326,548.08 | -27,969,955.00 |
| Total comprehensive income | -435,826,636.74 | 72,247,265.35 |
| Dividends received from joint operatios during current period | 14,656,270.86 | 14,426,316.45 |

(3) Investment income

a) Sources of investment income

| Sources of investment income | Current amount | Prior amount |
|---|---|---|
| Long-term equity investment accounted by equity method | -8,365,968.77 | 13,691,796.91 |
| Income on available-for-sale financial assets | | 17,233,353.53 |
| Loans income | 62,923,143.77 | 41,329,101.76 |
| Others | 18,349,931.87 | 22,199,045.15 |
| **Total** | **72,907,106.87** | **94,453,297.35** |

b) There is no existence of significant limitations on remittance of the investmen income.

(4)Supplementary information of the cash flow statement of parent company

| Items | Current amount | Prior amount |
|---|---|---|
| 1. Adjustment of net profit to cash flows from operating activities | | |
| Net profit | -746,261,179.17 | -71,760,432.62 |
| Add: Provision of impairment of assets | 558,780,749.06 | |
| Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets | | |
| Amortization of intangible assets | | |
| Amortization of long-term deferred expenditures | | |
| Loss on disposal of fixed assets, intangible assets and other long-term assets ( “-” for gains) | | |
| Loss on written off of fixed assets ( “-” for gains) | | |
| Loss on fair value change ( “-” for gains) | -19,589,178.17 | 71,301,764.30 |
| Financial expenses ( “-” for gains) | 280,088,007.71 | 97,576,680.04 |
| Loss on investments ( “-” for gains) | -72,907,106.87 | -94,453,297.35 |
| Decrease in deferred tax assets (“-” for increases) | | |
| Increase in deferred tax liabilities (“-” for decreases) | | |
| Decrease in inventories( “-” for increases) | | |
| Decrease in operating receivables( “-” for increases) | 1,191,255,010.02 | -146,312,544.80 |
| Increase in operating payables(“-” for decreases) | 175,892,868.24 | -71,862.30 |
| Others | | |
| Net cash flow generated from operating activities | 1,367,259,170.82 | -143,719,692.73 |
| 2. Significant non-cash investing and financing activities | | |
| Conversion of debts into capital | | |
| Convertible bonds repayable within 1 year | | |
| Fixed assets acquired under finance leases arrangement | | |
| 3. Changes in cash and cash equivalents | | |
| Cash at end of year | 897,975.58 | 776,071.34 |
| Less: Cash at beginning of year | 776,071.34 | 410,879.46 |
| Add: Cash equivalents at end of year | | |
| Less: Cash equivalents at beginning of year | | |
| Net increase in cash and cash equivalents | 121,904.24 | 365,191.88 |

## XIII. Other disclosures as required by relevant Financial and Accounting System

There is no other important event to be disclosed in the reporting period according to accounting standards

## XIV.Approval of financial statements

The financial statements for the year of 2015 are approved by the Broad of Directors.

信永中和 ShineWing | 信永中和会计师事务所 ShineWing certified public accountants | 北京市东城区朝阳门北大街8号富华大厦A座9层 9/F, Block A, Fu Hua Mansion, No.8, Chaoyangmen Beidajie, Dongcheng District, Beijing, 100027, P.R.China | 联系电话: +86(010)6554 2288 telephone: +86(010)6554 2288 传真: +86(010)6554 7190 facsimile: +86(010)6554 7190

# Auditors' Report

XYZH/2017SZA40858

**To the Board of Directors of**
**China General Nuclear Power Corporation:**

We have audited the accompanying financial statements of China General Nuclear Power Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise statements of financial position of the consolidated and the Company as at 31 December 2016, and profit or loss and other comprehensive income of the consolidated and the Company, cash flows statements and statements of changes in equity of the consolidated and the Company for the year then ended and notes to the financial statements.

## Management's Responsibility for the Financial Statements

The management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and fairly presenting them; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Group and the Company as at 31 December 2016, and financial performance and cash flows of the Group and the Company for the year then ended in accordance with the Accounting Standards for Business Enterprises.

ShineWing Certified Public Accountants Beijing, China

April 18,2017

## Consolidated statement of financial position

As at December 31, 2016

Prepared by: China General Nuclear Power Corporation　　Unit：RMB

| | Notes | 2016 | 2015 |
|---|---|---|---|
| **Current assets:** | | | |
| Cash and bank balances | 8.1 | 22,792,402,724.19 | 23,207,652,586.49 |
| △Settlement funds | | - | - |
| △Lending funds | | - | - |
| Financial assets at fair value through profit or loss | 8.2 | 668,360,391.29 | 188,823,874.55 |
| Derivative financial instruments | 8.3 | 54,008,022.00 | 22,413,089.02 |
| Notes receivable | 8.4 | 637,718,390.48 | 558,126,331.76 |
| Accounts receivable | 8.5 | 16,358,319,166.78 | 14,650,647,207.65 |
| Prepayments | 8.6 | 6,739,521,977.50 | 5,833,257,950.71 |
| △Premium receivable | | - | - |
| △Reinsurance accounts receivable | | 116,275,379.03 | 74,443,623.69 |
| △Receivable from subcontracting reserves | | 39,803,712.87 | 40,742,382.10 |
| Interest receivable | 8.7 | 102,572,606.13 | 31,993,974.67 |
| Dividends receivable | 8.8 | 735,950,367.90 | 885,231,805.03 |
| Other receivables | 8.9 | 2,423,538,718.86 | 827,814,540.34 |
| △Buying back the sale of financial assets | | - | - |
| Inventories | 8.10 | 22,342,820,723.15 | 17,316,433,349.93 |
| Including: Raw materials | 8.10 | 7,395,019,394.67 | 5,183,203,695.81 |
| Finished goods | 8.10 | 2,565,685,375.09 | 1,382,135,251.92 |
| Held-for-sale assets | 8.11 | 55,976,999.15 | - |
| Non-current assets due within one year | 8.12 | 7,382,759,704.09 | 5,096,586,444.22 |
| Other current assets | 8.13 | 4,085,948,427.26 | 5,663,551,597.07 |
| **Total current assets** | | **84,535,977,310.68** | **74,397,718,757.23** |
| **Non-current assets:** | | | |
| △Loans and advances | 8.14 | 3,125,152,000.00 | 109,424,000.00 |
| Available-for-sale financial assets | 8.15 | 8,803,169,526.88 | 8,142,831,594.68 |
| Held-to-maturity investments | 8.16 | 317,554,683.60 | 242,172,146.04 |
| Long-term receivables | 8.17 | 23,020,190,050.27 | 6,251,379,682.34 |
| Long-term equity investments | 8.18 | 23,272,151,010.02 | 16,526,488,998.01 |
| Investment properties | 8.19 | 971,127,253.76 | 808,074,675.51 |
| Fixed assets-original cost | 8.20 | 292,029,774,791.00 | 209,062,287,027.36 |
| Less: accumulated depreciation | 8.20 | 82,140,565,779.47 | 61,552,787,129.84 |
| Fixed assets-original cost net of depreciation | 8.20 | 209,889,209,011.53 | 147,509,499,897.52 |
| Less:provision for impairment of fixed assets | 8.20 | 1,966,574,327.62 | 30,828,620.77 |
| Fixed assets-net book value | 8.20 | 207,922,634,683.91 | 147,478,671,276.75 |
| Construction in progress | 8.21 | 127,101,837,050.14 | 148,723,183,618.90 |
| Construction materials | 8.22 | 59,670,937.99 | 270,046,541.37 |
| Fixed assets pending for disposal | 8.23 | 6,475,985.85 | 1,353,651.13 |
| Productive biological assets | | - | - |
| Uranium mine assets | 8.24 | 851,263,458.49 | 958,891,388.33 |
| Intangible assets | 8.25 | 12,114,828,979.16 | 6,934,956,270.37 |
| Development expenditures | 8.26 | 1,357,369,520.06 | 1,250,511,826.47 |
| Goodwill | 8.27 | 7,263,525,880.53 | 3,354,261,636.06 |
| Long-term deferred expenses | 8.28 | 2,435,800,085.74 | 1,807,552,153.98 |
| Deferred tax assets | 8.29 | 1,635,193,624.83 | 1,141,971,699.72 |
| Other non-current assets | 8.30 | 15,665,734,991.31 | 14,296,149,779.06 |
| Include:Charactered material reserve | | - | - |
| **Total non-current assets** | | **435,923,679,722.54** | **358,297,920,938.72** |
| **Total assets** | | **520,459,657,033.22** | **432,695,639,695.95** |

**Legal representative:**　　**Principal in charge of accounting:**　　**Head of accounting department:**

## Consolidated statement of financial position

As at December 31, 2016

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2016 | 2015 |
|---|---|---|---|
| **Current liabilities:** | | | |
| Short-term loans | 8.32 | 44,361,745,457.61 | 22,418,484,831.51 |
| △Borrowings from central bank | | - | - |
| △Deposits and placements from other financial institutions | 8.33 | 1,097,589,400.94 | 151,730,789.73 |
| △Placement from banks and other financial institutions | | - | - |
| Financial liabilities at fair value through profit or loss | | - | - |
| Derivative financial instruments | 8.34 | 279,824,702.02 | 101,931,449.04 |
| Notes payable | 8.35 | 2,515,385,685.38 | 3,295,460,945.26 |
| Accounts payable | 8.36 | 27,441,985,050.85 | 24,813,938,302.05 |
| Advances from customers | 8.37 | 3,666,567,613.35 | 2,098,912,856.99 |
| △Financial assets sold for repurchase | | - | - |
| △Handling charges and commissions payable | | 182,440.75 | - |
| Employee benefits payable | 8.38 | 346,918,871.21 | 198,010,240.61 |
| Including:Salary payable | 8.38 | 201,045,382.18 | 108,835,063.00 |
| Welfare benefits payable | 8.38 | 544,290.00 | 3,638,631.66 |
| Taxes and surcharges payable | 8.39 | 1,873,011,068.96 | 2,974,323,508.48 |
| Interest payable | 8.40 | 1,920,723,099.95 | 1,019,682,289.00 |
| Dividends payable | 8.41 | 1,997,121,782.87 | 1,416,223,866.85 |
| Other payables | 8.42 | 5,001,807,538.35 | 3,324,806,360.58 |
| △Dividend payable for reinsurance | | 53,288,759.61 | 44,706,198.80 |
| △Provision for insurance contracts | | 95,799,578.92 | 68,675,629.45 |
| △Acting trading securities | | - | - |
| △Acting underwriting securities | | - | - |
| Held-for-sale Liabilities | 8.43 | 698,758.55 | - |
| Non-current liabilities due within one year | 8.44 | 25,969,216,789.37 | 20,367,726,199.96 |
| Other current liablities | 8.45 | 3,735,156,312.73 | 5,658,756,109.94 |
| **Total current liabilities** | | **120,357,022,911.42** | **87,953,369,578.25** |
| **Non-current liabilities:** | | | |
| Long-term loans | 8.46 | 204,175,508,191.02 | 174,482,850,877.49 |
| Bonds payable | 8.47 | 37,276,697,506.14 | 32,291,088,477.93 |
| Long-term payables | 8.48 | 465,800,247.04 | 1,543,300,234.21 |
| Long-term employee benefits payable | 8.49 | 75,066,499.24 | 49,728,807.22 |
| Grants payable | | - | - |
| Provisions | 8.50 | 2,906,322,254.52 | 1,757,279,622.34 |
| Deferred income | 8.51 | 2,253,170,586.12 | 2,213,244,665.44 |
| Deferred tax liabilities | 8.29 | 5,685,079,666.29 | 3,050,890,828.32 |
| Other non-current liablities | 8.52 | 6,274,232.31 | 141,186,762.56 |
| Include:Charactered material reserve | | | |
| **Total non-current liabilities** | | **252,843,919,182.68** | **215,529,570,275.51** |
| **Total liabilities** | | **373,200,942,094.10** | **303,482,939,853.76** |
| **Equity:** | | | |
| Share capital | 8.53 | 12,977,780,000.00 | 12,200,000,000.00 |
| Other equity instruments | | - | - |
| Capital reserves | 8.54 | 17,529,112,767.21 | 16,566,996,815.36 |
| Less: treasury shares | | - | - |
| Other comprehensive income | | -2,095,062,458.39 | -1,722,612,376.02 |
| Including:Currency translation reserve | | -468,220,899.36 | -185,504,410.42 |
| Special reserve | 8.55 | 91,516,278.77 | 61,468,032.93 |
| Surplus reserves | 8.56 | 40,539,817,841.04 | 26,478,315,187.75 |
| △General risk reserve | | 210,209,837.41 | 210,209,837.41 |
| Undistributed profits | 8.57 | 17,272,264,795.27 | 25,912,738,715.47 |
| **Equity attributable to owners of the Company** | | **86,525,639,061.31** | **79,707,116,212.90** |
| *Non-controlling interest | | 60,733,075,877.81 | 49,505,583,629.29 |
| **Total equity** | | **147,258,714,939.12** | **129,212,699,842.19** |
| **Total liabilities and equity** | | **520,459,657,033.22** | **432,695,639,695.95** |

## Statement of financial position of the Company

As at December 31, 2016

Prepared by: China General Nuclear Power Corporation　　Unit：RMB

| | Notes | 2016 | 2015 |
|---|---|---|---|
| **Current assetes** | | | |
| Cash and bank balances | | 6,552,434,425.92 | 5,688,741,592.89 |
| Financial assets at fair value through profit or loss | | - | - |
| Derivative financial assets | | - | - |
| Notes receivable | | - | - |
| Accounts receivable | 13.1 | 127,555,965.68 | 76,924,609.14 |
| Prepayments | | 397,054,944.27 | 157,200,013.71 |
| Interest receivable | | 9,164,796.86 | 16,819,609.58 |
| Dividends receivable | | 154,338,758.61 | 154,338,758.61 |
| Other receivables | 13.2 | 11,159,665,881.18 | 4,421,164,551.60 |
| Inventories | | - | - |
| Held-for-sale assets | | - | - |
| Non-current assets due within one year | | - | 1,995,920,888.68 |
| Other current assets | | 2,391,257,741.35 | 3,263,681,251.59 |
| **Total current assets** | | **20,791,472,513.87** | **15,774,791,275.80** |
| **Non-current assets:** | | | |
| Available-for-sale financial assets | | 1,451,439,699.06 | 1,483,172,647.65 |
| Held-to-maturity investments | | 130,849,343.75 | 125,944,554.01 |
| Long-term receivables | | 778,447,888.89 | 49,000,000.00 |
| Long-term equity investments | 13.3 | 84,171,644,911.35 | 85,399,490,150.11 |
| Investment properties | | 1,876,958,758.57 | 1,227,271,289.52 |
| Fixed assets | | 225,051,737.87 | 255,817,523.52 |
| Construction in progress | | 1,226,862,977.36 | 1,183,524,603.96 |
| Construction materials | | - | - |
| Fixed assets pending for disposal | | - | - |
| Productive biological assets | | - | - |
| Uranium mine assets | | - | - |
| Intangible assets | | 50,802,444.21 | 730,243,677.74 |
| Development expenditures | | - | 13,547,169.80 |
| Goodwill | | - | - |
| Long-term deferred expenses | | - | - |
| Deferred tax assets | | - | - |
| Other non-current assets | | 5,418,137.63 | 2,474,683.88 |
| **Total non-current assets** | | **89,917,475,898.69** | **90,470,486,300.19** |
| **Total assets** | | **110,708,948,412.56** | **106,245,277,575.99** |

## Statement of financial position of the Company

At December 31, 2016

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2016 | 2015 |
|---|---|---|---|
| **Current Liabilities:** | | | |
| Short-term loans | | 507,230,000.00 | 5,971,230,000.00 |
| Financial liabilities at fair value through profit or loss | | - | - |
| Derivative financial instruments | | - | - |
| Notes payable | | - | - |
| Accounts payable | | 471,877,405.44 | 523,682,896.90 |
| Advances from customers | | 14,282,928.15 | 11,957,777.62 |
| Employee benefits payable | | 1,409,670.82 | 652,428.69 |
| Taxes and surcharges payable | | 16,607,217.46 | 67,447,241.35 |
| Interest payable | | 152,079,884.60 | 99,390,802.49 |
| Dividends payable | | 110,354,064.19 | 110,354,064.19 |
| Other payables | | 714,790,978.28 | 481,269,631.76 |
| Held-for-sale Liabilities | | - | - |
| Non-current liabilities due within one year | | - | 5,494,901,110.86 |
| Other current liablities | | 1,500,000,000.00 | 2,500,000,000.00 |
| **Total current liabilities** | | **3,488,632,148.94** | **15,260,885,953.86** |
| **Non-current liabilities:** | | | |
| Long-term loans | | 100,000,000.00 | - |
| Bonds payable | | 11,463,844,670.27 | 4,979,477,901.47 |
| Long-term payables | | - | - |
| Long-term employee benefits payable | | - | - |
| Grants payable | | - | - |
| Provisions | | - | - |
| Deferred income | | - | 450,000.00 |
| Deferred tax liabilities | | - | - |
| Other non-current liablities | | - | - |
| **Total non-current liabilities** | | **11,563,844,670.27** | **4,979,927,901.47** |
| **Total liabilities** | | **15,052,476,819.21** | **20,240,813,855.33** |
| **Equity:** | | | |
| Share capital | | 12,977,780,000.00 | 12,200,000,000.00 |
| Other equity instruments | | - | - |
| Including: Preferred stock | | - | - |
| Perpetual debt | | - | - |
| Capital reserves | | 31,501,310,831.05 | 32,361,015,675.05 |
| Less: treasury shares | | - | - |
| Other comprehensive income | | 379,191,491.84 | 423,988,208.00 |
| Including:Currency translation reserve | | - | - |
| Special reserve | | - | - |
| Surplus reserves | | 40,940,157,813.64 | 26,878,655,160.35 |
| Undistributed profits | | 9,858,031,456.82 | 14,140,804,677.26 |
| **Total equity** | | **95,656,471,593.35** | **86,004,463,720.66** |
| **Total liabilities and equity** | | **110,708,948,412.56** | **106,245,277,575.99** |

## Consolidated Statement of profit or loss and other comprehensive income

For the year ended December 31, 2016

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2016 | 2015 |
|---|---|---|---|
| **Total revenue** | | **65,792,208,607.52** | **50,604,334,566.04** |
| Including: Revenue | 8.58 | 65,404,154,246.35 | 50,223,253,738.24 |
| △Interest income | 8.59 | 333,205,042.42 | 360,926,636.09 |
| △Premium earned | | 50,307,347.69 | 6,863,774.29 |
| △Fees and commissions income | 8.60 | 4,541,971.06 | 13,290,417.42 |
| **Total cost** | | **58,378,033,612.49** | **42,789,143,851.48** |
| Including: Operation cost | 8.58 | 40,673,734,033.42 | 30,395,825,169.29 |
| △ Interest expenses | | 2,174,944.42 | 25,421,185.65 |
| △ Fees and commissions expenses | | 5,669,074.47 | 5,130,014.56 |
| △Surrender value | | - | - |
| △Net payments for insurance claims | | - | - |
| △Net payments for withdrawing reserve fund for insurance contracts | | 2,888,910.13 | - |
| △Bond insurance expenses | | - | - |
| △Amortised reinsurance expenditures | | 8,819,799.20 | 5,130,232.27 |
| Sales tax and surchages | | 722,356,474.51 | 729,793,951.86 |
| Selling and distribution expenses | 8.61 | 366,822,103.52 | 315,446,370.70 |
| General and administrative expenses | 8.62 | 4,953,225,796.57 | 3,822,617,366.97 |
| Including: Research and development expenses | | 756,897,111.76 | 656,035,113.86 |
| Financial costs | 8.63 | 9,403,238,705.55 | 6,449,880,548.32 |
| Including:Interest expense | 8.63 | 8,853,172,087.42 | 6,394,320,630.21 |
| Interest income | 8.63 | 352,870,511.42 | 361,253,673.59 |
| Exchange loss ("-" for gain) | 8.63 | 569,572,174.14 | 205,004,858.22 |
| Impairment losses | 8.64 | 2,239,103,770.70 | 1,039,899,011.86 |
| Other costs and expenses | | - | - |
| Add: Gain from fair value changes ("-" for loss) | 8.65 | 98,360,298.38 | 34,726,540.08 |
| Investment income ("-" for loss) | 8.66 | 2,643,859,756.68 | 1,616,733,521.99 |
| Including: Investment income from joint ventures and associates | 8.66 | 1,394,961,302.81 | 1,154,303,645.43 |
| Gain on foreign exchange (loss expressed with "-") | | 17,156,354.26 | 11,607,677.11 |
| **Operating profits ("-" for loss)** | | **10,173,551,404.35** | **9,478,258,453.74** |
| Add: Non-operating income | 8.67 | 2,609,283,645.93 | 1,937,056,200.85 |
| Including: Gain on disposal of non-current assets | 8.67 | 3,199,778.77 | 2,247,509.05 |
| Gain on exchange of non-monetary assets | | - | - |
| Government grants | 8.67 | 1,598,021,901.31 | 1,777,934,158.20 |
| Gain on debt restructuring | | 1,400,000.00 | - |
| Less: Non-operating expenses | 8.68 | 189,730,032.28 | 170,754,782.76 |
| Including: Loss on disposal of non-current assets | 8.68 | 80,463,792.38 | 27,250,137.75 |
| Loss on exchange of non-monertary assets | | - | - |
| Loss on debt restructuring | | - | - |
| **Profit before tax ("-" for loss)** | | **12,593,105,018.00** | **11,244,559,871.83** |
| Less: Income tax | 8.69 | 1,555,780,792.50 | 2,108,559,322.20 |
| **Net profit ("-" for loss)** | | **11,037,324,225.50** | **9,136,000,549.63** |
| Net profit attributable to owners of the Company | | 6,417,707,603.21 | 5,162,328,060.02 |
| Profit/loss attributable to non-controlling interests | | 4,619,616,622.29 | 3,973,672,489.61 |
| **Other comprehensive income after tax** | 8.70 | **90,163,145.86** | **-371,179,537.64** |
| (1) Comprehensive income not to be reclassified as profit or loss | 8.70 | -2,691,000.00 | -5,479,000.00 |
| 1) Changes in remeasured defined benefit obligations or net assets | 8.70 | -2,691,000.00 | -5,479,000.00 |
| 2) Portion of comprehensive income not to be reclassified as profit or loss under equity method | | - | - |
| (2) Comprehensive income to be reclassified as profit or loss | 8.70 | 92,854,145.86 | -365,700,537.64 |
| 1) Portion of comprehensive income to be reclassified as profit or loss under equity method | 8.70 | 395,823,338.38 | -1,184,103,180.09 |
| 2) Gain from fair value changes of available-for-sale financial assets | 8.70 | -513,147,653.12 | 768,825,699.19 |
| 3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets | | - | - |
| 4) Loss on effective cash flow hedging | 8.70 | 57,832,577.18 | -591,418.30 |
| 5) Currency translation reserve | 8.70 | 152,345,883.42 | 50,168,361.56 |
| **Total comprehensive income** | | **11,127,487,371.36** | **8,764,821,011.99** |
| Total comprehensive income attributable to owners of the Company | | 6,045,257,520.84 | 4,655,261,790.24 |
| Total comprehensive income attributable to non-controlling interests | | 5,082,229,850.52 | 4,109,559,221.75 |

## Statement of profit or loss and other comprehensive income of the Company

For the year ended December 31, 2016

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2016 | 2015 |
|---|---|---|---|
| **Total revenue** | 13.4 | **190,735,336.66** | **50,682,124.69** |
| Less: Operation costs | 13.4 | 91,898,163.72 | 53,692,758.93 |
| Sales tax and surchages | | 13,360,208.49 | 1,233,151.17 |
| Selling and distribution expenses | | - | - |
| General and administrative expenses | | 207,550,741.21 | 232,648,668.28 |
| Financial costs | | 592,480,450.63 | 725,353,451.92 |
| Impairment losses | | - | - |
| Add: Gain from fair value changes ("-" for loss) | | - | - |
| Investment income ("-" for loss) | 13.5 | 11,327,555,141.68 | 2,171,752,149.92 |
| Including: Investment income from joint venture and associates | | 84,435.04 | - |
| **Operating profits ("-" for loss)** | | **10,613,000,914.29** | **1,209,506,244.31** |
| Add: Non-operating income | | 2,064,618.56 | 3,405,396.23 |
| Including: Gain on disposal of non-current assets | | 1,600.00 | 15,675.00 |
| Less: Non-operating expenses | | 39,000.00 | 9,189,232.17 |
| Including: Loss on disposal of non-current assets | | -1,000.00 | 5,828,492.37 |
| **Profit before tax ("-" for loss)** | | **10,615,026,532.85** | **1,203,722,408.37** |
| Less: Income tax | | - | 52,787,500.00 |
| **Net profit ("-" for loss)** | | **10,615,026,532.85** | **1,150,934,908.37** |
| **Other comprehensive income after tax** | | **-44,796,716.16** | **-79,307,003.53** |
| (1) Comprehensive income not to be reclassified as profit or loss | | - | - |
| 1) Changes in remeasured defined benefit obligations or net assets | | - | - |
| 2) Portion of comprehensive income not to be reclassified as profit or loss under equity method | | - | - |
| (2) Comprehensive income to be reclassified as profit or loss | | -44,796,716.16 | -79,307,003.53 |
| 1) Portion of comprehensive income to be reclassified as profit or loss under equity method | | - | - |
| 2) Loss from fair value changes of available-for-sale financial assets | | -44,796,716.16 | -79,307,003.53 |
| 3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets | | - | - |
| 4) Gain or loss on effective cash flow hedging | | - | - |
| 5) Currency translation difference | | - | - |
| **Total comprehensive income** | | **10,570,229,816.69** | **1,071,627,904.84** |

## Consolidated Statement of Cash Flows

For the year ended December 31, 2016

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2016 | 2015 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash received from sales of goods or rendering of service | | 74,745,673,780.01 | 52,164,020,443.17 |
| △Net increase in deposits and placements from financial institutions | | 945,858,611.21 | 21,688,465.27 |
| △Net increase amount of borrowings from central bank | | - | - |
| △ Net increase in placements from other financial institutions | | -429,000.00 | -1,600,000,000.00 |
| △Cash received from the premium of original insurance contract | | - | - |
| △Net cash received from reinsurance business | | 38,335,573.71 | - |
| △Net increase amount of deposit of the insured and investment fund | | - | - |
| △Net increase amount of dispose the financial assets at fair value through profit or loss | | - | - |
| △Cash received from interests,fees and commissions | | 340,788,408.61 | 384,728,270.90 |
| △Net increase amount of borrowing funds | | - | - |
| △Net increase amount of repurchase operation funds | | - | - |
| Cash received from tax refund | | 1,413,695,978.14 | 1,471,687,337.90 |
| Cash received from other activities related to operating activities | | 7,938,667,801.45 | 5,419,094,933.50 |
| **Sub-total of cash inflows from operation activities** | | **85,422,591,153.13** | **57,861,219,450.74** |
| Cash paid for goods and services | | 32,262,527,425.90 | 29,665,091,916.45 |
| △Net increase in loans and advances | | 3,000,990,904.86 | 225,427,456.37 |
| △ Net increase in deposits with central banks and other financial institutions | | 533,985,236.50 | -1,498,546,603.23 |
| △Cash payment for compensation of original inisurance contract | | - | - |
| △Cash paid for interest,fees and commissions | | 7,849,879.19 | 29,719,961.90 |
| △Cash payment for policy dividend | | - | - |
| Cash paid to employees and on behalf of employees | | 7,231,629,250.41 | 5,642,350,180.74 |
| Cash paid to taxes and surchages | | 6,752,226,838.14 | 5,421,873,313.67 |
| Cash paid relating to other operating activities | | 9,111,160,679.23 | 6,817,537,091.37 |
| **Sub-total of cash outflows used in operation activities** | | **58,900,370,214.23** | **46,303,453,317.27** |
| **Net cash flows from operating activities** | | **26,522,220,938.90** | **11,557,766,133.47** |
| **Cash flows from investing activities** | | | |
| Cash received from with withdraw of investment | | 5,789,276,172.78 | 3,550,588,872.06 |
| Cash received from investments income | | 1,691,501,846.54 | 900,151,936.96 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 13,609,526.81 | 2,152,803.23 |
| Net cash received from disposal of subsidiaries and other operating organizations | | 204,192,001.32 | 60,518,030.60 |
| Other cash received relating to investing activities | | 2,057,355,001.44 | 3,872,480,427.39 |
| **Sub-total of cash inflows from investment activities** | | **9,755,934,548.89** | **8,385,892,070.24** |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 34,954,150,284.27 | 36,071,594,479.96 |
| Cash paid for investments | | 24,074,636,720.20 | 7,990,987,058.77 |
| △Net increase amount of pledge loans | | - | - |
| Net cash paid for acquisition of subsidiaries and other business units | | 12,084,543,200.70 | 1,030,264,196.49 |
| Other cash payments relating to investing activities | | 1,939,647,456.77 | 6,307,219,491.83 |
| **Sub-total of cash outflows used in investment activities** | | **73,052,977,661.94** | **51,400,065,227.05** |
| **Net cash flows used in investing activities** | | **-63,297,043,113.05** | **-43,014,173,156.81** |
| **Cash flows from financing activities** | | | |
| Cash received from investors | | 8,454,177,671.78 | 2,787,433,366.18 |
| Including: Cash received from non-controlling shareholders' investment | | 8,376,397,671.78 | 2,587,433,366.18 |
| Cash received from borrowings | | 140,137,058,176.87 | 83,454,249,359.62 |
| △Cash received from bonds | | - | - |
| Other cash received relating to financing activities | | 943,947,898.88 | 1,751,033,305.61 |
| **Sub-total of cash inflows from financing activities** | | 149,535,183,747.53 | 87,992,716,031.41 |
| Repayments of borrowings and debts | | 97,152,263,319.66 | 56,048,286,439.13 |
| Cash paid for distribution of dividends or profits, or cash paid for interest expenses | | 16,886,853,539.09 | 15,268,375,178.46 |
| Including: Dividends or profit paid to non-controlling shareholders | | 2,371,406,228.41 | 1,825,840,507.80 |
| Other cash payments relating to financing activites | | 952,047,879.74 | 1,790,071,687.31 |
| **Sub-total of cash outflows used in financing activities** | | **114,991,164,738.49** | **73,106,733,304.90** |
| **Net cash flows from financing activities** | | **34,544,019,009.04** | **14,885,982,726.51** |
| **Effect of foreign exchange rate changes on cash and cash equivalents** | | **570,981,936.80** | **479,384,770.97** |
| **Net increase / decrease on cash and cash equivalents** | 8.74 | **-1,659,821,228.31** | **-16,091,039,525.86** |
| Cash and cash equivalents at the beginning of the year | | 20,935,996,535.53 | 37,027,036,061.39 |
| **Cash and cash equivalents at the end of the year** | | **19,276,175,307.22** | **20,935,996,535.53** |

## Statement of Cash Flows of the Company

For the year ended December 31, 2016

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2016 | 2015 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash received from sales of goods or rendering of service | | 40,828,520.64 | 36,396,168.48 |
| Cash received from tax refund | | - | - |
| Cash received from other activities related to operating activities | | 3,678,819,320.81 | 7,300,518,563.46 |
| **Sub-total of cash inflows from operation activities** | | **3,719,647,841.45** | **7,336,914,731.94** |
| Cash paid for goods and services | | 5,333,872.91 | 5,591,102.24 |
| Cash paid to employees and on behalf of employees | | 80,375,981.35 | 63,473,100.84 |
| Cash paid to taxes and surchages | | 72,032,678.27 | 8,974,805.28 |
| Cash paid relating to other operating activities | | 2,489,648,942.74 | 3,072,519,789.66 |
| **Sub-total of cash outflows used in operation activities** | | **2,647,391,475.27** | **3,150,558,798.02** |
| **Net cash flows from operating activities** | | **1,072,256,366.18** | **4,186,355,933.92** |
| **Cash flows from investing activities** | | | |
| Cash received from with withdraw of investment | | 14,725,366,500.00 | 16,694,135,844.19 |
| Cash received from investments income | | 7,978,114,163.49 | 4,474,532,492.61 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 38,420,073.15 | 2,430.00 |
| Net cash received from disposal of subsidiaries and other operating organizations | | 3,000,000,000.00 | - |
| Other cash received relating to investing activities | | 75,059,911.24 | 553,655.96 |
| **Sub-total of cash inflows from investment activities** | | **25,816,960,647.88** | **21,169,224,422.76** |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 125,206,648.22 | 472,404,451.94 |
| Cash paid for investments | | 18,903,025,824.57 | 7,058,219,691.72 |
| Net cash paid for acquisition of subsidiaries and other business units | | - | - |
| Other cash payments relating to investing activities | | 353,829.00 | 27,142,933.60 |
| **Sub-total of cash outflows used in investment activities** | | **19,028,586,301.79** | **7,557,767,077.26** |
| **Net cash flows used in investing activities** | | **6,788,374,346.09** | **13,611,457,345.50** |
| **Cash flows from financing activities** | | | |
| Cash received from investors | | 77,780,000.00 | 200,000,000.00 |
| Cash received from borrowings | | 17,373,413,333.33 | 25,385,146,666.67 |
| Other cash received relating to financing activities | | 671,180,000.00 | 700,000,000.00 |
| **Sub-total of cash inflows from financing activities** | | **18,122,373,333.33** | **26,285,146,666.67** |
| Repayments of borrowings and debts | | 22,771,230,000.00 | 39,799,230,000.00 |
| Cash paid for distribution of dividends or profits, or cash paid for interest expenses | | 1,515,029,906.64 | 1,971,026,990.94 |
| Other cash payments relating to financing activites | | 833,347,074.87 | 156,666,456.93 |
| **Cash outflows for financing** | | **25,119,606,981.51** | **41,926,923,447.87** |
| **Net cash flows from financing activities** | | **-6,997,233,648.18** | **-15,641,776,781.20** |
| **Effect of foreign exchange rate changes on cash and cash equivalents** | | **295,768.94** | **273,703.19** |
| **Net increase / decrease on cash and cash equivalents** | 13.6 | **863,692,833.03** | **2,156,310,201.41** |
| Cash and cash equivalents at the beginning of the year | | 5,688,741,592.89 | 3,532,431,391.48 |
| **Cash and cash equivalents at the end of the year** | | **6,552,434,425.92** | **5,688,741,592.89** |

# Consolidated Statement of Changes in Equity

For the year ended December 31, 2016

Prepared by: China General Nuclear Power Corporation | Unit：RMB

| Items | Notes | 2016 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to owners of the Company | | | | | | | | | | | Non-controlling interests | Total equity |
| | | Share capital ) | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △General risk reserve | Retain earning | Others | Subtotal | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **1. Ending balance of last year** | 1 | **12,200,000,000.00** | **-** | **16,566,996,815.36** | **-** | **-1,722,612,376.02** | **61,468,032.93** | **26,478,315,187.75** | **210,209,837.41** | **25,912,738,715.47** | **-** | **79,707,116,212.90** | **49,505,583,629.29** | **129,212,699,842.19** |
| Add: increase/decrease due to changes in accounting policies | 2 | - | - | - | - | - | - | - | - | - | - | — | - | — |
| Increase/decrease due to corrections of errors in prior period | 3 | - | - | - | - | - | - | - | - | - | - | — | - | — |
| Others | 4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **2. Beginning balance of current year** | 5 | **12,200,000,000.00** | **-** | **16,566,996,815.36** | **-** | **-1,722,612,376.02** | **61,468,032.93** | **26,478,315,187.75** | **210,209,837.41** | **25,912,738,715.47** | **-** | **79,707,116,212.90** | **49,505,583,629.29** | **129,212,699,842.19** |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | **777,780,000.00** | **-** | **962,115,951.85** | **-** | **-372,450,082.37** | **30,048,245.84** | **14,061,502,653.29** | **-** | **-8,640,473,920.20** | **-** | **6,818,522,848.41** | **11,227,492,248.52** | **18,046,015,096.93** |
| (1) Total comprehensive income | 7 | - | - | - | - | -372,450,082.37 | - | - | - | 6,417,707,603.21 | - | 6,045,257,520.84 | 5,082,229,850.52 | 11,127,487,371.36 |
| (2) Owner's contibutions and withdrawals of capital | 8 | 77,780,000.00 | - | 1,662,115,951.85 | - | - | - | - | - | -160,281,770.12 | - | 1,579,614,181.73 | 9,080,881,697.83 | 10,660,495,879.56 |
| 1)Common stock contributed by owners | 9 | 77,780,000.00 | - | - | - | - | - | - | - | - | - | 77,780,000.00 | 8,196,026,495.36 | 8,273,806,495.36 |
| 2)Capital contributed by other equity instruments holders | 10 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 3)Share-based payment recorded in owners equity | 11 | - | - | 4,659,355.60 | - | - | - | - | - | - | - | 4,659,355.60 | 1,786,011.12 | 6,445,366.72 |
| 4)Others | 12 | - | - | 1,657,456,596.25 | - | - | - | - | - | -160,281,770.12 | - | 1,497,174,826.13 | 883,069,191.35 | 2,380,244,017.48 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | 30,048,245.84 | - | - | - | - | 30,048,245.84 | 15,252,090.65 | 45,300,336.49 |
| 1)Accrual of specialized reserve | 14 | - | - | - | - | - | 114,866,329.32 | - | - | - | - | 114,866,329.32 | 28,214,156.95 | 143,080,486.27 |
| 2)Utilization of specialized reserve | 15 | - | - | - | - | - | -84,818,083.48 | - | - | - | - | -84,818,083.48 | -12,962,066.30 | -97,780,149.78 |
| (4) Profits distribution | 16 | - | - | - | - | - | - | 14,061,502,653.29 | - | -14,897,899,753.29 | - | -836,397,100.00 | -2,950,871,390.48 | -3,787,268,490.48 |
| 1)Appropriation of surplus reserves | 17 | - | - | - | - | - | - | 14,061,502,653.29 | - | -14,061,502,653.29 | - | - | - | - |
| Including: statutory surplus reserve | 18 | - | - | - | - | - | - | 1,061,502,653.29 | - | -1,061,502,653.29 | - | - | - | - |
| Decretionary surplus reserve | 19 | - | - | - | - | - | - | 13,000,000,000.00 | - | -13,000,000,000.00 | - | - | - | - |
| #Reserve funds | 20 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| #Enterprise development funds | 21 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| #Re-investment by retained profits | 22 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2) Accrual of general risk reserve | 23 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3)Distribution to owners (or shareholders) | 24 | - | - | - | - | - | - | - | - | -836,297,100.00 | - | -836,297,100.00 | -2,950,871,390.48 | -3,787,168,490.48 |
| 4)Others | 25 | - | - | - | - | - | - | - | - | -100,000.00 | - | -100,000.00 | - | -100,000.00 |
| (4) Internal carry-forward of owners' equity | 26 | 700,000,000.00 | - | -700,000,000.00 | - | - | - | - | - | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | 700,000,000.00 | - | -700,000,000.00 | - | - | - | - | - | - | - | - | - | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3)Recover of loss by surplus reserve | 29 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5)Others | 31 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **4.Ending banalance of current year** | 32 | **12,977,780,000.00** | **-** | **17,529,112,767.21** | **-** | **-2,095,062,458.39** | **91,516,278.77** | **40,539,817,841.04** | **210,209,837.41** | **17,272,264,795.27** | **-** | **86,525,639,061.31** | **60,733,075,877.81** | **147,258,714,939.12** |

# Consolidated Statement of Changes in Equity

For the year ended December 31, 2016

Prepared by: China General Nuclear Power Corporation

Unit：RMB

| Items | Notes | 2015 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to owners of the Company | | | | | | | | | | | Non-controlling interests | Total equity |
| | | Share capital | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △General risk reserve | Retain earning | Others | Subtotal | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **1. Ending balance of last year** | 1 | **10,200,000,000.00** | **-** | **16,686,540,049.92** | **-** | **-1,215,546,106.24** | **26,131,826.64** | **26,363,221,696.91** | **210,209,837.41** | **21,872,796,548.42** | **-** | **74,143,353,853.06** | **44,563,686,678.18** | **118,707,040,531.24** |
| Add: increase/decrease due to changes in accounting policies | 2 | - | - | - | - | - | - | - | - | - | - | — | - | — |
| Increase/decrease due to corrections of errors in prior period | 3 | - | - | - | - | - | - | - | - | - | - | — | - | — |
| Others | 4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **2. Beginning balance of current year** | 5 | **10,200,000,000.00** | **-** | **16,686,540,049.92** | **-** | **-1,215,546,106.24** | **26,131,826.64** | **26,363,221,696.91** | **210,209,837.41** | **21,872,796,548.42** | **-** | **74,143,353,853.06** | **44,563,686,678.18** | **118,707,040,531.24** |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | **2,000,000,000.00** | **-** | **-119,543,234.56** | **-** | **-507,066,269.78** | **35,336,206.29** | **115,093,490.84** | **-** | **4,039,942,167.05** | **-** | **5,563,762,359.84** | **4,941,896,951.11** | **10,505,659,310.95** |
| (1) Total comprehensive income | 7 | - | - | - | - | -507,066,269.78 | - | - | - | 5,162,328,060.02 | - | 4,655,261,790.24 | 4,109,559,221.75 | 8,764,821,011.99 |
| (2) Owner's contibutions and withdrawals of capital | 8 | 200,000,000.00 | - | 1,680,456,765.44 | - | - | - | - | - | - | - | 1,880,456,765.44 | 2,321,489,838.54 | 4,201,946,603.98 |
| 1)Common stock contributed by owners | 9 | 200,000,000.00 | - | - | - | - | - | - | - | - | - | 200,000,000.00 | 2,679,151,246.48 | 2,879,151,246.48 |
| 2)Capital contributed by other equity instruments holders | 10 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3)Share-based payment recorded in owners equity | 11 | - | - | 351,735.67 | - | - | - | - | - | - | - | 351,735.67 | 134,826.33 | 486,562.00 |
| 4)Others | 12 | - | - | 1,680,105,029.77 | - | - | - | - | - | - | - | 1,680,105,029.77 | -357,796,234.27 | 1,322,308,795.50 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | 35,336,206.29 | - | - | - | - | 35,336,206.29 | 1,269,279.62 | 36,605,485.91 |
| 1)Accrual of specialized reserve | 14 | - | - | - | - | - | 143,953,127.35 | - | - | - | - | 143,953,127.35 | 1,865,145.93 | 145,818,273.28 |
| 2)Utilization of specialized reserve | 15 | - | - | - | - | - | -108,616,921.06 | - | - | - | - | -108,616,921.06 | -595,866.31 | -109,212,787.37 |
| (4) Profits distribution | 16 | - | - | - | - | - | - | 115,093,490.84 | - | -1,122,385,892.97 | - | -1,007,292,402.13 | -1,490,421,388.80 | -2,497,713,790.93 |
| 1)Appropriation of surplus reserves | 17 | - | - | - | - | - | - | 115,093,490.84 | - | -115,093,490.84 | - | - | - | - |
| Including: statutory surplus reserve | 18 | - | - | - | - | - | - | 115,093,490.84 | - | -115,093,490.84 | - | - | - | - |
| Decretionary surplus reserve | 19 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| #Reserve funds | 20 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| #Enterprise development funds | 21 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| #Re-investment by retained profits | 22 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2) Accrual of general risk reserve | 23 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3)Distribution to owners (or shareholders) | 24 | - | - | - | - | - | - | - | - | -1,004,161,400.00 | - | -1,004,161,400.00 | -1,490,421,388.80 | -2,494,582,788.80 |
| 4)Others | 25 | - | - | - | - | - | - | - | - | -3,131,002.13 | - | -3,131,002.13 | - | -3,131,002.13 |
| (4) Internal carry-forward of owners' equity | 26 | 1,800,000,000.00 | - | -1,800,000,000.00 | - | - | - | - | - | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | 1,800,000,000.00 | - | -1,800,000,000.00 | - | - | - | - | - | - | - | - | - | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3)Recover of loss by surplus reserve | 29 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5)Others | 31 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **4.Ending banalance of current year** | 32 | **12,200,000,000.00** | **-** | **16,566,996,815.36** | **-** | **-1,722,612,376.02** | **61,468,032.93** | **26,478,315,187.75** | **210,209,837.41** | **25,912,738,715.47** | **-** | **79,707,116,212.90** | **49,505,583,629.29** | **129,212,699,842.19** |

## Statement of Changes in Equity of the Company

For the year ended December 31, 2016

Prepared by: China General Nuclear Power Corporation

Unit: RMB

| Items | Notes | 2016 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △General risk reserve | Retain earning | Others | Subtotal |
| | — | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **1. Ending balance of last year** | 1 | **12,200,000,000.00** | **-** | **32,361,015,675.05** | **-** | **423,988,208.00** | **-** | **26,878,655,160.35** | **-** | **14,140,804,677.26** | **-** | **86,004,463,720.66** |
| Add: increase/decrease due to changes in accounting policies | 2 | - | - | - | - | - | - | - | - | - | - | — |
| Increase/decrease due to corrections of errors in prior period | 3 | - | - | - | - | - | - | - | - | - | - | — |
| Others | 4 | - | - | - | - | - | - | - | - | - | - | - |
| **2. Beginning balance of current year** | 5 | **12,200,000,000.00** | **-** | **32,361,015,675.05** | **-** | **423,988,208.00** | **-** | **26,878,655,160.35** | **-** | **14,140,804,677.26** | **-** | **86,004,463,720.66** |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | **777,780,000.00** | **-** | **-859,704,844.00** | **-** | **-44,796,716.16** | **-** | **14,061,502,653.29** | **-** | **-4,282,773,220.44** | **-** | **9,652,007,872.69** |
| (1) Total comprehensive income | 7 | - | - | - | - | -44,796,716.16 | - | - | - | 10,615,026,532.85 | - | 10,570,229,816.69 |
| (2) Owner's contibutions and withdrawals of capital | 8 | 77,780,000.00 | - | -159,704,844.00 | - | - | - | - | - | - | - | -81,924,844.00 |
| 1)Common stock contributed by owners | 9 | 77,780,000.00 | - | - | - | - | - | - | - | - | - | 77,780,000.00 |
| 2)Capital contributed by other equity instruments holders | 10 | - | - | - | - | - | - | - | - | - | - | - |
| 3)Share-based payment recorded in owners equity | 11 | - | - | - | - | - | - | - | - | - | - | - |
| 4)Others | 12 | - | - | -159,704,844.00 | - | - | - | - | - | - | - | -159,704,844.00 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Accrual of specialized reserve | 14 | - | - | - | - | - | - | - | - | - | - | - |
| 2)Utilization of specialized reserve | 15 | - | - | - | - | - | - | - | - | - | - | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | 14,061,502,653.29 | - | -14,897,799,753.29 | - | -836,297,100.00 |
| 1)Appropriation of surplus reserves | 17 | - | - | - | - | - | - | 14,061,502,653.29 | - | -14,061,502,653.29 | - | - |
| Including: Statutory surplus reserve | 18 | - | - | - | - | - | - | 1,061,502,653.29 | - | -1,061,502,653.29 | - | - |
| Decretionary surplus reserve | 19 | - | - | - | - | - | - | 13,000,000,000.00 | - | -13,000,000,000.00 | - | - |
| Reserve funds | 20 | - | - | - | - | - | - | - | - | - | - | - |
| Enterprise development funds | 21 | - | - | - | - | - | - | - | - | - | - | - |
| Re-investment by retained profits | 22 | - | - | - | - | - | - | - | - | - | - | - |
| 2) Accrual of general risk reserve | 23 | - | - | - | - | - | - | - | - | - | - | - |
| 3)Distribution to owners (or shareholders) | 24 | - | - | - | - | - | - | - | - | -836,297,100.00 | - | -836,297,100.00 |
| 4)Others | 25 | - | - | - | - | - | - | - | - | - | - | - |
| (5) Transfer within owner's equity | 26 | 700,000,000.00 | - | -700,000,000.00 | - | - | - | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | 700,000,000.00 | - | -700,000,000.00 | - | - | - | - | - | - | - | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | - | - | - | - | - | - | - | - | - | - | - |
| 3)Recover of loss by surplus reserve | 29 | - | - | - | - | - | - | - | - | - | - | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | - | - | - | - | - | - | - | - | - | - | - |
| 5)Others | 31 | - | - | - | - | - | - | - | - | - | - | - |
| **4.Ending banalance of current year** | 32 | **12,977,780,000.00** | **-** | **31,501,310,831.05** | **-** | **379,191,491.84** | **-** | **40,940,157,813.64** | **-** | **9,858,031,456.82** | **-** | **95,656,471,593.35** |

**Legal representative:** **Principal in charge of accounting:** **Head of accounting department:**

## Statement of Changes in Equity of the Company

For the year ended December 31, 2016

Prepared by: China General Nuclear Power Corporation

Unit: RMB

| Items | Notes | 2015 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △General risk reserve | Retain earning | Others | Subtotal |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **1. Ending balance of last year** | 1 | **10,200,000,000.00** | **-** | **33,661,015,675.05** | **-** | **503,295,211.53** | **-** | **26,763,561,669.51** | **-** | **14,112,255,661.86** | **-** | **85,240,128,217.95** |
| Add: increase/decrease due to changes in accounting policies | 2 | - | - | - | - | - | - | - | - | - | - | — |
| Increase/decrease due to corrections of errors in prior period | 3 | - | - | - | - | - | - | - | - | - | - | — |
| Others | 4 | - | - | - | - | - | - | - | - | - | - | - |
| **2. Beginning balance of current year** | 5 | **10,200,000,000.00** | **-** | **33,661,015,675.05** | **-** | **503,295,211.53** | **-** | **26,763,561,669.51** | **-** | **14,112,255,661.86** | **-** | **85,240,128,217.95** |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | **2,000,000,000.00** | **-** | **-1,300,000,000.00** | **-** | **-79,307,003.53** | **-** | **115,093,490.84** | **-** | **28,549,015.40** | **-** | **764,335,502.71** |
| (1) Total comprehensive income | 7 | - | - | - | - | -79,307,003.53 | - | - | - | 1,150,934,908.37 | - | 1,071,627,904.84 |
| (2) Owner's contibutions and withdrawals of capital | 8 | 200,000,000.00 | - | 500,000,000.00 | - | - | - | - | - | - | - | 700,000,000.00 |
| 1)Common stock contributed by owners | 9 | 200,000,000.00 | - | - | - | - | - | - | - | - | - | 200,000,000.00 |
| 2)Capital contributed by other equity instruments holders | 10 | - | - | - | - | - | - | - | - | - | - | - |
| 3)Share-based payment recorded in owners equity | 11 | - | - | - | - | - | - | - | - | - | - | - |
| 4)Others | 12 | - | - | 500,000,000.00 | - | - | - | - | - | - | - | 500,000,000.00 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Accrual of specialized reserve | 14 | - | - | - | - | - | - | - | - | - | - | - |
| 2)Utilization of specialized reserve | 15 | - | - | - | - | - | - | - | - | - | - | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | 115,093,490.84 | - | -1,122,385,892.97 | - | -1,007,292,402.13 |
| 1)Appropriation of surplus reserves | 17 | - | - | - | - | - | - | 115,093,490.84 | - | -115,093,490.84 | - | - |
| Including: statutory surplus reserve | 18 | - | - | - | - | - | - | 115,093,490.84 | - | -115,093,490.84 | - | - |
| Decretionary surplus reserve | 19 | - | - | - | - | - | - | - | - | - | - | - |
| Reserve funds | 20 | - | - | - | - | - | - | - | - | - | - | - |
| Enterprise development funds | 21 | - | - | - | - | - | - | - | - | - | - | - |
| Re-investment by retained profits | 22 | - | - | - | - | - | - | - | - | - | - | - |
| 2) Accrual of general risk reserve | 23 | - | - | - | - | - | - | - | - | - | - | - |
| 3)Distribution to owners (or shareholders) | 24 | - | - | - | - | - | - | - | - | -1,004,161,400.00 | - | -1,004,161,400.00 |
| 4)Others | 25 | - | - | - | - | - | - | - | - | -3,131,002.13 | - | -3,131,002.13 |
| (5) Transfer within owner's equity | 26 | 1,800,000,000.00 | - | -1,800,000,000.00 | - | - | - | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | 1,800,000,000.00 | - | -1,800,000,000.00 | - | - | - | - | - | - | - | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | - | - | - | - | - | - | - | - | - | - | - |
| 3)Recover of loss by surplus reserve | 29 | - | - | - | - | - | - | - | - | - | - | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | - | - | - | - | - | - | - | - | - | - | - |
| 5)Others | 31 | - | - | - | - | - | - | - | - | - | - | - |
| **4.Ending banalance of current year** | 32 | **12,200,000,000.00** | **-** | **32,361,015,675.05** | **-** | **423,988,208.00** | **-** | **26,878,655,160.35** | **-** | **14,140,804,677.26** | **-** | **86,004,463,720.66** |

**Legal representative:** **Principal in charge of accounting:** **Head of accounting department:**

## 1. PROFILE

### 1.1 General information

China General Nuclear Power Corporation ("the Company", or "the Group" when includes its subsidiaries) was established by the decision through the 23rd Premier Office Meeting by the State Council on February, 1994. The establishment of China Guangdong Nuclear Power Holding Co., Ltd. was approved by the *JI GUI HUA [1994]1028* made by the State Planning Commission, the State Trade and Economic Commission, and the Economic System Reform Committee and organized by China National Nuclear Corporation, the People's Government of Guangdong Province and the Ministry of Power Industry. The Company received the qualification of GONG SHANG QI JI ZI #24 Notice of Approval with the registered code of 100000000016944 of business license. The Company is state-owned enterprise in China running nuclear power business as its main operation under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of China.

At the end of 2012 the paid-in-capital of the Company includes: RMB 8.364 billion invested by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of China, taking up 82% of shares; RMB 816 million invested by the China National Nuclear Corporation (CNNC), taking up 8% of shares; RMB 1.02 billion invested by the People's Government of Guangdong Province, taking up 10% of shares. According to YUE FU HAN [2012]349 issued by the People's Government of Guangdong Province, the shares under the control of the People's Government of Guangdong Province is held by Guangdong Hengjian Investment Holding Co., Ltd.

On 15th March 2013, as approved by SASAC of China the Company changed its name from China Guangdong Nuclear Power Holding Co., Ltd to China General Nuclear Power Corporation.

As per the documentations of Guozigaige (2013) No. 1047 and Guozigaige (2013) No. 1048 issued by SASAC as at 19 December 2013, the 8 % of the Company's shares hold by CNNC are adjusted to SASAC. After the adjustment, the shareholder's structure of the Company is as following, SASAC invested RMB 9.18 billion and taking up 90% of the registed capital, Guangdong Hengjian Investment Holding Co., Ltd invested RMB 1.02 billion and taking up 10% of the registed capital.

According to the document of the Company's shareholder's meeting of "the letter about increasing capital of China General Nuclear Power Corporation" ( ZhongGuanghegujue (2015) No.74), the Company's registed capital increase from 10.2 billion to 12.2 billion. Among that SASAC made a 1.8 billion as additional investment accorded with 90% shares. Guangdong Hengjian Investment Holding Co., Ltd made a 200 million as additional investment accorded with 10% shares. On 1 July 2015, SASAC made a 1.8 billion additional investment as transferring from capital reserve to registed capital. Guangdong Hengjian Investment Holding Co., Ltd paid a 200 million additional investment by cash. After capital increased, the registed capital of the Company is RMB 12.2 billion. Paid-in-capital is RMB 12.2 billion. Following shows the ownership structure: SASAC contributes RMB 10.98 billion and taking up 90% of the registed capital; Guangdong Hengjian Investment Holding Co., Ltd contributes RMB 1.22 billion and taking up 10% of the registed capital.

According to the document of the Company's shareholder's meeting of "the resolution about approving on Group Company increase the registered capital and revising the articles of association", the Company's registed capital increase from 12.2 billion to 12.97778 billion on 25 May 2016. Among that SASAC made a 700 million as additional investment accorded with 90% shares. Guangdong Hengjian Investment Holding Co., Ltd made a 77.78 million as additional investment accorded with 10% shares. On 29 July 2016, SASAC made a 700 million additional investment as transferring from capital reserve to registed capital. Guangdong Hengjian Investment Holding Co., Ltd paid a 77.78 million additional investment by cash. After capital increased, the Paid-in-capital of the Company is RMB 12.97778 billion. Following shows the ownership structure: SASAC contributes RMB 11.68 billion and taking up 90% of the registed capital; Guangdong Hengjian Investment Holding Co., Ltd contributes RMB 1.29778 billion and taking up 10% of the registed capital. Up to submit date of audit report, Company hasn't finished the amendment registration of industrial and commercial information of registed capital.

The legal representative of the Company is He Yu. The registered office of headquarter: CGNPC Building, No. 2002 Shennan Street, Futian District, Shenzhen, Guangdong Province. Company's office: Level 33 of South Tower, CGNPC Building, No. 2002 Shennan Street, Futian District, Shenzhen.

### 1.2 The nature of the Group's business and main operating activities

The Group's main business include power generation based on nuclear energy, heat production and supply, technical service on relevant specialty, survey of nature uranium resources, overseas nature uranium resources' development and relevant commerce and service, nuclear waste disposal.

Main operating activities include engaging in nuclear power and other clean energy based development, construction investment, operation and management; organize on power (heat) generation and sales; engage in research and development, consultation service of nuclear power technology; develop on nuclear power based project contracting and consultation service, nuclear power station in-service or retirement; develop on nuclear technology application, comprehensive utilization of energy resource which mainly based on clean energy, investment, construction and operating management on industry related on energy conservation and environmental protection. Engage in the survey of nature uranium resources, overseas nature uranium resources' development and relevant commerce and service. Engage in nuclear waste disposal and business on spent fuel storage, transportation and disposal. Engage in domestic and overseas investing and financing operations which related on nuclear power development. Engage in supporting service of clean energy industry and modern comprehensive service industry.

### 1.3 The immediate holding company and the Group's name

The immediate holding company and the ultimate controller of the Company is SASAC. The Company sets up board of directors and board of supervisors and general manager office, adopting the general manager responsibility system under the board of directors.

As at December 31, 2016, there are 23 second-level subsidiaries of the Company listed as follows:

| No | Company name | Abbreviation |
|---|---|---|
| 1 | CGN Power Co.,Ltd. | CGNPC |
| 2 | CGNPC Uranium Resources Co., Ltd | CGNPCURC |
| 3 | CGNPC International Limited | CGNPCI |
| 4 | CGN Energy Development Co., Ltd | CGNEDCC |
| 5 | CGN Wind Power Co.,Ltd | CGNWEC |
| 6 | CGN Solar Energy Development Co., Ltd | CGNSEDC |
| 7 | Shenzhen Neng Zhi Hui Investment Co., Ltd | SNIC |
| 8 | China General Nuclear Power Services Corporation | DYBNPSC |
| 9 | China General Nuclear Capital Holdings Co.,Ltd. | CGNPCCSC |
| 10 | CGN Finance Co., Ltd | DNCF |
| 11 | CGNPC Huasheng Investment Limited | HSI |

| No | Company name | Abbreviation |
|---|---|---|
| 12 | CGN Taishan NO.2 Nuclear Power Co., Ltd | CGNPCTSSNPC |
| 13 | Hubei Nuclear Power Co., Ltd | HBNPC |
| 14 | Xianning Nuclear Power Co., Ltd | XNNPC |
| 15 | Jilin Nuclear Power Co., Ltd | JLNPC |
| 16 | CGNPC Shaoguan Nuclear Power Co., Ltd | SGNPC |
| 17 | Anhui Wuhu Nuclear Power Co., Ltd | WHNPC |
| 18 | Lingwan Nuclear Power Co., Ltd. | LWNPC |
| 19 | CGN Huizhou Nuclear Power Co., Ltd. | HZNPC |
| 20 | CGNPC Cang Nan Nuclear Power Company, Ltd. | CGNPCCNNPC |
| 21 | CGN Hebei Pyroelectricity Co.,Ltd. | CGNHPC |
| 22 | CGN Ocean Energy Co.,Ltd. | CGNOEC |
| 23 | Shenzhen CGN Fengtai Investment Co., Ltd | CGNFIC |

Compare with last year, China Nuclear Power Engineering Co., Ltd, CGN Lufeng Nuclear Power Co., Ltd and Guangxi Fangchenggang Nuclear Power Company Ltd merged into CGNPC and became third-level subsidiaries, and establish CGN Hebei Pyroelectricity Co.,Ltd.、CGN Ocean Energy Co.,Ltd. and Shenzhen CGN Fengtai Investment Co., Ltd.

### 1.4 Operation period

The Company's operation period is long-term effective from September 29, 1994.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Group's financial statements have been prepared on a going concern basis, the Group has recognized and measured transactions and events that have actually occurred in accordance with the Accounting Standards for Business Enterprises that issued by Ministry of Finance and relevant regulations, and prepared based on the accounting policies and accounting estimates mentioned in Note 4 "Significant Accounting Policies and Accounting Estimates".

## 3. STATEMENTS OF COMPLIANCE

The Company's financial statements were prepared in accordance with the Accounting Standards for Business Enterprises to truly and completely reflect the Company's and the

Group's financial position, operation results, Changes in equity, cash flows and other related information.

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### 4.1 Accounting Period

The accounting period of the Group is from January 1 to December 31 under the Gregorian calendar.

### 4.2 Recording Currency

The Group adopts RMB as recording currency. Following domestic subsidiaries adopts RMB as recording currency except Guangdong Nuclear Power Joint Venture Co., Ltd, which adopts USD as recording currency. Depends on actual business situations, Group's following overseas subsidiaries all adopts currencies other than RMB as recording currency according to the accounting standard requirement.

### 4.3 Recording Basis and Pricing Principles

The actual basis shall be adopted as accounting treatment to follow historical cost method except for certain financial instruments are valued at fair value measurement. If the asset is impaired, the asset impairment provision is accrued as per the accounting standards.

Under historical cost method, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received in exchange for the present obligation, or the amount payable under contract for assuming the present obligation, or at the amount of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurements date. Regardless the fair value is observable or the valuation techniques used, the fair value presented and recorded in this financial statement are determined on that basis.

### 4.4 Business Combinations

The Group as acquirer, the acquired assets and liabilities are measured on the book value of the acquiree at the acquisition date. The difference between the book value of the net assets and the book value of consideration shall be adjusted to share premium of capital reserves; when share premium is insufficient, any excess shall be adjusted to retained earnings.

The identifiable assets and liability or contingent liability of the acquiree which are acquired under non common control are measured at fair value at acquisition date. The combination cost is measured at the acquisition date fair value of the assets paid, the liabilities incurred or assumed and equity securities issued by the acquirer in exchange for the control of acquiree. (In terms of step acquisitions, the combination cost is the sum of consideration paid on the acquisition date). The excess of the acquisition cost over the fair value of the identifiable net assets is recognized as goodwill and measured by cost method. If the acquisition cost is less than the fair value of net identifiable assets, the fair value of acquired identifiable assets, liabilities or contingent liabilities are required to be reviewed, and the difference is recognized in profit or loss immediately.

### 4.5 Preparation of Consolidated Financial Statements

#### 4.5.1 Recognition principle of the Consolidation Scope

The Company recognized all controlling subsidiaries and structural entities in the scope of consolidated financial statement.

#### 4.5.2 Principle, methods and procedures to prepare the consolidated financial statements

If the accounting policies of a subsidiary are different from those of the parent, the parent shall make necessary adjustments to the financial statements of the subsidiary based on its own accounting policies when preparing consolidated financial statements.

All inter-group significant transactions, balances and unrealized profit are eliminated upon consolidation. The portion of the subsidiaries' equity that is not owned and controlled by the parent, and the net profits/losses, other comprehensive income and the total comprehensive income which are attributable to non-controlling interest are presented in consolidated financial statements as 'non-controlling interest' 'profit/loss for non-controlling interest' 'other comprehensive income for non-controlling interest 'total comprehensive income for non-controlling interest'.

For the subsidiaries acquired under common business combination, its operating results and cash flows are consolidated in the beginning balance during the combination period. When preparing the comparison financial statement, the relevant items shall be adjusted as if the group after the combination has been in existence since the date ultimate controlling party first obtained control.

To acquire the investee's shares which under common control through step-by-step multiple transactions, and finally formed business combination, the adjustment should be made when preparing consolidated financial statement regarded as current status exist since the date when ultimate controller start on controlling. When preparing the comparison financial statement, as the limitation of time-point was no earlier than the point that both the Group and acquiree controlled by the ultimate controller, combined all relevant assets and liabilities of acquiree into the comparison financial statement of the Group's consolidated financial statement, the changing of the increase amount of net assets due to combination will be adjusted on relevant subjects belong to owner's equity. To avoid double counting of net asset value of combined party, the long-term equity investment held by Group before combination, the relevant profit and loss, other comprehensive income and other net assets variability will be recognized at the period from the later date between the date achieved original stock equity and the date when Group and combined party both controlled by a same entity, and should write down the beginning balance of retained earnings and current period's profit and loss during the period of comparison financial statement.

For the subsidiaries acquired under non-common business combination, its operating results and cash flows are consolidated as at the acquisition date. When preparing consolidated financial statement, the subsidiaries' financial statement will be adjusted according to the fair value of the identifiable assets and liability or contingent liability of the acquiree determined at acquisition date.

to acquire the investee's shares which under common control through step-by-step multiple transactions, and finally formed business combination, when preparing consolidated financial statement, the acquiree's shares which held before acquisition date should be remeasured according to the fair value at the acquisition date. The balance between fair value and book value recorded as investment income in current period; the variability of other comprehensive income under equity method which involved by the relevant acquiree's share equity which held before acquisition date and changes on other owner's equity except net profit and loss, other comprehensive income and profit distribution, should be transferred into investment income or loss in current period of acquisition date, unless other comprehensive income recognized by remeasurement of net liabilities of defined benefit plans by investor or changes on net assets.

When the Group disposes part of long-term equity investment of the subsidiaries without losing control, the balance between the consideration of disposal and subsidiaries' net asset proportion which sustained computing from acquisition date or combination date corresponded by disposed on long-term equity investment, should made adjustment on capital premium or share premium on consolidated financial statement. The adjustment on retained earnings should be made when capital reserves are not enough to be writing down.

When the company loses of control of an investee due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment shall be re-measured at its fair value in the consolidated financial statements at the date when controls is lest. The difference between the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and the share of net assets of the former subsidiary calculated continuously form the acquisition date or the combination date based on the previous share holding proportion shall be recognized as investment income for the current period when control is lost and the food will related to the subsidiary shall also be derecognized. The amount previously recognized in other comprehensive income in relation to former subsidiary's equity investment should be transferred to investment income for the current period when control is lost.

The Group disposes subsidiaries' equity investment through step-by-step multiple transaction until losing control, if all transactions of disposed subsidiaries' equity investment until losing control belong to one block deal, then should combine all transactions as a whole of disposed subsidiaries' equity investment until losing control on accounting treatment. However, the balance between disposal considerations occurred on every time before losing control and subsidiaries net asset proportion corresponded to disposal investment should be recorded as other comprehensive income in consolidated financial statement and transferred to current period investment income or loss when control lost.

### 4.6 Cash and Cash Equivalents

The cash equivalents in the Cash Flows Statement refer to cash on hand and deposits that can be readily draw on demand. Cash equivalents are holding period no more than 3 months, highly liquid investments which are readily convertible to known amounts of cash and investment which are subject to an insignificant risk of changes in value.

### 4.7 Foreign Currency Transactions and Conversion

1) Foreign currency transactions

Foreign currency transactions are translated at the spot exchange rate when the transaction incurs. Monetary assets and liabilities in foreign currencies are translated into RMB at the exchange rate prevailing at the balance sheet day. Unless the currency translation differences recognized by foreign currency special-borrowings for establishing or manufacturing assets which conform to condition of capitalization should be treated depends on the principle of capitalization, all other translation differences should be recorded into current profit and loss.

2) Translating the financial statements in foreign currency

All asset and liability items should be translated based on the spot exchange rate at the balance sheet date. All the items under the owner's equity, apart from "undistributed profits", should be translated based on the spot exchange rate at the transaction date. Items such as revenues and expenses in the income statements translated based on the approximate exchange rate with the spot rate at the transaction date. All the differences recognized by the above foreign currency translation should recorded in owner's equity "other comprehensive income". Foreign currency cash flow translated based on the spot exchange rate on the occurrence date of cash flow. The cash amount influenced by the fluctuation of exchange rate should be individually listed in cash flow statement.

### 4.8 Financial Assets and Financial Liabilities

**1) Financial Assets**

Financial assets or liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

i) Classification , measurement and recognition of financial assets

By the purpose of acquiring and holding the financial assets and incurring the financial liabilities, financial assets are classified by the investment objectives and economic substance into four categories: financial assets at fair value through profit or loss, held-to-maturity investments; loans and receivables; available-for-sale financial assets.

Financial assets at fair value through profit or loss include tradable financial assets and the designated as it in initial recognition. The group classifies the financial assets which met following one of the conditions as the tradable financial assets: The purpose to acquire the said financial assets is mainly for selling of them in the near future; Forming a part of the identifiable combination of financial instruments which are managed in a centralized way and for which there are objective evidences proving that the enterprise may manage the combination by way of short term profit making in the near future; Being a derivative instrument, excluding the designated derivative instruments which are effective hedging instruments, or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments.

The group classifies financial assets, only one of the following requirements met when they are initially recognized, can be designated as financial assets at fair value through profit or loss: The designation is able to eliminate or obviously reduce the discrepancies in the recognition or measurement of relevant gains or losses arisen from the different basis of measurement of the financial assets or financial liabilities; The official written documents on risk management or investment strategies of the enterprise concerned have recorded that the combination of said financial assets, the combination of said financial liabilities, or the combination of said financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and be reported to the key management personnel. Including one or multiple embedded derivative mixed instrument, excepting where the embedded derivative instrument does not significantly change the cash flow of the mixed instrument; where the derivative instruments embedded in similar mixed instruments shall obviously not be separated from the relevant mixed instruments.

The Financial assets at fair value through profit or loss are measured by fair value subsequently and fair value changes should be recorded in fair value changes through profit or loss. Interests and cash dividends which acquired during the asset holding period should be recorded as investment income. The balance amount of fair value and original book value should be recognized investment income or loss when such financial assets disposal. Fair value change through profit or loss also should be adjusted at the same time.

Held-to-maturity investments are investments with a definite maturity and constant or measurable return and management has the positive intention and ability to hold to maturity. The group adopts the actual interest rate method and subsequent measured the Held-to-maturity investments on the post-amortization costs basis, the amortization, impairment and disposal loss or profit are calculated in current period profit or loss.

Loans and receivables are the non-derivatives financial assets with fixed and determinable payment that are not quoted in active market. The group adopts the actual interest rate method and subsequent measured the loans and receivables on the post-amortization costs basis, the amortization, impairment and disposal loss or profit are calculated in current period profit or loss.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. In those financial assets, the equity investment instruments for which there is no quoted price in the active market and whose fair value cannot be reliably measured and the derivative financial assets which connected to the equity investment and only can be settled by the equity investment is delivered are subsequent measured on cost method . The others assets exist active market and the fair value can be reliably measured are subsequent measured on fair value, and the fair value changes are recorded in other comprehensive income. For those kinds of assets are subsequent measured on fair value, unless impairment loss and monetary foreign financial assets exchange profit or loss which related amortized cost should be recorded as current period profit and loss, the fair value changes are directly recorded in shareholder's equity. When the financial assets are derecognized, the accumulated changed recorded in equity interest are transfer to current period profit or loss. The interest of available for sale financial liability is calculated by actual interest rate. The cash divided related to that equity financial instrument are recorded in current period profit or loss as investment income. For the equity investment instruments for which there is no quoted price in the active market are subsequent measured on cost method.

ii) The transfer of financial assets recognition and measurements

The financial assets would be derecognized when one of following conditions is satisfied:

a) The contract to receive the cash inflow generated by the financial assets is terminated.

b) The financial assets have been transferred and the Group transfers substantially all the risks and rewards of ownership of a financial asset to the transferee.

c) The financial assets has been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, but gives up the control of such financial asset.

In the case of the Company neither transfers or retains substantially all the risks and rewards of ownership of a financial asset, nor gives up the control of such financial asset, the financial assets shall be recognized based on the extent that the Company is continuously related to such financial assets. The extent that the company is continuously related to such financial assets means the risk level the Company would suffer in case of the changes of the financial assets.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the aggregate of consideration received and the accumulative amount of changes of fair value originally recorded in the owner's equity is recognized in the income statement.

On de-recognition of a financial asset in its portion, the carrying amount of the financial assets should be amortized between the de-recognition part and recognition part based on their fair value. The difference between the sum of the aggregate of consideration received and the accumulative amount of changes of fair value originally recorded in the owner's equity for the de-recognition part, and the carrying amount amortized to de-recognition part, is recorded through profit or loss of current year.

iii) Impairment of financial assets testing method and accounting method

Besides the financial assets at fair value through profit or loss, the Group would re-evaluate the book value of the financial assets on the balance sheet date. In the case that there is relatively significant and objective evidence indicating a decline in fair value, impairment should be recognized. The objective evidence proving that the financial asset has been impaired refers to the actually incurred events which, after the financial asset is initially recognized, have an impact on the predicted future cash flow of the said financial asset that can be reliably measured by the Group.

When the impairment occurred on the financial assets computed in amortized cost, the difference the discounted value of the expected future cash flow (not including the unexpected future credit loss) lower than the book value should be recognized as impairment. If there is obvious evidence that the value of such financial assets are recovered, meanwhile the recovery is occurred after recognition, the impairment could be write back and recorded as current profit or loss.

When available-for-sale financial assets which measure on fair value are impaired, the cumulative loss arising from decline in fair value that had been recognized directly in equity shall be removed from equity and recognized as impairment losses accordingly. For the available for sale financial debts instruments with identified impairment loss, in the case of there is an subsequently increase in fair value, meanwhile the increase occurred after recognition, the impairment could be write back and recorded as current profit or loss. For the identified available-for-sale equity investments, the subsequently increase in fair value is directly recorded as current profit or loss.

When that available-for-sale financial assets which measure on cost method are impaired, the difference between the carrying amount and the current value of the future cash flow of similar financial assets capitalized according to the returns ratio of the market at the same time shall be recognized as impairment-related losses and be recorded into the profits and losses of the current period. The impairment loss cannot be reversed in the future.

**2) Financial Liabilities**

i) The classification recognition and measures of financial liability

On initial recognition, the financial liabilities are classified as the financial liabilities at fair value through profit or loss and other financial liabilities.

The financial liabilities at fair value through profit or loss include the Held-for-trading Financial Liabilities and designated as financial liabilities at fair value through profit or loss on initial recognition. The gain or loss caused by the changes of fair value and the related dividend and interest are recorded as current profit or loss.

The other financial liabilities should be subsequently measured at amortization cost by adopting actual interest rate method and amortized.

ii) The de-recognition of financial liability

In the case of the obligations of financial liabilities are partly or entirely terminated, the total or terminated part of such financial liabilities are de-recognized. The group (debtor)and debtee reached agreement, replace the existence liability by new liability and the new liability conditions are substantially different with existence liability, the group shall derecognize the existence financial liability and record a new financial liability. The group amended whole existence liability conditions or partial conditions; the group shall derecognize the existence financial liability or partially derecognize it and record a new financial liability. The difference between the carrying amount of terminated part and the consideration paid shall be recorded as current profit or loss.

**3) Determination of fair value of financial asset and financial liabilities**

The group measures the fair value of the financial assets and liability mainly on principle market price. In the absence of a principle market, an enterprise shall measure the fair value of the asset or liability based on the price in the most advantageous market meanwhile the group use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available. The group categories the inputs to measure fair value into three levels, use level 1 inputs first, the level 2 inputs, finally use level 3 inputs. Level 1 input are unadjusted quoted prices in active markets for identical assets or liabilities that the enterprise can assess at the measurement date. Activate market is a market in which transaction for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices includes within level 1 that are observable for assets or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the assets or liability. The group uses the level 1 input in priority and uses the level 3 inputs lastly. The level in which fair value measurements is categorized is determined by the level input that is significant to the entire fair value measurements.

**4.9 Hedging**

Hedge of the Company is cash flow hedge. In the case of all of the following conditions are satisfied, the offset result by change of fair value of hedging instrument and hedged item will charge in current profit or loss:

1) At the beginning of hedge, the hedging relationship (the relationship between hedge instrument and hedged projects) has been appointed and relevant written document for supporting the hedging relationship, risk management, and hedging strategy. This written document must indicate the hedging instrument, hedged item, nature of hedged risk, and effectiveness of hedging, etc. The hedging must be relevant to identified and appointed risk and affect the Group’s profit or loss.

2) The hedge is much effective as expected, and complies with the risk management strategy designed by the Group.

3) For the cash flow hedge for future transaction, the future transaction should be possibly occurring, and the Group must face the risk of change of cash flow to affect its profit or loss.

4) The effectiveness of hedging is reliably measurable.

5) The Group should evaluate the effectiveness of hedging, and ensure the hedging is much effective in hedging period.

### 4.10 Bad Debts Provision for Receivables

The bad debts should be recognized by the Group through the following criteria: the obligor goes bankrupt or insolvency, or experiences a serious shortage of cash flow, or extraordinary serious natural calamity to stop production to affect its payment capability in a predictable period; the obligor hasn't performed the payment obligation for more than three years; Even the court sentenced, but the debtor unable to repay the debt or there is no property of debtor for court to implement the sentence for more than 3 years over the execution period; other objective and obvious evidence indicates that the collectability is impaired.

The Bad Debt Provisions for account receivables are made based on the assessment of their collectibles and are provided for using the "allowance method" and if there is objective evidence showing that the receivables are impaired, the book value should be reduced to the recoverable amount and the difference are recorded as impairment loss and charged into profit or loss. The bad debt provisions are then written-off.

**1) Individually significant amount of receivables accrued bad debts provision as per portfolio**

| | |
|---|---|
| Criteria indicating receivables that are individually significant | Receivables that are individually significant represent the receivables which individually take 10% or more of the total receivables. |
| Receivables that are individually significant and provision for bad debts are made on a single item basis | The difference between the lower present value of the future cash flows and the book value should be recognized as impairment losses and provision for bad debts should be made accordingly. |

**2) Receivables accrued bad debts by portfolio**

| Grouping Basis | |
|---|---|
| Aging Group | Receivables having the same age and similar credit risk characteristics |
| Related Parities Group | Receivables among the Group |
| Risk-free Group | Objective evidence indicates that collectable external receivables from third parties such as electricity receivables from grid companies, government subsidy receivables, deposits, etc. |
| **Accrual method** | |
| Aging Group | Aging analysis |
| Related Parties Group | Not provide |
| Risk-free Group | Not provide |

i) Proportion of provision for bad debts at aging analysis method:

| Aging of account receivables | Proportion for account receivables | Proportion for other receivables |
|---|---|---|
| Within 1 year(1 year inclusive) | 0.00% | 0.00% |
| 1 year-2 years(2 years inclusive) | 10.00% | 10.00% |
| 2 years-3 years(3 years inclusive) | 30.00% | 30.00% |
| 3 years-4 years(4 years inclusive) | 50.00% | 50.00% |
| 4 years-5 years(5 years inclusive) | 80.00% | 80.00% |
| Over 5 years | 100.00% | 100.00% |

ii) Proportion of provision for bad debts at other accrual methods:

| | |
|---|---|
| Related Parities Group | Not provide |
| Risk-free Group | Not provide |

iii) Individually insignificant amount of receivables but provided bad debt provision as per portfolio:

| | |
|---|---|
| Basis for provision for bad debts are made on a single item | Receivables that are not individually significant and provision for bad debt made at group basis cannot present the risk characteristics. |
| Accrual Method | The difference between the lower present value of the future cash flows and the book value should be recognized as impairment losses and provision for bad debts should be made accordingly. |

## 4.11 Inventories

The Group's inventories are classified as raw materials, work-in-process, semi-finished products, finished products, goods in inventory, turnover materials (such as packaging materials and low-valued consumables), assets resulting from construction contracts, unconsumed nuclear fuel, various consumable materials in inventory, materials in transit, localized spare parts, spare parts for general and special use, etc. Strategic spare parts in stock are excluded.

The perpetual stocktaking system is adopted. Actual cost inventories are determined at acquisition. Upon dispatch and issuance, the actual cost of nuclear fuel is determined by the specific cost identification method based on the refueling batch and the cost of each fuel reload is charged to production cost based on the unit-of-production method. For other inventories, actual cost inventories are determined at weighted average method upon dispatch and issuance. The packaging materials and low-valued consumables are amortized in full amount upon application, and charged to cost of related assets or profit or loss for the current period.

At the end of the period, inventories are measured at the lower of cost and net realizable value. Where the cost of inventories is higher than the recoverable amount due to damages, entire or partial obsoleteness or low selling prices, provision for write-down shall be made on a single item basis. For inventories of large quantities and with a relatively low unit price may be measured according to the cost and recoverable amount of each class of inventories.

For merchandise inventories such as finished goods, work in process, and material directly for sale, the net realizable value is computed by the estimated selling price less the estimated sales expenses and less related taxes of such inventory; for the raw material inventories, the net realizable value is computed by the estimated selling price less the estimated production cost when the production is completed, less the estimated sales expenses, and less the related taxes of such finished goods.

### 4.12 Long-term Equity Investments

4.12.1 the judgments of the control, joint control and significant influence over the investee

The group's long–term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures.
Control means the Group or the Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

"Joint control" with other parties on the investee is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. A joint arrangement is an arrangement of which two or more parties have joint control. A joint venture is joint arrangement whereby the joint venture have rights to the net assets of the arrangement.

"Significant influence" over the investee is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of significant influence is representing on the board of directors or equivalent governing body of the investee and participating in the investee' financial and operating policy-making process. The basis of significant influence means the Group holds, or holds via its subsidiaries more than 20% (20% inclusive) but lowers than 50% voting shares of the investee. In the case of there is objective evidence shows that the Group doesn't have the power to participate in the financial and operating policy decision of the investee, then there is no significant influence at all. To determine whether the investor has significant influence over the investee, the group will consider the voting right that directly and indirectly held, and also will consider the influence of exercisable potential voting right the group and other parties hold assumed converted to voting right, such as share warrants, shall call option, and debts that convertible to ordinary shares.

4.12.2 The recognition of investment cost and subsequent measurements and profit and loss recognition method.

For business combinations involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the owners' equity of the party being absorbed at the date of combination. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

If the consideration of the combination is issue of equity securities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The aggregate face value of the shares issued shall be accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

For a business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition determined in acquisition date.

The audit, legal, valuation and consulting fees other intermediary fees and related administrative fees paid by the absorbing party or acquirer for the business combination, shall be recognized in profit or loss as incurred. The transaction fees to issue equity and debt as the combination consideration are calculated in the initial amount of debts or equity.

For other situations beside business combinations, when a long-term equity investment is acquired by cash, the initial investment cost shall be the actual purchase price paid; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost shall be the fair value of the securities issued; for a long-term equity investment contributed by an investor, the initial investment cost shall be the value stipulated in the investment contract or agreement (deducting cash dividends or profits declared to be distributed but not received), except where the value stipulated in the contract or agreement is not fair; for the long-term investment acquired by transfer of non-cash assets and assumption of liabilities, the cost of investment is determined according to related accounting policies and regulations.

The Group accounts for a long-term equity investment in a subsidiary using the cost method. The equity method shall be used in joint venture and associate.

When the cost method is applied, the long-term investments are measured by the initial cost, adjusted when the investments are additionally invested or divested. Cash dividends or profit distributions declared by the investee shall be recognized as investment income in the current period.

When the equity method is applied, initial long-term equity investment cost shall not be adjusted for the excess of initial cost over fair value of identifiable net asset of investee at the time of investment; when initial cost is less than fair value of identifiable net asset of investee at the time of investment, difference shall be recognized in profit and loss and adjusted to long-term equity cost. After the investor has acquired a long-term equity investment, it shall recognize its share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the investor. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognized in the investors equity, and the carrying amount of the long- term equity investment shall adjusted accordingly. To confirm the proportion of the net profit or loss of the investee, take up the fair value of the identified assets of the investees as the basis, and write-off the internal trading profit or loss among joint ventures to adjust the net profit of the investee according to the Group's accounting policies and accounting period.

4.12.3 The changes of long term investment

When exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, then it shall change to the equity method, the fair value of the previously-held equity instrument classified as available-for-sale financial assets plus the additional investment cost are the initial investment under equity method. The difference between the fair value and carrying amount and the accumulated changes in fair value included in other comprehensive income shall be transferred to profit or loss for the current period upon commencement of the equity method. The difference shall not be adjusted for the excess of above mentioned initial investment cost over the fair value of identifiable net asset of investee at the time of additional investment. When initial cost is less than fair value of identifiable net asset of investee at the time of additional investment, difference should be adjusted to long-term equity cost and recognized in current period profit and loss.

When exercising control over an investee not under common control due to additional investment or other reasons, in stand-alone financial statements, the investor shall change to the cost method and use the carrying amount of the previously-held equity investment, together with the additional investment cost, as the initial investment under cost method. When the previously-held equity investment is accounted under equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. For previously-held equity investment which classified as available for sale financial assets, the accumulated changes in fair value included in other comprehensive income shall be transferred to profit or loss for the current period upon commencement of the cost method.

When an investor can no longer exercise joint control of or significant influence over an investee due to partial disposal of equity investment or other reasons, the remaining equity investment classified as available for sale financial assets, the difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence shall be charged to profit or loss for the current period. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method.

When an investor can no longer exercise control over an investee due to partial disposal of equity investment or other reasons, and with the retained interest, still has joint control of, or significant influence over, the investee, when preparing the individual financial statement, the investor shall change to the equity method and adjust the remaining equity investment as if the equity method had been applied from the date of the first acquisition. If the investor can not exercise joint control of or significant influence over the investee after partial disposal of equity investment, the remaining equity investment classified as available for sale financial assets, the difference between the fair value and carrying amount at the date of the loss of control shall charged to profit or loss for the current period.

4.12.3 The disposal of long term investment

When the long-term investment is disposed, the difference between the book value and proceeds shall be recorded as current profit or loss. When disposed on long-term equity investment which recognized as equity method, it should adopt same basis with investee disposed relevant assets and liabilities directly and made accounting treatment proportionately to the section which original recorded into other comprehensive income.

**4.13 Designated Loans Receivable**

Designated loan receivable is accounted for at the actual amount lent out. Interest is accrued according to the agreement of designated loan.

At the balance sheet date, the Group will check the principal of the designated loans receivable. If there is any evidence showing that the principal is higher than the recoverable amount, the difference is recognized as a provision for impairment.

**4.14 Investment Properties**

Investment properties of the Group are the building and structures that are leased out.

An investment property shall be measured initially at its cost. The cost of other investment property includes the purchase price, related taxes, and any other expenses associated with the acquisition process of such property; the cost of self-built investment property includes all the expenses necessarily incurred to prepare the property ready-in-use.

The Group uses the cost model for subsequent measurement of Investment properties and provides depreciation by adopting the depreciation policy of fixed assets.

When the purpose of an investment property switches to self-occupied, such investment property shall be re-classified as a fixed asset or an intangible asset on the date of switching.

On the contrary, if the purpose of a self-occupied property switches to rental or capital appreciation, such property shall be re-classified as an investment property on the date of switching. The entry value after switching refers to the book value prior to switching.

When an investment property is sold, transferred, retired, damaged disposed, or cannot generate any economic benefit from disposal; this investment property shall be de-recognized. The enterprise shall recognize the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the current period.

**4.15 Fixed Assets**

**1) Recognition of fixed assets**

Fixed assets are tangible assets such as buildings and structures, production facilities, machinery and equipment, vehicles, office equipment, strategic spare parts in nuclear power station and etc. that held for use in the production or supply of services, for rental to others, or for administrative purposes, and have useful lives more than one financial year. A fixed asset should be recognized only when both of the following conditions are satisfied:

i) It is probable that economic benefits associated with the asset will flow to the Company;

ii) The cost of the asset can be measured reliably.

**2) Classification of fixed assets**

Fixed assets include buildings and structures, machinery and equipment, vehicles, office equipment, electronic equipment and others, etc.

**3) Initial measurement of fixed assets**

Fixed assets of the Company are initially measured at actual cost and consider the effect of disposal expesne.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use, such as delivery and handling costs, installation costs and professional fees.

Where payment for the purchase price of a fixed asset is deferred beyond normal credit terms, such that the arrangement is in substance of a financing nature, the cost of the fixed asset should be determined based on the present value of the purchase price.

The cost of a self-constructed fixed asset comprises those expenditures necessarily incurred for bringing the asset to working condition for its intended use. The fixed assets are ready in use on the intended purpose but not unsettled yet, the group determined cost on estimated value and depreciated. When the actually cost confirmed the group will adjust the estimated cost but depreciation will not adjusted.

Fixed assets acquired from a debtor in settlement of a debt through debt restructure should be stated at fair value and the differences between the book amount and the fair value should be accounted for as current gains or losses.

Under the condition that the non-monetary asset transaction has commercial substance and the fair value of either the asset received or the asset given up can be reliably measured, the book value of the fixed asset received is determined based on the fair value of the asset given up unless there are absolutely proof showing that the fair value of the asset received is more reliable. If exchange of non-monetary assets fails to meet such condition, the cost of the asset received should be determined at the carrying amount of the asset given up plus any related taxes, and no gain or loss should be recognized.

Decommissioning cost of nuclear power facilities is the predicted liabilities and discounted into the initial cost of nuclear power facilities. The two third of the initial core fuel expense are deemed as the necessary expense of the nuclear power facilities construction cost before it reached in the intended using purpose and adopt the same depreciation method with nuclear power facilities. The rest of initial core fuel expense booked as inventory and amortized into the COGS on grid power quantities between the first fuel filling and next fuel filling.

Fixed assets acquired in the course of merging involving enterprises under common control should be stated at the book value in the party being absorbed; fixed asset acquired in the course of merging not involving enterprises under common control should be stated at the fair value.

The amount of a fixed asset acquired through finance lease should be stated at the lower of the fair value of the fixed asset under lease and the present value of the minimum lease payment at the inception of the lease.

**4) Accrual method for depreciation of fixed assets**

i) The Group chooses the fixed assets depreciation policy according to the expected realization style of economic benefit of fixed assets. The depreciation methods of the group include at unit-of-production method and straight-line method.

ii) The unit-of-production method, from the date that fixed assets reach their usable condition, depreciation amount for each accounting year (period) will be determined by the ratio of the actual off-take quantity in the year (period) to the planned off-take quantity during the remaining useful years of the fixed assets multiplied by the opening balance of net amount of fixed assets. The straight-line method means the depreciation would be accrued in average within the fixed assets' useful life.

iii) The nuclear facilities are classified into two categories of Nuclear island, General island, Auxiliary system and mechanical equipments, electrical equipments, instrumental control equipments and buildings. The nuclear facilities are adopts unit-of-production method since the next month of which reach their usable condition, except for the buildings adopts straight-line method.

iv) Except for generator systems, fixed assets that are fully depreciated but still in use, and the land that is accounted for separately, other fixed assets are depreciated at straight-line method.

1) The nuclear power assets depreciation policy as following

| **Categories of Fixed Assets** | **Depreciation Methods** | **Estimated Useful Lives** | **Estimated Net Residual Value(%)** |
|---|---|---|---|
| Nuclear island (NI) buildings | Straight-line method | 40 years | 0.00 |
| Non NI buildings | | 30 years | |
| Buildings and structures for production use of nuclear power station | | 25 years-40 years | |
| NI machinery | Unit-of-production method | 30 years-40 years | 0.00 |
| NI electric | | 15 years-20 years | |
| NI instrument control | | 10 years-15 years | |
| General island mechanical equipment | Unit-of-production method | 20 years-30 years | 5.00 |
| General island mechanical electrical equipments | | 15 years-20 years | 0.00 |
| General island instrumental control equipments | | 10 years-15 years | |
| Auxiliary system of mechanical | Unit-of-production | 20 years-30 years | 5.00 |

| Categories of Fixed Assets | Depreciation Methods | Estimated Useful Lives | Estimated Net Residual Value(%) |
|---|---|---|---|
| equipments | method | | |
| Auxiliary system of electrical equipments | | 15 years-20 years | 0.00 |
| Auxiliary system of instrumental control equipments | | 10 years-15 years | |
| Non-NI strategic fixed assets of machinery | Unit-of-production method | 20 years-30 years | 0.00 |
| NI strategic fixed assets of machinery | | 20 years-40 years | 0.00 |
| Strategic fixed assets of electricity | | 15 years-20 years | |
| Strategic fixed assets of instrumental control | | 10 years-15 years | |

2) Non-nuclear power assets depreciation policy

| No | Asset category | Estimated Useful Lives(years) | Depreciation Methods | Estimated Net Residual Value (%) |
|---|---|---|---|---|
| 1 | Buildings | 20-50 | Straight-line method | 5.00 |
| 2 | Wind power generation facilities | 20 | Straight-line method | 5.00 |
| 3 | Hydro power dam and auxiliary facilities | 50 | Straight-line method | 5.00 |
| 4 | Hydro power mechanical equipments | 25 | Straight-line method | 5.00 |
| 5 | Hydro power transmission and distribution equipments | 25 | Straight-line method | 5.00 |
| 6 | Thermal power equipments | 20 | Straight-line method | 0.00 |
| 7 | Solar power station system | 20 | Straight-line method | 5.00 |
| 8 | Uranium mineral exclusive equipments | 10 | Straight-line method | 5.00 |
| 9 | Research exclusive equipments | 10 | Straight-line method | 5.00 |
| 10 | Transportation equipments | 5 | Straight-line method | 5.00 |
| 11 | Electronic equipments | 5 | Straight-line method | 5.00 |
| 12 | Office equipments and others | 5 | Straight-line method | 5.00 |
| 13 | Other machinery equipments | 5-15 | Straight-line method | 5.00 |

### 5) Disposal of fixed assets

A fixed asset is derecognized when it is disposed or expected not bringing economic benefit from its use or disposal. The net amount of proceeds from disposal, transfer, retirement or damage of the asset after the carrying amount and related taxes is recognized in profit or loss for the current period.

### 4.16 Construction in Progress (WIP)

Construction in Progress is measured by the actual cost. The cost of self-operated building project is computed by the direct materials, direct labor and manufacturing overhead. The cost of outsourced building project is measured by contracts payable. For the plant installation project, the cost is determined by the price of the plant, installation expenses, and other expenditures incurred by trial operation. The cost of WIP includes capital borrowing costs and profit or loss on exchange as well.

When a fixed asset under construction reaches its usable condition but the final cost of construction has not been ascertained, it should be transferred to fixed assets at the estimated value from the date on which it reached its usable condition, and depreciated from the next month. Cost shall be adjusted after the final cost of construction is ascertained.

### 4.17 Borrowing Costs

The borrowing costs include borrowing interests, amortization of discount or premium, auxiliary expenses, gain or loss on and foreign currency borrowing, etc. The process of capitalization of borrowing costs will begin under the circumstance that:

1) The purchased or self-constructed assets are qualified as capitalization, and

2) The expenses to acquire the asset and the borrowing costs have incurred, and the activities to prepare the asset ready-in-use or ready-for-sale have started

In case of the activities to prepare the asset ready-in-use or ready-for-sale is completed, the capitalization then stops. The remaining part of borrowing costs would be expensed in current period.

Where funds are borrowed under a specific-purpose borrowing for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalized shall be the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings and are utilized for the acquisition, construction or production of a qualifying asset, an enterprise shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

The qualifying assets are defined as the fixed assets, investment properties, inventories and other assets with a long period (more than one year in general) process of acquisition or construction to prepare the assets to the ready-in-use or ready-for-sale status.

If the acquisition or construction of a project is interrupted abnormally, and the interruption period is not less than 3 months, borrowing costs occurred during this period shall be charged as expenses of the current period. The assets would not be capitalized again until the acquisition or construction is restarted.

**4.18 Uranium Assets**

Uranium assets refer to stopes, well-fields of in-situ leaching and related facilities and mineral interests owned or under control.

1) Mineral interest

A mineral interest in a property is the right obtained by the Company to explore, develop and produce uranium in a property. Mineral interests in properties acquired by the Company shall be initially measured at the costs incurred on acquisition. Expenditures incurred to maintain mineral interests in properties after their acquisition, such as ongoing payments for exploration right and mining right, and lease rentals shall be charged to profit or loss for the current period.

The Company shall provide for depletion of mineral interests in proved properties using the unit-of-production method; no depletion shall be provided for mineral interests in unproved properties.

If an entire interest in a proved property (or the entire interest in an unproved property for which impairment loss has been provided on an individual basis) is conveyed, the difference between the consideration received and the carrying amount of the interest in the property shall be recognized in profit or loss for the current period; For a conveyance of an interest in an unproved property for which impairment loss has been provided on a group basis, if the consideration received exceeds the original cost of the property, the difference shall be recognized in profit or loss for the current period. If the consideration received is less than the original cost of the property, it shall reduce the original cost of that property and no profit or loss shall be recognized.

2) Uranium exploration

Uranium exploration is those activities including geological studies, geophysical prospecting, drilling and other related activities, that are performed for identifying areas that may warrant exploration or finding uranium reserves. Exploration expenditures are capitalized at the result method, i.e., only when proved reserves are found, the exploration expenditures can be capitalized as costs of stops, well-fields and related facilities; or the exploration expenditures shall be charged to profit or loss for the current period. If proved reserves are found for which exploration expenditures had previously been expensed, those exploration expenditures that have been expensed shall not be adjusted. Any further expenditure for re-exploration of the drilling shall be capitalized.

3) Uranium development

Uranium development is the construction of stopes, well-fields and related facilities for the purpose of obtaining uranium in proved properties. Expenditures incurred in uranium development activities shall be capitalized according to their functions, as costs of stopes, well-fields and related facilities for uranium development.

4) Uranium production

Uranium production is activities such as lifting the uranium to the surface, field gathering, transmitting, field processing, field storage and the management of the properties. Uranium production costs include the depletion of mineral interests in properties, depletion of stopes, well-fields and related facilities, depreciation of mining equipment and facilities, and operating expenses. The Company shall provide for depletion of stopes, well-fields and related facilities by using the unit-of-production method.

5) Decommissioning cost

The Company shall recognize those obligations arising from the abandonment of a property as a provision if the obligations meet the recognition criteria of a provision. The carrying amount of stopes, well-fields and related facilities shall be increased accordingly. Decommissioning cost of nuclear power facilities is discounted and charged to cost of fixed assets of nuclear power plant, and an estimated liability is recognized. The discount rate for decommissioning cost of nuclear power facilities shall be the 90% of the average of RMB five-year (or above) benchmark lending rate in recent five years (if there is no benchmark lending rate, the market lending rate for the same period will be adopted). If the obligations do not meet the recognition criteria of a provision, any dismantlement, removal or restoration costs incurred on abandonment shall be charged to profit or loss for the current period.

6) Impairment of mineral interests in properties

i) At the balance sheet date, if the mineral interest in properties is impaired, impairment loss shall be recognized for the difference between the carrying amount and its lower recoverable amount and charged to profit or loss for the current period, and provision for impairment shall be made accordingly.

ii) Mineral interests in unproved properties shall be tested for impairment at least annually. For those assessed on a property-by-property basis, if the fair value is less than the carrying amount, impairment losses shall be recognized and charged to profit or loss for the current period, and provision for impairment shall be made accordingly; for those assessed on a group basis and a provision is made, the impairment losses recognized shall not be allocated to the carrying amount of individual mineral interest in properties.

Once impairment loss of the mineral interests in properties is recognized, it shall not be reversed.

**4.19 Intangible Assets**

The intangible assets of the Group include: the land use right, software, the patent, the non-patented technologies, and the royalties, etc. Intangible assets are recorded at actual cost. The cost of a purchased intangible asset comprises its purchase price, related taxes and any directly attributable cost expenditures of preparing the asset for its intended use. For the intangible assets invested by the investor, the actual cost is determined by the contracted and agreed price. In the case of the contracted or agreed price is not faired, the actual cost is determined by the fair value of such intangible assets. The whole payment of purchased land and building are will be treated as fixed assets in case of payment are difficult to allot between the land using right and building.

Intangible assets which the Group acquired through non-common control business combination and held by acquiree but never recognized in their financial statement, if can fulfil one of the following requirement, those kind of intangible assets may recognized at fair value when initial recognition on the acquiree's assets: (1) It from contractual rights or other legal rights; (2) Can be separated or divided from acquiree and recorded independently or together with relevant contracts, assets or liabilities to be used for selling, transferring, granting of licenses, leasing or exchanging.

The land use right amortized in a average of no more than statutory using years (50 years). The software amortized in a average of 5 to10 years.The patent, the non-patented technology and other intangible assets take the shortest among estimated useful life, beneficial years agreed by the contract, and effective period made by relevant regulations to amortize in average. The amortized amount shall charge to relate assets and profit or loss based on the beneficiaries.

At the end of each year, the Company shall check and review the useful life and amortization method of an intangible asset with finite useful life. In the case of any changes occurred, it would regarded as the change accounting estimate. At the end of year, the Company should reassess the useful life of the intangible asset with indefinite useful life. If there is any evidence indicating the useful life could be definite, the amortization shall be based on its estimated useful life in average.

**4.20 Research and Development.**

The research and development of the Group is classified as the research expense and the development expense based on nature and uncertainty to consequently form the intangible assets. The research expenses charge to current profit or loss at occurrence; the development expenses would be regarded as the intangible assets by satisfying all the following criteria:

a) The technical feasibility of completing the intangible assets so that it will be available for use or sale;

b) Its intention to complete the intangible asset and use or sell it;

c) How the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

d) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

e) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If any of the above criteria cannot be satisfied, the development expenses charge to current profit or loss at occurrence. The research expenses recognized would not be regarded as the assets. The capitalized part of development expenses shall be stated as the development expenses on the balance sheet, and it turns to the intangible assets after the project has been prepared as ready-in-use status.

### 4.21 Long-term Prepayments

Long-term prepayments are expenditures with more than 1 year of amortization period incurred by the Company that should be borne by the current and the following periods. If the there is no benefit from the long-term prepayments for the subsequent accounting period, the un-amortized part would charge to current profit or loss.

### 4.22 Goodwill

Where the cost of equity investment or the combination cost not under the same control exceeds acquirer's share in the fair value of the acquiree's identifiable net assets on the acquisition date, the difference shall be recognized as goodwill.

The goodwill related to subsidiaries shall be listed on the consolidated financial statements separately, the goodwill related to associates or a joint venture shall be included in the carrying value of long-term equity investment.

### 4.23 Impairment of Long-term Non- financial Assets

The Group shall assess at the balance sheet date whether there is any indication that the Long-term investments, fixed assets, construction work in progress, and the intangible assets with definite useful life may be impaired. If any indication exists that an asset may be impaired, the Company shall test for impairment and estimate the recoverable amount of the asset. Goodwill and an intangible asset with an indefinite useful life shall be tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs.

After the impairment test, when the recoverable amount of an asset group or a set of asset groups is less than its carrying amount, impairment loss shall be recognized accordingly. The impairment loss stated above cannot be written back since recognition. The revocable amount is the higher between the fair value of the assets less disposal expenses and the discounted cash flow generated by such assets in the predictable accounting period.

The judgment standards of impairment are as follows:

a) The market price declines seriously for the current period, and the decline is much more significant than the predictable scope by normally use with time.

b) There would be significant change of the economy, technical and regulation environment, and market the Group is involved and has negative effect to the Group.

c) The market yield or other rate of return in the market has been increased to affect the Group to compute the discounted rate to estimate the cash flow generation. The revocable amount of the group declines seriously.

d) There is any objective evidence showing that the assets are obsolescence or damaged.

e) The assets would be stopped in use or retired earlier than planned.

f) The internal report of the Group indicates that the economic benefit generated by the assets is much lower than predictable amounts such as net cash flow generated by the assets are much lower than the estimated amounts.

g) Any other indicator showing the possibility of impairment.

The above mentioned impairment loss is recognized in profit or loss immediately, and cannot be reversed in later accounting periods.

**4.24 Employee Benefits**

Employee benefits refer to all forms consideration or compensation given to by an enterprise in exchange for service rendered by employees or for the termination of employments relationship. Employee benefits include short-term employee benefits, post employee benefits, termination benefits and other long term employee benefits.

1) Short term employee benefits are employee benefits that are expected to be settled wholly before twelve months after end of the annual reporting period in which the employees render the related service. Short term employee includes: employee wages or salaries, bonus, allowances and subsidies, staff welfare, social security contributions such as premiums or

contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short term paid absences, short term profits sharing plan, non-monetary benefits and other short-term benefits.

The Group recognizes actually occurred short-term employee benefits as a liability in the accounting period in which an employee provides service, with a corresponding charge to cost or expense according to the beneficiary objective. The non-monetary short-term employee benefits are measured at fair value.

2) Post-employment benefits are any remuneration and benefits (other than short term employee benefits and termination benefits) in exchange for service rendered by employees that are payable after the retirement of the employees or termination of employment relationship. The Group classify post-employment benefit plans as either defined contribution plans or defined benefit plans.

The group's defined contribution plans are the group's contributions on pension, annuity and unemployment insurance for employee according to the local authority regulated. The Group recognizes local authority regulated above contribution base and portion as a liability in the accounting period in which an employee provides service, with as corresponding charge to the profit or loss for the current period or the cost of a relevant assets.

The Group recognizes use the projected unit credit method to determine the liability arising from defined contribution plan in the accounting period in which an employee provides service, with as corresponding charge to the profit or loss for the current period or the cost of a relevant asset. The group recognizes the deficit or surplus by deducting the present value of the defined benefit plan obligation from the fair value of defined benefit plan assets as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the group measured the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and asset ceiling.

All the defined benefit plan, including obligations that are expected to be paid before twelve months after the end of the annual reporting period in which the employee render service, shall discount by discount rate determined by reference to market yield at the balance sheet date on government bonds or on high quality corporate bonds in an active market, of which the term and currency are consistent with term and currency of the defined benefit obligation.

The service cost and net interest on the net defined benefit plan liability(asset) arising from defined benefit plan are recognized in profit or loss for the current period or relative asset cost. The changes as a result of re-measurements of the net defined benefit liability(asset) are recognized in other comprehensive income and cannot be reclassified to profit or loss in a subsequent period.

When settling a defined benefit plan, the group recognized the loss or gain on the difference of the present value of the defined benefit plan obligation and the settlement price.

3) Termination benefit are compensation provided when an enterprise decides to terminated the employment relationship with employees before the end of the employments contracts or compensation provided as an offer to encourage employees to accepts voluntary redundancy before the end of employment contracts. For the employee didn't dissolve the employment contract but no longer providing service and bring the economic benefit to the group, the group committed to provide economic compensation which substantially with termination benefit nature such as inter-retirement, before the retirement the group treat it as termination benefit and after the official retirement the group treat it as post-employment benefit.

The Group provides termination benefits to employees shall recognize an employee benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period at the earlier of following d when the enterprise cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal or when the enterprise recognizes costs or expenses related to a restricting that involves the payment of termination benefits.

For the termination benefits are expected not to be paid before twelve months after the end of the annual reporting period, the substantially dismiss work will implemented within a year but the compensation payment plan is over 1 year, the group will choose appropriate discount rate and charge the discounted amount to the profit or loss for the current period.

4) Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits, which including long-term paid absences, long-term disability benefits, long-term profit sharing plans.

The Group provides the other long-term employee benefits which meet the defined contribution plans definition are treated as per defined contribution plans regulation. The Group provides the other Long term employee benefits which meet the defined benefit plans definition are treated as per defined benefit plans regulation, recognizing and measuring other long term employee benefits net liability or asset. In the end of reporting period, the group recognize the long term employee benefits consisted as following component: service cost, net interest on the long term employee benefits net liability or assets, The changes as a result of re-measurements of the long term employee benefits. The total net value are charge to profit or loss for the current period or the cost of a relevant assets.

### 4.25 Share based payment

The Share based payment is an equity instrument or a debt transaction based on equity which is aimed to acquire employees or other parties' services. The classification of dividends payable includes equity –settled share based payment and cash–settled share based payment.

Equity-settled share based payment which to acquire employees' services is determined by the fair value of the equity on the date of declaration. Under the circumstance that the vesting is only made after the services have been totally rendered or the performance target has been reached, the payment shall be charged to relevant costs or expenses by the straight-line method based on the utilized estimation of the amounts of the equity instrument, thus increasing the paid-in capital.

For the cash-settle share based payment, the measurement is determined by the fair value of the liability which is based on the shares or other equity instruments that the Group assumed. If the vesting is granted after granting date at once, the fair value of the liability assumed shall be charged to relevant costs or expenses, thus increasing the liability. Under the circumstance that the vesting is only made after the services have been totally rendered or the performance target has been reached, then at each of the balance sheet date in the vesting period, the services rendered shall be charged to relevant costs or expenses based on the fair value the Group assumed and the utilized estimation of the vesting, thus adjusting the liabilities.

For each of the balance sheet date and settlement date prior to the liabilities are settled, there is a need to re-assess the fair value, and the changes are charged to current profit or loss.

### 4.26 Bonds Payable

The initial recognition of bonds payable of the Group is measured by the fair value, including the relevant transaction fees. For the subsequent periods, the measurement is determined by the amortized cost.

The differences between the proceeds received and the nominal value of bonds issued shall be recorded as premium or discount, which shall be amortized when interest on the bonds are accrued during the period in which the bonds are held by the Company, using the effective interest rate method or the straight-line method. The rules governing the borrowing cost shall be followed in the treatment as below.

### 4.27 Contingent Liabilities

The Contingent liabilities refer to contingencies such as guarantees provided to outsiders, pending litigations, product quality guaranty, commercial note discount which meet the following conditions: 1). The obligation is a present obligation of the Company; 2). It is probable that settlement of such an obligation will result in the economic benefit to flow out from the Company; and 3). The amount of the obligation can be measured reliably.

Contingent liabilities shall be initially measured at the best estimate of the expenditure required to settle the related present obligation, with risk and uncertainty of the contingencies and the time value of money in consideration. Under the circumstance that there is significant influence made by the time value of money, the estimated liabilities shall be measured at the best estimate of the discounted value of the future cash outflows. The Group shall review the carrying amount of a provision at the balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount shall be adjusted to the current best estimate.

If decommissioning cost of nuclear power facilities, abandonment expense of uranium properties satisfies the conditions of estimated liabilities, the abandonment expense shall be discounted, and provision and cost of related assets shall be recognized. Interest expense shall be determined at the amortized cost of estimated liabilities and effective interest rate over the life of assets, and charged in financial expenses.

### 4.28 Recognition of Revenue

The group revenue mainly includes merchandise sales, rendering of service, transfer of asset using right and reduced carbon emission.

1) Merchandise sales

The merchandise sales of the Group are mainly electricity sales revenues. The revenues are recognized when the power has been sent to the power grid which is agreed on the contracts and the rights to collect the revenues are confirmed.

For other revenues from sale of goods, they are recognized when, (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement associated with ownership nor effective control over the goods sold; (c) it is probable that economic benefits associated with the transaction will flow to the enterprise; and (d) the relevant amount of revenues and costs can be measured reliably.

2) Rendering of services

For the service begin and complete in same financial year, the Group recognized the revenue as the service has been provided and received payment or obtain the evidence of rights on collecting payment. For the service begin and complete not in same financial year, the group recognize the revenue, according to the percentage of completion method, when the total revenue of the service contract and the degree of completion of the services can be reliably determined, the payment can be flow in and the cost occurred and to be occurred to complete the service can be reliably measured.

If the results of service transaction are not reliable to estimate, the Group recognizes the revenue as the amount of service cost already occurred and estimated to be recovered and recognize it as expense in current period. If the service cost already occurred and estimated not to be recovered the group shall not recognize the revenue.

3) Transferring of asset using right

Interest revenue calculated on the loan period and applicable interest rate. The asset using fees are calculated according to contract stated charging period and method. To recognize the above mentioned revenue, the following conditions shall be met: 1) the economic benefits of the corresponding transactions can flow into the Group 2) the revenue amount can be realizably measured.

4) Reduced carbon emission

The revenue of certified emission reductions (CERs) are recognized when the following conditions are met:

(1)Clean Development Mechanism (CDM) projects have been approved by National Development and Reform Committee (NDRC) and verified by the United Nations as a registered CDM projects.

(2)Counterparty has committed to purchase the quantity of CERs and the price has been agreed (for a floating price contract of the CERs project, the price have to be determined until CERs delivered to the buyer's carbon account).

(3)The relevant electricity has been generated.

The revenue of VERs are recognized when the related sales completed and the relevant payments are can be collected is confirmed.

### 4.29 Construction Contracts

When the construction contract is started and the outcome of construction contract can be estimated reliably and the economic benefit associated with the contract will flow into the Group, the Company should recognize the revenue and expenses at the balance sheet date using the percentage of completion method in case of the actual cost, the percentage completed and remaining costs need could be clearly identified and measured reliably. When the percentage of completion method is used, the percentage is determined by the ratio of actual cost over the total estimated cost of the contacts.

When the outcome of a construction contract cannot be estimated reliably, different treatments shall be applied as follows: (1) If contract costs incurred are likely to be recovered, contract revenue shall be recognized only to the extent of the recoverable contract costs incurred, and contract costs shall be charged as expenses of the period in which they are incurred; (2) If contract costs incurred are unlikely to be recovered, contract costs shall be recognized as expenses of the current period immediately, and no contract revenue shall be recognized.

The group will review the contract at the end of each year. If the total cost of is more than the total revenue generated by the contracts, the provision of loss is accrued and the estimated loss shall be regarded as the current expense.

### 4.30 Government Grants

The government grants means the monetary and nonmonetary assets that the Group obtained from the government without cost. The government grants are recognized when the conditions to receive are met or they are actually received.

If a government grant is in the form of a transfer of a monetary asset the Group measured it as actually received, or for the grants which are the constant item or if there are affirmative evidences that the grants are predicable to be received and met the relative financial policy requirement, the group measure it as the amount receivable. If a government grant is in the form of a transfer of a non-monetary asset, the item shall be measured at fair value. If fair value is not reliably determinable, the item shall be measured at a nominal amount (RMB 1 Yuan).

The Group's government grant classified as related to an asset or related to income. The government grants related to an asset refer to the grants the Group obtained and used for purchase and construction or in other way to form a long term asset. The government grants related to income other government subsidies other than the related with an asset. If the governments file is not clearly designated beneficiary objective, the Group shall classify it on above principle.

A government grant related to an asset shall be recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset. A government grant related to income shall be accounted for as follows: If the grant is a compensation for related expenses or losses to be incurred by the Company in subsequent periods, the grant shall be recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred by the Company, the grant shall be recognized immediately in profit or loss for the current period.

### 4.31 Deferred Tax Assets and Deferred Tax Liabilities

The deferred tax asset and deferred tax liabilities are based on the temporary difference between the book value and the tax base. The Company shall recognize a deferred tax asset for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. On the balance sheet date, the tax rate applied to the deferred tax assets and deferred tax liabilities refers to the tax rate used to repossess the assets and to pay off the liabilities as expected.

There is a high possibility that the Group takes the tax payable arise from the deductible temporary differences be to the maximum to recognize the deferred tax assets. For the deferred tax assets which are recognized already, if the Group realizes that the future tax payable cannot be used to deduct the deferred tax assets, the book value of the deferred tax assets shall be written down. When there is a objective evidence showing the tax payables are enough, the book value written down shall be written-back.

### 4.32 Leases

Leases are classified as financing leases and operating leases.

Leases are classified as finance leases when the lease transfers in substance all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, as a lessee, the Company shall record the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable shall be accounted for as unrecognized finance charge.

Leases other than finance lease are classified as operating leases. Lease payments should be recognized by the Company on a straight-line basis over the lease term, and recorded as cost of assets or current profit or loss.

Lease income should be recognized over the lease terms on a straight-line basis.

### 4.33 Accounting for Income Tax

The Company accounts for income tax at the balance sheet liability method, including the income tax expense and deferred tax. The income tax and deferred tax that are relevant to equity transactions and events are directly charged into owners' equity and adjustment of book value of goodwill is made by business combination, the remaining income tax and deferred tax or income are charged into current profit or loss.

The income tax is the amount that to be paid to the tax administration for business transactions and events of current period in according to tax regulations, which is tax payable. The deferred tax is the difference between the amount of deferred tax to be recognized by applying the balance sheet liability method at the end of this year and the amount of deferred tax recognized at the beginning of this year.

### 4.34 Provision for Spent Fuel

Provision for spent fuel represents the amount provided each year for the future disposal of nuclear fuel unloaded from the nuclear power station and can no longer be used. According to the Interim Measures of Management on Collecting and Using Funds for Processing and Disposal of Spent Fuel at Nuclear Power Plants with reference CZ [2010] 58 jointly issued by the Ministry of Finance, the National Development and Reform Commission and the Ministry of Industry and Information Technology in July 2010, PWR nuclear power generating units which have been operated for over 5 years shall be collected at 0.026/kwh of the actual electricity sent-out. After the Measures became effective, for the generating units which have been operated over 5 years, provision for spent fuel shall be provided at the standard as set out in the Measures; for those have been operated for 5 years or below and those newly built, provision will not be made for the first 5 years after they are put into operation, and will be made from the sixth year.

### 4.35 Decommissioning Expense

If decommissioning cost of nuclear power facilities and/or abandonment expense of uranium properties satisfies the conditions of estimated liabilities, the abandonment expense shall be discounted, and provision and cost of related assets shall be recognized. Interest expense shall be determined at the amortized cost of estimated liabilities and effective interest rate over the life of assets, and charged in financial expenses.

### 4.36 Provision for Low / Medium Radioactive Waste Disposal

Provision for low / medium radioactive waste disposal is a provision made for the disposal of low and medium radioactive wastes generated from the nuclear power plant. The Company makes the provision at full cost method based on the storage capacity occupied by the waste produced by nuclear power plant, and charged to production cost of each period

### 4.37 Accounting for Initial Core Fuel and Last Core Fuel

For the accounting for initial front core fuel expense, 2/3 will be capitalized directly, charged in the cost of nuclear power plant during construction period, and allocated to production cost of each period by means of depreciation of fixed assets during the operation period (40 years); the remaining initial core fuel expense will be charged at power generation cost. For the future core fuel expense between two cycling periods, it will be allocated to production cost without accrual of last core fuel cost.

### 4.38 Hold for Sale

The Group classifies the non-current assets which met following conditions simultaneously as the hold for sale: 1) the Group already made decisions to sell the non-current assets; 2) the group has signed the irrevocable transfer agreement with the transferee; 3) the transfer agreement will be completed within 1 year. The hold for sale asset include the individual assets and the disposal group, the disposal group refers to a transaction in which a group of assets sold as a whole or in other disposal method, and the liability directly related to these assets are transferred as well. Disposal group usually is a group of asset groups, an asset group or part of an asset group.

The Group adjusts the estimated net residual value of the assets when recognized as hold for sale asset in order to reflect the amount of the fair value minus the disposal expense. But the estimated net residual value shall not exceed the net value of the asset before recognize as hold for sale, the difference shall recognized as asset impairment loss and record in current period when net value of asset are higher than adjusted estimated net residual value. The hold for sale asset are not depreciated and measured as the lower value of the net value and the amount of the fair value minus the disposal expense.

The Group shall cease to classify the assets as the hold for sale when it not satisfied the condition of hold for sale and measure it as the lower value of following: 1) the asset or the disposal group’s net value before classify as the hold for sale, assuming the depreciation or impairment and amortization shall be recognized as the asset are not classify as the hold for sale 2) the recoverable amount at date of decide not to sell.

The Intangible assets, long-term equity investments and other non-current assets when meet the hold for sale conditions is treated according to the above principle.

### 4.39 Fair value measurement

For the assets and liabilities measured by fair value, the Group considers the characteristics of the assets and liabilities, and adopt price to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the asset and liability at fair value, the transaction that market participants sell the asset or transfer the liability at the measurement date is an orderly transaction under current market conditions. The orderly transaction to sell the asset or transfer the liability takes place in the principle market for the assets or liability. In the absence of a principle market, an enterprise shall assume such transaction takes place in the most advantageous market for the asset and liability. Adopting the hypothesis that the market participants to maximize the economic benefit for pricing the assets or liabilities. To measure the fair value of non-financial assets, the group shall consider a market participant’s ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

1) Valuation techniques

When measuring the asset or liability at fair value, the Group adopts valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques used by an enterprise to measure the asset or liability at fair value mainly include the market approach, the income approach and the cost approach. When using valuation techniques, the Group gives priority to the use of relevant observable inputs, and shall sue unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

2) Fair value hierarchy

The level in which fair value is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. Level 1 input are unadjusted quoted prices in active markets for identical assets or liabilities that the enterprise can access at the measurement date. Active market is a market in which transactions for the asset or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

### 4.40 Accounting measurement on Transferring of Financial Asset and Non-financial Assets Securitization

Transferring of financial asset should be judged depends on the condition of risk and return transferring of relevant financial assets ownership. If all risk and return transferred, then financial asset should be derecognized. If almost all risk and return of relevant financial asset remained and not transferred, then the financial asset should not be derecognized. If the risk and return of relevant financial assets both not remained and transferred, then the decision should be made depends on the control degree of the financial asset: If the control of the financial asset was gave up, then the financial asset should be derecognized.; if not, relevant financial asset and financial liabilities should be recognized depends on the continuing involvement degree on this financial assets. If a financial asset meet the requirement of entirely derecognize, then the balance of consideration received and relevant book value should be transferred into current period profit and loss. The culmulative changes of the fair value of financial assets which recorded initially in owner’s equity, should also be transferred into current profit and loss. If a financial asset meet the requirement of partially derecognize, then the part of derecognized and not derecognized financial asset's entirely book value should be amortized at fair value, and dispose the section of partially transferring depends on comparison with entirely transferring based on book value after amortized. If a financial asset not meet the requirement of derecognition, then consideration received should be recognized as a new financial liability.

### 4.41 Termination of Business

The termination of business is the part that has been disposed or for sale, or separately operated or stated when the financial statements are prepared. This part, according to the Group's plan, will be entirely or partly disposed.

To be treated as the for sale part, there are two conditions that must be satisfied at the mean time: 1) the resolution for disposal has been made. 2) The Group has signed the contract to transfer and it's irrevocable and this transfer will be completed within one year.

## 5. STATEMENT OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTIONS OF SIGNIFICANT ACCOUNTING ERRORS

### 5.1 Changes in accounting policies and corresponding influences

The Group has no change in accounting policies in this year.

### 5.2 The changes in accounting estimates and its effect

The Group has no changes in accounting estimates in this year.

### 5.3 Corrections of accounting errors of the prior period and their effects

The Group has no corrections of accounting errors of the prior period and their effects in this year.

## 6. TAXATION

### 6.1 The main taxation and tax rate

| Types | Tax base | Tax rate | Note |
|---|---|---|---|
| Value added Tax | Taxable sales | 3%、5%、6%、10%、11%、13%、17% | 1 |
| Business Tax | Taxable income | 3.00%,5.00% | |
| Urban Construction & Maintenance Tax | Turnover tax payable | 1.00%,5.00%,7.00% | |
| Education Surcharges | Turnover tax payable | 3.00% | |
| Local Education Surcharges | Turnover tax payable | 2.00% | |
| Corporate Income Tax | Taxable income | 25.00%,15.00% or local rate | 2 |
| Housing property tax | Tax base required by relative tax law stipulations | 1.2% or 12% | |
| Profit tax | Taxable income | 16.5% | HK |
| Land value increment tax | According to the amount of value added achieved by transferred property and levied by stipulated tax rate | Super-rate progressive tax rate 30%-60% | |

Note1: The VAT tax rate of Mortons Lane Wind Farm (Holding) PTY LTD, the subsidiary of CGNWEC, calculated as 10% according to its operating location-Australia local tax law. VAT payment on the basis of the balance after deducted the current deductible input tax credit.

CGNPC Uranium Logistics (Beijing) Co., Ltd, the subsidiary of CGNPCURC, is a small-scale taxpayer and the VAT is calculated on 3.00% of the sales, no VAT input tax withhold.

Note 2: Group's subsidiaries which registed overseas adopt local tax rate.

### 6.2 Tax incentives and approval

1) Turnover tax

a) According to provision of the Ministry of Finance, the State Administration of Taxation Tax " notice on the nuclear power industry tax policy issues " Caishui[2008] No. 38, electricity sales shall implement the front-end retreat VAT policy within 15 years since next month of nuclear power units formal commercial production starts, the return proportion is divided into three stages to decrease progressively. The details of return proportion is : ①Since next month of launch a formal business within 5 year, return proportion is 75% of tax payable which is already put in storage; ② Since next month of launch a formal business after 5 years and before 10 years, return proportion is 70% of tax payable which is already put in storage; ③Since next month of launch a formal business after 11 years and before 15years, return proportion is 55% of tax payable which is already put in storage; ④ Since next month of launch a formal business after 15 years, the front-end retreat VAT policy is no longer operating. Ling Ao Nuclear Power Company Limited, Ling Dong Nuclear Power Co., Ltd, Yang Jiang Nuclear Power Company Limited and Guangxi Fangchenggang Nuclear Power Company Ltd enjoy the incentive policy above.

b) According to “the notice on VAT policy on the comprehensive utilization of resources and other products” Caishui [2008] No.156 and “the notice on VAT policy of wind power generation” Caishui [2015] No.74 issued by State Administration of Taxation, CGNWEC is using the wind to generate electricity, and the VAT paid should implement the policy of 50% immediate refund on VAT levied.

c) According to the Ministry of Finance, the State Administration of Taxation "Notice on software products VAT policy," Caishui [2011] No. 100 and "State Council notice on the issuance a number of policy of further encourage the development of software and IC industry " Guo Fa [2010]No 4, CGN (Beijing) Simulation Technology Co., Ltd selling software products which are self developed is applicable to the statutory VAT rate of 17.00% the VAT burden over 3.00% of the actual tax burden are implementing the immediate levy and immediate refund policy

d)According to provision of the Ministry of Finance and State Administration of Taxation " notice about the tax issues on the implementation of the decision on the strengthening technological innovation, high-tech development and industrialization of the CPC Central Committee and State Council ," Caishui [1999] No. 273, China Nuclear Power Technology Research Institute Co.,Ltd. the subsidiary of CGNPC rendering technology transfer, technology development and related business technology consulting, technology services are exempt from Business tax. Since November 1, 2012, after the above-mentioned technical service begins pays the VAT accordingly are exempt from VAT.

2) Corporate Income Tax

The incentives of Corporation income tax for the subsidiaries which is included in the Group’s combination scope is as follows:

| Preferential document | Preferential policy | Company name | Preferential period |
|---|---|---|---|
| Enterprise Income Tax Law of PRC and its Implementation Regulations | 3 avoid 3 halve on Public infrastructure project supported by the government (Note 1) | CGN (Bayannaoer) Wind Power Generation Co., Ltd. | Wuliji second, fifth and sixth phase project since 2012 to 2017; Wuliji third and fourth phase project since 2011-2016; Wuliji first phase project was taxed at 15% |

| Preferential document | Preferential policy | Company name | Preferential period |
|---|---|---|---|
| | | | reduced rate. |
| | | CGN (Wulancabu) Wind Power Generation Co., Ltd. | Hongji fifth and sixth phase project since 2011 to 2016 |
| | | CGN （Su Ni Te You Qi） Wind Power Co., Ltd. | 2014-2019 |
| | | CGN Anqiu Wind Power Co., Ltd. | Zhaiyue mountain project since 2016-2021, Chengding mountain project since 2014-2019 |
| | | CGN Taishanchuandao Wind Power Co., Ltd. | 2011-2016 |
| | | Gansu CGN Wind Power Co.Ltd. | 2014-2019 |
| | | Gansu CGN Yongsheng Wind Power Co. Ltd. | 2011-2016 |
| | | CGN Sheyang Wind Power Co., Ltd. | 2016-2021 |
| | | CGN (Wulateqi) Wind Power Co., Ltd. | 2016-2021 |
| | | Chaohu Huailin Wind Power Co., Ltd. | 2014-2019 |
| | | Chaohu Guanhu Wind Power Co.ltd | 2015-2020 |
| | | China Dragon wind power Co. Ltd. | 2013-2018 |
| | | Ning'an Laoyeling Wind Power Co.Ltd. | 2015-2020 |
| | | Shuangyashan Laopinggang Wind Power Co.Ltd. | 2016-2021 |
| | | Shuangyashan Yangmugang Wind Power Co.Ltd. | 2013-2018 |
| | | Bayan Shuangyashan Wind Power Co.,Ltd. | 2015-2020 |
| | | Shuangyashan Guokuishan Wind Power Co.Ltd. | 2013-2018 |
| | | Longjiang Xingshan Wind Power Co.,Ltd. | 2016-2021 |
| | | Mishan Panjiadian Wind Power Co.Ltd. | 2013-2018 |
| | | Mishan Linhe Wind Power Co., Ltd. | 2014-2019 |
| | | Wendeng Zhangjiachan Wind Power Co.,Ltd. | 2011-2016 |
| | | CGN Zhaoyuan Zhangxing Wind Power Co., Ltd. | 2014-2019 |
| | | CGN Zibo Wind Power Co.,Ltd. | 2015-2020 |
| | | Xilinhot Chenhui Wind Power Co.ltd | 2013-2018 |
| | | Inner Mongolia jinjie Wind Power Co.Ltd. | 2015-2020 |
| | | CGN Beineng Shangdu Wind Power Co., Ltd. | 2012-2017 |

| Preferential document | Preferential policy | Company name | Preferential period |
|---|---|---|---|
| | | Dalian Changxingdao CGN Wind Power Co., Ltd. | 2013-2018 |
| | | Heilongjiang East Wind Power Co., Ltd. | 2011-2016 |
| | | CGN Dabeishan (Wafangdian) Wind Power Co.Ltd. | 2013-2018 |
| | | Beipiao Changgao CGN Wind Power Co., Ltd. | 2012-2017 |
| | | CGN Hubei Dawu Wind Power Co., Ltd. | 2013-2018 |
| | | CGN (lichuan)Wind Power Co., Ltd. | 2011-2016 |
| | | CGN (Shangyi)Wind Power Co., Ltd. | 2013-2018 |
| | | CGN (Youyu) Wind Power Co., Ltd. | 2013-2018 |
| | | CGN Pinglu Wind Power Co., Ltd. | 2011-2016 |
| | | CGN Chuxiong Mouding Wind Power Co.Ltd. | 2011-2016 |
| | | CGN Xishuangbanna Menghai Wind Power Co.Ltd. | 2011-2016 |
| | | CGN Chuxiong Dayao Wind Power Co.ltd | 2012-2017 |
| | | CGN Pu'er Lancang Wind Power Co., Ltd. | 2012-2017 |
| | | CGN Luoding Wind Power Co., Ltd. | 2013-2018 |
| | | CGN Guizhou Longli Wind Power Co., Ltd. | 2013-2018 |
| | | Xinjiang Jimunai CGN Wind Power Co., Ltd. | 2011-2016 |
| | | CGN Dabancheng Wind Power Co., Ltd. | 2011-2016 |
| | | CGN Hami Wind Power Co., Ltd. | 2011-2016 |
| | | CGN Tuokexun Wind Power Co.,Ltd. | 2012-2017 |
| | | CGN E'min Wind Power Co., Ltd. | 2012-2017 |
| | | CGN Ningxia Zhongning Wind Power Co., Ltd. | 2011-2016 |
| | | CGN Yiwu Wind Power Co., Ltd. | 2013-2018 |
| | | CGN A'letai Wind Power Co., Ltd. | 2011-2016 |
| | | CGN Balikun Wind Power Co., Ltd. | 2012-2017 |
| | | CGN Gaozhou Wind Power Co., Ltd. | 2012-2017 |
| | | CGN Yuxi Yuanjiang Wind Power Co., Ltd. | 2012-2017 |

| Preferential document | Preferential policy | Company name | Preferential period |
|---|---|---|---|
| | | CGN Zibo Wind Power Co.,Ltd. | 2012-2017 |
| | | CGN Zhurihe Wind Power Co., Ltd. | 2011-2016 |
| | | CGN Ruicheng Wind Power Co., Ltd. | 2012-2017 |
| | | CGN Pengze Quanshan Wind Power Co., Ltd. | 2011-2016 |
| | | CGN Rudong Offshore Wind Power Co., Ltd. | 2013-2018 |
| | | CGN Quanjiao Wind Power Co., Ltd. | 2012-2017 |
| | | CGN Guizhou Guiding Wind Power Co., Ltd. | 2011-2016 |
| | | CGN Guizhou Majiang Wind Power Co., Ltd. | 2012-2017 |
| | | CGN Sheyang Yangma Wind Power Co., Ltd. | 2013-2018 |
| | | Heilongjiang North Wind Power Co., Ltd. | 2012-2017 |
| | | CGN Yuxian Wind Power Co., Ltd. | County Yu project first and second phase since 2015-2020，PV project of County Yu since 2016-2021 |
| | | CGN Hunan Guiyang Wind Power Co., Ltd. | 2013-2018 |
| | | CGN (Zaozhuang) Wind Power Co., Ltd. | 2016-2021 |
| | | CGN Guizhou Dujun Wind Power Co., Ltd. | 2011-2016 |
| | | CGN (Anxi) Wind Power Co., Ltd. | 2013-2018 |
| | | CGN Hukou Wenqiao Wind Power Co., Ltd. | 2016-2021 |
| | | Xuancheng Prospect Wind Power Co., Ltd. | 2012-2017 |
| | | CGN Dawu Yangping Wind Power Co., Ltd. | 2016-2021 |
| | | Shanxi jingbian Shenggao New Energy Technology Co.,Ltd. | 2015-2020 |
| | | CGN Mianyang Zitong Wind Power Co., Ltd. | 2013-2018 |
| | | CGN Haining Wind Power Co., Ltd. | 2013-2018 |
| | | CGN (Qingyun) Wind Power Co., Ltd. | 2013-2018 |
| | | CGN Sheyang Teyong Wind Power Co., Ltd. | 2013-2018 |
| | | Electrical equipment in Dengfeng city Wind Power Co., Ltd. | 2013-2018 |
| | | CGN Yuxi Tonghai Wind Power Co., Ltd. | 2012-2017 |

| Preferential document | Preferential policy | Company name | Preferential period |
|---|---|---|---|
| | | CGN Hubei Yangxin Wind Power Co., Ltd. | 2013-2018 |
| | | CGN Guyuan Huanggainao Wind Power Co., Ltd. | 2012-2017 |
| | | Lingdong Nuclear Power Co., Ltd. | No.2 Nuclear power unit since 2011-2016 |
| | | Yangjiang Nuclear Power Co., Ltd. | 2014-2019 |
| | | Taishan Nuclear Power Joint Venture Co., Ltd. | 2016-2021 |
| | | Guangxi Fangchenggang Nuclear Power Company Ltd | 2016-2021 |
| | | CGN Enfinity (Dunhuang) Solar Energy Development Co., Ltd | 2011-2016 |
| | | CGN (JinChang) Solar Energy Development Co.Ltd. | 2014-2019 |
| | | CGN (GongHe) Solar Energy Development Co.Ltd. | 2014-2019 |
| | | CGN Solar Energy (Qingtongxia ) Development Co.,Ltd | 2014-2019 |
| | | CGN(Qinghe) Solar Energy Co Ltd | 2012-2017 |
| | | CGN Yinjisha Solar Energy Co Ltd | 2012-2017 |
| | | CGN (TuMuShuKe) Solar Energy Development Co. Ltd. | 2014-2019 |
| | | CGN Solar Energy Hami Co.Ltd | 2014-2019 |
| | | CGN Solar Energy (Sangri) Development Co.Ltd | 2014-2019 |
| | | Jining New Energy Development Co.Ltd | 2015-2020 |
| | | Shandong guanxian New Energy Development Co.Ltd | 2016-2021 |
| | | NeiHuang Yangtze River Haocheng electricity Co.Ltd | 2014-2020 |
| | | NingXiaSuoBao New Energy Development Co.Ltd. | 2014-2020 |
| | | CGN Chaohu New Energy Development Co.Ltd | 2016-2021 |
| | | CGN Chaohu Solar Energy Development Co., Ltd | 2016-2021 |
| | | Huzhou Dongsheng Photovoltaic Agriculture Co., Ltd | 2015-2020 |
| | | Zhejiang Xuhui New Energy Co., Ltd | 2016-2021 |
| | | Shouyangxian Shiji | 2015-2020 |

| Preferential document | Preferential policy | Company name | Preferential period |
|---|---|---|---|
| | | Huazhong New Energy Development Co.Ltd | |
| | | Zhongguangrisheng (Xun County) New Energy Co.Ltd | 2015-2020 |
| | | Tongchuan Zhongguang New Energy Co.Ltd | 2016-2021 |
| | | Heyang Zhiyuan New Energy Co.,Ltd. | 2016-2021 |
| | | Hengshan Yulong New Energy Development Co.Ltd | 2016-2021 |
| | | Ningxia Huihefengguang New Energy LLC | 2016-2021 |
| | | Zhongweishi Tianyun New Energy Development Co.Ltd | 2016-2021 |
| | | Foshan Yuyang New Energy (Lingyuan) Co.Ltd | 2016-2021 |
| | | CGN Solar Energy ( Dongguan) Co.Ltd | 2016-2021 |
| | | Nongan Liuyuan photovoltaic power generation Co.Ltd | 2016-2021 |
| | | CGN Datong Solar Energy Development Co., Ltd | 2016-2021 |
| | | CGN (Delingha) Solar Energy Photovoltaic Development Co., Ltd | 2016-2021 |
| | | CGN Gansu Guazhou Wind Power Company Limited | 2014-2019 |
| | | CGN Gansu Minqin (II) Wind Power Company Limited | 2015-2020 |
| | | CGN Gansu Guazhou (II) Wind Power Company Limited | 2015-2020 |
| | | CGN Solar (Jiaxing) Company Limited | 2014-2019 |
| | | CGN (Zhejiang Ninghai) Windy Power Company Limited | 2015-2020 |
| | | CGN Solar (Shenzhen) Company Limited | 2013-2018 |
| | | CGN Solar Wulan Company Limited | 2013-2018 |
| | | CGN (Zhejiang Xiangshan) Wind Company Limited | 2014-2019 |
| | | Yishui Longshan Wind Power Company Limited | 2015-2020 |
| | | CGN Gansu Minqin Wind Power Company Limited | Hongshagang Xianshuijing 49.5 MW wind power plant project since 2012-2017; Western Hongshagang Xianshuijing49.5 MW wind power plant project since 2013-2018 |

| Preferential document | Preferential policy | Company name | Preferential period |
|---|---|---|---|
| | | Guazhou Tianrun Wind Power Company Limited | 2014-2019 |
| | | Anqiu Taipingshan Wind Power Company Limited | 2014-2019 |
| | | CGN Solar (Dachaidan) Development Company Limited | 2014-2019 |
| | | CGN Linqu Wind Power Company Limited | 2013-2018 |
| | | CGN Linqu Longgang Wind Power Company Limited | 2015-2010 |
| | | Inner Mongolia CGN Wind Power Co.Ltd. | 2012-2017 |
| | | CGN Yishui Wind Power Company Limited | 2012-2017 |
| Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (CS[2011]58 | Western China Development(Note 2) | CGN (Xilinguole) Wind Power Generation Co., Ltd | Suyousan project since 2014-2019 |
| | | CGN Guding Hydro Power Co., Ltd | 2011-2020 |
| | | Zhejiang OuNeng Group SHANGRI-LA County Ni-Ru RIVER HYDRO DEVELOPMENT Co.,Ltd | 2011-2020 |
| | | CGNPC Yawang MuLiCounty Shawan Electric Co., Ltd. | Shawan Company since 2011-2016；Changbai Company since 2015-2020 |
| | | CGN Honghua Hydropower Co.,Ltd. | 2011-2020 |
| | | Sichuan Hongya Baihuatan Hydropower Generation Co., Ltd. | 2011-2020 |
| | | CNG Hongya Gaofengshan Hydropower Generation Co., Ltd. | 2011-2020 |
| | | CNG Guiliu Hydropower Co., Ltd. | 2011-2020 |
| | | SiChuan TianQuan JiaoJiPing Hydro(electric)Power Co., Ltd. | 2013-2020 |
| | | CGN luhuo Xianshuihe Hydropower Development Co., Ltd | 2011-2020 |
| | | Sichuan Yutian Energy Development Co., Ltd. | 2011-2020 |
| | | CGN Abagaqi Wind Power Generation Co., Ltd. | 2011-2020 |
| | | CGN-TOP（Sichuan）NEW MATERIALS Co.,Ltd | 2015-2020 |
| Enterprise Income Tax Law of PRC and its Implementation | New high-tech enterprise | China Nuclear Power (Beijing) Simulation Technology Co., Ltd. | Report period: 15% |
| | | Ling'ao Nuclear Power Co., Ltd. | Report period: 15% |

| Preferential document | Preferential policy | Company name | Preferential period |
|---|---|---|---|
| Regulations | | China Nuclear Power Technology Research Institute Co., Ltd. | Report period: 15% |
| | | CGNPC Inspection Technology Co.,Ltd | Report period: 15% |
| | | Nuclear Power Research Institute (Suzhou) Co., Ltd. | Report period: 15% |
| | | Guangzhou Senyo Energy Storage Technology Co ., Ltd | Report period: 15% |
| | | CGN-DELTA (Jiangsu) PLASTIC & CHEMICAL Co.,Ltd | Report period: 15% |
| | | CGN-DELTA (Suzhou) POLYMER Co.,Ltd | Report period: 15% |
| | | CGN-DELTA (Zhongshan) POLYMER Co.,Ltd | Report period: 15% |
| | | CGN-DELTA (Suzhou) TOTAL POLYMER VISION Co.,Ltd | Report period: 15% |
| | | CGN Juner New Materials Co.,Ltd | Report period: 15% |
| | | Shanghai Juner New Materials CO., LTD.) | Report period: 15% |
| | | CGN Dasheng Electron Accelerator Technology Co.,Ltd. | Report period: 15% |
| | | CGN Zhongke HI-WITS Technology Development Co.,Ltd | Report period: 15% |
| | | CGN Juner New Materials Co.,Ltd | Report period: 15% |

Note 1: According to “the notice about relevant problems on enterprise income tax incentive catalogue of public infrastructure projects execution” by the Ministry of Finance and State Administration of Taxation " (Cai Shui [2008] No. 46) and “the supplementary notice about relevant problems on enterprise income tax incentive policy of public infrastructure projects” (Cai Shui [2014] No. 55), all the public infrastructure projects approved after 1 Jan 2018 can enjoy the first three years corporate income tax exemption for the income achieved by their investment and management since the taxable year when get the first production and management income, and allowed a 50% reduction in income tax since fourth year to sixth year.

Note 2: According to the provision of State Administration of Taxation’s notice on further implementing corporate income tax issues related to western development policy (2012 No. 12, hereinafter referred to as “Notice”), since January 1, 2011 to December 31, 2020, the enterprise main business based in the western region are classified as encouraged categories, and its main business revenue over 70.00% of the total annual income of the enterprise, the income tax rate reduced to 15.00%.

3) The other taxes preferential policy

① According to relevant provisions of the "Circular of the nuclear power plant land are exempt from Urban Land Use Tax by the Ministry of Finance and State Administration of Taxation " (Cai Shui [2007] No. 124), the other land are exempted from Urban Land Use Tax except the nuclear island land, the conventional Island land, auxiliary plant and communications facilities land, living land office land. The Urban Land Use Tax is 50% exempted during the infrastructure construction period.

②According to Ministry of Finance “Approval of the tax problems about nuclear power joint venture limited companies in Guangdong”, houses and buildings which were owned by Nuclear Power Joint Venture Companies should enjoy the building taxes exemption during joint venture period.

③ The Group’s following subsidiaries CGN Juner New Materials Co., Ltd., CGN-TOP（Hubei）New Materials Co., Ltd. and CGN-TOP（Sichuan）New Materials Co., Ltd. satisfied the requirement of resources tax rebates, the applicable of rebate rate is 50%.

## 7. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

### 7.1 Basic conditions of the subsidiaries in the consolidation scope (only the secondary subsidiaries are listed)

Unit: RMB 10 thousand

| No.. | Company name | Level | Type | Business place | Registration place | Business scope | Share capital | Shareholding ratio (%) | Voting right (%) | Investment | Gaining method |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CGNPC | 2 | 1 | Shenzhen, Guangdong | Shenzhen, Guangdong | Nuclear power generation | 4,544,875.00 | 64.1968 | 64.1968 | 4,207,005.63 | 1 |
| 2 | CGNPCURC | 2 | 1 | Beijing | Beijing | Other exploration of mine industry | 679,871.46 | 100 | 100 | 597,164.89 | 1 |
| 3 | CGNPCI | 2 | 3 | Hong Kong | Hong Kong | Other enterprise management service | 242,364.88 | 100 | 100 | 243,564.68 | 1 |
| 4 | CGNEDCC | 2 | 1 | Shenzhen, Guangdong | Shenzhen, Guangdong | Water power | 400,569.00 | 100 | 100 | 636,886.29 | 1 |
| 5 | CGNWEC | 2 | 1 | Beijing | Beijing | Wind power generation | 1,442,353.95 | 51 | 100 | 735,600.51 | 1 |
| 6 | CGNSEDC | 2 | 1 | Beijing | Beijing | Other energy power | 529,318.90 | 51 | 100 | 269,952.64 | 1 |
| 7 | SNIC | 2 | 1 | Shenzhen, Guangdong | Shenzhen, Guangdong | Investment and asset management | 40,000.00 | 100 | 100 | 40,100.00 | 1 |
| 8 | DYBNPSC | 2 | 1 | Shenzhen, Guangdong | Shenzhen, Guangdong | Other enterprise management service | 51,000.00 | 100 | 100 | 63,617.68 | 1 |
| 9 | CGNPCCSC | 2 | 1 | Shenzhen, Guangdong | Shenzhen, Guangdong | Investment service | 100,000.00 | 100 | 100 | 816,326.53 | 1 |
| 10 | DNCF | 2 | 2 | Shenzhen, Guangdong | Shenzhen, Guangdong | Financial service | 260,000.00 | 100 | 100 | 273,621.16 | 1 |
| 11 | HSI | 2 | 3 | Hong Kong | Hong Kong | Not otherwise specified financial sector | 3,967.87 | 100 | 100 | 3,967.87 | 1 |
| 12 | CGNPCTSSNPC | 2 | 1 | Taishan ,Guangdong | Taishan ,Guangdong | Nuclear power generation | 20,000.00 | 100 | 100 | 20,000.00 | 1 |

| No.. | Company name | Level | Type | Business place | Registration place | Business scope | Share capital | Shareholding ratio (%) | Voting right (%) | Investment | Gaining method |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 13 | HBNPC | 2 | 1 | Wuhan, Hubei | Wuhan, Hubei | Nuclear power generation | 31,100.00 | 60 | 60 | 18,660.00 | 1 |
| 14 | XNNPC | 2 | 1 | Xianning, Hubei | Xianning, Hubei | Nuclear power generation | 90,000.00 | 60 | 60 | 54,000.00 | 1 |
| 15 | JLNPC | 2 | 1 | Jilin, Jilin | Jilin, Jilin | Nuclear power generation | 2,000.00 | 100 | 100 | 2,000.00 | 1 |
| 16 | SGNPC | 2 | 1 | Shaoguan, Guangdong | Shaoguan, Guangdong | Nuclear power generation | 5,000.00 | 100 | 100 | 5,000.00 | 1 |
| 17 | WHNPC | 2 | 1 | Wuhu, Anhui | Wuhu, Anhui | Nuclear power generation | 20,000.00 | 51 | 51 | 10,200.00 | 1 |
| 18 | LWNPC | 2 | 1 | Shenzhen, Guangdong | Shenzhen, Guangdong | Nuclear power generation | 5,000.00 | 100 | 100 | 5,000.00 | 1 |
| 19 | HZNPC | 2 | 1 | Huizhou, Guangdong | Huizhou, Guangdong | Nuclear power generation | 2,000.00 | 100 | 100 | 2,000.00 | 1 |
| 20 | CGNPCCN NPC | 2 | 1 | Wenzhou, Zhejiang | Wenzhou, Zhejiang | Nuclear power generation | 2,000.00 | 100 | 100 | 2,000.00 | 1 |
| 21 | CGNHPC | 2 | 1 | Chengde, Hebei | Chengde, Hebei | Nuclear power generation | 1,000.00 | 100 | 100 | 1,000.00 | 1 |
| 22 | CGNOEC | 2 | 1 | Tianjin | Tianjin | Nuclear power generation | 1,000.00 | 100 | 100 | 1,000.00 | 1 |
| 23 | CGNFIC | 2 | 1 | Shenzhen, Guangdong | Shenzhen, Guangdong | Other enterprise management service | 1,000.00 | 51 | 51 | 520,095.92 | 1 |

Note: Company's type: 1. Local non-financial Subsidiary 2. Local financial Subsidiary 3. Oversea Subsidiary 4. Public institution 5. Infrastructure unit

Gaining Method: 1. Investment 2. Business combination under common control 3. Business combination under non-common control 4. Others

Company holds 51% of CGNWEC directly , and enjoy 100% voting rights ratio of CGNWEC through their holding subsidiary Fengtai Company holds 49% stock rights of CGNWEC indirectly.

Company holds 51% of CGNSEDC directly , and enjoy 100% voting rights ratio of CGNSEDC through their holding subsidiary Fengtai Company holds 49% stock rights of CGNSEDC indirectly.

### 7.2 Subsidiary in which the Company's Shareholdings are less than 50% but still considered as control (Unit: RMB 10 thousand)

| No | Company name | Share holdings (%) | Voting right (%) | Registered capital | Investment | Level | Reason for combination |
|---|---|---|---|---|---|---|---|
| 1 | Xuancheng Yuanjing Wind Power Co., Ltd | - | 100.00 | 8,015.00 | - | 3 | Substantially controlled through custody agreement |
| 2 | Yangling Zhiyuan New Energy Development Co.Ltd | 49.00 | 70.00 | 200.00 | - | 3 | Substantially controlled through the voting mechanism of Company's Article of Constitution |
| 3 | Hengshan Yulong New Energy Development Co.Ltd | 49.00 | 70.00 | 3,600.00 | - | 3 | Substantially controlled through the voting mechanism of Company's Article of Constitution |
| 4 | Yuanjiang Zhongsheng Solar Energy Development Co., Ltd | 49.00 | 85.00 | 10,472.10 | 5,131.33 | 3 | Substantially controlled through the voting mechanism of Company's Article of Constitution |
| 5 | Huzhou Dongsheng Photovoltaic Agriculture Co., Ltd | 48.97 | 85.00 | 7,236.00 | 3,543.60 | 3 | Substantially controlled through the voting mechanism of Company's Article of Constitution |
| 6 | Baotoushi Guneng Photovoltaic Energy Co., Ltd | 49.00 | 70.00 | 5,220.00 | 2,557.80 | 3 | Substantially controlled through the voting mechanism of Company's Article of Constitution |
| 7 | Nongan Zhongming photovoltaic power generation Co., Ltd | 49.00 | 70.00 | 100.00 | - | 3 | Substantially controlled through the voting mechanism of Company's Article of Constitution |
| 8 | Zhongshan Lineng Solar Energy Electricity Co., Ltd | 49.00 | 85.00 | 2,000.00 | - | 3 | Substantially controlled through the voting mechanism of Company's Article of Constitution |
| 9 | Zhongweishi Tianyun New Energy Development Co.Ltd | 49.00 | 70.00 | 34,610.10 | 16,958.95 | 3 | Substantially controlled through the voting mechanism of Company's Article of Constitution |

### 7.3 Subsidiaries in which the Company directly or indirectly holds more than half of the equity interests but not considered as control

| No. | Company name | Share holding(%) | Voting right(%) | Reasons for not include in combination scope |
|---|---|---|---|---|
| 1 | SEDC Jersey Gardens Ownner, LLC | 50.01 | - | Promise rate of return on investment is 12% |
| 2 | Miraculum Mineral Limited | 60.00 | 50.00 | Joint control |
| 3 | Definite Arise Limited | 70.00 | 50.00 | Joint control |
| 4 | Beijing RIC Nuclear Instrument Joint Venture Company | 51.00 | 50.00 | Joint control |

### 7.4 Significant non-wholly owned subsidiaries

#### 7.4.1 Non controlling interest

| No | Company name | Non controlling interest portion(%) | Non controlling profit | Dividends to non controlling shareholder | Non controlling interest at year end |
|---|---|---|---|---|---|
| 1 | CGNPC | 35.8032 | 2,600,262,563.32 | 683,395,044.70 | 19,857,774,693.14 |
| 2 | CGNFIC | 49.00 | 15,016,309.54 | | 5,146,917,177.97 |
| 3 | XNNPC | 40.00 | | | 360,000,000.00 |

#### 7.4.2 Main financial information

| Item | Current year | | |
|---|---|---|---|
| | CGNPC | CGNFIC | XNNPC |
| Current asset | 43,738,981,129.25 | 13,701,734.11 | 1,566,856.88 |
| Non-current asset | 241,538,725,877.15 | 10,558,212,510.81 | 3,852,257,601.20 |
| Total asset | 285,277,707,006.40 | 10,571,914,244.92 | 3,853,824,458.08 |
| Current liability | 65,127,912,213.48 | 10,202,712.85 | 1,453,824,458.08 |
| Non-current liability | 140,067,032,861.98 | | 1,500,000,000.00 |
| Total liability | 205,194,945,075.46 | 10,202,712.85 | 2,953,824,458.08 |
| Revenue | 33,026,418,850.53 | | |
| Net profit | 9,170,342,863.04 | 30,645,529.68 | |
| Total comprehensive income | 9,513,909,567.15 | 30,814,007.84 | |
| Cash flow from operating activity | 16,752,735,270.56 | 3,209,034.11 | |

-continued:

| Item | Last year | | |
|---|---|---|---|
| | CGNPC | CGNFIC | XNNPC |
| Current asset | 45,212,897,723.72 | | 894,371.41 |
| Non -current asset | 223,428,086,497.22 | | 3,494,177,550.66 |
| Total asset | 268,640,984,220.94 | | 3,495,071,922.07 |
| Current liability | 43,907,836,808.38 | | 2,016,071,922.07 |
| Non -current liability | 141,519,301,567.40 | | 579,000,000.00 |
| Total liability | 185,427,138,375.78 | | 2,595,071,922.07 |
| Revenue | 26,839,713,787.24 | | |
| Net profit | 8,044,356,987.58 | | |
| Total comprehensive income | 8,700,578,999.91 | | |
| Cash flow from operating activity | 8,302,865,086.75 | | |

Note: The CGNPC main financial figures are consolidated figures, and last year's figures restated already due to combination under common control.

### 7.5 Changes on consolidate scope in this year

7.5.1 The entity newly consolidated in this year

| No | Company name | Share holding(%) | Voting right (%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| 1 | CGN New Energy (Hongze) Co., Ltd | 100 | 100 | 500,000.00 | - | Newly established |
| 2 | CGN (Yunnan) power sales Co., Ltd | 100 | 100 | 101,315,752.77 | 1,315,752.77 | Newly established |
| 3 | CGN (Weifang) Energy Co., Ltd | 100 | 100 | 80,000,000.00 | - | Newly established |
| 4 | CGN Rudong Offshore Wind Power Co., Ltd. | 100 | 100 | 100,000,000.00 | - | Newly established |
| 5 | CGN (Haining) New Energy Co., Ltd | 100 | 100 | 138,918,000.00 | - | Newly established |
| 6 | CGN (Xuyi) Solar Energy Co., Ltd | 100 | 100 | 69,989,000.00 | - | Newly established |
| 7 | Dezhou Anwu Energy Co., Ltd | 77.21 | 77.21 | 64,758,900.00 | - | Newly established |
| 8 | CGN Shoudian (Shanxi) Co., Ltd | 100 | 100 | 19,999,349.82 | -650.18 | Newly established |
| 9 | Suzhou Zemei Trading Co., Ltd | 100 | 100 | 9,007,977.76 | 9,007,977.76 | Newly established |
| 10 | CGN Europe Energy Green Power Holding Limited | 100 | 100 | -15,277,079.70 | -978,078.66 | Newly established |
| 11 | China Nuclear Power Limited | 100 | 100 | -178,043,253.95 | -187,118,870.26 | Newly established |

| No | Company name | Share holding(%) | Voting right (%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| 12 | China Nuclear Power EPC Limited | 100 | 100 | 105,314,302.89 | -518,379.27 | Newly established |
| 13 | General Nuclear International Limited | 100 | 100 | 105,313,704.42 | -519,016.29 | Newly established |
| 14 | General Nuclear System Limited | 66.5 | 66.5 | 128,095,274.32 | -166,476.92 | Newly established |
| 15 | Bradwell Power Holding Company Limited | 66.5 | 66.5 | 187,272,918.04 | -332,953.85 | Newly established |
| 16 | Bradwell Power Generation Company Limited | 66.5 | 66.5 | 187,431,320.52 | -166,476.92 | Newly established |
| 17 | CGN No. 9 Bio-energy Co., Ltd | 100 | 100 | 2,804,940.22 | -195,059.78 | Newly established |
| 18 | CGN power sales Co., Ltd | 100 | 100 | 209,012,104.77 | -987,895.23 | Newly established |
| 19 | CGN Hebei Pyroelectricity Co.,Ltd. | 100 | 100 | 10,001,499.04 | 1,499.04 | Newly established |
| 20 | CGN Ocean Energy Co.,Ltd. | 100 | 100 | 10,044,195.69 | 44,195.69 | Newly established |
| 21 | Shenzhen CGN Fengtai Investment Co., Ltd | 51 | 51 | 10,561,711,532.07 | 30,645,529.68 | Newly established |
| 22 | Daqing Hongji Wind Power Co., Ltd | 100 | 100 | 50,000,000.00 | - | Newly established |
| 23 | CGN Jiaoling Wind Power Co., Ltd | 100 | 100 | 500,000.00 | - | Newly established |
| 24 | CGN Gaoyao Wind Power Co., Ltd | 100 | 100 | 500,000.00 | - | Newly established |
| 25 | CGN (Zhejiang qujiang) Wind Power Co., Ltd | 100 | 100 | 3,000,000.00 | - | Newly established |
| 26 | CGN Yingde Wind Power Co., Ltd | 100 | 100 | 500,000.00 | - | Newly established |
| 27 | CGN Jixi Wind Power Co., Ltd | 100 | 100 | 500,000.00 | - | Newly established |
| 28 | CGN Yangqu Wind Power Co., Ltd | 100 | 100 | 500,000.00 | - | Newly established |
| 29 | CGN Anji Wind Power Co., Ltd | 100 | 100 | 500,000.00 | - | Newly established |
| 30 | CGN (Nan'an) Wind Power Co., Ltd | 100 | 100 | 20,500,000.00 | - | Newly established |
| 31 | CGN (Anda) Wind Power Co., Ltd | 100 | 100 | 5,000,000.00 | - | Newly established |
| 32 | CGN Qinghai Cold Lake Wind Power Co., Ltd | 100 | 100 | 32,000,000.00 | - | Newly established |
| 33 | CGN (Damaoqi) Wind Power Co., Ltd | 100 | 100 | - | - | Newly established |
| 34 | CGN Pingshan Solar Energy Co., Ltd | 100 | 100 | 500,000.00 | - | Newly established |
| 35 | CGN Ningjin photovoltaic power generation Co., Ltd | 100 | 100 | 500,000.00 | - | Newly established |
| 36 | CGN Qinghe photovoltaic power generation Co., Ltd | 100 | 100 | 500,000.00 | - | Newly established |
| 37 | CGN Changhuan Solar Energy Co., Ltd | 100 | 100 | 1,000,000.00 | - | Newly established |

| No | Company name | Share holding(%) | Voting right (%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| 38 | CGN Lazi Solar Energy Co., Ltd | 100 | 100 | 45,730,000.00 | - | Newly established |
| 39 | Powertek Energy Sdn Bhd | 100 | 100 | - | - | Business combination |
| | Powertek Berhad | 100 | 100 | - | - | Business combination |
| | Panglima Power Sdn Bhd | 100 | 100 | 1,106,934,938.81 | 68,846,678.74 | Business combination |
| | Pahlawan Power Sdn Bhd | 100 | 100 | 422,467,925.57 | 87,296,510.74 | Business combination |
| | Powertek Ventures B.V. | 100 | 100 | - | - | Business combination |
| | Pendekar Power Sdn Bhd | 100 | 100 | -215,976.54 | - | Business combination |
| | Ciptaan Efektif Sdn Bhd | 100 | 100 | 3.29 | - | Business combination |
| | Dian Wijaya Sdn Bhd | 100 | 100 | -15,195.89 | - | Business combination |
| | Pendekar Power (Labuan) Ltd | 100 | 100 | 908,919,693.51 | 28,321,218.03 | Business combination |
| | Kuasa Nusajaya (L) Ltd | 100 | 100 | - | - | Business combination |
| | Port Said East Power S.A.E | 100 | 100 | 254,798,713.14 | 86,688,523.06 | Business combination |
| | Suez Gulf Power S.A.E | 100 | 100 | 229,898,986.50 | 63,585,689.34 | Business combination |
| | Egyptian Operating Company S.A.E. | 100 | 100 | 10,767,733.29 | 8,858,568.17 | Business combination |
| | Powertek Ventures (L) Ltd | 100 | 100 | - | - | Business combination |
| | Pendekar Energy (L) Ltd | 100 | 100 | - | - | Business combination |
| | Pendekar Ltd | 100 | 100 | - | - | Business combination |
| | Pendekar International Limited | 100 | 100 | - | - | Business combination |
| | Pendekar Maghreb Limited | 100 | 100 | - | - | Business combination |
| | Pendekar Egypt Holdings, Ltd. | 100 | 100 | - | - | Business combination |
| | Sidi Krir Holdings, Ltd. | 100 | 100 | - | - | Business combination |
| | Sidi Krir GP, Ltd. | 100 | 100 | 173,888,300.80 | 24,732,274.68 | Business combination |
| | Sidi Krir LP, Ltd. | 100 | 100 | - | - | Business combination |
| | Sidi Krir Generating Company | 100 | 100 | 417,047,886.36 | 126,584,131.67 | Business combination |
| | Pendekar Egypt Holdings ApS | 100 | 100 | - | - | Business combination |
| | Sidi Krir Operating Company B.V. | 100 | 100 | 18,304,550.11 | -374,098.24 | Business combination |

| No | Company name | Share holding(%) | Voting right (%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| | Sidi Krir Management Services Company, Ltd. | 100 | 100 | 3,291,137.63 | 1,512,866.76 | Business combination |
| | Pendekar Asia Limited | 100 | 100 | - | - | Business combination |
| | Pendekar Asia Holdings Limited | 100 | 100 | - | - | Business combination |
| | Pendekar Bangladesh Limited | 100 | 100 | - | - | Business combination |
| | Pendekar Holdings (Haripur) Limited | 100 | 100 | - | - | Business combination |
| | Pendekar Holdings (Haripur) S. à r.l. | 100 | 100 | - | - | Business combination |
| | Victoria Holdings B.V. | 100 | 100 | - | - | Business combination |
| | Haripur Power Limited | 100 | 100 | 597,236,341.27 | 5,850,231.90 | Business combination |
| | Victoria Partners B.V. | 100 | 100 | -52,170,241.89 | 2,571,285.62 | Business combination |
| | Pendekar Holdings (Meghnaghat) Limited | 100 | 100 | - | - | Business combination |
| | Pendekar Holdings (Meghnaghat) S.à r.l. | 100 | 100 | - | - | Business combination |
| | Great Falls B.V. | 100 | 100 | - | - | Business combination |
| | Meghnaghat Power Limited | 100 | 100 | 1,160,347,952.03 | 90,781,667.95 | Business combination |
| | Rock Springs B.V. | 100 | 100 | -32,025,865.60 | -3,671,395.62 | Business combination |
| | Pendekar Holdings (NEPC) Limited | 100 | 100 | - | - | Business combination |
| | Pendekar NEPC Holdings ApS | 100 | 100 | - | - | Business combination |
| | NEPC Consortium Power Limited | 100 | 100 | 245,239,512.49 | -60,219,384.54 | Business combination |
| | PEL Bangladesh Services Limited | 97 | 97 | 1,601,947.53 | 36,158.35 | Business combination |
| | Pendekar Holdings (Kabirwala) Limited | 100 | 100 | - | - | Business combination |
| | Pendekar Kabirwala Cayman Company | 100 | 100 | -57,819,692.03 | -3,651,881.63 | Business combination |
| | Pendekar Kabirwala Power Limited | 100 | 100 | 189,923,111.37 | -52,692,970.75 | Business combination |
| | Pendekar Holdings (Ace H) Limited | 100 | 100 | -63,473.54 | -42,332.21 | Business combination |
| | Pendekar Holdings (Ace M) Limited | 100 | 100 | -374,591.06 | -42,332.21 | Business combination |
| | Pendekar Services Limited | 100 | 100 | 375,603,081.11 | 26,559,773.89 | Business combination |
| | KN Holdings (L) Ltd | 55 | 55 | - | - | Business combination |
| | K.N. Power Services Limited | 100 | 100 | 6,497,272.96 | 1,676,730.98 | Business combination |

| No | Company name | Share holding(%) | Voting right (%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| | Pendekar Energy Ventures (L) Ltd | 55 | 55 | 19,082.90 | 6,759.65 | Business combination |
| | Powertek Energy (UK) Limited | 100 | 100 | - | - | Business combination |
| | Powertek Energy B.V. | 100 | 100 | - | - | Business combination |
| | Kuasa Nusajaya Sdn Bhd | 100 | 100 | 74,484,197.62 | 35,456,396.68 | Business combination |
| | Perwira Power (L) Ltd | 100 | 100 | 5.06 | - | Business combination |
| | Global Energy Services N.V. | 100 | 100 | - | - | Business combination |
| | PEV (L) Ltd | 100 | 100 | -208,402.88 | - | Business combination |
| 40 | Jimah Teknik Sdn Bhd | 100 | 100 | - | - | Business combination |
| | JOM JT Sdn Bhd | 100 | 100 | 1,552.65 | - | Business combination |
| | Jimah Energy Ventures Holdings Sdn Bhd | 75 | 75 | - | - | Business combination |
| | Jimah Energy Ventures Sdn Bhd | 100 | 100 | - | - | Business combination |
| | Jalur Jernih Sdn Bhd | 100 | 100 | 63,338,075.52 | 705,570.51 | Business combination |
| 41 | Mastika Lagenda Sdn Bhd | 100 | 100 | - | - | Business combination |
| | Kuala Langat Power Plant Sdn Bhd | 75 | 75 | 933,040,102.21 | 365,347,493.44 | Business combination |
| | Mastika Utilities & Services Sdn Bhd | 100 | 100 | 33,178,530.47 | 10,485,434.42 | Business combination |
| | Mastika Water Management Sdn Bhd | 100 | 100 | -33,107.03 | -241.7 | Business combination |
| 42 | Edra Solar Sdn Bhd | 100 | 100 | -9,604,127.22 | -909,122.41 | Business combination |
| 43 | Jimah O&M Sdn Bhd | 100 | 100 | 527,736,861.01 | 38,788,439.18 | Business combination |
| 44 | Tiara Tanah Sdn Bhd | 100 | 100 | 67,927,706.78 | 1,206,450.71 | Business combination |
| 45 | Edra Energy Sdn Bhd | 100 | 100 | -9,529,504.35 | -1,526,319.09 | Business combination |
| 46 | China Dalian International Corporation (Group) Co., Ltd | 28.75 | 28.75 | 5,214,036,832.88 | 313,517,545.96 | Business combination |
| | Singapore Daxin holding Co., Ltd | 100 | 100 | 77,838,931.43 | -84,470,682.52 | Business combination |
| | Dalian Guohehuibang property investment and management Co., Ltd | 80 | 80 | -58,394,463.33 | 22,630,924.32 | Business combination |
| | Shenyang Guohehuibang property development Co., Ltd | 100 | 100 | 14,304,863.17 | -5,845,390.87 | Business combination |
| | Dalian Huibang properties Co., Ltd | 100 | 100 | -90,405,351.76 | -15,896,337.66 | Business combination |
| | Yingkou Guohehuibang | 100 | 100 | -86,820,800.71 | -9,056,308.93 | Business |

| No | Company name | Share holding(%) | Voting right (%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| | property development Co., Ltd | | | | | combination |
| | Dalian Huibang Property Management Co., Ltd | 100 | 100 | 266,979.41 | 2,528,616.08 | Business combination |
| | Yingkou Guohe Property Management Co., Ltd | 100 | 100 | -394,474.98 | -17,289.15 | Business combination |
| | Shenyang Guohe Property Management Co., Ltd | 100 | 100 | -90,224.47 | -55,100.85 | Business combination |
| | Beijing Jinshidai properties Co., Ltd | 82 | 82 | -4,200,929.47 | -1,555,264.14 | Business combination |
| | Dalian Guohejiahui property development Co., Ltd | 65.01 | 65.01 | 48,660,981.70 | 700,585.88 | Business combination |
| | Shenyang Guoruijiahe house development Co., Ltd | 57.28 | 57.28 | 33,771,764.44 | 1,137,974.31 | Business combination |
| | Dalian Wuzhouchengda construction and development Co., Ltd | 100 | 100 | -4,876,400.24 | -7,555,348.43 | Business combination |
| | Dalian Guohe landscaping project Co., Ltd | 100 | 100 | -3,782,033.51 | -2,205,253.31 | Business combination |
| | Dalian International cooperation deep-sea fishing Co., Ltd | 100 | 100 | 190,291,959.67 | 20,046,587.82 | Business combination |
| | Zhongda International Construction (Sulinan) Company | 100 | 100 | -19,474,805.56 | 16,181,646.54 | Business combination |
| | Zhongda New Sealand Investment Co., Ltd | 100 | 100 | 9,294,904.03 | 14,090,214.06 | Business combination |
| | Dalian International Marine Technology Service Co., Ltd | 50.99 | 50.99 | 18,846,580.49 | 8,272,055.94 | Business combination |
| | Dalian Bonded Area Guohezhengda motorcar trade Co., Ltd | 100 | 100 | -2,507,889.95 | -377,422.02 | Business combination |
| | Dalian Limousine Rental Co., Ltd | 100 | 100 | 2,729,607.79 | 359,631.64 | Business combination |
| | Dalian International (Australia) Co., Ltd | 100 | 100 | -34,621,654.70 | -569,149.31 | Business combination |
| | Dalian Qunpeng labor dispatching Co., Ltd | 100 | 100 | 2,052,802.24 | 56,803.23 | Business combination |
| | Dalian Guohe training school for people going abroad | 100 | 100 | 599,891.87 | 287,404.27 | Business combination |
| | Dandong Lianda shipping technology service Co., Ltd | - | - | 579,764.84 | -964.95 | Business combination |
| 47 | Shanghai Jinkai electron irradiation Co., Ltd | 100 | 100 | 21,578,606.91 | 5,625,920.95 | Business combination |
| 48 | Jiangyin Yuanjinghuitong Energy Co., Ltd | 100 | 100 | 30,978,668.10 | -16,531.69 | Business combination |
| | Yanchang Huitong Wind Power Co., Ltd | 100 | 100 | 31,000,000.00 | - | Business combination |
| 49 | Ningxia Huihe fengguang New Energy LLC | 100 | 100 | 86,939,807.55 | 9,935,807.55 | Business combination |
| 50 | Zhongshan Lineng Solar Energy Electricity Co., Ltd | 49 | 85 | - | - | Business combination |
| 51 | Nongan Zhongming photovoltaic power generation | 49 | 70 | 3,861,835.60 | 3,364,403.10 | Business combination |

| No | Company name | Shareholding(%) | Voting right (%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| | Co., Ltd | | | | | |
| | Nongan Liuyuan Co.Ltd | 100 | 100 | -4,409.58 | - | Business combination |
| | Nongan Liuyuan agricultural science and technology Co.Ltd | 100 | 100 | 3,364,403.10 | 3,364,403.10 | Business combination |

7.5.2 Original subsidiaries which are no longer include in the combination scope this year (Unit: RMB 10 thousands)

| No | Company name | Registered place | Business scope | Shareholding (%) | Voting rights(%) | Reasons for not include in the combination scope |
|---|---|---|---|---|---|---|
| 1 | Newkum Inc. (Note 1) | BVI British Virgin Islands | Natural uranium trade | 100 | 100 | Cancelled |
| 2 | Urancap Inc (Note 1) | Cayman Islands | Natural uranium trade | 100 | 100 | Cancelled |
| 3 | Sichuan Hexie Electric Co., Ltd. | Chengdu | Thermal power generation | 100 | 100 | Transferred |
| 4 | VAPEL (Note 2) | Shenzhen | Electronics manufacturing | 44.87 | 44.87 | Constitution modified |
| 5 | CGN Taishan Fenshuiling Wind Power Co.Ltd (Note 3) | Taishan | Wind power generation | 100 | 100 | Cancelled |
| 6 | Xinneng Lvyuan (Beijing) Investment Company (Note 4) | Beijing | Investment and asset management | 100 | 100 | Cancelled |

Continued:

| Company name | Date of disposal | | | December 31,2015 | | |
|---|---|---|---|---|---|---|
| | Asset | liability | Owner's equity | Asset | liability | Owner's equity |
| Newkum Inc. (Note 1) | | | | | | |
| Urancap Inc (Note 1) | | | | | | |
| Sichuan Hexie Electric Co., Ltd. | 10,878.01 | 16.91 | 10,861.10 | 11,606.70 | 1.87 | 11,604.83 |
| VAPEL (Note 2) | 96,919.61 | 38,253.45 | 58,666.16 | 83,839.79 | 28,748.70 | 55,091.09 |
| CGN Taishan Fenshuiling Wind Power Co.Ltd (Note 3) | 2,649.60 | - | 2,649.60 | 13,898.50 | 11,376.23 | 2,522.27 |

| Company name | Date of disposal | | | December 31,2015 | | |
|---|---|---|---|---|---|---|
| | Asset | liability | Owner's equity | Asset | liability | Owner's equity |
| Xinneng Lvyuan (Beijing) Investment Company (Note 4) | 2,057.80 | | 2,057.80 | 2,046.17 | 0.8 | 2,045.37 |

Continued:

| Company name | Jan 1,2016- Date of disposal | | | Jan-Dec, 2015 | | |
|---|---|---|---|---|---|---|
| | Revenue | Expense | Profit | Revenue | Expense | Profit |
| Newkum Inc. (Note 1) | | | | | 164,594.65 | -164,594.65 |
| Urancap Inc (Note 1) | | | | | -197,833.89 | 197,833.89 |
| Sichuan Hexie Electric Co., Ltd. | 406.94 | 1,338.38 | -931.44 | 478.45 | 1,338.08 | -859.63 |
| VAPEL (Note 2) | 88,078.48 | 81,226.71 | 6,851.77 | 79,656.31 | 75,534.80 | 4,121.51 |
| CGN Taishan Fenshuiling Wind Power Co.Ltd (Note 3) | 469.04 | 341.72 | 127.32 | 11,093.22 | 14,365.94 | -3,272.72 |
| Xinneng Lvyuan (Beijing) Investment Company (Note 4) | | -16.82 | 16.82 | | -18.37 | 18.37 |

Note 1: Newkum Inc.and Urancap Inc handled commercial cancellation on 30 May 2016 and 28 Jan 2016.

Note 2: VAPEL was founded on 24 Aug 1999, Shenzhen nuclear power Industrial Development Co., Ltd which is subsidiary of CGNEDCC, holds 44.87% of VAPEL. According to voting mechanism of articles of incorporation, Shenzhen nuclear power Industrial Development Co., Ltd owns actual control rights on VAPEL and consolidates it in the financial statements. Since 31 Dec 2016, according to the modified articles of incorporation of VAPEL, board of shareholders were not authorize board of directors about actual control rights such as approve the guideline management, investment planning and financial budget etc. Current shareholders exercise the voting rights according to shareholding ratio. Shenzhen nuclear power Industrial Development Co., Ltd was no longer has the conditions of exercise the control rights on VAPEL.

Note 3: CGN Taishan Fenshuiling Wind Power Co.Ltd was founded by CGNWEC, and achieved license of the business corporation ( issued by Taishan administrative bureau and industry and commerce, No. 440781000030238 ) on 23 June 2011. On 30 Sep 2016, according to board resolution, agreed on cancelled CGN Taishan Fenshuiling Wind Power Co.Ltd. On 27 Dec 2016, achieve the approval notice of cancellation issued by Guangdong

Jiangmen administrative bureau and industry and commerce

Note 4: Xinneng Lvyuan (Beijing) Investment Company was founded by CGNWEC, and achieved license of the business corporation ( issued by Beijing administrative bureau and industry and commerce fengtai branch, No. 110106015492415) on 25 Dec 2012. Registed capital was 20 million and 100% held by CGNWEC. On 16 Nov 2016, according to board resolution, agreed on dissolved Xinneng Lvyuan (Beijing) Investment Company. On 27 Dec 2016, achievethe approval notice of cancellation issued by Beijing administrative bureau and industry and commerce fengtai branch.

**7.6 The Conditions of business combination under common control occurred in this year.**

There is no business combination under common control occurred in this year.

**7.7 The details of major business combination not under common control:**

Currency: RMB 10 thousand

| Company name | Purchase Date | Acquiree'snet book asset | Acquiree's identifiable net assets fair value which attributable to the parent company | | Consideration | Goodwill | | Shareholding ratio(%) |
|---|---|---|---|---|---|---|---|---|
| | | | amount | method | | amount | method | |
| Jiangyin Yuanjinghuitong Energy Co., Ltd | 2016-1-1 | 99.52 | 99.52 | Appraisal Value | 100 | 0.48 | The difference between the merge cost over Identifiable net assets fair value | 100 |
| Ningxia Huihe fengguang New Energy LLC | 2016-8-16 | 200 | 200 | Book Value | 200 | - | | 100 |
| Zhongshan Lineng Solar Energy Electricity Co., Ltd | 2016-1-25 | - | - | Book Value | - | - | | 49 |
| Nongan Zhongming photovoltaic power generation Co., Ltd | 2016-4-30 | -1.26 | -1.26 | Book Value | - | 1.26 | | 49 |
| Shanghai Jinkai electron | 2016-11-30 | 2,036.84 | 2,113.97 | Appraisal Value | 4,800.00 | 2,686.03 | | 100 |

| Company name | Purchase Date | Acquiree'snet book asset | Acquiree's identifiable net assets fair value which attributable to the parent company | | Consideration | Goodwill | | Shareholding ratio(%) |
|---|---|---|---|---|---|---|---|---|
| | | | amount | method | | amount | method | |
| irradiation Co., Ltd | | | | | | | | |
| Powertek Energy Sdn Bhd | 2016-3-23 | 703,171.09 | 636,598.61 | Appraisal Value | 643,559.61 | 6,961.00 | | 100 |
| Tiara Tanah Sdn Bhd | 2016-3-23 | 6,676.53 | 6,676.55 | Appraisal Value | 6,676.55 | - | | 100 |
| Mastika Lagenda Sdn Bhd | 2016-3-23 | 103,749.50 | 109,213.41 | Appraisal Value | 124,367.27 | 15,153.86 | | 100 |
| Jimah Teknik Sdn Bhd | 2016-3-23 | 18,735.97 | 195,522.11 | Appraisal Value | 319,973.84 | 124,451.73 | | 100 |
| Jimah O&M Sdn Bhd | 2016-3-23 | 51,003.80 | 65,921.02 | Appraisal Value | 256,187.25 | 190,266.23 | | 100 |
| Edra Solar Sdn Bhd | 2016-3-23 | 1,522.35 | 1,522.38 | Appraisal Value | 61,950.74 | 60,428.36 | | 100 |
| Edra Energy Sdn Bhd | 2016-3-23 | 7,751.53 | 7,751.45 | Appraisal Value | 22,979.22 | 15,227.77 | | 100 |

The Group's recognition basis on the acquisition date of the business combination under non common control: internal authority has been approved, property transfer procedures has finished; most of Consideration has paid ; the Group has de facto control of the acquiree's the financial and operating policies, enjoy the corresponding benefits and bear the corresponding risks.

### 7.8 Counter purchase during current year

| Purchaser (Backdoor) | The basis for judgment of counter purchase | Determination method of combined cost | Calculation method on goodwill recognized on combination, profit and loss recorded in current period or equity adjustment |
|---|---|---|---|
| 7 target companies, such as CGN-DELTA Advanced Nuclear Materials Group Co.,Ltd., etc. | Note 1 | Note 2 | Note 3 |

Group's following subsidiaries CGN nuclear technology application (hereinafter referred to as Nuclear Company),CGN-DELTA Advanced Nuclear Materials Group Co.,Ltd. and another 5 target companies, their other shareholders transferred 100% stock rights held on those 7 target companies to CGN Nuclear technology development Co., Ltd (primitive name was China Dalian International Corporation(Group) Co., Ltd, hereinafter referred as to Dalian International) to exchange the stock rights of Dalian International. The deal constitutes counter purchase, specific transactions as follows:

Dalian International towards shareholders of CGN-DELTA Advanced Nuclear Materials Group Co.,Ltd., Shenzhen Woer, Jiangsu Zhongke HI-WITS Technology Development Co.,Ltd, CGN Dasheng Electron Accelerator Technology Co.,Ltd., CGN Juner New Materials Co.,Ltd Total polymer Vision (Suzhou) Co.,Ltd and CGN-TOP（Hubei）New Materials Co.,Ltd., private issuing RMB ordinary shares (A-share) , totally 478,993,166 shares, RMB 1.00 per value, issue price was RMB 8.77 per share, used to purchase 100% stock rights of CGN-DELTA Advanced Nuclear Materials Group Co.,Ltd., 100% stock rights of Shenzhen Woer, 100% stock rights of Jiangsu Zhongke HI-WITS Technology Development Co.,Ltd, 100% stock rights of CGN Dasheng Electron Accelerator Technology Co.,Ltd., 49% stock rights of CGN Juner New Materials Co.,Ltd,, 45% stock rights of Total polymer Vision (Suzhou) Co.,Ltd and 35% stock rights of CGN-TOP（Hubei）New Materials Co.,Ltd.. Among the mentioned in above, Dalian International issued 195,696,234 shares to Nuclear Technology Company, issued 283,296,932 shares to 45 counterparties such as Suzhou Deerfu Trading Co., Ltd

Dalian International was approved this transaction on second time extraordinary general meeting in 2016, which convoked on 23 Mar 2016. Transferors of this transaction finished internal decision-making procedures already and approve this transaction. On 18 Mar 2016, the “approval of some problems about assets reorganization and raise counterpart funds between CGNPC and China Dalian International Corporation Co., Ltd” (Guozichanquan [2016] No.195), which issued by Stated-owned Assets Supervision and Administration Commission of the State Council SASAC, agreed on this transaction in principle. On 28 Oct 2016, according to the “approval about China Dalian International Corporation Co., Ltd issue shares to purchase assets and raise counterpart funds to 中广核核技术应用有限公司” ([2016] No. 2412) issued by China Securities Regulatory Commission (CSRC), this transaction was approved.

Depends on 7 target companies Gaoxin Hecai, Zhongke Haiwei, CGNPC Dasheng, Shenzhen Woer, CGNPC Juner、Suzhou Tewei and Hubei TOP’s approval document of amendment registration issued by industrial and commercial administrative department located in registration place and renewal of business licenses, 100% share of Gaoxin Hecai, 100% share of Zhongke Haiwei, 100% share of CGNPC Dasheng, 100% share of Shenzhen Woer, 49% share of CGNPC Juner, 45% share of Suzhou Tewei and 35% share of Hubei TOP were all transferred and registered underDalian International up to 14 Dec 2016. China Securities Depository and Clearing Company Limited Shenzhen Branch issued “application processing confirmation of share register” on 12 Jan 2017, accepted the application materials of registration of new shares issuance submitted by Dalian International for purchasing assets. This time 478,993,166 new shares (include 478,993,166 registed stock) that non-public issued by Dalian International for purchasing assets were registed separately under counterparty.

After material asset reorganization this time, Nuclear Technology Company and its persons acting in concert held 644.7310 million shares of Dalian International, shareholding ratio is 61.08%.Nuclear Technology Company becomes controlling shareholder of Dalian International after reorganization. The acquisition date of this counter purchasing is 31 Dec 2016.

Note 1: Dalian International's original controlling shareholder is Guohe Company and ultimate controller is Dalian Hanbo Investment Co., Ltd. After material asset reorganization this time, Nuclear Technology Company becomes controlling shareholder and our company becomes ultimate controller. After this reorganization, listed company still maintains original assets, liabilities and business, which means still have input-output abilities and processing abilities, can calculate their costs and revenues independently. Therefore depends on stipulation of accounting standard No.20 "business combination", this reorganization was recognized as a counter purchasing business.

Note 2: Company adopts appropriate valuation technique to calculate fair value of acquireeDalian International's original business. Valuation method is present earning value method. Company use this assessed value as fair value to recognize combined costs of counter purchase. Combined costs at acquisition date referred to "Assets appraisal report"(Zhengpingbaozi [2017] No.668) issued by Liaoning Yuanzheng assets appraisal company limited, and combined synthetic judgment of company's accounting policies and operating conditions, confirm combination costs at acquisition date was RMB853,698,821.69.

Note 3: Depends on the relative stipulation of "Accounting standard No.20 : business combination" and "Reply letter of accounting treatment about company indirectly listing implemented by non-listed company purchase listed company's share" (Caikuaibian [2009] No.17), when legally parent company combined their identifiable assets and liabilities into consolidated financial statement, should combined as fair value recognized at acquisition date. The amount of goodwill (RMB 10,654,039.25) was the business combination costs (RMB 853,698,821.69) over the fair value of net identifiable asset (RMB 843,044,782.44) when acquire legally parent company (acquiree) .

### 7.9 Merger Occurred Current Period

#### 7.9.1 The Conditions of Projects Combined with Non-Common Controlled Merger

| Combined Party | Combined main assets | |
|---|---|---|
| | Items | Amount |
| Merge asset and business of Jiangsu Huaneng pyrocondensation material Co., Ltd (Note 1) | Monetary funds | 14,083.06 |
| | Account receivables | 2,654,143.08 |
| | Inventories | 1,329,785.05 |
| | Fixed assets | 16,855,597.10 |
| **Total** | | **20,853,608.29** |

Note 1: On 4 May 2016, CGN Dasheng Electron Accelerator Technology Co.,Ltd. signed transfer agreement of asset and business with Jiangsu Huaneng Pyrocondensation Co.,Ltd.. Jiangsu Huaneng Pyrocondensation Co.,Ltd. transfer all assets and business as RMB 52.80 million to CGN Dasheng Electron Accelerator Technology Co.,Ltd.. CGN Dasheng Electron Accelerator Technology Co.,Ltd. transferred all those assets and business mentioned above to CGN Dasheng Electron Accelerator Technology Co.,Ltd. Suzhou Branch, this transferred matters finished in May 2016.

**7.10 The Conditions of Changes on Shares of Owner's Equity**

**7.10.1 Not Losing Control**

a) In Jan 2016, CGNSEDC acquires their 10% shares holding by minority shareholders of subordinate CGNPC Solar Energy Republic Co., Ltd. The shares that CGNPC Solar Energy Republic Co., Ltd directly held by CGNSEDC changes from 90% to 100%. This item increase Group capital reserve RMB 81,803.97.

b) On 12 Jan 2016, CGNSEDC acquires their 29% shares holding by minority shareholders of subordinate CGNPC Yifei (Dunhuang) Solar Development Co., Ltd. The shares directly held by CGNSEDC changes from 71% to 100%. This item increase Group capital reserve RMB 5,608,520.66.

c) On 3 May 2016, China Uranium Development Company Limited exercised all residual convertible bonds issued by CGN Mining Company Limited that held by them. After exercising, the stock rights that CGN Mining Company Limited held by China Uranium Development Company Limited changed from 64.15% to 72.02%; On 13 Dec 2016, CGN Mining Company Limited private placement shares to other shareholders, result in the stock rights that CGN Mining Company Limited held by China Uranium Development Company Limited changed from 72.02% to 64.82%. Items mentioned above made Group capital reserve increasing RMB 3,376,563.09.

d) On 31 Oct 2016, Shenzhen Nuclear Power Electromechanical Installation and Maintenance Co., Ltd, which was subordinated under China General Nuclear Power Services Corporation , bring in investment by minority shareholders. The shares that Shenzhen Nuclear Power Electromechanical Installation and Maintenance Co., Ltd held by China General Nuclear Power Services Corporation directly changed from 100% to 51%. This item increase Group capital reserve RMB 3,086,901.15.

e) On 30 Nov 2016, Company transferred holding shares Guangxi Fangchenggang Nuclear Power Company Ltd, CGN Lufeng Nuclear Power Co., Ltd and China Nuclear Power Engineering Co., Ltd to CGN Power Co.,Ltd. After transferred the shares that Guangxi Fangchenggang Nuclear Power Company Ltd directly held by Company changed from 61% to 39.16%, CGN Lufeng Nuclear Power Co., Ltd directly held by Company from 100% to 64.20%, China Nuclear Power Engineering Co., Ltd directly held by Company from 100% to 64.20%. This item increase Group capital reserve RMB 2,003,261,839.36.

f) VAPEL, which is a subsidiary of CGNEDCC, to conducted a procedure to reduce the capital in 2015. The registed capital from 50 million to 39 million and all decrease was due to minority shareholder’s capital reduction. After reduction, the proportion of minority shareholders changed from 65.00% to 55.13%. The shareholding proportion for Energy Company to VAPEL changed from 35.00% to 44.87%. Those can increase the Group’s capital reserve to RMB48,197,193.78. In 2016, there is no need to pay for minority shareholders which dividends payable to minority shareholders originally, for offsetting consideration payment of minority shareholders divestment. This item increase Group capital reserve RMB 1,072,152.31.

g) On 16 Dec 2016, Company transferred 49% shares of CGNWEC and 49% shares of CGNSEDC to CGNFIC. After transferred the stock right that CGNWEC directly held by Company changed from 100% to 75.99% (directly and indirectly), CGNSEDC directly held by Company changed from 100% to 75.99% (directly and indirectly). This item decrease Group capital reserve RMB 134,818,314.13.

## 8. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The disclosure of financial statement data below, except where noted, opening period refers to 1 January 2016, closing period refers to 31 December 2016, current year is from 1 January 2016 to 31 December 2016, last year is from 1 January 2015 to 31 December 2015, All the figures are represented by RMB unless otherwise specified.

### 8.1 Monetary funds

1) Balance of monetary funds

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Cash on hand | 8,206,008.67 | 646,744.48 |
| Cash in bank | 19,191,306,212.73 | 21,000,155,999.56 |
| Other monetary funds | 3,592,890,502.79 | 2,206,849,842.45 |
| **Total** | **22,792,402,724.19** | **23,207,652,586.49** |
| Including: Total Amount of oversea deposit funds | 8,255,248,478.17 | 11,271,633,824.43 |

2) Restricted Monetary Fund at the end of year

| Company name | Items | Amount | Reason for restriction |
|---|---|---|---|
| CGN Power Co.,Ltd. | Other monetary assets | 6,400,208.25 | Deposit of performance guarantee |
| CGN Energy Development Co., Ltd | Other monetary assets | 1,071,673.43 | Frozen due to lawsuit, details refer "9. The Contingencies 9.3" |
| CGN Finance Co., Ltd | Other monetary assets | 2,161,020,226.16 | Reserves in Central Bank |
| China General Nuclear Power Services Corporation | Other monetary assets | 100,000.00 | Performance bond |
| Shenzhen Neng Zhi Hui Investment Co., Ltd | Other monetary assets | 100,000,000.00 | Pledge guarantee |
| Shenzhen Neng Zhi Hui Investment Co., Ltd | Other monetary assets | 3,757,489.58 | Cash deposit |
| Shenzhen Neng Zhi Hui Investment Co., Ltd | Other monetary assets | 936,603.30 | Deposit of performance guarantee |
| CGNPC International Limited | Other monetary assets | 168,712,646.89 | Pledge guarantee for bank loan |
| CGNPC International Limited | Other monetary assets | 573,888,841.29 | Pledge guarantee for bank loan |
| CGNPC International Limited | Other monetary assets | 500,339,728.07 | Monetary fund pledged for Korean loan |
| **Total** | — | **3,516,227,416.97** | — |

## 8.2 Financial assets at fair value through profit or loss

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Financial assets held for trading | **668,360,391.29** | **188,823,874.55** |
| Including: Debt instrument investment | 63,256,800.00 | 51,013,820.00 |
| Equity instrument investment | 155,103,591.29 | 37,810,054.55 |
| Funds | 450,000,000.00 | 100,000,000.00 |
| **Total** | **668,360,391.29** | **188,823,874.55** |

### 8.3 Derivative financial assets

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Derivative financial assets | 54,008,022.00 | 22,413,089.02 |
| **Total** | **54,008,022.00** | **22,413,089.02** |

### 8.4 Notes receivable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Bank's acceptance note | 498,469,066.00 | 461,005,784.63 |
| Commercial acceptance note | 139,249,324.48 | 97,120,547.13 |
| **Total** | **637,718,390.48** | **558,126,331.76** |

1) There has no commercial acceptance notes which was discounted pre maturity with recourse.

2) Notes receivable pledged at the end of the year

| Items | The pledged amount at the end of the year |
|---|---|
| Bank acceptance note | 191,894,923.90 |
| Trade acceptance note | 18,631,051.96 |
| **Total** | **210,525,975.86** |

3) Notes receivable which was discounted or endorsed at the end of the year but still prematurity at the balance sheet date

| Items | Pledged amount at the end of the year |
|---|---|
| Bank acceptance note | 406,051,299.26 |
| **Total** | **406,051,299.26** |

### 8.5 Accounts receivable

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion (%) | Carrying amount | Proportion (%) |
| Accounts receivable individually significant and provided for bad debts on individual basis | | | | |

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion (%) | Carrying amount | Proportion (%) |
| Accounts receivable that are provided for bad debts on portfolio basis | 16,037,740,595.35 | 96.08 | 31,529,532.07 | 0.20 |
| Including: a. related parties portfolio | 2,593,430,506.28 | 15.54 | | |
| b. risk free portfolio | 10,949,819,993.07 | 65.60 | | |
| c. aging portfolio | 2,494,490,096.00 | 14.94 | 31,529,532.07 | 1.26 |
| Accounts receivable individually insignificant and provided for bad debts on individual basis | 654,006,353.26 | 3.92 | 301,898,249.76 | 46.16 |
| **Total** | **16,691,746,948.61** | **100.00** | **333,427,781.83** | — |

-Continued)

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion (%) | Carrying amount | Proportion (%) |
| Accounts receivable individually significant and provided for bad debts on individual basis | | | | |
| Accounts receivable that are provided for bad debts on portfolio basis | 14,626,858,383.13 | 99.59 | 23,000,641.50 | 0.16 |
| Including: a. related parties portfolio | 4,504,950,860.57 | 30.67 | | |
| b. risk free portfolio | 7,604,513,538.80 | 51.78 | | |
| c. aging portfolio | 2,517,393,983.76 | 17.14 | 23,000,641.50 | 0.91 |
| Accounts receivable individually insignificant and provided for bad debts on individual basis | 60,718,527.31 | 0.41 | 13,929,061.29 | 22.94 |
| **Total** | **14,687,576,910.44** | **100.00** | **36,929,702.79** | — |

1) Accounts receivable which accrued bad debt provisions on portfolio basis.

i) Accounts receivable which accrued bad debt provisions under accounting aging analysis method:

| Aging | Ending Balance | | | Beginning Balance | | |
|---|---|---|---|---|---|---|
| | Book value | | Provision for bad debts | Book value | | Provision for bad debts |
| | Carrying amount | Proportion（%） | | Carrying amount | Proportion（%） | |
| Within 1 year | 2,321,434,731.56 | 0.00 | - | 2,424,932,259.51 | 0.00 | - |
| 1-2 years | 134,759,845.19 | 10.00 | 13,475,984.51 | 54,421,943.57 | 10.00 | 5,442,194.36 |
| 2-3years | 23,832,978.69 | 30.00 | 7,149,893.61 | 25,950,427.41 | 30.00 | 7,785,128.22 |
| 3-4 years | 6,329,070.85 | 50.00 | 3,164,535.43 | 3,836,930.78 | 50.00 | 1,918,465.40 |
| 4-5 years | 1,971,755.93 | 80.00 | 1,577,404.74 | 1,987,844.84 | 80.00 | 1,590,275.87 |
| Over 5 years | 6,161,713.78 | 100.00 | 6,161,713.78 | 6,264,577.65 | 100.00 | 6,264,577.65 |
| **Total** | **2,494,490,096.00** | — | **31,529,532.07** | **2,517,393,983.76** | — | **23,000,641.50** |

2) Accounts receivable which individually insignificant but accrued bad debt provisions separately.

| Company Name | Ending Balance | Provision for bad debts | Aging | Accrued rate（%） | Reason of provision |
|---|---|---|---|---|---|
| Bangladesh Power Development Board | 403,542,079.26 | 207,326,208.34 | Within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years and over 5 years | 51.38 | Estimated to be partial irrecoverable |
| Liaoning Five six seven eight Science and education Co., Ltd | 34,461,505.03 | 34,461,505.03 | Within 1 year | 100.00 | Estimated to be partial irrecoverable |
| Mathew Shiloh Co., Ltd | 18,406,977.72 | 18,406,977.72 | Within 1 year | 100.00 | Estimated to be partial irrecoverable |
| Keene Gewei Co., Ltd | 16,909,080.83 | 16,909,080.83 | Within 1 year | 100.00 | Estimated to be partial irrecoverable |
| Zhejiang Dragon technological development Co., Ltd | 6,311,399.40 | 6,311,399.40 | 1-2 years | 100.00 | Estimated to be partial irrecoverable |
| Guangdong Guangda Cable Co., Ltd | 2,053,858.70 | 2,053,858.70 | 2-3 years | 100.00 | Estimated to be partial irrecoverable |
| Dalian Changxingdao Public Utility Operating Centre | 16,088,320.00 | 1,608,832.00 | Within 1 year | 10.00 | Estimated to be partial irrecoverable |
| Hangzhou Dayu Cable Material Co., Ltd | 1,898,782.39 | 1,519,025.91 | 2-3 years, 3-4 years, | 80.00 | Estimated to be partial irrecoverable |
| Haian New Era Cement Co., Ltd | 3,085,538.23 | 925,661.47 | 2-3 years | 30.00 | Estimated to be partial irrecoverable |

| Company Name | Ending Balance | Provision for bad debts | Aging | Accrued rate (%) | Reason of provision |
|---|---|---|---|---|---|
| Henan Huatai Special Cable Group Co., Ltd. | 1,809,763.20 | 904,881.60 | 2-3 years | 50.00 | Estimated to be partial irrecoverable |
| Tongling Technology Group Co., Ltd. | 1,211,082.50 | 847,757.75 | 2-3 years,4-5 years | 70.00 | Estimated to be partial irrecoverable |
| Others | 148,227,966.00 | 10,623,061.01 | Within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years and over 5 years | 7.17 | Estimated to be partial irrecoverable |
| **Total** | **654,006,353.26** | **301,898,249.76** | — | — | — |

3) There are no recovered and reversed bad debts in this year.

4) The accounts receivable that written-offs in this year.

| Debtor's Name | Natures | The Amounts | Reasons | Procedures | Related Party |
|---|---|---|---|---|---|
| Zouping county Jiuhu town sewage treatment plant | Sales funds | 436,076.00 | irrecoverable | Resolution of shareholder meeting | No |
| Qingdao Gree | Sales funds | 299,300.00 | irrecoverable | Resolution of shareholder meeting | No |
| Linyi Fuji | Sales funds | 290,000.00 | irrecoverable | Resolution of shareholder meeting | No |
| Tianli Pharmacy Company | Sales funds | 186,000.00 | irrecoverable | Resolution of shareholder meeting | No |
| Hebei Yatai | Sales funds | 180,000.00 | irrecoverable | Resolution of shareholder meeting | No |
| Shandong United University | Sales funds | 180,000.00 | irrecoverable | Resolution of shareholder meeting | No |
| Luzhong Metallurgy | Sales funds | 150,662.39 | irrecoverable | Resolution of shareholder meeting | No |
| Xuzhou Longgu | Sales funds | 147,546.00 | irrecoverable | Resolution of shareholder meeting | No |
| Shandong Zhaoxu | Sales funds | 130,000.00 | irrecoverable | Resolution of shareholder meeting | No |
| Dongying technician college | Sales funds | 120,000.00 | irrecoverable | Resolution of shareholder | No |

| Debtor's Name | Natures | The Amounts | Reasons | Procedures | Related Party |
|---|---|---|---|---|---|
| | | | | meeting | |
| Taian Dafan Shennong | Sales funds | 101,000.00 | irrecoverable | Resolution of shareholder meeting | No |
| Kenli Sewage treatment plant | Sales funds | 100,000.00 | irrecoverable | Resolution of shareholder meeting | No |
| Others | Sales funds | 1,108,891.04 | irrecoverable | Resolution of shareholder meeting | No |
| **Total** | — | **3,429,475.43** | — | — | — |

5) The top 5 Accounts receivables which ranked by the amount of each debtors ending balance

| Debtor's Name | Carrying Amount |
|---|---|
| Guangdong Power Grid LLC. | 2,031,177,571.05 |
| Liaoning Hongyanhe Nuclear Power Co., LTD. | 1,727,649,238.49 |
| Tenaga National Berhad | 996,983,722.59 |
| Fujian Ningde Nuclear Power Co., LTD | 615,359,116.42 |
| Hong Kong Nuclear Investment Co. Ltd. | 538,549,673.42 |
| **Total** | **5,909,719,321.97** |

## 8.6 Prepayments

| Aging | Ending Balance | | | Beginning Balance | | |
|---|---|---|---|---|---|---|
| | Book value | | Provision for bad debts | Book value | | Provision for bad debts |
| | Carrying amount | Proportion（%） | | Carrying amount | Proportion（%） | |
| Within 1 year | 3,353,562,173.14 | 49.53 | - | 2,381,001,534.03 | 40.59 | - |
| 1-2 years | 1,254,836,285.33 | 18.53 | 106,651.98 | 2,391,735,695.79 | 40.77 | 340,745.22 |
| 2-3years | 1,560,568,569.52 | 23.04 | - | 807,503,277.18 | 13.77 | 32,248,017.42 |
| Over 3 years | 602,909,530.29 | 8.90 | 32,247,928.80 | 285,606,206.35 | 4.87 | - |
| **Total** | 6,771,876,558.28 | 100.00 | 32,354,580.78 | 5,865,846,713.35 | 100.00 | 32,588,762.64 |

1) Significant prepayments aging more than 1 year

| Name of debtors | Ending Balance over 1 year | Aging | Reason for Pending |
|---|---|---|---|
| Dongfang Electric Co., Ltd. | 448,563,899.99 | 1-2 years, 2-3 years | Not reach settlement |

| Name of debtors | Ending Balance over 1 year | Aging | Reason for Pending |
|---|---|---|---|
| | | | point in contract |
| China Nuclear Industry 23 Construction Co., Ltd. | 313,914,198.36 | 1-2 years, 2-3 years | Not reach settlement point in contract |
| China Construction Second Engineering Bureau LTD. | 249,306,613.90 | 1-2 years, 2-3 years | Not reach settlement point in contract |
| AREVA DONGFANG Reactor Coolant Pumps Co., Ltd. | 180,591,313.64 | 1-2 years, 2-3 years, Over 3 years | Not reach settlement point in contract |
| China Energy Engineering Group The First Northeast Electric Power Engineering Co., Ltd. | 180,348,969.57 | 1-2 years, 2-3 years, Over 3 years | Not reach settlement point in contract |
| China Nulcear Industry Huaxing Construction Co., Ltd | 173,005,483.85 | 1-2 years, 2-3 years | Not reach settlement point in contract |
| Shanghai Electric Group Company Limited | 172,724,622.70 | 1-2 years, Over 3 years | Not reach settlement point in contract |
| China Energy Engineering Group Guangdong Power Engineering Co., Ltd. | 162,854,864.72 | 1-2 years, 2-3 years, Over 3 years | Not reach settlement point in contract |
| Harbin Electric Co., Ltd. | 121,043,900.00 | 2-3 years | Not reach settlement point in contract |
| Shanghai Electric Nuclear Power Equipment Co., Ltd. | 107,190,010.00 | 2-3 years, Over 3 years | Not reach settlement point in contract |
| Shanghai Electric Power Construction LLC | 100,100,000.00 | 1-2 years, 2-3 years, Over 3 years | Not reach settlement point in contract |
| **Total** | **2,209,643,876.73** | — | — |

2) The top 5 Prepayments which ranked by the amount of each debtors ending balance

| Name of debtors | Ending Balance | Proportion（%） | Bad debts |
|---|---|---|---|
| Dongfang Electric Co., Ltd. | 657,958,777.83 | 9.72 | - |
| China Construction Second Engineering Bureau LTD. | 480,135,224.74 | 7.09 | - |
| China Nuclear Industry 23 Construction Co., Ltd. | 469,386,009.70 | 6.93 | - |

| Name of debtors | Ending Balance | Proportion（%） | Bad debts |
|---|---|---|---|
| China Energy Engineering Group The First Northeast Electric Power Engineering Co., Ltd. | 234,994,872.97 | 3.47 | - |
| Xilingol Mengrongfeng Wind Power Co., Ltd. | 207,000,000.00 | 3.06 | - |
| **Total** | **2,049,474,885.24** | **30.26** | — |

## 8.7 Interests receivable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Fixed-term deposited | 15,170,668.39 | 5,085,325.49 |
| Loan interested issued by overseas company | 59,216,500.21 | 6,821,223.81 |
| Bond investment | 10,923,517.78 | 6,842,296.61 |
| Interest receivables of deposits in other banks | 13,241,674.75 | 8,900,838.76 |
| Issue loans and advances interests | 4,020,245.00 | 4,344,290.00 |
| **Total** | **102,572,606.13** | **31,993,974.67** |

## 8.8 Dividends receivable

| Items | Ending Balance | Beginning Balance | Reasons for irrecoverable | impairment |
|---|---|---|---|---|
| **Dividends Receivables within one year** | **735,950,367.90** | **880,206,390.03** | | |
| Including: | — | — | | |
| Fujian Ningde Nuclear Power Co., LTD. | 640,805,949.47 | 571,183,985.77 | Has not been issued | No |
| Hubei Huadain Xisaishan power Limited | 49,000,000.00 | 112,887,423.50 | Tax paid procedures in hand | No |
| China Nulcear Industry Huaxing Construction Co., Ltd | 14,432,950.00 | 17,570,000.00 | Has not been issued | No |
| China Nuclear Industry 23 Construction Co., Ltd. | 15,992,000.00 | 10,615,000.00 | Has not been issued | No |
| SEDC Jersey Gardens Owner,LLC | 1,019,468.46 | 239,711.24 | Has not been issued | No |
| Hubei Xisaishan power Limited | 14,699,999.97 | 166,885,269.52 | Tax paid procedures in hand | No |
| CIECC Engineering Company Limited | - | 825,000.00 | | |
| **Dividends Receivables exceed one year** | **-** | **5,025,415.00** | | |
| Including: | — | — | | |
| China Nulcear Industry Huaxing Construction Co., Ltd | - | 3,637,915.00 | Has not been issued | |
| CIECC Engineering Company Limited | - | 1,387,500.00 | Has not been issued | |

| Items | Ending Balance | Beginning Balance | Reasons for irrecoverable | impairment |
|---|---|---|---|---|
| Total | 735,950,367.90 | 885,231,805.03 | — | — |

## 8.9 Other receivables

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion（%） | Carrying amount | Proportion（%） |
| Other receivables individually significant and provided for bad debts on individual basis | | | | |
| Other receivables that are provided for bad debts on portfolio basis | 2,456,548,708.71 | 99.02 | 33,009,989.85 | 1.34 |
| Including: a.related parties portfolio | 33,288,772.11 | 1.34 | | |
| b. risk free portfolio | 1,899,357,098.95 | 76.56 | | |
| c. aging portfolio | 523,902,837.65 | 21.12 | 33,009,989.85 | 6.30 |
| Other receivables individually insignificant and provided for bad debts on individual basis | 24,239,434.31 | 0.98 | 24,239,434.31 | 100.00 |
| **Total** | **2,480,788,143.02** | **100.00** | **57,249,424.16** | — |

Continued:

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion（%） | Carrying amount | Proportion（%） |
| Other receivables individually significant and provided for bad debts on individual basis | | | | |
| Other receivables that are provided for bad debts on portfolio basis | 838,918,105.90 | 97.88 | 11,103,565.56 | 1.32 |
| Including:a. related parties portfolio | 51,937,629.64 | 6.06 | | |
| b. risk free portfolio | 735,138,091.11 | 85.77 | | |
| c. aging portfolio | 51,842,385.15 | 6.05 | 11,103,565.56 | 21.42 |
| Other receivables individually insignificant and provided for bad debts on individual basis | 18,172,693.14 | 2.12 | 18,172,693.14 | 100.00 |

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion (%) | Carrying amount | Proportion (%) |
| **Total** | **857,090,799.04** | **100.00** | **29,276,258.70** | — |

1) Other receivables accrued bad debts provision by portfolio basis:

i) Other receivables accrued bad debts provision under aging analysis method:

| Aging | Ending Balance | | | Beginning Balance | | |
|---|---|---|---|---|---|---|
| | Book value | | Provision for bad debts | Book value | | Provision for bad debts |
| | Carrying amount | Proportion (%) | | Carrying amount | Proportion (%) | |
| Within 1year | 277,220,723.31 | 0.00 | - | 35,975,929.90 | 0.00 | - |
| 1-2 year | 235,548,564.10 | 10.00 | 23,554,856.40 | 4,210,983.31 | 10.00 | 421,098.33 |
| 2-3 year | 353,672.14 | 30.00 | 106,101.65 | 990,928.61 | 30.00 | 297,278.58 |
| 3-4 year | 1,702,056.34 | 50.00 | 851,028.17 | 338,102.37 | 50.00 | 169,051.19 |
| 4-5 year | 2,899,090.63 | 80.00 | 2,319,272.50 | 551,517.50 | 80.00 | 441,214.00 |
| Over 5year | 6,178,731.13 | 100.00 | 6,178,731.13 | 9,774,923.46 | 100.00 | 9,774,923.46 |
| **Total** | **523,902,837.65** | - | **33,009,989.85** | **51,842,385.15** | - | **11,103,565.56** |

2) Other receivables that are not individually significant but accrued bad debts provisions seperately

| Name of debtors | Ending Balance | Provision for bad debts | Aging | Proportion | Reason for provision |
|---|---|---|---|---|---|
| China Wu Uranium Limited Liability Company | 7,390,077.84 | 7,390,077.84 | 3-4 year | 100 | |
| GanLuo Bureau of Finance | 7,500,000.00 | 7,500,000.00 | Over 5 years | 100 | Estimated to be irrecoverable |
| Gan Luo Goverment | 1,050,000.00 | 1,050,000.00 | Over 5 years | 100 | Estimated to be irrecoverable |
| Shandong Yingda New Energy Engineer Co., Ltd | 6,500,000.00 | 6,500,000.00 | 2-3 years | 100 | Estimated to be irrecoverable |
| Xichang Xincheng Transportation LLC | 1,000,000.00 | 1,000,000.00 | Over 5 years | 100 | |
| Others | 799,356.47 | 799,356.47 | Over 5 years | 100 | Estimated to be irrecoverable |
| **Total** | **24,239,434.31** | **24,239,434.31** | — | — | — |

3) There has no recovered or reversed bad debts provisions in this year

4) Other receivables that written-off in this year.

| Name of debtors | Natures | The amount of written-off | reasons | related parties transaction |
|---|---|---|---|---|
| Jiangsu Boen Environmental Engineering Complete Equipment Co., Ltd | Others | 1,085,200.00 | irrecoverable | No |
| Jing Xianzhi | Others | 1,074,189.68 | irrecoverable | No |
| Lu Mine Group Technical School Internship Plant | Others | 445,981.94 | irrecoverable | No |
| Li Kaisheng | Others | 391,745.82 | irrecoverable | No |
| Wang Suyu | Others | 296,855.67 | irrecoverable | No |
| Others | Others | 2,639,155.15 | irrecoverable | No |
| **Total** | — | **5,933,128.26** | — | — |

5) The top 5 other receivables which ranked by the amount of each debtors ending balance

| Name of debtors | Nature | Ending Balance |
|---|---|---|
| Baoli (Dalian) Real Estate Development Co., Ltd | Intercourse funds | 416,000,000.00 |
| O8A Special Project | Advanced money for O8A | 306,727,887.32 |
| Willis singapore pte ltd | Insurance benefit | 244,938,554.16 |
| Tongyu Xinyu Agriculture and Sideline Products Company | Deposit | 114,837,296.44 |
| Tianjin Pangda International trading Co., Ltd | Deposit | 111,471,347.52 |
| **Total** | — | **1,193,975,085.44** |

### 8.10 Inventories

1) Category

| Items | Ending Balance | | |
|---|---|---|---|
| | Book value | Inventories impairment | Net book value |
| Raw materials | 7,806,793,396.35 | 411,774,001.68 | 7,395,019,394.67 |
| Including: nuclear fuel | 2,604,734,629.04 | | 2,604,734,629.04 |
| Self-manufactured & semi-finished products | 115,572,521.68 | 5,879,723.37 | 109,692,798.31 |
| Finished goods | 2,571,658,898.37 | 5,973,523.28 | 2,565,685,375.09 |
| Revolving materials | 21,212,439.12 | 251,937.43 | 20,960,501.69 |

| Items | Ending Balance | | |
|---|---|---|---|
| | **Book value** | **Inventories impairment** | **Net book value** |
| Engineering construction | 4,915,488,417.79 | | 4,915,488,417.79 |
| Work in process - outsourced | 6,722,145,149.73 | | 6,722,145,149.73 |
| Others | 754,092,456.65 | 140,263,370.78 | 613,829,085.87 |
| **Total** | **22,906,963,279.69** | **564,142,556.54** | **22,342,820,723.15** |

Continued:

| Items | Beginning Balance | | |
|---|---|---|---|
| | **Book value** | **Inventories impairment** | **Net book value** |
| Raw materials | 5,562,231,626.71 | 379,027,930.90 | 5,183,203,695.81 |
| Including： nuclear fuel | 2,425,441,659.29 | | 2,425,441,659.29 |
| Self-manufactured & semi-finished products | 356,455,482.11 | 14,543,363.37 | 341,912,118.74 |
| Finished goods | 1,396,356,658.11 | 14,221,406.19 | 1,382,135,251.92 |
| Revolving materials | 89,757,817.72 | 11,675.53 | 89,746,142.19 |
| Engineering construction | 2,873,364,002.33 | - | 2,873,364,002.33 |
| Work in process - outsourced | 7,287,234,340.00 | - | 7,287,234,340.00 |
| Others | 272,180,453.82 | 113,342,654.88 | 158,837,798.94 |
| **Total** | **17,837,580,380.80** | **521,147,030.87** | **17,316,433,349.93** |

2) The condition of assets completed but unsettled formed by construction contract at the end of the year

| Items | Ending Balance |
|---|---|
| Accumulated costs | 36,496,047,773.17 |
| Accumulated gross margin | 3,193,128,536.80 |
| Less: anticipated losses | - |
| Settlement amount | 34,773,687,892.18 |
| Assets completed but unsettled formed by construction contract | 4,915,488,417.79 |

**8.11 Held-for-sale assets**

| Items | Book Value | Fair Value | Expected disposal expenses | Expected disposal time |
|---|---|---|---|---|
| NXTPC | 55,976,999.15 | 127,200,000.00 | 1,536,000.00 | 2017/1/9 |
| **Total** | **55,976,999.15** | **127,200,000.00** | **1,536,000.00** | **-** |

### 8.12 Non-current assets due within 1 year

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Loans and payments on behalf of others | 3,909,834,578.50 | 3,705,784,578.50 |
| Loan loss provisions | -77,837,353.26 | -68,310,000.00 |
| Entrusted loan due within one year | | 30,000,000.00 |
| Other long-term receivables due within one year | 3,361,813,787.24 | 950,774,206.82 |
| Provisions for impairment loss on other long-term receivables | -2,196,963.43 | -1,826,654.00 |
| Derivative financial instruments due within one year | 121,019.90 | 3,926,887.65 |
| Long-term deferred and prepaid expenses due within one year | 191,024,635.14 | 174,719,364.41 |
| Asset discounted | | 293,059,095.14 |
| Others | | 8,458,965.70 |
| **Total** | **7,382,759,704.09** | **5,096,586,444.22** |

### 8.13 Other current assets

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| To be deductible on VAT input tax | 3,985,982,923.31 | 3,873,872,086.58 |
| Issue short-term loans | | 1,368,847,736.66 |
| Short-term financial products | | 350,000,000.00 |
| Corporate income tax prepayment | 99,965,503.95 | 18,539,575.08 |
| Others | | 52,292,198.75 |
| **Total** | **4,085,948,427.26** | **5,663,551,597.07** |

## 8.14 Issue loans and advances

1) Loans and advances distribution on enterprises and individuals

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Corporate loans and advances** | **3,202,000,000.00** | **112,000,000.00** |
| -Loans | 3,202,000,000.00 | 112,000,000.00 |
| **Total amount of loans and advances** | **3,202,000,000.00** | **112,000,000.00** |
| Less: Loan loss provisions | 76,848,000.00 | 2,576,000.00 |
| **Book value of loans and advances** | **3,125,152,000.00** | **109,424,000.00** |

2) Loans and advances distribution on industries

| Industry distribution | Ending Balance | Proportion (%) | Beginning Balance | Proportion (%) |
|---|---|---|---|---|
| Electric power industry | 3,202,000,000.00 | 100.00 | 112,000,000.00 | 100.00 |
| **Total amount of loans and advances** | **3,202,000,000.00** | **100.00** | **112,000,000.00** | **100.00** |
| Less: Loan loss provisions | 76,848,000.00 | - | 2,576,000.00 | - |
| **Book value of loans and advances** | **3,125,152,000.00** | — | **109,424,000.00** | — |

3) Loans and advances distribution on areas

| Area distribution | Ending Balance | Proportion (%) | Beginning Balance | Proportion (%) |
|---|---|---|---|---|
| Northeast area | 3,202,000,000.00 | 100.00 | 112,000,000.00 | 100.00 |
| **Total amount of loans and advances** | 3,202,000,000.00 | 100.00 | 112,000,000.00 | 100.00 |
| Less: Loan loss provisions | 76,848,000.00 | | 2,576,000.00 | |
| **Book value of loans and advances** | **3,125,152,000.00** | — | **109,424,000.00** | — |

4) Loans and advances distribution on guarantee types

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Credit loans | 3,202,000,000.00 | 112,000,000.00 |
| **Total amount of loans and advances** | **3,202,000,000.00** | **112,000,000.00** |
| Less: Loan loss provisions | 76,848,000.00 | 2,576,000.00 |
| **Book value of loans and advances** | **3,125,152,000.00** | **109,424,000.00** |

5) There has no overdue loans in this year

6) Loan loss provisions

| Items | Ending Balance | | Beginning Balance | |
|---|---|---|---|---|
| | Individual | Combination | Individual | Combination |
| Beginning Balance | 2,576,000.00 | - | - | - |
| Accrued in this year | 74,272,000.00 | - | 2,576,000.00 | - |
| Transferred in this year | - | - | - | - |
| Written-off in this year | - | - | - | - |
| Reversed in this year | - | - | - | - |

| Items | Ending Balance | | Beginning Balance | |
|---|---|---|---|---|
| | Individual | Combination | Individual | Combination |
| **Ending Balance** | **76,848,000.00** | **-** | **2,576,000.00** | - |

## 8.15 Available-for-sale financial assets

1) Conditions of available-for-sale financial assets

| Items | Ending Balance | | |
|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value |
| Available-for-sale debt instrument | 796,546,776.87 | - | 796,546,776.87 |
| Available-for-sale equity instrument | 8,371,771,990.70 | 466,117,472.49 | 7,905,654,518.21 |
| Measured by fair value | 6,052,509,636.94 | 227,794,078.56 | 5,824,715,558.38 |
| Measured by costs | 2,319,262,353.76 | 238,323,393.93 | 2,080,938,959.83 |
| Others (Measured by fair value) | 158,721,179.93 | 57,752,948.13 | 100,968,231.80 |
| **Total** | **9,327,039,947.5** | **523,870,420.62** | **8,803,169,526.88** |

Continued):

| Items | Beginning Balance | | |
|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value |
| Available-for-sale debt instrument | 52,441,616.67 | - | 52,441,616.67 |
| Available-for-sale equity instrument | 8,070,736,013.92 | 238,323,393.93 | 7,832,412,619.99 |
| Measured by fair value | 5,949,422,350.67 | - | 5,949,422,350.67 |
| Measured by costs | 2,121,313,663.25 | 238,323,393.93 | 1,882,990,269.32 |
| Others (Measured by fair value) | 317,272,996.37 | 59,295,638.35 | 257,977,358.02 |
| **Total** | **8,440,450,626.96** | **297,619,032.28** | **8,142,831,594.68** |

2) Available-for-sale financial assets which measured by fair value at the end of the year

| Items | Available-for-sale equity instrument | Available-for-sale debt instrument | Others | Total |
|---|---|---|---|---|
| Costs of equity instruments/Amortized costs of debt instruments | 4,591,401,471.66 | 911,912,055.73 | 157,661,138.13 | **5,660,974,665.52** |
| Fair value | 5,824,715,558.38 | 796,546,776.87 | 100,968,231.80 | **6,722,230,567.05** |
| The amount of fair value changes which cumulative recorded in other comprehensive income | 1,461,108,165.28 | -115,365,278.86 | 1,060,041.80 | **1,346,802,928.22** |
| Impairment loss which accrued already | 227,794,078.56 | | 57,752,948.13 | **285,547,026.69** |

## 8.16 Held-to-maturity investments

1) The conditions of held-to-maturity investments

| Items | Ending Balance | | | Beginning Balance | | |
|---|---|---|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value | Carrying Amount | Provisions for impairment loss | Book Value |
| Life insurance | 130,849,343.75 | | 130,849,343.75 | 125,944,554.01 | | 125,944,554.01 |
| Three gorges bond | 17,335,342.78 | | 17,335,342.78 | 16,227,657.89 | | 16,227,657.89 |
| Financial street bond | 99,999,997.07 | | 99,999,997.07 | 99,999,934.14 | | 99,999,934.14 |
| China Merchants Group 5years MNT | 69,370,000.00 | | 69,370,000.00 | | | |
| **Total** | **317,554,683.60** | | **317,554,683.60** | **242,172,146.04** | | **242,172,146.04** |

## 8.17 Long-term receivables

| Items | Ending Balance | | | Year end discount rate range |
|---|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value | |
| Finance lease funds | 4,083,429,618.91 | 149,775,711.57 | 3,933,653,907.34 | — |
| Including: Unrealized financing profits | 1,378,760,479.13 | - | 1,378,760,479.13 | — |
| Issue loans by overseas company | 13,352,413,105.85 | - | 13,352,413,105.85 | — |
| Entrust loans | 353,500,000.00 | - | 353,500,000.00 | — |
| Account receivables for long-term power purchase agreement | 9,584,886.65 | - | 9,584,886.65 | — |
| Render service on installment | 4,586,971,602.24 | - | 4,586,971,602.24 | — |
| Others | 785,892,307.24 | 1,825,759.05 | 784,066,548.19 | — |
| **Total** | 23,171,791,520.89 | 151,601,470.62 | 23,020,190,050.27 | — |

Continued:

| Items | Beginning Balance | | | Year end discount rate range |
|---|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value | |
| Finance lease funds | 3,006,085,573.37 | 48,141,521.00 | 2,957,944,052.37 | — |
| Including: Unrealized financing profits | 408,490,670.83 | - | 408,490,670.83 | — |

| Items | Beginning Balance | | | Year end discount rate range |
|---|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value | |
| Issue loans by overseas company | 3,233,698,617.86 | 1,698,709.33 | 3,231,999,908.53 | — |
| Entrust loans | 30,000,000.00 | - | 30,000,000.00 | — |
| Sale goods on installment | 13,471,868.58 | - | 13,471,868.58 | — |
| Others | 17,963,852.86 | - | 17,963,852.86 | — |
| **Total** | **6,301,219,912.67** | **49,840,230.33** | **6,251,379,682.34** | — |

## 8.18 Long-term equity investments

1) Classification of long-term equity investment

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Investment in joint ventures | 8,059,682,244.12 | 2,342,897,764.34 | 845,852,544.49 | 9,556,727,463.97 |
| Investment in Associates | 9,173,465,271.85 | 5,926,574,691.5 | 433,499,854.23 | 14,666,540,109.12 |
| **Subtotal** | 17,233,147,515.97 | 8,269,472,455.84 | 1,279,352,398.72 | 24,223,267,573.09 |
| Less: provisions for impairment (Note 1) | 706,658,517.96 | 244,458,045.11 | - | 951,116,563.07 |
| **Total** | **16,526,488,998.01** | — | — | **23,272,151,010.02** |

Note 1: The amount of increasing on provisions for impairment in this year is 244,458,045.11, include Fisson Uranium Corp. which amount is RMB 196,513,351.31 and foreign currency translation differences which amount is RMB 47,944,693.80.

2) Details of long-term equity investments

| Invested Company | Investment Costs | Beginning Balance | Changes in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional investment | Negative investment | Investment income or loss under equity method recognition | Adjustment on other comprehensive income |
| **Joint Ventures** | **11,755,998,090.12** | **8,059,682,244.12** | **989,045,437.32** | **1,054,336,988.66** | **299,515,338.36** | **-140,209,090.43** |
| Hunan Xiangtou International Investment Limited | 2,290,955,218.63 | 4,216,986,017.58 | – | 398,289,121.56 | 236,164,330.75 | – |
| Beijing RIC Nuclear Instrument Joint Venture Company | 16,320,000.00 | 17,080,109.23 | – | 4,449,613.59 | - | – |
| Fujian Ningde Nuclear Power Co., LTD. | 5,141,654,200.00 | 3,627,990,870.69 | 282,813,462.68 | 292,026,041.80 | - | – |
| China Wu Uranium Limited Liability Company | 15,516,931.41 | 9,070,462.80 | – | – | – | – |
| Semizbay Uranium Company | 772,166,952.20 | 188,554,783.82 | - | 31,087,106.64 | 20,365,850.25 | -140,209,090.43 |
| Miraculum Mineral Limited (Note1) | 2,813,152,813.24 | - | – | – | – | – |
| Asia Gulf Power Service Company Limited | 329,102.26 | - | 329,102.26 | 2,997,066.88 | 9,168,832.68 | |
| Asia Gulf Power Holding Company Limited | 297,775,463.66 | - | 297,775,463.66 | 41,945,332.44 | 66,978,306.97 | |
| Fauji Kabirwala Power Company Ltd | 134,877,408.72 | - | 134,877,408.72 | 25,473,199.79 | -33,161,982.29 | |
| VAPEL | 5,250,000.00 | - | 5,250,000.00 | 257,985,070.92 | - | |
| Hualong International Nuclear Power Technology Co., Ltd | 250,000,000.00 | - | 250,000,000.00 | 84,435.04 | - | |
| CGNPC Zhongwei Agriculture Development Co., Ltd | 3,000,000.00 | - | 3,000,000.00 | - | - | |
| Shenzhen Zhongguang Ruitai Technology Development Co., Ltd | 2,000,000.00 | - | 2,000,000.00 | - | - | |
| CGNPC Lianda New Energy Co., Ltd | 13,000,000.00 | - | 13,000,000.00 | - | - | |
| **Associates** | **16,660,026,334.75** | **9,173,465,271.85** | **5,357,542,381.95** | **477,672,053.69** | **-33,346,874.50** | **-46,660,140.73** |
| Yinjian international Industry Co Ltd | 791,565,640.81 | 895,770,312.70 | 58,100,352.32 | -4,756,561.93 | -53,895,874.27 | -49,274,725.55 |
| Hubei Huadian Xisaishan Power Generation Co., Ltd. | 463,973,292.74 | 612,359,711.86 | - | 106,351,582.22 | -22,544,928.07 | - |
| Hubei Xisaishan Power Generation Co., Ltd. | 463,050,000.00 | 429,829,984.69 | - | 40,764,653.75 | 11,939,364.36 | 2,614,585.14 |

| Invested Company | Investment Costs | Beginning Balance | Changes in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional investment | Negative investment | Investment income or loss under equity method recognition | Adjustment on other comprehensive income |
| Jingyuan Second Power Generation Co., Ltd. | 295,397,178.49 | 469,678,931.80 | - | -82,340,622.01 | -411,596.70 | - |
| SDIC Qujing Power Generation Co., Ltd. | 365,479,193.51 | 116,039,027.92 | - | - | - | - |
| CGN Phase I Industrial Investment Funds Co., Ltd | 1,834,598,614.46 | 131,784,872.54 | 83,355,000.00 | -15,577,973.73 | - | - |
| Jiangsu Baoyin Special Steel Tube Co., Ltd. | 468,126,000.00 | 330,815,289.39 | 103,500,000.00 | -34,248,756.11 | - | - |
| Suzhou Long Yuan BaiLu Wind Power Vocational Training Center Co., Ltd. | 4,000,000.00 | 4,305,528.09 | - | 56,377.04 | - | - |
| Liaoning Hongyanhe Nuclear Power Co., LTD. | 5,473,808,850.00 | 3,517,200,376.51 | 275,800,500.00 | 154,484,170.50 | - | - |
| CIECC Engineering Company Limited | 30,000,000.00 | 32,498,353.25 | - | 1,143,750.00 | - | - |
| China Nuclear Industry 23 Construction Co., Ltd. | 110,000,000.00 | 261,732,665.38 | - | 52,606,000.00 | - | -0.32 |
| Shenzhen CGN Henfeng equity fund management Co ltd | 1,330,000.00 | 1,344,642.70 | 380,000.00 | 287,617.41 | - | - |
| CGN Industrial Investment Fund Management (Beijing) Co,,Ltd. | 10,000,000.00 | 9,249,378.19 | - | 173,331.78 | - | - |
| China Emissions Exchange Co., Ltd. | 45,386,894.55 | 45,672,091.63 | - | 945,581.82 | - | - |
| China Guangdong Shenzhen City Desheng equity investment partnership enterprise (limited partnership) | 24,885,000.00 | 24,815,607.30 | - | -1,016.13 | - | - |
| CGN Phase I Industry Investment Funds Co., Ltd. | 36,256,329.76 | 36,544,390.05 | - | -4,627.06 | - | - |
| CGN Financial Services Co.,Ltd | 12,000,000.00 | 4,289,005.15 | 8,000,000.00 | 3,584.63 | - | - |
| Shenzhen CGN Minhua (LLP) | 20,534,400.00 | 20,350,950.53 | - | -2,410.75 | - | - |
| Shenzhen CGN Henfeng equity investment fund management Co ltd | 17,637,800.00 | 17,234,968.91 | - | -352,816.56 | - | - |
| Shenzhen CGN Tongying equity investment partnership (LLP) | 11,430,000.00 | 11,299,877.09 | - | -188.76 | - | - |
| Qianhai Settlement Co., Ltd. | 20,000,000.00 | 18,651,651.16 | - | -1,742,937.61 | - | - |
| Zigong YuJin CGN New Energy Industry Co., Ltd. | 3,500,000.00 | 3,500,000.00 | - | -610,396.15 | - | - |

| Invested Company | Investment Costs | Beginning Balance | Changes in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional investment | Negative investment | Investment income or loss under equity method recognition | Adjustment on other comprehensive income |
| Ulba-FA Limited Liability Partnership | 64,597,060.12 | 1,160,537.20 | 63,436,522.92 | -1,622,406.73 | 1,492,762.64 | - |
| Shanghai East Wind Power Co., Ltd. | 113,520,000.00 | 106,822,763.46 | - | 11,086,950.67 | - | - |
| Guangdong Pumped Storage Co., Ltd. | 643,330,073.60 | 1,101,826,945.80 | - | 138,257,917.44 | - | - |
| Huizhou Pumped Storage Co., Ltd. | 570,650,000.00 | 968,687,408.55 | - | 100,825,120.32 | - | - |
| Tadau Energy Sdn Bhd | 1,578,265.63 | - | 1,578,265.63 | -703,632.41 | - | |
| Definite Arise Limited | 59.57 | - | 59.57 | -59.57 | - | |
| NNB Holding Company（SZC） | 187,868,984.49 | - | 187,868,984.49 | - | - | |
| Fisson Uranium Corp. | 640,078,327.25 | - | 640,078,327.25 | -7,101,297.46 | 30,073,397.54 | |
| Fujian Ningde Second Nuclear Power Co., Ltd | 43,000,000.00 | - | 43,000,000.00 | - | - | |
| Bank of Guilin | 1,115,012,292.52 | - | 1,115,012,292.52 | 23,420,603.73 | - | |
| China Development Bank Securities | 2,743,432,077.25 | - | 2,743,432,077.25 | - | - | |
| Shenzhen Qianhai Shekou FTZ Power Supply Co., Ltd | 10,000,000.00 | - | 10,000,000.00 | -646,801.94 | - | |
| Guangdong Dongfangshengshi renewable energy sources industry funds Management Co., Ltd | 24,000,000.00 | - | 24,000,000.00 | -3,022,682.71 | - | |
| **Total** | **28,416,024,424.87** | **17,233,147,515.97** | **6,346,587,819.27** | **1,532,009,042.35** | **266,168,463.86** | **-186,869,231.16** |

Continued):

| Invested Company | Changes in this year (Continued) | | | | Ending Balance | Impairment provisions ending balance |
|---|---|---|---|---|---|---|
| | Changes on other equity | Declaration of issue cash dividends or profits | Accrued provisions for impairment loss | Others | | |

| Invested Company | Changes in this year (Continued) | | | | Ending Balance | Impairment provisions ending balance |
|---|---|---|---|---|---|---|
| | Changes on other equity | Declaration of issue cash dividends or profits | Accrued provisions for impairment loss | Others | | |
| **Joint Ventures** | **-** | **845,852,544.49** | **-** | **-** | **9,556,727,463.97** | **9,070,462.80** |
| Hunan Xiangtou International Investment Limited | - | 159,960,585.29 | - | - | 4,691,478,884.60 | - |
| Beijing RIC Nuclear Instrument Joint Venture Company | - | 1,698,288.92 | - | - | 19,831,433.90 | - |
| Fujian Ningde Nuclear Power Co., LTD. | - | 640,805,949.47 | - | - | 3,562,024,425.70 | - |
| China Wu Uranium Limited Liability Company | - | - | - | - | 9,070,462.80 | 9,070,462.80 |
| Semizbay Uranium Company | - | - | - | - | 240,007,740.71 | - |
| Miraculum Mineral Limited (Note1) | - | - | - | - | - | - |
| Asia Gulf Power Service Company Limited | - | 6,074,511.49 | - | - | 6,420,490.33 | - |
| Asia Gulf Power Holding Company Limited | - | 21,022,865.22 | - | - | 385,676,237.85 | - |
| Fauji Kabirwala Power Company Ltd | - | 16,290,344.10 | - | - | 110,898,282.12 | - |
| VAPEL | - | - | - | - | 263,235,070.92 | - |
| Hualong International Nuclear Power Technology Co., Ltd | - | - | - | - | 250,084,435.04 | - |
| CGNPC Zhongwei Agriculture Development Co., Ltd | - | - | - | - | 3,000,000.00 | - |
| Shenzhen Zhongguang Ruitai Technology Development Co., Ltd | - | - | - | - | 2,000,000.00 | - |
| CGNPC Lianda New Energy Co., Ltd | - | - | - | - | 13,000,000.00 | - |
| **Associates** | **124,707,130.36** | **433,499,854.23** | **-196,513,351.31** | **-8,565,290.71** | **14,666,540,109.12** | **942,046,100.27** |
| Yinjian international Industry Co Ltd | - | - | - | - | 895,218,228.82 | 620,928,430.33 |
| Hubei Huadian Xisaishan Power Generation Co., Ltd. | - | 92,239,897.62 | - | - | 603,926,468.39 | - |
| Hubei Xisaishan Power Generation Co., Ltd. | - | 55,391,349.65 | - | - | 427,142,653.15 | - |
| Jingyuan Second Power Generation Co., Ltd. | - | - | - | - | 386,926,713.09 | - |
| SDIC Qujing Power Generation Co., Ltd. | - | - | - | - | 116,039,027.92 | 116,039,027.92 |
| CGN Phase I Industrial Investment Funds Co., Ltd | 120,847,702.79 | 136,624,513.04 | - | - | 183,785,088.56 | - |

| Invested Company | Changes in this year (Continued) | | | | Ending Balance | Impairment provisions ending balance |
|---|---|---|---|---|---|---|
| | Changes on other equity | Declaration of issue cash dividends or profits | Accrued provisions for impairment loss | Others | | |
| Jiangsu Baoyin Special Steel Tube Co., Ltd. | - | - | - | - | 400,066,533.28 | - |
| Suzhou Long Yuan BaiLu Wind Power Vocational Training Center Co., Ltd. | - | 170,070.74 | - | - | 4,191,834.39 | - |
| Liaoning Hongyanhe Nuclear Power Co., LTD. | - | - | - | - | 3,947,485,047.01 | - |
| CIECC Engineering Company Limited | - | - | - | - | 33,642,103.25 | - |
| China Nuclear Industry 23 Construction Co., Ltd. | 2,698,168.37 | 15,992,000.00 | - | - | 301,044,833.75 | - |
| Shenzhen CGN Henfeng equity fund management Co ltd | - | - | - | - | 2,012,260.11 | - |
| CGN Industrial Investment Fund Management (Beijing) Co,,Ltd. | - | - | - | - | 9,422,709.97 | - |
| China Emissions Exchange Co., Ltd. | - | - | - | - | 46,617,673.45 | - |
| China Guangdong Shenzhen City Desheng equity investment partnership enterprise (limited partnership) | - | - | - | - | 24,814,591.17 | - |
| CGN Phase I Industry Investment Funds Co., Ltd. | - | - | - | - | 36,539,762.99 | - |
| CGN Financial Services Co.,Ltd | - | - | - | - | 12,292,589.78 | - |
| Shenzhen CGN Minhua (LLP) | - | - | - | - | 20,348,539.78 | - |
| Shenzhen CGN Henfeng equity investment fund management Co ltd | - | - | - | - | 16,882,152.35 | - |
| Shenzhen CGN Tongying equity investment partnership (LLP) | - | - | - | - | 11,299,688.33 | - |
| Qianhai Settlement Co., Ltd. | - | - | - | - | 16,908,713.55 | - |
| Zigong YuJin CGN New Energy Industry Co., Ltd. | - | - | - | - | 2,889,603.85 | - |
| Ulba-FA Limited Liability Partnership | - | - | - | - | 64,467,416.03 | - |
| Shanghai East Wind Power Co., Ltd. | - | - | - | - | 117,909,714.13 | - |
| Guangdong Pumped Storage Co., Ltd. | 1,470,778.70 | 75,485,623.18 | - | - | 1,166,070,018.76 | - |
| Huizhou Pumped Storage Co., Ltd. | - | 57,596,400.00 | - | - | 1,011,916,128.87 | - |

| Invested Company | Changes in this year (Continued) | | | | Ending Balance | Impairment provisions ending balance |
|---|---|---|---|---|---|---|
| | Changes on other equity | Declaration of issue cash dividends or profits | Accrued provisions for impairment loss | Others | | |
| Tadau Energy Sdn Bhd | - | - | - | - | 874,633.22 | - |
| Definite Arise Limited | - | - | - | - | - | - |
| NNB Holding Company（SZC） | - | - | - | - | 187,868,984.49 | - |
| Fisson Uranium Corp. | -309,519.50 | - | -196,513,351.31 | -8,565,290.71 | 662,740,907.83 | 205,078,642.02 |
| Fujian Ningde Second Nuclear Power Co., Ltd | - | - | - | - | 43,000,000.00 | - |
| Bank of Guilin | - | - | - | - | 1,138,432,896.25 | - |
| China Development Bank Securities | - | - | - | - | 2,743,432,077.25 | - |
| Shenzhen Qianhai Shekou FTZ Power Supply Co., Ltd | - | - | - | - | 9,353,198.06 | - |
| Guangdong Dongfangshengshi renewable energy sources industry funds Management Co., Ltd | - | - | - | - | 20,977,317.29 | - |
| **Total** | **124,707,130.36** | **1,279,352,398.72** | **-196,513,351.31** | **-8,565,290.71** | **24,223,267,573.09** | **951,116,563.07** |

Note 1: Miraculum Mineral Limited (Miraculum) was founded in Hong Kong in 2012. CGNPCURC's subsidiary Thesaurus Mineral Limited Holds 60% shares of Miraculum. According to Miraculum's Constitution, Thesaurus Mineral Limited and another investor cannot absolutely control Miraculum, Thesaurus Mineral Limited treat Miraculum as a Associates and recognize the long-term equity investment to Miraculum using equity method. Currently, the main operations of Miraculum and its subsidiaries are exploring and developing the Husab uranium ore located in Namibia. Until 31 December 2016, Thesaurus Mineral Limited recognized the book value of long-term equity investment which should be shared by Miraculum or before shares on net profit or loss under equity method is 0. For excess loss and other comprehensive income (loss) of Miraculum, Due to the long-term receivables of China Uranium Limited Company, which is a subsidiary of CGNPCURC, is a long-term equity to net investment on Miraculum, therefore China Uranium Limited Company calculated the share of net assets on Miraculum based on proportion of shareholdings is RMB -1,442,598,327.42. (Investment income of Miraculum this year is RMB 243,826,338.43, other comprehensive income is 368,314,683.92) Amount should be deducted on long-term receivables.

3) Main financial information of major joint ventures

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Miraculum Mineral Limited | Semizbay Uranium Company | Hunan Xiangtou International Investment Limited | Fujian Ningde Nuclear Power Co., LTD. |
| Current assets | 1,248,168,433.48 | 246,658,954.60 | 417,170,283.36 | 7,241,981,635.55 |
| Non-current assets | 30,045,849,892.73 | 433,243,398.58 | 6,688,635,139.25 | 50,751,697,002.55 |
| Total assets | 31,294,018,326.21 | 679,902,353.18 | 7,105,805,422.61 | 57,993,678,638.10 |
| Current liabilities | 523,398,268.92 | 320,962,244.90 | 94,560,586.77 | 7,987,040,493.40 |
| Non-current liabilities | 33,174,950,602.99 | 59,687,734.28 | 913,683,000.00 | 38,456,007,160.98 |
| Total liabilities | 33,698,348,871.91 | 380,649,979.18 | 1,008,243,586.77 | 46,443,047,654.38 |
| Minority equity | - | - | 25,296,657.49 | - |
| Net assets attributable to parent company | -2,404,330,545.70 | 299,252,374.00 | 6,072,265,178.35 | 11,550,630,983.72 |
| Net asset on shares portion hold | -1,442,598,327.42 | 146,633,663.27 | 3,036,132,589.18 | 5,313,290,252.51 |
| Adjustments | 1,442,598,327.42 | 93,374,077.44 | 1,655,346,295.42 | -1,751,265,826.81 |
| Book value of the investment in joint ventures | - | 240,007,740.71 | 4,691,478,884.60 | 3,562,024,425.70 |
| Fair value of the equity investment has a public quotation | N.A. | N.A. | N.A. | N.A. |
| Operating revenue | | 473,096,100.87 | 167,738,400.98 | 8,037,012,982.49 |
| Financial expenses | 389,753,695.48 | 10,168,690.59 | 29,834,175.19 | 1,701,426,546.12 |
| Income taxes | 57,460.45 | 25,303,181.38 | 4,263,097.88 | 48,662,599.68 |
| Net profit | -409,115,928.17 | 79,969,796.31 | 748,536,704.85 | 1,547,840,457.66 |
| Other comprehensive income | 90,992,261.49 | 18,396,781.48 | | |
| Total comprehensive income | -318,123,666.68 | 98,366,577.79 | 748,536,704.85 | 1,547,840,457.66 |
| Received dividends | | | 143,964,526.76 | 640,805,949.47 |

Continued

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Miraculum Mineral Limited | Semizbay Uranium Company | Hunan Xiangtou International Investment Limited | Fujian Ningde Nuclear Power Co., LTD. |
| Current assets | 1,079,116,549.29 | 171,264,844.20 | 547,665,978.36 | 6,575,071,212.07 |
| Non-current assets | 24,469,971,776.64 | 423,358,975.34 | 6,301,394,200.09 | 49,324,697,332.23 |
| Total assets | 25,549,088,325.93 | 594,623,819.54 | 6,849,060,178.45 | 55,899,768,544.30 |
| Current liabilities | 433,948,499.37 | 293,105,658.57 | 107,016,665.85 | 4,253,601,235.78 |
| Non-current liabilities | 27,661,772,232.57 | 100,632,364.75 | 989,683,000.00 | 40,865,132,245.96 |
| Total liabilities | 28,095,720,731.94 | 393,738,023.32 | 1,096,699,665.85 | 45,118,733,481.74 |
| Minority equity | - | - | 24,376,109.99 | - |

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | **Miraculum Mineral Limited** | **Semizbay Uranium Company** | **Hunan Xiangtou International Investment Limited** | **Fujian Ningde Nuclear Power Co., LTD.** |
| Net assets attributable to parent company | -2,546,632,406.01 | 200,885,796.22 | 5,727,984,402.61 | 10,781,035,062.56 |
| Net asset on shares portion hold | -1,527,979,443.61 | 98,434,040.15 | 2,863,992,201.31 | 4,959,276,128.78 |
| Adjustments | 1,527,979,443.61 | 90,120,743.67 | 1,352,993,816.27 | -1,331,285,258.09 |
| Book value of the investment in joint ventures | - | 188,554,783.82 | 4,216,986,017.58 | 3,627,990,870.69 |
| Fair value of the equity investment has a public quotation | N.A. | N.A. | N.A. | N.A. |
| Operating revenue | | 714,459,886.36 | 152,042,387.55 | 6,684,012,159.95 |
| Financial expenses | 670,507,838.11 | 167,164,545.45 | 35,629,098.86 | 1,731,337,858.58 |
| Income taxes | 93,534.56 | 16,546,903.41 | 1,448,617.82 | -1,013,488.03 |
| Net profit | -720,066,923.50 | 42,333,238.64 | 849,711,708.86 | 1,379,671,463.21 |
| Other comprehensive income | -1,019,762,591.81 | -13,846,715.98 | - | - |
| Total comprehensive income | -1,739,829,515.31 | 28,486,522.66 | 849,711,708.86 | 1,379,671,463.21 |
| Received dividends | - | - | 60,750,000.00 | 776,660,523.09 |

4) Main financial information of major Associates

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | **Yinjian international Industry Co Ltd** | **CGN Phase I Industrial Investment Funds Co., Ltd** | **Liaoning Hongyanhe Nuclear Power Co., LTD.** | **Guangdong Pumped Storage Co., Ltd.** |
| Current assets | 2,903,712,741.99 | 686,867,191.45 | 7,071,841,934.92 | 382,942,234.58 |
| Non-current assets | 6,700,091,004.36 | 5,834,083,886.56 | 58,678,976,882.33 | 2,329,033,930.19 |
| Total assets | 9,603,803,746.35 | 6,520,951,078.01 | 65,750,818,817.25 | 2,711,976,164.77 |
| Current liabilities | 2,186,265,629.43 | 314,977.71 | 5,645,064,659.57 | 50,748,678.43 |
| Non-current liabilities | 1,521,997,136.37 | - | 47,665,074,781.67 | 287,084,724.80 |
| Total liabilities | 3,708,262,765.80 | 314,977.71 | 53,310,139,441.24 | 337,833,403.23 |
| Minority equity | 209,056,826.61 | - | - | - |
| Net assets attributable to parent company | 5,686,484,153.94 | 6,520,636,100.30 | 12,440,679,376.01 | 2,374,142,761.54 |
| Net asset on shares portion hold | 898,464,496.32 | 2,049,344,704.50 | 5,598,305,719.20 | 1,092,105,670.31 |
| Adjustment | -624,174,697.83 | -1,865,559,615.94 | -1,650,820,672.19 | 73,964,348.45 |
| Book value of the investment in associates | 274,289,798.49 | 183,785,088.56 | 3,947,485,047.01 | 1,166,070,018.76 |
| Fair value of the equity investment has a public quotation | 276,867,840.69 | N.A. | N.A. | N.A. |
| Operating revenue | 361,326,439.60 | - | 5,975,442,355.20 | 741,799,643.41 |
| Financial expenses | 148,424,951.15 | -55,069.38 | 1,913,429,700.79 | 14,748,399.32 |
| Income taxes | 36,243,730.60 | - | 5,761,073.55 | 98,506,934.87 |
| Net profit | -129,523,079.35 | 616,595,800.30 | 204,844,397.79 | 300,560,690.08 |

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Yinjian international Industry Co Ltd | CGN Phase I Industrial Investment Funds Co., Ltd | Liaoning Hongyanhe Nuclear Power Co., LTD. | Guangdong Pumped Storage Co., Ltd. |
| Other comprehensive income | -357,556,693.90 | - | - | - |
| Total comprehensive income | -487,079,773.25 | 616,595,800.30 | 204,844,397.79 | 302,662,181.30 |
| Received dividends | - | 136,624,513.04 | - | 75,485,623.18 |

Continued

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Yinjian international Industry Co Ltd | CGN Phase I Industrial Investment Funds Co., Ltd | Liaoning Hongyanhe Nuclear Power Co., LTD. | Guangdong Pumped Storage Co., Ltd. |
| Current assets | 2,389,237,973.04 | 531,792,279.71 | 6,078,364,947.78 | 553,245,458.63 |
| Non-current assets | 7,073,446,913.52 | 5,542,033,721.89 | 58,262,575,245.95 | 2,113,802,412.06 |
| Total assets | 9,462,684,886.56 | 6,073,826,001.60 | 64,340,940,193.73 | 2,667,047,870.69 |
| Current liabilities | 2,263,209,889.86 | 291,737.12 | 10,403,777,814.11 | 52,243,020.83 |
| Non-current liabilities | 1,200,076,285.44 | - | 42,314,217,401.40 | 380,320,942.57 |
| Total liabilities | 3,463,286,175.30 | 291,737.12 | 52,717,995,215.51 | 432,563,963.40 |
| Minority equity | 310,469,539.08 | - | - | - |
| Net assets attributable to parent company | 5,688,929,172.18 | 6,073,534,264.48 | 11,622,944,978.22 | 2,234,483,907.29 |
| Net asset on shares portion hold | 898,850,809.20 | 1,908,826,789.85 | 5,230,325,240.20 | 1,027,862,597.35 |
| Adjustment | -584,629,523.74 | -1,777,041,917.31 | -1,713,124,863.69 | 73,964,348.45 |
| Book value of the investment in associates | 314,221,285.46 | 131,784,872.54 | 3,517,200,376.51 | 1,101,826,945.80 |
| Fair value of the equity investment has a public quotation | 314,221,285.46 | N.A. | N.A. | N.A. |
| Operating revenue | 271,473,065.16 | - | 4,440,399,655.31 | 717,895,606.70 |
| Financial expenses | 38,630,990.20 | -130,323.31 | 1,443,659,483.79 | -5,400,855.20 |
| Income taxes | 7,937,907.78 | - | - | 90,786,176.06 |
| Net profit | -104,500,088.66 | 434,713,964.48 | 13,559,470.30 | 262,576,381.41 |
| Other comprehensive income | -331,326,548.08 | - | - | |
| Total comprehensive income | -435,826,636.74 | 434,713,964.48 | 13,559,470.30 | 262,576,381.41 |
| Received dividends | 14,656,270.86 | 81,867,020.32 | 127,984,599.83 | 83,049,049.27 |

5) Information of non significant joint ventures and Associates

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures:** | — | — |
| Book value of investment | 1,063,216,412.96 | 26,150,572.03 |
| Total value calculated on the portion of share held | — | — |
| Net profit | 332,934,718.66 | 1,462,371.99 |
| Other comprehensive income | 42,985,157.36 | - |
| Total comprehensive income | 375,919,876.02 | 1,462,371.99 |
| **Associates:** | — | — |
| Book value of investment | 8,473,981,725.97 | 3,526,882,764.30 |
| Total value calculated on the portion of share held | — | — |
| Net profit | 205,264,501.41 | 506,682,757.66 |
| Other comprehensive income | 20,548,999.77 | 2,614,584.82 |
| Total comprehensive income | 225,813,501.18 | 509,297,342.48 |

## 8.19 Investment properties

1) Investment properties under historical cost basis

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| **Original Cost** | **1,177,908,253.60** | **398,337,076.88** | **149,880,172.15** | **1,426,365,158.33** |
| Buildings & structures | 1,177,908,253.60 | 195,085,868.31 | 149,880,172.15 | 1,223,113,949.76 |
| Land usage right | | 203,251,208.57 | | 203,251,208.57 |
| **Accumulated depreciation** | **369,833,578.09** | **181,097,799.39** | **95,693,472.91** | **455,237,904.57** |
| Buildings & structures | 369,833,578.09 | 148,238,853.85 | 95,693,472.91 | 422,378,959.03 |
| Land usage right | | 32,858,945.54 | | 32,858,945.54 |
| **Net book value** | **808,074,675.51** | | | **971,127,253.76** |
| Buildings & structures | 808,074,675.51 | | | 800,734,990.73 |
| Land usage right | | | | 170,392,263.03 |
| **Provision for impairment** | | | | |
| Buildings & structures | | | | |
| Land usage right | | | | |
| **Net book value after provision** | **808,074,675.51** | | | **971,127,253.76** |
| Buildings & structures | 808,074,675.51 | | | 800,734,990.73 |
| Land usage right | | | | 170,392,263.03 |

Note: Investment properties were all rental building and structures and land, measured as cost and no impairment loss at the end of the year.

2) Investment properties which certificate of ownership was not completed

| Items | Book Value | Reasons for certificate of wnership haven't completed |
|---|---|---|
| Land usage right | 170,392,263.03 | Certificate still in process |
| Dalian Huibang Centre underground parking space | 20,532,710.00 | Mechanical parking patial existence, unable to apply owenership certificate. |

### 8.20 Fixed Assets

1) Original cost

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Buildings & structures | 43,355,042,876.68 | 10,697,029,693.05 | 226,500,144.00 | 53,825,572,425.73 |
| Machinery and equipment | 161,244,237,044.42 | 68,400,205,257.14 | 976,878,953.77 | 228,667,563,347.79 |
| Vehicles | 848,479,926.76 | 214,819,017.90 | 24,114,156.80 | 1,039,184,787.86 |
| Electronic equipments | 77,741,621.49 | 313,547,587.02 | 643,129.94 | 390,646,078.57 |
| Office equipments | 2,336,413,189.59 | 550,222,668.29 | 80,198,698.64 | 2,806,437,159.24 |
| Others | 1,200,372,368.42 | 4,101,310,794.72 | 1,312,171.33 | 5,300,370,991.81 |
| **Total** | **209,062,287,027.36** | **84,277,135,018.12** | **1,309,647,254.48** | **292,029,774,791.00** |

2) Accumulated depreciation

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Buildings & structures | 10,909,799,209.92 | 2,084,450,392.10 | 38,068,584.69 | 12,956,181,017.33 |
| Machinery and equipment | 48,397,780,403.65 | 17,713,432,986.75 | 574,909,886.19 | 65,536,303,504.21 |
| Vehicles | 570,614,842.25 | 158,421,943.75 | 21,162,484.69 | 707,874,301.31 |
| Electronic equipments | 32,242,690.52 | 25,161,435.00 | 465,918.57 | 56,938,206.95 |
| Office equipments | 1,422,189,479.84 | 522,569,457.79 | 69,143,401.39 | 1,875,615,536.24 |
| Others | 220,160,503.66 | 787,508,878.04 | 16,168.27 | 1,007,653,213.43 |
| **Total** | **61,552,787,129.84** | **21,291,545,093.43** | **703,766,443.80** | **82,140,565,779.47** |

3) Net book value

| Items | Beginning Balance | Ending Balance |
|---|---|---|
| Buildings & structures | 32,445,243,666.76 | 40,869,391,408.40 |
| Machinery and equipment | 112,846,456,640.77 | 163,131,259,843.58 |
| Vehicles | 277,865,084.51 | 331,310,486.55 |

| Items | Beginning Balance | Ending Balance |
|---|---|---|
| Electronic equipments | 45,498,930.97 | 333,707,871.62 |
| Office equipments | 914,223,709.75 | 930,821,623.00 |
| Others | 980,211,864.76 | 4,292,717,778.38 |
| **Total** | **147,509,499,897.52** | **209,889,209,011.53** |

4) Provision for impairment

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Buildings & structures | 1,520,015.35 | 530,781,836.84 | 1,520,015.35 | 530,781,836.84 |
| Machinery and equipment | 29,308,605.42 | 311,604,156.68 | 14,593,973.69 | 326,318,788.41 |
| Vehicles | | 212,955.16 | | 212,955.16 |
| Electronic equipments | | | | |
| Office equipments | | 121,377.05 | | 121,377.05 |
| Others | | 1,109,139,370.16 | | 1,109,139,370.16 |
| **Total** | **30,828,620.77** | **1,951,859,695.89** | **16,113,989.04** | **1,966,574,327.62** |

5) Book value

| Items | Beginning Balance | Ending Balance |
|---|---|---|
| Buildings & structures | 32,443,723,651.41 | 40,338,609,571.56 |
| Machinery and equipment | 112,817,148,035.35 | 162,804,941,055.17 |
| Vehicles | 277,865,084.51 | 331,097,531.39 |
| Electronic equipments | 45,498,930.97 | 333,707,871.62 |
| Office equipments | 914,223,709.75 | 930,700,245.95 |
| Others | 980,211,864.76 | 3,183,578,408.22 |
| **Total** | **147,478,671,276.75** | **207,922,634,683.91** |

6) Fixed Assets which certificate of ownership was not completed

Up to 31 December 2016, the Group has building's property ownership certificate still in pending, the net amount is RMB 8,146,065,131.18.

### 8.21 Construction in Progress

1) Conditions of construction in progress

| Items | Ending Balance | | |
|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value |

| Items | Ending Balance | | |
|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value |
| Taishan Nuclear Power First Engineer | 71,140,525,864.51 | | 71,140,525,864.51 |
| Yangjiang Nuclear Power Engineering Project | 20,875,955,730.90 | | 20,875,955,730.90 |
| Lufeng Nuclear Power Engineering Project | 11,705,927,536.95 | | 11,705,927,536.95 |
| Xianning Nuclear Power Engineering Project | 2,980,526,807.44 | | 2,980,526,807.44 |
| New Project Development | 1,272,741,944.22 | 288,284,222.75 | 984,457,721.47 |
| Fangchenggang Nuclear Power Second Construction | 3,051,878,652.41 | | 3,051,878,652.41 |
| Han River Baihe (Jiahe) Hydropower Project | 610,514,884.17 | | 610,514,884.17 |
| CGN Zaozhuang Shanting Project | 610,863,640.49 | | 610,863,640.49 |
| The first phase of Huizhou Nuclear Power Project | 967,430,350.54 | | 967,430,350.54 |
| The first phase of Zhejiang Sanao Nuclear Power Project | 1,083,301,907.63 | | 1,083,301,907.63 |
| Others | 13,423,309,136.18 | 332,855,182.55 | 13,090,453,953.63 |
| **Total** | **127,722,976,455.44** | **621,139,405.30** | **127,101,837,050.14** |

Continued):

| Items | Beginning Balance | | |
|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value |
| Taishan Nuclear Power First Engineer | 64,510,075,514.48 | | 64,510,075,514.48 |
| Yangjiang Nuclear Power Engineering Project | 26,192,666,978.71 | | 26,192,666,978.71 |
| Lufeng Nuclear Power Engineering Project | 8,006,383,281.55 | | 8,006,383,281.55 |
| Xianning Nuclear Power Engineering Project | 2,694,808,723.14 | | 2,694,808,723.14 |
| New Project Development | 1,236,238,872.96 | 288,284,222.75 | 947,954,650.21 |
| Fangchenggang Nuclear Power Second Construction | 931,852,504.78 | | 931,852,504.78 |
| Han River Baihe (Jiahe) Hydropower | 420,147,388.61 | | 420,147,388.61 |

| Items | Beginning Balance | | |
|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value |
| Project | | | |
| CGN Zaozhuang Shanting Project | 910,071,443.09 | | 910,071,443.09 |
| The first phase of Huizhou Nuclear Power Project | 604,338,585.79 | | 604,338,585.79 |
| The first phase of Zhejiang Sanao Nuclear Power Project | 48,484,047.72 | | 48,484,047.72 |
| Others | 14,437,795,348.69 | 2,519,123.59 | 14,435,276,225.10 |
| Fangchenggang Nuclear Power First Construction | 25,722,303,988.03 | | 25,722,303,988.03 |
| The first phase of 200MW Project of CGNPC Sheyang Wind Power Station | 1,156,384,376.58 | | 1,156,384,376.58 |
| The 200k project of CGNPC Hami base | 1,106,687,529.01 | | 1,106,687,529.01 |
| Wulan No.4 Wind Power Project | 1,035,748,382.10 | | 1,035,748,382.10 |
| **Total** | **149,013,986,965.24** | **290,803,346.34** | **148,723,183,618.90** |

2) Changes on significant construction in progress

| Construction's Name | Budget(100 million) | Beginning Balance | Increase | Transferred to Fixed assets | Other Decrease | Ending Balance |
|---|---|---|---|---|---|---|
| Taishan Nuclear Power First Engineer | 731.81 | 64,510,075,514.48 | 6,847,695,508.32 | 208,193,705.02 | 9,051,453.27 | 71,140,525,864.51 |
| Yangjiang Nuclear Power Engineering Project | 788.32 | 26,192,666,978.71 | 7,670,828,088.89 | 12,631,634,791.76 | 355,904,544.94 | 20,875,955,730.90 |
| Lufeng Nuclear Power Engineering Project | 422.31 | 8,006,383,281.55 | 3,700,340,665.48 | 796,410.08 | | 11,705,927,536.95 |
| Xianning Nuclear Power Engineering Project | 354.67 | 2,694,808,723.14 | 285,718,084.30 | | | 2,980,526,807.44 |
| New Project Development | 13.72 | 1,236,238,872.96 | 61,251,419.34 | | 24,748,348.08 | 1,272,741,944.22 |
| Fangchenggang Nuclear Power First Construction | 402.93 | 931,852,504.78 | 2,120,026,147.63 | | | 3,051,878,652.41 |
| Han River Baihe (Jiahe) Hydropower Project | 28.99 | 420,147,388.61 | 190,367,495.56 | | | 610,514,884.17 |
| CGN Zaozhuang Shanting Project | 22.19 | 910,071,443.09 | 624,855,022.41 | 924,062,825.01 | | 610,863,640.49 |
| The first phase of Huizhou Nuclear Power Project | 440 | 604,338,585.79 | 363,091,764.75 | | | 967,430,350.54 |
| The first phase of Zhejiang Sanao Nuclear Power Project | 427 | 48,484,047.72 | 1,034,817,859.91 | | | 1,083,301,907.63 |
| **Total** | **3,631.94** | **105,555,067,340.83** | **22,898,992,056.59** | **13,764,687,731.87** | **389,704,346.29** | **114,299,667,319.26** |

Continued):

| Construction's Name | Proportion of Actual investment over Budget (%) | Construction Progress | Cumulative amount of interest capitalization | Including: the amount of interest capitalization in this year | Interest capitalization rate in this year (%) | Sources of Funds |
|---|---|---|---|---|---|---|
| Taishan Nuclear Power First Engineer | 84.02 | Normal | 11,050,552,535.76 | 2,525,451,283.92 | 4.47 | Owned funds and loan |
| Yangjiang Nuclear Power Engineering Project | 84.09 | Normal | 8,836,082,137.79 | 791,849,956.41 | 4.40 | Owned funds and loan |
| Lufeng Nuclear Power Engineering Project | 25.86 | Normal | 1,423,936,714.69 | 502,847,544.94 | 4.16 | Owned funds and loan |
| Xianning Nuclear Power Engineering Project | 10.20 | Normal | 751,728,747.29 | 144,591,911.35 | 6.00 | Capital funds and loan |
| New Project Development | 90.00 | Normal | | | | Owned funds |
| Fangchenggang Nuclear Power First Construction | 11.43 | Normal | 609,837,240.50 | 535,844,604.50 | 4.99 | Owned funds and loan |
| Han River Baihe (Jiahe) Hydropower Project | 21.06 | Normal | 7,375,524.12 | 2,010,906.66 | 4.13 | Owned funds |
| CGN Zaozhuang Shanting Project | 69.17 | Normal | 42,455,239.06 | 23,090,290.70 | 4.65 | Owned funds and loan |
| The first phase of Huizhou Nuclear Power Project | 2.36 | Normal | 48,360,478.21 | 43,588,122.62 | 4.22 | Capital funds and loan |
| The first phase of Zhejiang Sanao Nuclear Power Project | 3.49 | Normal | 20,387,220.23 | 15,596,218.10 | 4.09 | Shareholders' capital injection and external financing |
| **Total** | - | - | **22,790,715,837.65** | **4,584,870,839.20** | - | — |

3) Impairment provisions of construction in progress

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| New Project Development | 288,284,222.75 | - | - | 288,284,222.75 |
| NXTPC Construction in progress | 1,884,723.59 | - | 1,884,723.59 | - |
| Yongfeng Base Power Capacity Increasing Project | 634,400.00 | - | - | 634,400.00 |
| Second Order Station of Tangman River | - | 95,740,000.00 | - | 95,740,000.00 |
| First Stage Hydropower Station of Mijiao River | - | 89,960,000.00 | - | 89,960,000.00 |
| Daqiao River Power Station | - | 44,892,000.00 | - | 44,892,000.00 |
| Nongzi River Power Station | - | 29,928,000.00 | - | 29,928,000.00 |
| Luozhao River Power Station | - | 60,510,000.00 | - | 60,510,000.00 |
| Heze 40 MW Distributed Power Generating Project | - | 11,190,782.55 | - | 11,190,782.55 |
| **Total** | **290,803,346.34** | **332,220,782.55** | **1,884,723.59** | **621,139,405.30** |

## 8.22 Construction materials

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Equipment for special use | 50,202,486.16 | 251,313,693.17 |
| Material for special use | 6,916,418.54 | 17,930,683.36 |
| Others | 2,552,033.29 | 802,164.84 |
| **Total** | **59,670,937.99** | **270,046,541.37** |

## 8.23 Disposal of fixed assets

| Items | Ending Balance | Beginning Balance | Reason for disposal |
|---|---|---|---|
| Asset retirement-office equipment | 99,719.23 | 153,287.73 | Not yet processed |
| Asset retirement-vehicles | 250,965.34 | 264,363.62 | Not yet processed |
| Asset retirement-machinery and equipment | 6,125,301.28 | 935,999.78 | Not yet processed |
| **Total** | **6,475,985.85** | **1,353,651.13** | — |

## 8.24 Uranium assets

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| **Original cost** | **1,012,597,303.39** | **68,179,475.94** | | **1,080,776,779.33** |
| Proved mineral interest | 122,117,844.55 | 5,732,025.56 | | 127,849,870.11 |
| Not proved mineral interest | 822,523,288.92 | 51,227,075.41 | | 873,750,364.33 |
| Well and related equipment | 67,956,169.92 | 11,220,374.97 | | 79,176,544.89 |
| **Accumulated damage** | | | | |
| Proved mineral interest | | | | |
| Not proved mineral interest | | | | |
| Well and related equipment | | | | |
| **Net book value** | **1,012,597,303.39** | | | **1,080,776,779.33** |
| Proved mineral interest | 122,117,844.55 | | | 127,849,870.11 |
| Not proved mineral interest | 822,523,288.92 | | | 873,750,364.33 |
| Well and related equipment | 67,956,169.92 | | | 79,176,544.89 |
| **Accumulated provision for impairment** | **53,705,915.06** | **175,807,405.78** | | **229,513,320.84** |
| Proved mineral interest | | | | |
| Not proved mineral interest | 53,705,915.06 | 175,807,405.78 | | 229,513,320.84 |
| Well and related equipment | | | | |
| **Book value** | **958,891,388.33** | | | **851,263,458.49** |
| Proved mineral interest | 122,117,844.55 | | | 127,849,870.11 |
| Not proved mineral interest | 768,817,373.86 | | | 644,237,043.49 |
| Well and related equipment | 67,956,169.92 | | | 79,176,544.89 |

## 8.25 Intangible assets

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| **Original cost** | **9,864,810,055.49** | **6,099,765,375.64** | **4,894,634.62** | **15,959,680,796.51** |
| Including: Software | 1,428,708,726.18 | 192,020,677.12 | | 1,620,729,403.30 |
| Land use right | 5,717,399,279.83 | 119,120,286.43 | | 5,836,519,566.26 |
| Patent | 127,832,166.20 | 278,334,187.62 | | 406,166,353.82 |
| Non-patented technology | 420,628,101.84 | 134,264,033.25 | | 554,892,135.09 |

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Franchise | 2,165,347,146.82 | 5,376,026,191.22 | | 7,541,373,338.04 |
| Circuit matched fees | 4,894,634.62 | | 4,894,634.62 | - |
| **Accumulated amortization** | **2,925,920,451.78** | **917,708,970.87** | **2,710,938.64** | **3,840,918,484.01** |
| Software | 1,034,592,955.28 | 181,575,736.00 | | 1,216,168,691.28 |
| Land use right | 935,173,343.51 | 155,715,970.87 | | 1,090,889,314.38 |
| Patent | 21,793,956.99 | 31,621,760.20 | | 53,415,717.19 |
| Non-patented technology | 136,875,360.14 | 70,468,670.25 | | 207,344,030.39 |
| Franchise | 794,773,897.22 | 478,326,833.55 | | 1,273,100,730.77 |
| Circuit matched fees | 2,710,938.64 | - | 2,710,938.64 | - |
| **Accumulated provision for impairment** | **3,933,333.34** | | | **3,933,333.34** |
| Software | | | | |
| Land use right | | | | |
| Patent | | | | |
| Non-patented technology | 3,933,333.34 | | | 3,933,333.34 |
| Franchise | | | | |
| Circuit matched fees | | | | |
| **Net book value** | **6,934,956,270.37** | | | **12,114,828,979.16** |
| Software | 394,115,770.90 | | | 404,560,712.02 |
| Land use right | 4,782,225,936.32 | | | 4,745,630,251.88 |
| Patent | 106,038,209.21 | | | 352,750,636.63 |
| Non-patented technology | 279,819,408.36 | | | 343,614,771.36 |
| Franchise | 1,370,573,249.60 | | | 6,268,272,607.27 |
| Circuit matched fees | 2,183,695.98 | - | - | - |

Up to 31 December 2016, Company's land use right certificate which net amount is RMB 542,191,070.10 is still in pending.

## 8.26 Developing expenditures

| Items | Beginning Balance | Increase | Decrease | | | Ending Balance |
|---|---|---|---|---|---|---|
| | | Internal developing expenditures | Recognized as intangible assets | Transferred into current period profit and loss | Others | |
| AP1000 Technology Program | 197,172,158.72 | 23,582,026.24 | 1,264,236.22 | | | 219,489,948.74 |
| Hualong No 1 | 92,694,344.16 | 124,206,711.19 | | | | 216,901,055.35 |
| Key Technology Researh of Small Light Reactor | | 117,924,528.75 | | | | 117,924,528.75 |
| FirmSim Products Research | 95,597,745.07 | 29,253,598.60 | 22,342,059.87 | | | 102,509,283.80 |
| ACPR1000 Technology Program | 215,548,602.93 | 29,171,163.82 | 176,416,449.44 | | | 68,303,317.31 |
| Others | 649,498,975.59 | 307,259,789.46 | 197,722,116.39 | 94,804,338.30 | 31,990,924.25 | 632,241,386.11 |
| **Total** | **1,250,511,826.47** | **631,397,818.06** | **397,744,861.92** | **94,804,338.30** | **31,990,924.25** | **1,357,369,520.06** |

Other decrease in this year include CGN Dasheng Electron Accelerator Technology Co.,Ltd., which is subsidiary of Neng Zhi Hui Company, transferred their developing expenditures into inventories, amount is RMB 31,234,866.21, and CGNSEDC transferred their developing expenditures into fixed assets, which amount is RMB 756,058.04.

## 8.27 Goodwill

1) Original costs of goodwill

| Investees or matters that formed goodwill | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Nantong Meiya Thermoelectric Co., Ltd.(Note 1) | 4,829,670.33 | 329,782.52 | - | 5,159,452.85 |
| France Fujin Project(Note2) | 71,406,290.72 | 119,388,673.60 | - | 190,794,964.32 |
| British Clover Project（Note 2) | 457,463,037.84 | - | 384,082,859.43 | 73,380,178.41 |
| British P Project（Note 2) | 108,708,109.90 | - | 8,596,242.89 | 100,111,867.01 |
| MPC | 500,458,665.39 | - | - | 500,458,665.39 |
| China Nuclear Power Technology Research Institute Co., Ltd. | 7,048,000.00 | - | - | 7,048,000.00 |
| NXTPC（Note 3) | 12,142,701.39 | - | 12,142,701.39 | - |
| China General Nuclear Power HongDa Environmental Technology Co,,Ltd | 7,712,627.69 | - | - | 7,712,627.69 |
| CGN Dongli Gas Co.,Ltd. | 217,459,344.86 | - | - | 217,459,344.86 |
| Guangzhou Senyo Energy Storage Technology Co., Ltd. | 1,555,864.24 | - | - | 1,555,864.24 |
| THE SAURUS MINERAL LIMITED | 73,157,419.44 | - | - | 73,157,419.44 |
| CGN Xinsheng Gas Co.,Ltd. | 120,191,217.85 | - | - | 120,191,217.85 |
| CGN HEBEI Bio ENERGY Co.,Ltd. | 10,496,610.86 | - | - | 10,496,610.86 |
| Qifu Plastic Technology Co.,Ltd | 12,809,587.92 | - | - | 12,809,587.92 |
| Total polymer Vision (Suzhou) Co.,Ltd | 14,417,263.18 | - | - | 14,417,263.18 |
| CGN Juner New Materials CO., LTD. | 178,159,877.23 | - | - | 178,159,877.23 |
| Jiangsu Zhongke HI-WITS Technology Development Co.,Ltd | 45,333,590.23 | - | - | 45,333,590.23 |
| CGN-DELTA ADVANCED NUCLEAR MATERIALS GROUP CO.,LTD. | 91,010,972.08 | - | - | 91,010,972.08 |
| CGN Dasheng Electron Accelerator Technology Co.,Ltd. | 129,147,752.34 | - | - | 129,147,752.34 |
| EME (Note1) | 67,697,135.59 | 4,622,537.56 | - | 72,319,673.15 |
| CGN-DELTA ADVANCED NUCLEAR MATERIALS GROUP CO.,LTD. | 24,825,107.22 | - | - | 24,825,107.22 |
| NingXiaSuoBao New Energy Development Co.Ltd. | 7,000,000.00 | - | - | 7,000,000.00 |
| Morton Wind Power (Holdings) Limited | 8,789,803.92 | - | - | 8,789,803.92 |
| AVIC Dragon Wind Power Co., Ltd. | 20,456,897.99 | - | - | 20,456,897.99 |

| Investees or matters that formed goodwill | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Liaoning Guoli New Energy Investment Co.,Ltd. | 480,896.00 | - | - | 480,896.00 |
| CGN Yawang Yanyuan Changbo Electric Power Co., Ltd. | 174,445,702.88 | - | - | 174,445,702.88 |
| CGNBHGC | 68,237,961.99 | - | - | 68,237,961.99 |
| CGNHHC | 523,244,582.80 | - | - | 523,244,582.80 |
| CGN Yawang Muli Shawan Electric Power Co., Ltd. | 479,643,735.57 | - | - | 479,643,735.57 |
| CGNGHGC | 134,292,795.90 | - | - | 134,292,795.90 |
| CGNGHC | 131,023,548.30 | - | - | 131,023,548.30 |
| Zhejiang OuNeng Group SHANGRI-LA County Ni-Ru RIVER HYDRO DEVELOPMENT Co.,Ltd | 113,642,434.92 | - | - | 113,642,434.92 |
| Sichuan Yutian Energy Development Co., Ltd. | 9,024,462.81 | - | - | 9,024,462.81 |
| Edra Energy Sdn Bhd（Note 4) | - | 152,277,684.62 | - | 152,277,684.62 |
| Edra Solar Sdn Bhd（Note 4） | - | 604,283,616.75 | - | 604,283,616.75 |
| Jimah O&M Sdn Bhd（Note 4） | - | 1,902,662,336.85 | - | 1,902,662,336.85 |
| Jimah Teknik Sdn Bhd（Note 4） | - | 1,244,517,291.60 | - | 1,244,517,291.60 |
| Mastika Lagenda Sdn Bhd（Note 4） | - | 151,538,640.00 | - | 151,538,640.00 |
| Powertek Energy Sdn Bhd（Note 4） | - | 69,609,957.45 | - | 69,609,957.45 |
| Dalian International（Note 4） | - | 10,654,039.25 | - | 10,654,039.25 |
| Jiangyin Yuanjinghuitong Energy Co., Ltd (Note 4) | - | 4,800.21 | - | 4,800.21 |
| Shanghai Jinkai electron irradiation Co., Ltd (Note 4) | - | 26,860,266.12 | - | 26,860,266.12 |
| Merge asset and business of Jiangsu Huaneng pyrocondensation material Co., Ltd (Note 4) | - | 31,946,391.71 | - | 31,946,391.71 |
| Nongan Zhongming photovoltaic power generation Co., Ltd (Note 4) | - | 12,567.50 | - | 12,567.50 |
| **Total** | **3,826,313,669.38** | **4,318,708,585.74** | **404,821,803.71** | **7,740,200,451.41** |

Note 1: Nantong Meiya Thermoelectric Co., Ltd. and EME's increasing on goodwill due to foreign currency translation effect,

Note 2: France Fujin Project ,British Clover Project and British P Project's fair value of accquiree's each net identifiable assets/liabilities was still temporarily unable to confirm rationally, acquisition premium was calculated based on value recognized temporarily. Goodwill changes in this year due to adjustment when achieved accurate acquisition premium amount and contribution quota.

Note 3: In Dec 2016, Nuclear Power Research Institute (Suzhou) Co., Ltd., which is a subsidiary of Nuclear Power Co., Ltd., signed property transaction contract with Shenzhen Jiaotai Industrial Development Co., Ltd. Contract stipulated Nuclear Power Research Institute (Suzhou) Co., Ltd. transferred 90% shares held on NXTPC toShenzhen Jiaotai Industrial Development Co., Ltd, transfer price is RM B 127,200,000.00. Up to 31 Dec 2016, Nuclear Power Research Institute (Suzhou) Co., Ltd. received consideration funds for all stock right transferred, but stock transference procedures on NXTPC haven't been completed. When Group established current year's financial statement, treat all assets of NXTPC as held-for-sale assets, and treat all liabilities of NXTPC as held-for-sale liabilities. On 20 Jan 2017, Group has complete whole stock transference procedures that mentioned above.

Note 4: Other changes on goodwill due to business combination under non-common control, counter purchase and merge, etc.

2）Provisions for impairment of goodwill

| Investees or matters that formed goodwill | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| China Nuclear Power Technology Research Institute Co., Ltd. | 7,048,000.00 | | | 7,048,000.00 |
| Sichuan Yutian Energy Development Co., Ltd. | 9,024,462.81 | | | 9,024,462.81 |
| CGN Yawang Muli Shawan Electric Power Co., Ltd. | 274,640,000.00 | | | 274,640,000.00 |
| Zhejiang OuNeng Group SHANGRI-LA County Ni-Ru RIVER HYDRO DEVELOPMENT Co.,Ltd | 113,642,434.92 | | | 113,642,434.92 |
| EME (Notes) | 67,697,135.59 | 4,622,537.56 | | 72,319,673.15 |
| **Total** | **472,052,033.32** | **4,622,537.56** | | **476,674,570.88** |

Note: Increasing on goodwill impairment provisions of EME this year due to foreign currency translation effect.

## 8.28 Long-term deferred and prepaid expenses

| Items | Beginning Balance | Increase | Amortization in this year | Other Decrease | Ending Balance |
|---|---|---|---|---|---|
| Nuclear power production preparation fee | 1,327,976,013.43 | 101,399,065.39 | 105,778,660.01 | | 1,323,596,418.81 |
| Lingsha highway project | | 600,000,000.00 | | | 600,000,000.00 |
| Emergency entrance road | 255,310,335.30 | 97,028,756.00 | 21,153,368.76 | | 331,185,722.54 |
| Long-term maintenance contract | 214,109,319.75 | 2,421,996.76 | 94,947,312.31 | | 121,584,004.20 |
| Unamortized hosing rental fee | 7,368,998.72 | 63,746,521.55 | 3,598,303.67 | -42,975.14 | 67,560,191.74 |
| Long-term deferred and prepaid expenses-land-use fees | 51,513,021.82 | 3,685,000.00 | 1,083,744.60 | | 54,114,277.22 |
| House and equipment improvement and decoration fees which are unamortized | 37,134,767.18 | 33,305,110.97 | 25,794,121.97 | 6,717,435.52 | 37,928,320.66 |
| Longgang district jingfuyuan housing fund for talents renting | 20,787,785.94 | | 1,306,038.96 | | 19,481,746.98 |
| Yunnan yongbao cement high-low frequency conversion transformation project | 18,921,327.77 | | | | 18,921,327.77 |
| Intangible-SG loan arrangement | | 12,268,431.81 | | | 12,268,431.81 |
| Hosing rental for Longgang industry area | 10,484,040.92 | 409,305.63 | 689,233.33 | - | 10,204,113.22 |
| Others | 38,665,907.56 | 5,421,670.35 | 14,107,411.98 | - | 29,980,165.93 |
| Reclassification of the part due within one year | -174,719,364.41 | | -174,719,364.41 | 191,024,635.14 | -191,024,635.14 |
| **Total** | **1,807,552,153.98** | **919,685,858.46** | **93,738,831.18** | **197,699,095.52** | **2,435,800,085.74** |

Other decrease (RMB 197,699,095.52) include loss control rights on VAPEL (RMB 6,764,202.29), reclassification to non-current assets due within one year (RMB 191,024,635.14) and currency translation difference (RMB -89,741.91).

### 8.29 Deferred tax assets and deferred tax liabilities

1) Deferred tax assets and deferred tax liabilities listed as the net amount after offset

i) The amount of deferred tax assets and deferred tax liabilities after offsets and the amount of deductible temporary difference and taxable temporary difference after offsets

| Items | Deferred tax assets/liabilities after offset at the end of the year | Deductible or taxable temporary difference after offset at the end of the year | Deferred tax assets/liabilities after offset at the begin of the year | Deductible or taxable temporary difference after offset at the begin of the year |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Unrealized intra-group profit and loss | 1,421,534,095.42 | 5,685,883,962.48 | 1,027,607,303.39 | 4,125,886,685.61 |
| Provision for assets impairments | 155,273,650.21 | 638,902,911.78 | 98,988,399.62 | 422,175,863.73 |
| Deferred income | 27,560,600.68 | 183,196,515.86 | 33,428,731.81 | 222,304,982.17 |
| Deductable loss | 25,590,543.43 | 111,580,984.36 | 3,150,416.13 | 11,351,016.09 |
| DTA recognized due to fixed assets depreciation and intangible assets amortisation | 23,227,173.46 | 92,908,693.84 | 11,466,080.31 | 45,864,321.22 |
| Fair values on financial assets and derivatives | 24,241,876.26 | 113,721,191.76 | 15,509,986.85 | 66,817,257.89 |
| Received in advance | 8,227,534.99 | 50,842,051.36 | 1,250,860.51 | 6,864,843.92 |
| Employee remuneration payables | 1,301,939.60 | 5,207,758.36 | 3,414,632.92 | 13,658,531.69 |
| Others | 36,469,163.78 | 180,788,222.98 | 16,064,598.79 | 83,349,388.07 |
| Offset amount | -88,232,953.00 | -352,931,812.00 | -68,909,310.61 | -275,637,242.46 |
| **Total** | **1,635,193,624.83** | **6,710,100,480.78** | **1,141,971,699.72** | **4,722,635,647.93** |
| **Deferred tax liabilities** | | | | |
| DTL recognized due to fixed assets depreciation and intangible assets amortisation | 2,194,938,656.51 | 8,842,476,323.63 | 1,387,751,198.68 | 7,697,292,044.14 |
| Fair values on financial assets and derivatives | 380,035,591.58 | 1,659,525,605.64 | 399,941,044.09 | 1,599,764,176.36 |
| Assets appreciation of acquired | 1,909,371,127.59 | 7,730,523,227.95 | 951,862,234.75 | 3,711,399,941.55 |

| Items | Deferred tax assets/liabilities after offset at the end of the year | Deductible or taxable temporary difference after offset at the end of the year | Deferred tax assets/liabilities after offset at the begin of the year | Deductible or taxable temporary difference after offset at the begin of the year |
|---|---|---|---|---|
| subsidiary | | | | |
| Fair value changes on investment properties | - | - | 5,776,278.87 | 23,105,115.48 |
| Account receivables for long-term power purchase agreement | 827,320,236.60 | 2,858,550,214.84 | - | - |
| income tax withholding for allocable profit | 406,505,033.90 | 2,657,603,821.58 | 366,246,491.63 | 2,276,832,743.85 |
| Capitalization of loan interest on fixed assets | 2,974,962.53 | 9,916,541.77 | 2,986,433.95 | 9,954,779.83 |
| Others | 52,167,010.58 | 301,287,744.60 | 5,236,456.96 | 47,470,753.64 |
| Offset amount | -88,232,953.00 | -352,931,812.00 | -68,909,310.61 | -275,637,242.46 |
| **Total** | **5,685,079,666.29** | **23,706,951,668.01** | **3,050,890,828.32** | **15,090,182,312.39** |

2) Details of offsetting between deferred tax assets and deferred tax liabilities

| Items | Offset amount |
|---|---|
| **Deferred tax assets that are offset** | **88,232,953.00** |
| DTA recognized due to fixed assets depreciation and intangible assets amortisation | 1,450,200.97 |
| Fair values on financial assets and derivatives | 6,327,568.87 |
| Provision for assets impairments | 80,455,183.16 |
| **Deferred tax liabilities that are offset** | **88,232,953.00** |
| DTL recognized due to fixed assets depreciation and intangible assets amortisation | 62,635,799.83 |
| Fair values on financial assets and derivatives | 25,597,153.17 |

### 8.30 Other non-current assets

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Long-term assets such as prepayment on engineering equipment | 3,435,758,381.18 | 4,863,883,815.55 |
| Derivatives financial instrument | 1,415,829.57 | 8,346,224.94 |
| Pending deduct VAT on purchase | 10,058,882,508.06 | 9,035,644,881.83 |
| Others (Note 1) | 2,169,678,272.50 | 388,274,856.74 |
| **Total** | **15,665,734,991.31** | **14,296,149,779.06** |

Note 1: Others in this year are 3 new acquisition made by CGNPCI, which still haven't

acquire the control right due to purchase consideration payment was completed in 2016 but procedures still in process at the end of this year. Details of equity investment as follow:

| Items | Equity Investment （EUR） | Equity Investment （RMB） | Shareholding Ratio |
|---|---|---|---|
| Belgium Esperance | 52,705,913.00 | 385,111,565.11 | 100% |
| Ireland Douvan | 228,855,181.64 | 1,672,199,041.21 | 100% |
| Senegal | 1,800,000.00 | 13,152,240.00 | 90% |
| **Total** | **283,361,094.64** | **2,070,462,846.32** | **-** |

### 8.31 Statement of provision for impairment of assets

| Items | Beginning Balance | Increase | | | |
|---|---|---|---|---|---|
| | | Accrued in this year | Increase due to combination | Increase due to foreign currency translation | Total |
| Provisions for bad debts | 150,461,608.46 | 232,912,832.30 | 214,738,105.88 | -3,767,626.43 | 443,883,311.75 |
| Provisions for inventory falling price | 521,147,030.87 | 168,612,760.95 | 28,311,542.56 | 12,495,767.01 | 209,420,070.52 |
| Provision for impairment of available-for-sale financial assets | 297,619,032.28 | 218,280,057.70 | - | 7,971,330.64 | 226,251,388.34 |
| Provision for impairment loss of long-term equity investment | 706,658,517.96 | 196,513,351.31 | - | 47,944,693.80 | 244,458,045.11 |
| Provision for impairment of fixed assets | 30,828,620.77 | 841,675,034.66 | 1,110,184,661.23 | -12,813,989.04 | 1,939,045,706.85 |
| Provision for Impairment of construction in progress | 290,803,346.34 | 332,220,782.55 | - | - | 332,220,782.55 |
| Provision for impairment of intangible assets | 3,933,333.34 | - | - | - | - |
| Provision for impairment of goodwill | 472,052,033.32 | - | - | 4,622,537.56 | 4,622,537.56 |
| Other impairment provisions | 124,591,915.06 | 248,888,951.23 | - | 10,717,807.81 | 259,606,759.04 |
| **Total** | **2,598,095,438.40** | **2,239,103,770.70** | **1,353,234,309.67** | **67,170,521.35** | **3,659,508,601.72** |

Continued):

| Items | Decrease | | | | Ending Balance |
|---|---|---|---|---|---|
| | Written-off amount | Decrease due to combination | Reverse | Total | |
| Provisions for bad debts | 9,362,603.69 | 7,913,573.84 | 238,521.86 | 17,514,699.39 | 576,830,220.82 |
| Provisions for inventory falling price | 125,994,162.25 | 39,939,155.07 | 491,227.53 | 166,424,544.85 | 564,142,556.54 |
| Provision for impairment of available-for-sale financial assets | - | - | - | - | 523,870,420.62 |
| Provision for impairment loss of long-term equity investment | - | - | - | - | 951,116,563.07 |
| Provision for impairment of fixed assets | 3,300,000.00 | - | - | 3,300,000.00 | 1,966,574,327.62 |
| Provision for Impairment of construction in progress | - | - | 1,884,723.59 | 1,884,723.59 | 621,139,405.30 |
| Provision for impairment of intangible assets | - | - | - | - | 3,933,333.34 |
| Provision for impairment of goodwill | - | - | - | - | 476,674,570.88 |
| Other impairment provisions | - | - | - | - | 384,198,674.10 |
| **Total** | **138,656,765.94** | **47,852,728.91** | **2,614,472.98** | **189,123,967.83** | **6,068,480,072.29** |

### 8.32 Short-term loans

1) Classification of short-term loans

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Pledged loan | 18,631,051.96 | - |
| Guarantee loan | 784,493,537.05 | 149,000,000.00 |
| Credit loan | 43,558,620,868.60 | 22,269,484,831.51 |
| **Total** | **44,361,745,457.61** | **22,418,484,831.51** |

2) The Group has no matured but unpaid short-term loans at the year end.

### 8.33 Deposits and placements from other financial institutions

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Demand Deposits** | 1,093,589,400.94 | 151,730,789.73 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 932,345,359.02 | 82,320,869.14 |
| FuJian Ningde Nuclear Power Co., Ltd. | 56,645,067.08 | 5,772,358.69 |
| CGNPE's Committee | 37,433,703.15 | |
| Owner Committee of Nuclear Power Garden, Futian District, Shenzhen | 26,281,479.30 | |
| CGN Phase I Industry Investment Funds Co., Ltd. | 327,932.40 | 344,603.23 |
| Others | 40,555,859.99 | 63,292,958.67 |
| **Term Deposits（Including Notice Deposits）** | 4,000,000.00 | **-** |
| Cuncil of Trade Union of CGNPE | 4,000,000.00 | - |
| **Total** | **1,097,589,400.94** | **151,730,789.73** |

## 8.34 Derivative financial liabilities

| Items | Ending Balance (Fair Value) | Beginning Balance (Fair Value) |
|---|---|---|
| Derivative financial liabilities | 279,824,702.02 | 101,931,449.04 |
| **Total** | **279,824,702.02** | **101,931,449.04** |

## 8.35 Notes payable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Bank acceptance note | 2,408,570,907.60 | 3,182,498,145.26 |
| Trade acceptance note | 106,814,777.78 | 112,962,800.00 |
| **Total** | 2,515,385,685.38 | 3,295,460,945.26 |

There is no non-payment maturity notes payable at the end of the year.

## 8.36 Accounts payable

| Aging | Ending Balance | Beginning Balance |
|---|---|---|
| Within 1 year (1year inclusive) | 20,203,457,600.66 | 19,276,468,611.52 |
| 1-2 years (2years inclusive) | 3,116,818,151.47 | 2,742,451,686.65 |
| 2-3 years(3years inclusive) | 1,925,040,146.01 | 2,042,642,457.48 |
| Over 3 years | 2,196,669,152.71 | 752,375,546.40 |
| **Total** | **27,441,985,050.85** | **24,813,938,302.05** |

Significant accounts payables with aging over 1 year:

| Name of Debtor | Amount | Reason for Pending |
|---|---|---|
| Dongfang Electric Corporation Limited | 567,021,199.56 | Not yet settled |
| Shanghai electric CO., Ltd | 318,586,276.88 | Not yet settled |
| Shanghai electric wind power equipment Co., Ltd. | 296,092,930.04 | Not yet settled |
| Xinjiang Goldwind Science and Technology Co., Ltd. | 243,088,966.69 | Not yet settled |
| CSIC(Chongqing) sea wind power equipment Co., Ltd. | 236,179,928.56 | Not yet settled |
| China Nuclear Industry 23 Construction Co., Ltd | 224,443,634.85 | Not yet settled |
| Envision (Jiangsu) Co., Ltd | 151,991,292.74 | Not yet settled |
| China nuke industry Huaxing Construction Co., Ltd | 129,870,898.72 | Not yet settled |
| Shanghai No. 1 Machine Tool Works Co., Ltd. | 126,703,642.60 | Not yet settled |
| Zhonghe Jian Zhonghe fuel element Co., Ltd | 120,194,120.00 | Not yet settled |
| Shanghai Electric Nuclear Power Equipment Co., Ltd. | 112,414,010.70 | Not yet settled |
| Dongfangrisheng New Energy Co., Ltd | 108,720,885.00 | Not yet settled |
| **Total** | **2,635,307,786.34** | |

### 8.37 Advance s from customers

| Aging | Ending Balance | Beginning Balance |
|---|---|---|
| Within 1 year(1year inclusive) | 2,655,944,226.38 | 1,770,944,598.85 |
| Over 1 year | 1,010,623,386.97 | 327,968,258.14 |
| **Total** | **3,666,567,613.35** | **2,098,912,856.99** |

Significant received in advance with aging over 1 year:

| Name of Debtor | Amount | Reason for Pending |
|---|---|---|
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 848,108,550.60 | Haven’t met settlement term |
| FuJian Ningde Nuclear Power Co., Ltd. | 116,371,829.74 | Haven’t met settlement term |
| **Total** | **964,480,380.34** | — |

### 8.38 Employee benefits payable

1) Classification of employee benefit payable

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Short-term remuneration | 178,374,008.66 | 9,670,726,871.18 | 9,523,342,365.34 | 325,758,514.50 |
| Welfare after demission-defined contribution plans | 14,256,664.31 | 932,654,114.92 | 927,942,999.24 | 18,967,779.99 |
| Termination benefits | 1,474,877.11 | 17,807,080.69 | 17,924,227.35 | 1,357,730.45 |
| Others | 3,904,690.53 | 97,814,217.60 | 100,884,061.86 | 834,846.27 |
| **Total** | **198,010,240.61** | **10,719,002,284.39** | **10,570,093,653.79** | **346,918,871.21** |

2) Short-term remuneration

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Salaries, bonus, allowance and subsidy | 108,835,063.00 | 7,045,863,925.86 | 6,953,653,606.68 | 201,045,382.18 |
| Welfare expenses of employee | 3,638,631.66 | 850,318,751.23 | 853,413,092.89 | 544,290.00 |
| Social insurance charges | 1,232,547.98 | 560,585,542.53 | 550,467,814.70 | 11,350,275.81 |
| Including: Medical insurance premiums | 948,255.07 | 503,855,934.49 | 493,858,672.81 | 10,945,516.75 |
| Industry injury insurance premium | 102,040.06 | 19,823,352.20 | 19,739,732.85 | 185,659.41 |
| Birth insurance premium | 111,997.35 | 22,497,996.56 | 22,462,919.76 | 147,074.15 |
| Others | 70,255.50 | 14,408,259.28 | 14,406,489.28 | 72,025.50 |
| Housing funds | 6,090,482.95 | 639,584,713.66 | 640,879,393.32 | 4,795,803.29 |
| Labor-union expenditure and employee education funds | 46,627,196.20 | 244,939,370.58 | 239,099,515.97 | 52,467,050.81 |
| Short-term compensated absences | - | 1,507.38 | 1,507.38 | - |
| Other short-term remuneration | 11,950,086.87 | 329,433,059.94 | 285,827,434.40 | 55,555,712.41 |
| **Total** | **178,374,008.66** | **9,670,726,871.18** | **9,523,342,365.34** | **325,758,514.50** |

3) Defined contribution plans

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Basic pension | 2,421,630.59 | 633,127,057.72 | 632,082,547.86 | 3,466,140.45 |
| Unemployment insurance expenses | 110,620.41 | 15,753,476.34 | 15,734,877.21 | 129,219.54 |
| Enterprise annuity payment | 11,724,413.31 | 283,773,580.86 | 280,125,574.17 | 15,372,420.00 |
| **Total** | **14,256,664.31** | **932,654,114.92** | **927,942,999.24** | **18,967,779.99** |

## 8.39 Taxes and surcharges payable

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Value-added tax | 1,302,886,305.91 | 2,513,226,168.97 | 3,464,874,473.32 | 351,238,001.56 |
| Consumption tax | - | 34,807.77 | 34,807.77 | - |
| Business tax | 232,741,843.74 | 34,531,561.13 | 266,164,278.84 | 1,109,126.03 |
| Resource tax | 737,689.02 | 2,089,388.75 | 2,511,746.52 | 315,331.25 |

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Enterprise income tax | 1,108,786,823.69 | 2,611,490,119.45 | 2,597,168,148.07 | 1,123,108,795.07 |
| Urban maintenance and construction tax | 51,335,352.61 | 298,062,746.96 | 312,984,322.08 | 36,413,777.49 |
| Property tax | 12,775,251.12 | 113,089,293.03 | 116,686,460.93 | 9,178,083.22 |
| Land use tax | 4,164,020.87 | 52,748,533.87 | 44,339,454.26 | 12,573,100.48 |
| Individual income tax | 85,397,923.37 | 724,899,303.86 | 703,360,728.80 | 106,936,498.43 |
| Educational surcharge | 34,465,570.54 | 224,097,637.50 | 231,918,067.85 | 26,645,140.19 |
| Stamp duty | 10,515,866.21 | 93,595,314.52 | 75,910,325.00 | 28,200,855.73 |
| Other taxes and surcharges | 130,516,861.40 | 693,574,313.88 | 646,798,815.77 | 177,292,359.51 |
| **Total** | **2,974,323,508.48** | **7,361,439,189.69** | **8,462,751,629.21** | **1,873,011,068.96** |

### 8.40 Interests payable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Interest for long-term loans paid by installment | 1,252,856,116.53 | 439,546,837.29 |
| Interest for enterprise bonds | 579,426,049.30 | 496,133,811.22 |
| Interest for short-term loans | 88,214,714.58 | 51,828,870.77 |
| Other Interest payable | 226,219.54 | 32,172,769.72 |
| **Total** | 1,920,723,099.95 | 1,019,682,289.00 |

There has no significant interest payable which matured but not payment.

### 8.41 Dividends payable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Common stock dividends | 1,997,121,782.87 | 1,416,223,866.85 |
| **Total** | **1,997,121,782.87** | **1,416,223,866.85** |

### 8.42 Other payables

1) Classifications of other payables based on natures

| Funds Natures | Ending Balance | Beginning Balance |
|---|---|---|
| Spent fuel disposal payable | 1,060,000,078.80 | 834,863,783.89 |
| Related parties' funds payable | 356,767,999.47 | 540,378,340.95 |
| Projects payable | 514,196,853.74 | 437,648,762.35 |
| Other intercourse funds | 1,105,582,244.97 | 328,861,927.12 |
| Equity transfer funds | 329,493,643.65 | 232,587,913.61 |

| Funds Natures | Ending Balance | Beginning Balance |
|---|---|---|
| Deposit and guarantee deposit | 202,517,444.19 | 170,711,118.34 |
| Others | 1,433,249,273.53 | 779,754,514.32 |
| **Total** | **5,001,807,538.35** | **3,324,806,360.58** |

2) Significant other payables with aging over 1 year

| Company's Name | Ending Balance | Reasons for outstanding |
|---|---|---|
| Guangxi Chongzuo Hydroelectric Company | 46,727,282.84 | haven't reach payment time |
| Yanyuan Yongning River hydroelectric development Co., Ltd. | 25,608,942.19 | haven't reach payment time |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 15,607,809.06 | haven't reach payment time |
| Beijing automobile Co., Ltd. | 7,263,000.00 | haven't reach payment time |
| Shanghai No. 5 valve Co., Ltd | 5,912,508.00 | haven't reach payment time |
| Qingyuanyijie (Xiamen) New Energy Construction Co., Ltd | 5,620,680.00 | haven't reach payment time |
| Sichuan hydropower construction (Group) LLC | 5,463,181.54 | haven't reach payment time |
| **Total** | **112,203,403.63** | |

### 8.43 Liabilities held-for-sale

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| NXTPC | 698,758.55 | 698,758.55 |
| **Total** | **698,758.55** | **698,758.55** |

### 8.44 Non-current liabilities due within one year

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Long-term loans due within one year | 20,184,913,114.71 | 15,186,299,515.99 |
| Including: Pledge loan | 9,856,216,184.32 | 8,305,715,022.97 |
| Mortgage loan | 2,149,970,588.50 | 781,269,630.07 |
| Guarantee loan | 3,834,577,394.83 | 82,454,895.00 |
| Credit loan | 4,344,148,947.06 | 6,016,859,967.95 |
| Long-term payables due within one year | 6,218,778.85 | 1,060,000,000.00 |
| Bonds payable due within one year | 5,600,000,000.00 | 3,994,901,110.86 |
| Derivatives due within one year | 130,897,532.84 | 116,500,091.07 |
| Retirement benefit plan | 3,199,250.00 | 3,047,000.00 |
| Other long-term liabilities due within one year | 43,988,112.97 | 6,978,482.04 |
| **Total** | **25,969,216,789.37** | **20,367,726,199.96** |

### 8.45 Other current liabilities

1) Classification of other current liabilities

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Short-term financing bonds | 2,504,646,027.40 | 5,544,125,840.26 |
| Pending transferred output tax | 1,090,149,700.13 | - |
| Others | 140,360,585.20 | 114,630,269.68 |
| **Total** | **3,735,156,312.73** | **5,658,756,109.94** |

### 8.46 Long-term loans

| Items | Ending Balance | Beginning Balance | Interval of interest rate at year end |
|---|---|---|---|
| Pledge loan | 152,237,059,969.57 | 139,593,862,417.42 | 0.09%-6.95% |
| Mortgage loan | 17,503,910,290.89 | 9,406,263,655.91 | 1.85%-18.06% |
| Guarantee loan | 19,479,987,401.70 | 12,316,628,338.94 | 2.90%-7.80% |
| Credit loan | 14,954,550,528.86 | 13,166,096,465.22 | 1.20%-6.24% |
| **Total** | **204,175,508,191.02** | **174,482,850,877.49** | |

### 8.47 Bonds payable

1) Classification of bonds payable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Medium term notes | 13,163,181,581.16 | 7,377,477,901.47 |
| Corporate bonds | 4,493,568,172.08 | 8,491,066,441.01 |
| Company bonds | 1,998,810,000.00 | - |
| Others | 17,621,137,752.90 | 16,422,544,135.45 |
| **Total** | **37,276,697,506.14** | **32,291,088,477.93** |

2) Changes on bonds payable

| Bonds' Name | Total amount of par value | Issue date | Terms | Issue Amount | Beginning Balance | Issue amount in this year | Amortization of premium or discount |
|---|---|---|---|---|---|---|---|
| **Total amounts of medium term notes** | **13,200,000,000.00** | **-** | **-** | **13,200,000,000.00** | **7,377,477,901.47** | **5,800,000,000.00** | **14,296,320.31** |
| 15Dalian InternationalMTN001（注 1） | 300,000,000.00 | 2015-7-8 | 2+1 years | 300,000,000.00 | - | 300,000,000.00 | 453,089.11 |
| 14 CGN MTN1 | 500,000,000.00 | 2014-11-4 | 5 years | 500,000,000.00 | 497,925,095.00 | - | -510,862.00 |
| 14 CGN MTN2 | 4,000,000,000.00 | 2014-12-9 | 5 years | 4,000,000,000.00 | 3,983,886,139.80 | - | -4,084,406.80 |
| 15 CGN MTN1 | 500,000,000.00 | 2015-9-25 | 5 years | 500,000,000.00 | 497,666,666.67 | - | -461,500.00 |
| 16 CGN MTN1 | 4,500,000,000.00 | 2016-5-3 | 5 years | 4,500,000,000.00 | - | 4,500,000,000.00 | 19,500,000.00 |
| 14 CGNWEC MTN001 | 1,000,000,000.00 | 2014-5-12 | 5 years | 1,000,000,000.00 | 998,000,000.00 | - | -600,000.00 |
| 15 CGNWEC MTN001 | 500,000,000.00 | 2015-5-14 | 5 years | 500,000,000.00 | 500,000,000.00 | - | - |
| 15 CGNWEC MTN002 | 900,000,000.00 | 2015-11-11 | 5 years | 900,000,000.00 | 900,000,000.00 | - | - |
| 16 CGNWEC MTN001 | 1,000,000,000.00 | 2016-5-17 | 6 years | 1,000,000,000.00 | - | 1,000,000,000.00 | - |
| **Total amounts of corporate bonds** | **8,500,000,000.00** | **-** | **-** | **8,500,000,000.00** | **8,491,066,441.01** | - | **-2,501,731.07** |
| 07 CGN | 2,000,000,000.00 | 2007-12-20 | 15 years | 2,000,000,000.00 | 2,000,000,000.00 | - | |
| 10 CGN | 2,500,000,000.00 | 2010-5-12 | 10 years | 2,500,000,000.00 | 2,491,066,441.01 | - | -2,501,731.07 |
| 02 CGN（Note 2） | 4,000,000,000.00 | 2002-11-11 | 15 years | 4,000,000,000.00 | 4,000,000,000.00 | - | |
| **Total amounts of company bonds** | **2,000,000,000.00** | - | **-** | **2,000,000,000.00** | **-** | **2,000,000,000.00** | **1,190,000.00** |
| 16 CGN Company bonds 1 | 2,000,000,000.00 | 2016-12-8 | 10 years | 2,000,000,000.00 | - | 2,000,000,000.00 | 1,190,000.00 |
| **Total amounts of others** | **20,153,577,965.96** | **-** | **-** | **20,116,099,117.02** | **16,422,544,135.45** | **2,930,792,288.38** | **-480,559,978.13** |
| China Uranium issued 776 million | 629,203,692.00 | 2012-6-1 | 5 years | 629,203,692.00 | 612,758,649.06 | - | - |

| Bonds' Name | Total amount of par value | Issue date | Terms | Issue Amount | Beginning Balance | Issue amount in this year | Amortization of premium or discount |
|---|---|---|---|---|---|---|---|
| exchangeable bonds to Silver Grant(note 3) | | | | | | | |
| China Uranium issued 0.6 billion USD bonds | 3,658,140,000.00 | 2013-10-8 | 5 years | 3,658,140,000.00 | 3,880,722,795.56 | 273,422,074.96 | 9,919,621.26 |
| CGNPCI first phase dollar bond | 500,000,000.00 | 2015-12-8 | 10 years | 3,896,159,561.28 | 3,853,908,731.53 | - | -267,788,185.36 |
| 5 years dollar bond issued in 2013 (USD 350 million) | 500,000,000.00 | 2015-2-13 | 5 years | 2,123,274,712.68 | 2,266,321,651.06 | 157,370,213.42 | - |
| CGNPCI second phase dollar bond | 500,000,000.00 | 2016-1-19 | 10 years | 3,209,321,151.06 | 3,208,832,308.24 | - | -222,691,414.03 |
| non-public directional debt financing instrument-15 YJN PPN001 | 500,000,000.00 | 2016-2-29 | 3 years | 500,000,000.00 | 500,000,000.00 | | - |
| non-public directional debt financing instrument-15 TSN PPN001(privately raised) | 700,000,000.00 | 2016-6-17 | 3 years | 500,000,000.00 | 500,000,000.00 | - | - |
| non-public directional debt financing instrument-16 YJN PPN001 | 800,000,000.00 | 2016-7-19 | 3 years | 500,000,000.00 | - | 500,000,000.00 | - |
| non-public directional debt financing instrument-16 YJN PPN002 | 3,896,159,561.28 | 2015-5-19 | 3 years | 500,000,000.00 | - | 500,000,000.00 | - |
| non-public directional debt financing instrument-16 YJN PPN003 | 2,123,274,712.68 | 2013-8-20 | 3 years | 700,000,000.00 | - | 700,000,000.00 | - |

| Bonds' Name | Total amount of par value | Issue date | Terms | Issue Amount | Beginning Balance | Issue amount in this year | Amortization of premium or discount |
|---|---|---|---|---|---|---|---|
| non-public directional debt financing instrument-16 YJN PPN004 | 3,246,800,000.00 | 2015-11-5 | 3 years | 800,000,000.00 | - | 800,000,000.00 | - |
| non-public directional debt financing instrument-14 TSN PPN001(privately raised)(Note 2) | 600,000,000.00 | 2014-5-26 | 3 years | 600,000,000.00 | 600,000,000.00 | - | - |
| non-public directional debt financing instrument-14 TSN PPN002(privately raised)(Note 2) | 1,000,000,000.00 | 2014-9-26 | 3 years | 1,000,000,000.00 | 1,000,000,000.00 | - | - |
| non-public directional debt financing instrument-14 FCGN PPN001 | 1,500,000,000.00 | 2014-6-8 | 2 years | 1,500,000,000.00 | - | - | - |
| **Total** | **43,853,577,965.96** | - | - | **43,816,099,117.02** | **32,291,088,477.93** | **10,730,792,288.38** | **-467,575,388.89** |

Continued):

| Bonds' Name | Decrease | Ending Balance | Interest payable at the beginning year | Increase | Decrease | Interest payable at the ending year |
|---|---|---|---|---|---|---|
| **Total amounts of medium term notes** | **-** | **13,163,181,581.16** | **77,267,726.00** | **507,162,130.05** | **365,420,000.00** | **219,009,856.05** |
| 15Dalian InternationalMTN001（Note 1） | - | 299,546,910.89 | - | 9,836,712.33 | - | 9,836,712.33 |
| 14 CGN MTN1 | - | 498,435,957.00 | 3,646,849.32 | 22,950,000.00 | 22,950,000.00 | 3,646,849.32 |

| Bonds' Name | Decrease | Ending Balance | Interest payable at the beginning year | Increase | Decrease | Interest payable at the ending year |
|---|---|---|---|---|---|---|
| 14 CGN MTN2 | - | 3,987,970,546.60 | 13,106,849.32 | 208,000,000.00 | 208,000,000.00 | 13,106,849.32 |
| 15 CGN MTN1 | - | 498,128,166.67 | 5,205,479.45 | 20,000,000.00 | 20,000,000.00 | 5,205,479.45 |
| 16 CGN MTN1 | - | 4,480,500,000.00 | - | 109,350,000.00 | - | 109,350,000.00 |
| 14 CGNWEC MTN001 | - | 998,600,000.00 | 36,542,465.75 | 57,000,000.01 | 57,000,000.00 | 36,542,465.76 |
| 15 CGNWEC MTN001 | - | 500,000,000.00 | 13,761,095.85 | 21,553,248.39 | 21,650,000.00 | 13,664,344.24 |
| 15 CGNWEC MTN002 | - | 900,000,000.00 | 5,004,986.31 | 35,722,131.15 | 35,820,000.00 | 4,907,117.46 |
| 16 CGNWEC MTN001 | - | 1,000,000,000.00 | - | 22,750,038.17 | - | 22,750,038.17 |
| **Total amounts of corporate bonds** | **4,000,000,000.00** | **4,493,568,172.08** | **102,813,192.81** | **413,000,000.00** | **413,000,000.00** | **102,813,192.81** |
| 07 CGN | - | 2,000,000,000.00 | 3,879,452.05 | 118,000,000.00 | 118,000,000.00 | 3,879,452.05 |
| 10 CGN | - | 2,493,568,172.08 | 73,726,027.40 | 115,000,000.00 | 115,000,000.00 | 73,726,027.40 |
| 02 CGN（Note 2） | 4,000,000,000.00 | - | 25,207,713.36 | 180,000,000.00 | 180,000,000.00 | 25,207,713.36 |
| **Total amounts of company bonds** | **-** | **1,998,810,000.00** | **-** | **5,049,863.01** | **-** | **5,049,863.01** |
| 16 CGN Company bonds 1 | - | 1,998,810,000.00 | - | 5,049,863.01 | - | 5,049,863.01 |
| **Total amounts of others** | **2,212,758,649.06** | **17,621,137,752.90** | **242,618,539.28** | **795,474,272.89** | **801,164,674.74** | **236,928,137.43** |
| China Uranium issued 776 million exchangeable bonds to Silver Grant(note 3) | 612,758,649.06 | - | 20,865,819.70 | 9,104,209.71 | 29,970,029.41 | - |
| China Uranium issued 0.6 billion USD bonds | - | 4,144,225,249.26 | 30,254,635.91 | 143,380,414.50 | 139,642,441.40 | 33,992,609.01 |
| CGNPCI first phase | - | 4,121,696,916.89 | 18,614,984.59 | 163,456,174.59 | 162,185,102.21 | 19,886,056.97 |

| Bonds' Name | Decrease | Ending Balance | Interest payable at the beginning year | Increase | Decrease | Interest payable at the ending year |
|---|---|---|---|---|---|---|
| dollar bond | | | | | | |
| 5 years dollar bond issued in 2013 (USD 350 million) | - | 2,423,691,864.48 | 33,081,284.55 | 93,140,180.00 | 90,865,179.17 | 35,356,285.38 |
| CGNPCI second phase dollar bond | - | 3,431,523,722.27 | 20,202,311.11 | 136,331,389.21 | 134,951,922.55 | 21,581,777.77 |
| non-public directional debt financing instrument-15 YJN PPN001 | - | 500,000,000.00 | 1,293,750.00 | 19,347,730.95 | 4,744,671.97 | 15,896,808.98 |
| non-public directional debt financing instrument-15 TSN PPN001(privately raised) | - | 500,000,000.00 | 23,745,205.48 | 27,000,000.00 | 27,000,000.00 | 23,745,205.48 |
| non-public directional debt financing instrument-16 YJN PPN001 | - | 500,000,000.00 | - | 18,393,596.28 | 4,510,688.15 | 13,882,908.13 |
| non-public directional debt financing instrument-16 YJN PPN002 | - | 500,000,000.00 | - | 16,111,796.36 | 3,977,725.00 | 12,134,071.36 |
| non-public directional debt financing instrument-16 YJN PPN003 | - | 700,000,000.00 | - | 14,619,463.55 | 3,585,152.14 | 11,034,311.41 |
| non-public directional debt financing instrument-16 YJN PPN004 | - | 800,000,000.00 | - | 13,993,975.27 | 3,431,762.74 | 10,562,212.53 |

| Bonds' Name | Decrease | Ending Balance | Interest payable at the beginning year | Increase | Decrease | Interest payable at the ending year |
|---|---|---|---|---|---|---|
| non-public directional debt financing instrument-14 TSN PPN001(privately raised)(Note 2) | 600,000,000.00 | - | 23,760,000.00 | 39,600,000.00 | 39,600,000.00 | 23,760,000.00 |
| non-public directional debt financing instrument-14 TSN PPN002(privately raised)(Note 2) | 1,000,000,000.00 | - | 15,095,890.41 | 58,000,000.00 | 58,000,000.00 | 15,095,890.41 |
| non-public directional debt financing instrument-14 FCGN PPN001 | - | - | 55,704,657.53 | 42,995,342.47 | 98,700,000.00 | - |
| **Total** | **6,212,758,649.06** | **37,276,697,506.14** | **422,699,458.09** | **1,720,686,265.95** | **1,579,584,674.74** | **563,801,049.30** |

Note 1: Increasing on 15 medium term notes- Dalian International MTN001 this year formed by counterparty purchase Dalian International. Actually it is 300 million medium term notes issued by Dalian International on 8 July 2015.

Note 2: 14 TSN PPN001, 14 TSN PPN002 and 02 CGN will be matured in 2017, therefore classified as non-current liabilities due within one year.

Note 3: Exchangeable bonds is liability part of a exchangeable bonds that issued by China Uranium Development Company Limited, which is subsidiary of CGNPCURC, to their related party Yinjian international Industry Co Ltd in 2012. China Uranium Development Company Limited made an advanced redemption in 6 May 2016.

### 8.48 Long-term payables

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Total** | **465,800,247.04** | **1,543,300,234.21** |
| including: Maximum five items: | - | - |
| Shanxi Guanglingrun GuangwoSheep yard Wind Power Co., Ltd | 98,272,824.02 | - |
| Tongzhou Thermal Power Plant | 27,905,368.03 | - |
| Xiamngtan High and New GroupCO., Ltd | 27,000,000.00 | - |
| Panjin Port Group | 25,000,000.00 | - |
| Henan tolling for loan highway management centre | 21,200,000.00 | - |

### 8.49 Long-term employee's benefit payable

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Welfare after demission-nel liabilities of defined contribution plan | 39,039,000.00 | 11,528,043.71 | 4,208,351.44 | 46,358,692.27 |
| Share based payment settled by cash( Note 1 | 10,689,807.22 | 18,923,481.04 | 905,481.29 | 28,707,806.97 |
| **Total** | **49,728,807.22** | **30,451,524.75** | **5,113,832.73** | **75,066,499.24** |

Note: Share based payment settled by cash represents long-term employee's benefit payable recognized by share appreciation right of CGN Power Co.,Ltd, for details see 8.71

### 8.50 Provisions

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Provisions for retirement of nuclear power facilities | 2,278,307,265.14 | 1,588,127,402.48 |
| Provisions for medium and low waste disposal | 189,125,758.29 | 167,604,956.00 |
| Others | 438,889,231.09 | 1,547,263.86 |
| **Total** | **2,906,322,254.52** | **1,757,279,622.34** |

### 8.51 Deferred income

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Government grant | 2,213,244,665.44 | 191,582,270.87 | 151,656,350.19 | 2,253,170,586.12 |
| **Total** | **2,213,244,665.44** | **191,582,270.87** | **151,656,350.19** | **2,253,170,586.12** |

Government grant details as following：

| Items | Ending Balance | | Recognized in profit and loss this year | Amount that refund in current period | Reasons of refund |
|---|---|---|---|---|---|
| | Classified as other current liabilities | Classified as deferred income | | | |
| Land compensation | - | 2,111,876.01 | 46,329.96 | - | - |
| Grants for livestock residue production natural gas project on cattle farm Hutubi company | - | 46,386,666.68 | 3,313,333.32 | - | - |
| moveable neutron imaging detector based on compact accelerator neutron source* | - | 4,500,000.00 | - | - | - |
| Application project of modified technique on synthetic resin which has 40000 ton annual output ability | - | 7,190,000.00 | - | - | - |
| Government grant on sewage disposal project | 434,076.72 | 3,819,832.99 | 434,076.72 | - | - |
| Subsidies on the commercialization of research findings | - | 5,600,000.04 | 399,999.96 | - | - |
| Subsidies on International 907/908 saury fisher project | - | 19,826,086.96 | - | - | - |
| Subsidies on International 828/829/831/832 trawler project | - | 11,893,143.31 | - | - | - |
| Fiscal appropriation on 13 isotope development | - | 2,000,000.00 | - | - | - |
| Risk prospecting funds on foreign mining resources | - | 57,890,000.00 | - | - | - |
| Technology funds by Governments | - | 85,860,694.34 | - | 38,220,000.00 | Cost of scientific research refund |

| Items | Ending Balance | | Recognized in profit and loss this year | Amount that refund in current period | Reasons of refund |
|---|---|---|---|---|---|
| | Classified as other current liabilities | Classified as deferred income | | | |
| Technical innovation funds subsidies (Hami) | - | 3,350,000.00 | - | - | - |
| Technical innovation funds subsidies (Qinghe) | - | 1,400,000.00 | - | - | - |
| Special project funds for financial aid | - | 46,050,000.00 | - | 1,140,000.00 | Transferred and refund |
| Assistance fund of Golden Sun Project | - | 488,775,000.00 | - | - | - |
| Special funds on enviromental protection and energy saving | - | 1,140,000.00 | 60,000.00 | - | - |
| Finance discount | - | 10,203,634.24 | 864,542.28 | - | - |
| Tax refund of domestic equipments | - | 339,503,283.38 | 26,765,682.96 | - | - |
| Capital appropriated from the national treasury for laboratory construction | - | 1,295,264.62 | 162,156.99 | - | - |
| Casualty simulation platform in scope of nuclear power plant | - | 31,075,641.65 | | - | - |
| The first phase of Yanshou Centre | - | 34,286,911.01 | 5,883,279.02 | - | - |
| The second phase of Yanshou Centre | - | 14,701,800.00 | - | - | - |
| development application research on automatic welding technique of nuclear power station's main pipe | - | 14,000,000.00 | - | - | - |
| Special funds by Ministry of Finance on capital expenditures of nuclear power equipment | - | 75,888,000.00 | - | - | - |
| Management Technology Research and Innovation platform construction project of nuclear power construction | - | 20,680,000.00 | - | - | - |

| Items | Ending Balance | | Recognized in profit and loss this year | Amount that refund in current period | Reasons of refund |
|---|---|---|---|---|---|
| | Classified as other current liabilities | Classified as deferred income | | | |
| Special fund of platform of Digital I&C system for nuclear power plant development | - | 6,933,353.37 | 870,485.28 | - | - |
| Deferred income-Reasearch centre construction project of National Digital I&C system for nuclear power plant | - | - | 11,195,333.12 | - | - |
| Deferred income-Reasearch project on Digital I&C system for nuclear power plant platform which has proprietary intellectual property rights | - | - | 6,971,195.83 | - | - |
| Deferred income-Government Grants on Reasearch centre construction project of National Digital I&C system for nuclear power plant_E1308Z | - | - | 9,450,000.00 | - | - |
| Fiscal appropriation on scientific research project | - | 68,543,525.82 | 8,215,384.91 | - | - |
| Special interest allowance of import from Guangdong Province for encouraging import supplies | - | 53,687,181.78 | - | - | - |
| Infrastructure discount by Ministry of Finance | - | 30,000,000.00 | - | - | - |
| Reasearch project on passive emergency power supply and High cooling water system of nuclear power station | - | 26,283,512.34 | 938,556.76 | - | - |
| **Total** | **434,076.72** | **1,514,875,408.54** | **75,570,357.11** | **39,360,000.00** | — |

## 8.52 Other non-current liabilities

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Derivatives financial instrument | 5,744,216.40 | 140,634,195.57 |
| Others | 530,015.91 | 552,566.99 |
| **Total** | **6,274,232.31** | **141,186,762.56** |

## 8.53 Share capital

| Investor | Beginning Balance | | Increase | Decrease | Ending Balance | |
|---|---|---|---|---|---|---|
| | Amount | Proportion % | | | Amount | Proportion % |
| SASAC | 10,980,000,000.00 | 90.00 | 700,000,000.00 | - | 11,680,000,000.00 | 90.00 |
| Guangdong Hengjian Investment Holdings Co., Ltd. | 1,220,000,000.00 | 10.00 | 77,780,000.00 | - | 1,297,780,000.00 | 10.00 |
| **Total** | **12,200,000,000.00** | **100.00** | **777,780,000.00** | **-** | **12,977,780,000.00** | **100.00** |

Note: Increasing capital in this year see 1.PROFILE

## 8.54 Capital reserves

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Share premium（note 1） | 6,489,851,034.85 | 2,016,487,780.54 | 203,495,287.36 | 8,302,843,528.03 |
| State individual owned capital | 10,663,806,429.54 | 671,180,000.00 | 1,530,884,844.00 | 9,804,101,585.54 |
| Including: state-owned capital on operating budget（note 2） | 3,431,403,347.70 | 671,180,000.00 | 1,530,884,844.00 | 2,571,698,503.70 |
| Income tax exemption for changes assets appraisal（note 2） | 7,232,403,081.84 | - | - | 7,232,403,081.84 |
| Other capital reserve（note 3） | -586,660,649.03 | 8,828,302.67 | - | -577,832,346.36 |
| Including: Appreciation on assets appraisal | 1,229,363,184.73 | - | - | 1,229,363,184.73 |
| The effects of the restructuring of state-owned enterprises | -1,964,011,032.91 | - | - | -1,964,011,032.91 |
| **Total** | **16,566,996,815.36** | **2,696,496,083.21** | **1,734,380,131.36** | **17,529,112,767.21** |

Note 1: Increasing on share premium this year due to the difference between fair value and amount of net book assets when CGNPCCSC purchase share of Dalian International through private placement, the increasing amount is RMB 68,676,973.23. Other changes formed as variations of owners equity share on subsidiaries, details can see 7.10 “The Conditions of Changes on Shares of Owner’s Equity”

Note 2: Increasing on capital reserve-State-owned capital on operating budget due to received operating budget funds for stated owned capital, which amount is RMB 500,000,000.00, and subsidies for domestic equipment purchasing appropriated by ministry of finance, which amount is RMB 171,180,000.00. Decreasing in this year include transferred to share capital (RMB 700,000,000.00), equity compensation payment to Guangdong Hengjian Investment Holdings Co., Ltd (RMB 77,780,000.00), and equity compensation payment to original shareholder China National Nuclear Corporation (CNNC) (RMB 753,104,844.00).

Note 3: The changes on other capital reserves this year include subsidiary CGNEDCC made a RMB 1,470,778.70 accounting increase on Guangdong Pumped Storage Co., Ltd.through equity method, subsidiary CGNPC made a RMB 2,698,168.37 accounting increase on China Nuclear Industry 23 Construction Co., Ltd.through equity method, and CGN New Energy Holdings Co., Ltd., which is subsidiary of CGNPC International Limited, increase its capital reserve due to cost rcognition through equity-settled share-based payment,which amount is RMB 4,659,355.60.

### 8.55 Specific reserve

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| safety production cost | 61,468,032.93 | 114,866,329.32 | 84,818,083.48 | 91,516,278.77 |
| **Total** | **61,468,032.93** | **114,866,329.32** | **84,818,083.48** | **91,516,278.77** |

Notes: Non-controlling interest vest in minority shareholder's safety production cost is RMB16,602,723.05.

### 8.56 Surplus reserves

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Statutory surplus reserve | 4,588,523,748.12 | 1,061,502,653.29 | - | 5,650,026,401.41 |
| Discretionary surplus reserve | 21,889,791,439.63 | 13,000,000,000.00 | - | 34,889,791,439.63 |
| **Total** | **26,478,315,187.75** | **14,061,502,653.29** | **-** | **40,539,817,841.04** |

### 8.57 Undistributed profits

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Beginning of the year** | **25,912,738,715.47** | **21,872,796,548.42** |
| **Increase during the year** | **6,417,707,603.21** | **5,162,328,060.02** |
| Including: Transfer from net income attributable to equity holders in parent company during the year | 6,417,707,603.21 | 5,162,328,060.02 |
| **Decrease during the year** | **15,058,181,523.41** | **1,122,385,892.97** |
| Including: Allocation to surplus reserve | 14,061,502,653.29 | 115,093,490.84 |

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Allocation to general risk provisions | - | - |
| Cash dividend distributed | 836,297,100.00 | 1,004,161,400.00 |
| Reserve for staff bonus and welfare fund | 100,000.00 | - |
| Others decrease | 160,281,770.12 | 3,131,002.13 |
| **Ending of the year** | **17,272,264,795.27** | **25,912,738,715.47** |

When Nuclear Technology Company, which is subsidiary of SNIC, raising mate funds after made counter purchasing of Dalian International, shareholding ratio hold on Dalian International was changed. Other decreasing this year,which amount is RMB 160,281,770.12, was formed as writting down the differences between long-term inivestment costs formed by new accquired and amount of net identifiable assets which calculated as new added shareholding ratios during continuously calculated due to insufficient balance of capital reserve.

### 8.58 Operating revenue and Operating costs

| Items | Ending Balance | | Beginning Balance | |
|---|---|---|---|---|
| | Revenue | Cost | Revenue | Cost |
| Main Operation | 64,847,451,346.20 | 40,279,731,084.98 | 48,845,698,550.65 | 29,336,388,156.00 |
| Sales of electricity | 50,113,384,559.83 | 28,368,032,880.00 | 36,059,892,222.86 | 19,234,300,449.60 |
| Construction installation | 2,293,437,398.06 | 2,056,872,012.79 | 2,618,614,183.65 | 1,965,860,487.04 |
| Other sales and services | 12,440,629,388.31 | 9,854,826,192.19 | 10,167,192,144.14 | 8,136,227,219.36 |
| Other operations | 556,702,900.15 | 394,002,948.44 | 1,377,555,187.59 | 1,059,437,013.29 |
| Sales of materials and services | 556,702,900.15 | 394,002,948.44 | 1,377,555,187.59 | 1,059,437,013.29 |
| **Total** | **65,404,154,246.35** | **40,673,734,033.42** | **50,223,253,738.24** | **30,395,825,169.29** |

### 8.59 Net interest income

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Interest income** | **333,205,042.42** | **360,926,636.09** |
| —Due from banks | 150,362,563.29 | 202,275,044.83 |
| —Balances with central bank | 25,980,747.08 | 38,716,233.81 |
| —Loans and advances | 153,704,610.63 | 99,812,578.90 |
| Including: Corporate loans and advances | 153,704,610.63 | 99,812,578.90 |
| —Financial assets purchased under resale agreement | | 3,788,884.22 |
| —Others | 3,157,121.42 | 16,333,894.33 |
| **Interest expenditures** | **2,174,944.42** | **25,421,185.65** |
| —Borrowing funds | 1,320,955.85 | 7,442,409.17 |
| —Deposits | 853,988.57 | 17,978,776.48 |
| **Net interest income** | **331,030,098.00** | **335,505,450.44** |

### 8.60 Fees and commissions income

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Service charges and commission income** | **4,541,971.06** | **13,290,417.42** |
| －Agency commissions | | 617,077.11 |
| －Consultancy and advisory fees | 4,541,971.06 | 12,673,340.31 |
| **Service charges and commission expenditures** | **5,669,074.47** | **5,130,014.56** |
| －Service charges | 5,424,282.31 | 3,487,729.50 |
| －Commissions | 244,792.16 | 1642285.06 |
| **Net Service charges and commission income** | **-1,127,103.41** | **8,160,402.86** |

### 8.61 Selling and distribution expenses

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Employee benefit | 119,872,989.70 | 124,448,072.05 |
| Transportation expense | 46,212,976.47 | 35,107,337.30 |
| Advertisement expense | 5,086,928.94 | 2,990,749.26 |
| Operational fund | 33,993,127.34 | 14,451,116.14 |
| Depreciation expenses | 7,153,821.91 | 6,144,379.67 |
| Others | 154,502,259.16 | 132,304,716.28 |
| **Total** | **366,822,103.52** | **315,446,370.70** |

### 8.62 General and administrative expenses

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Employee benefit | 1,937,778,431.30 | 1,586,539,500.34 |
| Research and develop expense | 756,897,111.76 | 656,035,113.86 |
| Amortization of intangible assets | 149,697,974.74 | 290,009,993.60 |
| Consultant and agency fee | 302,745,289.71 | 261,510,876.14 |
| Depreciation | 202,639,094.15 | 192,673,825.76 |
| Taxation | 176,202,384.96 | 155,106,384.34 |
| Rent | 198,203,575.57 | 113,835,859.61 |
| Office expense | 70,743,699.16 | 90,247,917.36 |
| Business trip expense | 99,214,040.45 | 75,074,090.77 |
| Insurance expenses | 103,418,766.34 | 96,595,226.00 |
| Others | 955,685,428.43 | 304,988,579.19 |
| **Total** | **4,953,225,796.57** | **3,822,617,366.97** |

### 8.63 Financial costs

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Interest expenditures | 8,853,172,087.42 | 6,394,320,630.21 |
| Less: Interest income | 352,870,511.42 | 361,253,673.59 |

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Add: Foreign exchange losses | 569,572,174.14 | 205,004,858.22 |
| Add: Other expenditures | 333,364,955.41 | 211,808,733.48 |
| **Total** | **9,403,238,705.55** | **6,449,880,548.32** |

### 8.64 Impairment losses

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Bad debt loss | 232,912,832.30 | 35,833,570.71 |
| Loss on inventories decline in value | 168,612,760.95 | 149,956,141.57 |
| Loss on impairment of held-for-sale assets | 218,280,057.70 | - |
| Loss on impairment of long-term equity investment | 196,513,351.31 | 558,780,749.06 |
| Loss on impairment of fixed assets | 841,675,034.66 | 13,315,405.95 |
| Loss on impairment of construction in process | 332,220,782.55 | 634400 |
| Loss on impairment of goodwill | | 175,056,363.08 |
| Loss on impairment of loans | 83,799,353.26 | 55,304,700.00 |
| Loss on impairment of uranium ore assets | 165,089,597.97 | 51017681.49 |
| **Total** | **2,239,103,770.70** | **1,039,899,011.86** |

### 8.65 Gain from fair value changes

| Source | Ending Balance | Beginning Balance |
|---|---|---|
| Financial assets measured at fair value through profit or loss for the current year | 29,076,465.73 | -35,738,943.17 |
| Including: gains on change at fair value generated by derivative financial instruments | 68,669,416.79 | -37,651,984.54 |
| Financial liabilities at fair value through profit or loss for the current year | 68,051,163.78 | 70,465,483.25 |
| Including: gains on change at fair value generated by derivative financial instruments | 68,051,163.78 | 75,381,378.31 |
| Others | 1,232,668.87 | - |
| **Total** | **98,360,298.38** | **34,726,540.08** |

### 8.66 Investment income

1) Source

| Source | Ending Balance | Beginning Balance |
|---|---|---|
| Long-term equity investment accounted for under equity method | 1,394,961,302.81 | 1,154,303,645.43 |
| Investment income from disposal of long-term equity investment | 121,567,220.83 | 78,818,109.52 |
| Investment income from financial assets measured at fair value through profit or loss for the current year | 4,829,101.11 | -9,924,542.92 |

| Source | Ending Balance | Beginning Balance |
|---|---|---|
| Investment income from held-to-maturity investment during the holding year | 7,097,442.87 | 9,125,595.62 |
| Investment income from available-for-sale during the holding year | 167,830,625.60 | 141,831,886.70 |
| Investment income from disposal of financial assets measured at fair value through profit or loss for the current year | 15,318,088.55 | 27,599,334.45 |
| Investment income from disposal of available-for-sale financial assets | 325,119,984.58 | 405,599,996.81 |
| Investment income from held-for-trading financial liability | 553,999,694.75 | -170,106,117.42 |
| Others | 53,136,295.58 | -20,514,386.20 |
| **Total** | **2,643,859,756.68** | **1,616,733,521.99** |

2) The Group has no significant limit on investment income repatriation.

## 8.67 Non-operating revenue

1) Non-operating revenue

| Items | Ending Balance | Beginning Balance | The amount recognized in extraordinary gains and losses in this year |
|---|---|---|---|
| Gain on disposal of non-current assets | 3,199,778.77 | 2,247,509.05 | 3,199,778.77 |
| Including: Gain on disposal of fixed assets | 1,490,651.34 | 2,247,509.05 | 1,490,651.34 |
| Gain on disposal of construction in progress | 1,280,797.66 | - | 1,280,797.66 |
| Gain on debt restructuring | 1,400,000.00 | - | 1,400,000.00 |
| Government grant | 1,598,021,901.31 | 1,777,934,158.20 | 157,728,757.47 |
| Gain on fines and penalties | 369,379,927.02 | 9,531,531.30 | 369,379,927.02 |
| Gain on Carbon Reduction | 4,057,012.45 | 5,025,777.68 | 4,057,012.45 |
| Compensation for demolition | 23694839.24 | - | 23694839.24 |
| Others | 609,530,187.14 | 142,317,224.62 | 609,530,187.14 |
| **Total** | **2,609,283,645.93** | **1,937,056,200.85** | **1,168,990,502.09** |

2) Government Grant

| Items | Ending Balance | Beginning Balance | Related to assets / revenue |
|---|---|---|---|
| **Government grant related to** | **1,505,731,755.25** | **1,686,607,889.88** | **related to revenue** |

| Items | Ending Balance | Beginning Balance | Related to assets / revenue |
|---|---|---|---|
| **revenue:** | | | |
| Including: VAT refunds | 1,413,527,460.88 | 1,459,018,012.68 | related to revenue |
| Development on digitization I&C system of nuclear power station | - | 86133902.17 | related to revenue |
| Natural Uranium purchase finance grants | - | 44,814,072.05 | related to revenue |
| Government reward funds | 31,384,054.28 | 33537921.14 | related to revenue |
| Subsidize about 2016 enterprise research and development issued by Shenzhen scientific and technological innovation committee | 5,002,000.00 | - | related to revenue |
| Support fund received from Qianhai authority | 5,000,000.00 | - | related to revenue |
| Subsidize for central enterprises enter in Hebei | 5,000,000.00 | - | related to revenue |
| Deferred income transferred-scientific research project about emergency processing on radioactive wastewater | 4,221,464.03 | - | related to revenue |
| Subsidize on pipe network | 4,094,050.00 | - | related to revenue |
| Deferred income transferred-demonstration project about wisdom nuclear power | 3,201,249.57 | - | related to revenue |
| Unemployment compensation received from Shenzhen Social Security Bureau | 2,514,525.30 | - | related to revenue |
| Subsidy project issued by Shenzhen scientific and technological innovation committee about science and technology program | 2,408,600.00 | - | related to revenue |
| **Government grant related to assets:** | **92,290,146.06** | **91,326,268.32** | **related to assets** |
| Domestic equipment tax refund amortization | 26,765,682.96 | 18,991,731.43 | related to assets |
| Autonomation of nuclear power equipment | - | 18972000 | related to assets |
| government grant for intelligent equipment project | 18,000,000.00 | 18,000,000.00 | related to assets |
| LUCA furnace and impurity laboratory table | 891,666.67 | 5400000 | related to assets |
| Shenzhen airport 10MW projects | 3,999,999.96 | 3,999,999.96 | related to assets |
| Special purposed robot for 863 nuclear reactor | 3,317,200.00 | - | related to assets |
| 000L9G transfer to high power capacity accumulator project | 2,006,982.33 | - | related to assets |
| **Total** | **1,598,021,901.31** | **1,777,934,158.20** | |

### 8.68 Non-operating expenses

| Items | Ending Balance | Beginning Balance | The amount recognized in extraordinary gains and losses in this year |
|---|---|---|---|
| Loss on disposal of non-current assets | 80,463,792.38 | 27,250,137.75 | 80,463,792.38 |
| Including: Loss on disposal of fixed assets | 27,465,008.83 | 24,925,702.98 | 27,465,008.83 |
| Loss on disposal of construction in progress | 52,251,849.30 | - | 52,251,849.30 |
| Donations | 14,634,162.38 | 8,436,449.90 | 14,634,162.38 |
| Others | 94,632,077.52 | 135,068,195.11 | 94,632,077.52 |
| **Total** | **189,730,032.28** | **170,754,782.76** | **189,730,032.28** |

## 8.69 Income tax

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Income tax based on relevant regulations | 2,389,775,550.94 | 1,958,321,887.45 |
| Deferred income tax expenses | -817,911,036.27 | 127,396,344.93 |
| Adjustment on annual income tax report based on prior period | -16,083,722.17 | 22,841,089.82 |
| **Total** | **1,555,780,792.50** | **2,108,559,322.20** |

## 8.70 Other comprehensive income

1) The details of other comprehensive income and the effects to the income tax and net profit

| Items | Ending Balance | | |
|---|---|---|---|
| | Pre-tax amount | Income tax | Post-tax amount |
| 1.Other comprehensive income items which will not be reclassified subsequently to profit or loss | **-2,691,000.00** | **-** | **-2,691,000.00** |
| 1)Changes as a result of re-measurement of net defined benefit plan liability or asset | -2,691,000.00 | - | -2,691,000.00 |
| 2)Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss | - | - | - |
| 2.Other comprehensive income items which will be reclassified subsequently to profit or loss | **-15,302,711.45** | **-108,156,857.31** | **92,854,145.86** |
| 1)share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss | 395,823,338.38 | - | 395,823,338.38 |

| Items | Ending Balance | | |
|---|---|---|---|
| | Pre-tax amount | Income tax | Post-tax amount |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | 395,823,338.38 | - | 395,823,338.38 |
| 2)Gains or losses arising from changes in fair value of available-for-sale financial assets | -384,436,156.83 | -109,761,214.53 | -274,674,942.30 |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | 238,472,710.82 | - | 238,472,710.82 |
| Subtotal | -622,908,867.65 | -109,761,214.53 | -513,147,653.12 |
| 3)Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets | - | - | - |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | - | - | - |
| 4)The effective hedging portion of gains or losses arising from cash flow hedging instruments | 57,832,577.18 | - | 57,832,577.18 |
| the adjustments of the amount initially recognized when reclassified as hedging items | - | - | - |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | 57,832,577.18 | - | 57,832,577.18 |
| 5)Translation of foreign currency financial statements | 153,950,240.64 | 1,604,357.22 | 152,345,883.42 |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | 153,950,240.64 | 1,604,357.22 | 152,345,883.42 |
| **Total** | **-17,993,711.45** | **-108,156,857.31** | **90,163,145.86** |

Continued)：

| Items | Beginning Balance | | |
|---|---|---|---|
| | Pre-tax amount | Income tax | Post-tax amount |
| 1.Other comprehensive income items which will not be reclassified subsequently to profit or loss | **-5,479,000.00** | - | **-5,479,000.00** |
| 1)Changes as a result of re-measurement of | -5,479,000.00 | - | -5,479,000.00 |

| Items | Beginning Balance | | |
|---|---|---|---|
| | Pre-tax amount | Income tax | Post-tax amount |
| net defined benefit plan liability or asset | | | |
| 2)Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss | - | - | - |
| 2.Other comprehensive income items which will be reclassified subsequently to profit or loss | **-109,425,304.58** | **256,275,233.06** | **-365,700,537.64** |
| 1)share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss | -1,184,103,180.09 | - | -1,184,103,180.09 |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | -1,184,103,180.09 | - | -1,184,103,180.09 |
| 2)Gains or losses arising from changes in fair value of available-for-sale financial assets | 1,025,100,932.25 | 256,275,233.06 | 768,825,699.19 |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | 1,025,100,932.25 | 256,275,233.06 | 768,825,699.19 |
| 3)Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets | - | - | - |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | - | - | - |

| Items | Beginning Balance | | |
|---|---|---|---|
| | Pre-tax amount | Income tax | Post-tax amount |
| 4)The effective hedging portion of gains or losses arising from cash flow hedging instruments | -591,418.30 | | -591,418.30 |
| the adjustments of the amount initially recognized when reclassified as hedging items | - | - | - |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | -591,418.30 | - | -591,418.30 |
| 5)Translation of foreign currency financial statements | 50,168,361.56 | - | 50,168,361.56 |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | 50,168,361.56 | - | 50,168,361.56 |
| **Total** | **-114,904,304.58** | **256,275,233.06** | **-371,179,537.64** |

2) The adjustments of each item of other comprehensive income：

| Items | Beginning Balance of last year | Changes during prior year | Beginning Balance of this year |
|---|---|---|---|
| 1.Other comprehensive income items which will not be reclassified subsequently to profit or loss | **-921,321.17** | **-3,433,646.09** | **-4,354,967.26** |
| 1)Changes as a result of re-measurement of net defined benefit plan liability or asset | -921,321.17 | -3,433,646.09 | -4,354,967.26 |
| 2)Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss | - | - | - |
| 2.Other comprehensive income items which will be reclassified subsequently to profit or loss | **-1,214,624,785.07** | **-503,632,623.69** | **-1,718,257,408.76** |
| 1)share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss | -1,626,676,149.12 | -1,134,562,722.70 | -2,761,238,871.82 |
| 2)gains or losses arising from changes in fair value of available-for-sale financial assets | 470,612,325.48 | 768,825,699.19 | 1,239,438,024.67 |

| Items | Beginning Balance of last year | Changes during prior year | Beginning Balance of this year |
|---|---|---|---|
| 3)gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets | - | - | - |
| 4)the effective hedging portion of gains or losses arising from cash flow hedging instruments | -10,524,614.90 | -427,536.29 | -10,952,151.19 |
| 5)translation of foreign currency financial statements | -48,036,346.53 | -137,468,063.89 | -185,504,410.42 |
| 3、Others | - | - | - |
| **Total** | **-1,215,546,106.24** | **-507,066,269.78** | **-1,722,612,376.02** |

Continued:

| Items | Beginning Balance of last year | Changes during prior year | Beginning Balance of this year |
|---|---|---|---|
| 1.Other comprehensive income items which will not be reclassified subsequently to profit or loss | **-4,354,967.26** | **-1,731,307.45** | **-6,086,274.71** |
| 1)Changes as a result of re-measurement of net defined benefit plan liability or asset | -4,354,967.26 | -1,731,307.45 | -6,086,274.71 |
| 2)Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss | - | - | - |
| 2.Other comprehensive income items which will be reclassified subsequently to profit or loss | **-1,718,257,408.76** | **-370,718,774.92** | **-2,088,976,183.68** |
| 1)share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss | -2,761,238,871.82 | 378,078,811.13 | -2,383,160,060.69 |
| 2)gains or losses arising from changes in fair value of available-for-sale financial assets | 1,239,438,024.67 | -523,913,674.29 | 715,524,350.38 |
| 3)gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets | - | - | - |
| 4)the effective hedging portion of gains or losses arising from cash flow hedging instruments | -10,952,151.19 | 57,832,577.18 | 46,880,425.99 |
| 5)translation of foreign currency financial statements | -185,504,410.42 | -282,716,488.94 | -468,220,899.36 |
| 3、Others | - | - | - |
| **Total** | **-1,722,612,376.02** | **-372,450,082.37** | **-2,095,062,458.39** |

## 8.71 Share based payment

1） Share based payment settled by equity method

| Items | Conditions |
|---|---|
| The determination method of fair value of equity instrument at grant date | Black-Scholes Valuation Models |
| The determination method on best estimate of amount of vested equity instrument | The estimate on employee's dimission rate before the vesting date |
| The reasons of difference of this year estimate and last year estimate | No |
| Cumulative of shares based payment on capital reserves which settled by equity | 6,931,928.72 |
| Total amount of share based payment settled by equity method | 6,445,366.72 |

Share based payment settled by equity method is according to "Resolution of share option plan (plan in 2015) which approved on 24 December 2015, CGN New Energy Holdings Co., Ltd.( New Energy Holdings), a subsidiary of CGNPC International Limited, rewards on directors and qualifying employee. 2015 share option plan will valid in 10 years from shareholder rights plan date. According to 2015 plan, the board of directors of New Energy Holdings sale share option to qualifying employee to subscribe to New Energy Holdings' share. On 8 December 2015 and 30 December 2015, 34,450,000 share options and 1,160,000 share options are already award to some qualifying employees. On 31 December 2015, the numbers of shares that already awarded or haven't executive of 2015 plan are 34,980,000. It equals to 0.82% of shares which are already issued by New Energy Holdings.

Until 31 December 2016, New Energy Holdings recognized the expenses of equity settled share based payment are RMB 6,931,928.72, Increase capital reserves RMB 6,931,928.72, RMB 6,445,366.72 recognized in 2016; On Group consolidated level, after deducted proportion of minority shareholders, Group's consolidated capital reserves increases RMB 5,011,091.27, RMB 351,735.67 recognized in 2015, RMB 4,659,355.60 recognized in 2016.

2) Share based payment settled by cash based

On 12 June 2015, the plans on stock H appreciation rights were approved by 2014 Annual General Meeting of CGNPC. On 5 November 2015, CGNPC's the tenth conference of the first Board of Directors approved the embodiment on first phase of stock appreciation rights. (Followings abbreviation as "Plan").

According to the Plan, CGNPC awards 359 employees' stock appreciation rights 256,240,000 in the first phase. Among of the above, stock appreciation rights which settled by CGNPC are 218,880,000, settled by joint ventures and Associates are 37,360,000. The exercise price is

HKD 3.50 per share. Stock appreciation rights awards are cash payment and not involving the CGNPC's equity, no dilution on CGNPC's equity.

1/3 of total amount of share appreciation rights can be exercised at 19 Dec 2016 or later.1/3 of total amount of share appreciation rights can be exercised at 18 Dec 2017 or later, and residual share appreciation rights (1/3 of total amount of share appreciation rights) can be exercised at 18 Dec 2018 or later.

The validity of exercise of the Plan is 3 years, from the effective date of stock appreciation rights to the last working date of validity of exercise. When exceeds the validity of exercise, the rights may automatic invalid and cannot be exercised retrospective.

On 31 December 2016, total amount of fair value of stock appreciation rights which were settled by CGNPC is RMB 48,991,898.41 (RMB 127,737,664.73 on 31 December 2015). The valuation of fair value used Black-Scholes Valuation Models, the data typed in models as follows:

| | **Ending balance** | **Beginning balance** |
|---|---|---|
| Fair Value (in HKD) | 0.19 - 0.31 | 0.63 - 0.73 |
| Weighted Average Stock Price (in HKD) | 2.13 | 2.9 |
| Strike Price | 3.5 | 3.5 |
| Expected Volatility | 37.36% - 37.60% | 36.38 - 38.89% |
| Expected Life ） | 2.96 - 4.96 years | 3.96 - 5.96 years |
| Expected Dividend Earned | 2.34% | 1.53% |
| Risk-free Interest Rate | 1.273 - 1.553% | 0.897 - 1.173% |

On 31 December 2016, the total amount of liabilities formed by cash settlement on share based payment by CGNPC is RMB 28,707,806.97 (RMB 10,689,807.22 on 31 December 2015). The total amount of expenses formed by cash settlement on share based payment by CGNPC is RMB 19,251,148.99 (RMB 10,689,807.22 on 31 December 2015).

### 8.72 Borrowing Costs

| **Items** | **Amount** |
|---|---|
| Interest expenses | 13,313,339,863.61 |
| Including: Capitalization Amount | 4,460,167,776.19 |
| Recorded into finance expenses | 8,853,172,087.42 |

### 8.73 Lease

1) Minimum lease collection (Lessor of financial lease)

| Remaining Lease Period | Minimum Lease Collection |
|---|---|
| Within 1 year (include 1 year) | 2,885,866,654.07 |
| 1-2 years (include 2 year) | 1,599,483,382.66 |
| 2-3 years (include 3 year) | 2,756,897,767.00 |
| Over 3 years | 2,731,486,131.68 |
| **Total** | **9,973,733,935.41** |

2) Significant Operating Lease (Lessor of operating lease)

| Remaining Lease Period | Minimum lease payment of irrevocable operating lease |
|---|---|
| Within 1 year (include 1 year) | 296,882,838.57 |
| 1-2 years (include 2 year) | 219,596,942.97 |
| 2-3 years (include 3 year) | 142,202,225.28 |
| Over 3 years | 405,174,730.31 |
| **Total** | **1,063,856,737.13** |

3) Operating Lease Assets (Lessor of operating lease)

| Category of Operating Lease Assets | Ending Balance | Beginning Balance |
|---|---|---|
| Buildings | 971,127,253.76 | 1,827,984,453.49 |
| Machine and Equipment | 1,143,986,732.08 | 299,890.63 |
| **Total** | **2,115,113,985.84** | **1,828,284,344.12** |

## 8.74 Consolidated statement of cash flows

1) Supplementary materials of consolidated cash flow statement

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| 1. Reconciliation of net profit to cash flows from operating activities: | — | — |
| Net profit | 11,037,324,225.50 | 9,136,000,549.63 |
| Add: Provision for impairment of assets | 2,239,103,770.70 | 1,039,899,011.86 |
| Depreciation of fixed assets, depletion of oil & gas, depreciation of productive bio-materials | 9,493,526,574.21 | 7,248,868,140.96 |
| Amortization of intangible assets | 917,708,970.87 | 508,529,444.08 |
| Amortization of long-term prepaid expenses | 268,458,195.59 | 161,719,550.31 |
| Losses on disposal of fixed assets, intangible assets and other long-term assets (or "-" for gains) | 77,264,013.61 | 25,002,628.70 |
| Losses on scrapping of fixed assets (or "-"for gains) | - | - |
| Losses on change of fair values ("-" for gains) | -98,360,298.38 | -34,726,540.08 |

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Financial expenses (or "-" for income) | 8,282,190,150.62 | 5,914,935,859.24 |
| Losses arising from investments (or "-"for gains) | -2,643,859,756.68 | -1,616,733,521.99 |
| Decrease on deferred tax asset (or "-" for increase) | -493,221,925.11 | -67,977,172.65 |
| Increase on deferred tax liability (or "-" for decrease) | 2,634,188,837.97 | 195,373,517.58 |
| Decrease in inventories (or "-" for increase) | -5,069,382,898.89 | -5,218,130,045.85 |
| Decrease in operating receivables (or "-" for increase) | -4,807,026,051.40 | -4,022,926,613.25 |
| Increase in operating payable (or "-" for decrease) | 4,677,861,763.57 | -1,712,420,410.74 |
| Others | 6,445,366.72 | 351735.67 |
| **Net cash flows from operating activities** | 26,522,220,938.90 | 11,557,766,133.47 |
| 2. Significant investing and financing activities that do not involve cash receipts or payments: | — | — |
| Conversion of debt into capital | - | - |
| Convertible bonds to be expired within 1 year | - | - |
| Fixed assets under finance lease | - | - |
| 3. Net increase in cash and cash equivalents: | — | — |
| Cash at the end of the year | 19,276,175,307.22 | 20,935,996,535.53 |
| Less: Cash at the beginning of the year | 20,935,996,535.53 | 37,027,036,061.39 |
| Add: Cash equivalents at the end of the year | - | - |
| Less: Cash equivalents at the beginning of the year | - | - |
| Net increase in cash and cash equivalents | **-1,659,821,228.31** | **-16,091,039,525.86** |

2) Disclosure of acquisition and disposal of subsidiaries and other business entities in the current year

| Items | Amount |
|---|---|
| The amount of payment of cash and cash equivalents in this year due to consolidation in this year | 14,986,362,902.78 |
| Less: Cash and cash equivalents held by subsidiaries and other business entities | 2,901,819,702.08 |
| Add: The amount of payment of cash and cash equivalents in this year due to consolidation in priors years | - |
| Net cash amount acquired by subsidiaries | 12,084,543,200.70 |
| The amount of payment of cash and cash equivalents in this year due to disposal on subsidiaries in this year | 233,783,236.57 |
| Less: Cash and cash equivalents held by subsidiaries at the date of lost control | 29,591,235.25 |
| Add: The amount of payment of cash and cash equivalents in this year due to disposal on subsidiaries in priors years | - |
| Net cash amount acquired by disposed subsidiaries | 204,192,001.32 |

3) Cash and cash equivalents

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| 1. Cash | 19,276,175,307.22 | 20,935,996,535.53 |
| Including: Cash on hand | 8,206,008.67 | 646,744.48 |
| Cash in bank available for payment at anytime | 19,191,306,212.73 | 20,901,297,959.56 |
| Other monetary fund available for payment at anytime | 76,663,085.82 | 34,051,831.49 |
| 2. Cash Equivalents | - | - |
| Including: Bond investment due within 3 months | - | - |
| **3. Cash and cash equivalents at the end of the year** | **19,276,175,307.22** | **20,935,996,535.53** |
| Including: Restricted cash and cash equivalents when parent company and subsidiaries used | - | - |

### 8.75 Assets restricted on ownership and right of use

| Items | Book Value at the year end | Reasons for Restriction |
|---|---|---|
| Other monetary funds | 3,516,227,416.97 | See notes 8.1Monetory funds- 2) Restricted Monetary Fund at the end of year |
| Long-term equity investment | 3,947,485,047.01 | Pledge of Stock Rights of Liaoning Hongyanhe Nuclear Power Co., Ltd. |
| Intangible assets | 169,235,798.84 | Loan pledged |
| Notes receivables | 210,525,975.86 | Loan pledged |
| Accounts receivables | 7,558,152,057.41 | Loan pledged |
| Construction in progress | 370,684,497.31 | Mortgage loan |
| Inventories | 1,004,117,344.76 | Mortgage loan |
| Fixed assets | 43,734,667,428.88 | Mortgage loan |
| Others | 6,799,902,787.42 | Security guarantees provided for bank loan |
| **Total** | **67,310,998,354.46** | — |

## 9. THE CONTINGENCIES

### 9.1 Up to December 31, 2016, the details of guarantee provided by the Group:

1) On 30 Jan 2012, for acquisition of Hushan uranium ore project, Taurus Mineral Limited, which is subsidiary of Group's joint venture- Miraculum Mineral Limited, sign a "loan agreement" with China Development Bank Co., Ltd as borrower. Loan limit was not exceeding USD 2.115 billion. Also signed sub-contract 1(loan limit not exceeding USD 0.94 billion) and sub-contract 2 (loan limit not exceeding USD 1.175 billion) under this loan agreement. Company provided joint and several liability guarantee which not exceeding USD 1.269 billion, and signed a "contract of guaranty" with China Development Bank Co., Ltd on 30 Jan 2012, provide guarantee for following expenses: 60% of Principal which is outstanding amount of loan of borrower under the main contract, corresponding principal amount, interest, default interest, compensation, liquidated damages, damage awards and any other payments which borrower owe to pay lender based on main contract and reasonable expense on

realizing creditor ' s rights. Up to 31 Dec 2016, Taurus Mineral Limited's loan balance was USD 1,932,644,095.92; company's liability to guarantee was USD 1,159,586,457.55 based on proportion of shares, amount convert into RMB was RMB 8,044,051,256.04.

2) On 28 Jan 2008, Liaoning Hongyanhe Nuclear Power Co., Ltd, which is joint venture of Company, signed a series of loan agreements with many financial institutions such as BOC,ICBC etc, and achieved borrowing limits from each bank. At the same time, Company signed "Equity pledged contract" with BOC, transferred 45% stock equities hold on Liaoning Hongyanhe Nuclear Power Co., Ltd pledged to CGN Nuclear Power Investment Co., Ltd. On 26 Oct 2011, with the BOC's approval, Company transferred 45% stock equities hold on Liaoning Hongyanhe Nuclear Power Co., Ltd pledged to CGN Nuclear Power Investment Co., Ltd. In 2015, CGN Nuclear Power Investment Co., Ltd signed equity pledged contract with BOC, pledged 45% stock equities hold on Liaoning Hongyanhe Nuclear Power Co., Ltd to BOC. Up to 31 Dec 2016, the amount of ending balance of long-term equity investment to Liaoning Hongyanhe Nuclear Power Co., Ltd is RMB 3,947,485,047.01

3) On 29 Sep 2016, Sagittarius International Limited (hereinafter referred to as warrantee), which is subsidiary of Group;s joint venture-Definite Arise Limited, signed HINKLEY POINT C SHAREHOLDERS’ AGREEMENT (hereinafter referred to as basic transaction contract) for British Hinkley Point C nuclear power project with NNB Holding Company (HPC) Limited (hereinafter referred to as HoldCo),NNB Top Company HPC (A) LTD (hereinafter referred to as EDF TopCo)(EDF TopCo and HoldCo will be called beneficiary in one of themselves or in conbination) and NNB Generation Company (HPC) Limited.In order to ensure that warrantee fulfill obligations that make payment to beneficiary based on basic transaction contract, as leading bank, China Development Bank combined 4 financial institutions (combined referred as warrantor), established Irrevocable Standby Letter of Credit (hereinafter referred to as SLC) as guarantee of performance on basic transaction contract. As one of the requirement that warrantor agreed on issue SLC, Company provided counter guarantee as counter-guarantor to warrantor.

**9.2 Pledge of assets**

As at December 31, 2016, the Group has pledged part of the assets for borrowing, for the details refer to NOTES 8. (75)“Assets restricted on ownership and right of use”

**9.3 As at 31 December 2016, the unsettled litigation, arbitration formation of the Group is as below:**

### 9.3.1 Disputes of engineering and construction contract of Sichuan Hydro-elec Group of China sued Sichuan Yutian Energy Development Co., Ltd.

Case briefing: the plaintiff (CGN Energy Development Co., Ltd) signed 4 construction contracts related to Yutian power station construction with the defendant (Sichuan Yutian Energy Development Co., Ltd.) in 2008 (the contract date was earlier than shares acquisition date of Yutian Company) Yutian power station was completed in January 2013, but after multiple negotiations, both two sides still cannot reach consensus on settle accounts. On 18 May 2015, the plaintiff took a legal action on Sichuan Liangshan Intermediate People's Court. It requires the defendant to pay construction funds RMB 68,427,944.00 and relevant interest lawyer fees and legal fees of this case, etc.

On 16 Nov 2015, court of first instance issued civil ruling paper (2015 Chanliangzhongminchuzi No. 308), judged rejection on plaintiff's claim. In Dec 2016, Sichuan High people's court (Court of Second Instance) issued civil ruling paper (2016 Chuanminzhong No. 593).The judgment as follows: 1. Cancelled civil ruling paper issued by court of first instance; 2. appoint court of first instance rehearing. On 21 Feb 2017,court of first instance reconvene to heard this case.

Until the date of approval of financial report, the first instance of this case hasn't been concluded.

### 9.3.2 Disputes of equity transfer price of CGN Energy Development Co., Ltd sued Sichuan Hongya Heseng Hydro Company

Case briefing: CGN Energy Development Co., Ltd purchased 100% equity of SiChuan TianQuan JiaoJiPing Hydro (electric) Power Co., Ltd(hereafter to the JiaoJiPing company) from Hongya Heseng Hydro Company at 2008, the construction of the power stations which belong to JiaoJiPing company are not completed yet when purchasing. In order to efficiently improved construction progress the equity purchase contracts state that the defendant shall responsible for the complement of Jiaojiping power station. But the defendant breaches the contract and caused the power station construction cost over the budgets and delayed. On 2 December 2013, Energy Development Corporation filed a lawsuit to the Sichuan Provincial People's Higher Court, requiring the Heseng Company to pay liquidated damage of RMB 493.46 million.

On 31 December 2015, Court of First Instance issued civil ruling paper (2014 Chuanminchuzi No.1). Judgment as follows: i) the dependent pays the exceeds project acquisition funds to the plaintiff RMB 186,298,500.00; ii) the dependent pays the penalty RMB 69,120,000.00; iii) Huang Rui bear a joint guarantee on above 2 payment compulsory; iv) Reject others claims of the plaintiff.

Due to the result of first-instance judgment was too far away with the amount of claims, on 1 Feb 2016, CGN Energy Development Co., Ltd instituted an appeal to Supreme People's Court

Until the date of approval of financial report, the second instance of the case hasn't trial in court.

**9.3.3 Contract disputes of CGNPC Yawang MuLi County Shawan Electric Co., Ltd. sued Sichuan Xichang Electric Power Co.,Ltd.**

CGNPC Yawang MuLi County Shawan Electric Co., Ltd. signed Shayanxian asset transferred agreement with Sichuan Xichang Electric Power Co.,Ltd. in December 2011. The transferred price is RMB 112.50 million. The validity payment time may not exceed 31 Oct 2012. After multiple negotiation on final payment of the above agreement from 2012 till now, both 2 sides still cannot reach a consensus. On 12 September 2015, CGNPC Yawang MuLi County Shawan Electric Co., Ltd. took a legal action on intermediate people's court of Sichuan Liangshan autonomous prefecture of Yi nationality, the claims as follows: i) the defendant should pay asset transferred price RMB 60.25 million to the plaintiff; ii) the defendant should pay overdue payment loss RMB 21.8507 million to the plaintiff; iii)the defendant should bear all legal fares and maintenance costs.

On 11 July 2016, the court of first instance issued civil ruling paper (2015 Chuanliangzhongminchuzi No.320), judged defendant should pay the line transference funds to plaintiff with 10 days after effective date of judegmemt. The amount is RMB 4,984,355.21.

CGNPC Yawang MuLi County Shawan Electric Co., Ltd.arrested the first-instance judgment, instituted an appeal to Sichuan High people's court (Court of Second Instance) in July 2016, appeal on change the original sentence to support all claims issued by appealer.

Until the date of approval of financial report, the second instance of the case hasn't trial in court.

**9.3.4 Construction contract dispute that Yichang Jinhe Decoration Engineering Co., Ltd.(hereinafter referred to as Jinhe Company) sued CGNPC Hanjiang hydroelectric development Co., Ltd.**

Case briefing: CGNPC Hanjiang hydroelectric development Co., Ltd.(hereinafter referred to as Hanjiang Company) signed "Construction contract of Remediation of Han river baihe (jiahe) hydropower station Mahu groove and reroute project of right abutment 316 national highway" with China Gezhouba Group Company Limited (hereinafter referred to as Gezhouba Group). Gezhouba Group handed it over to Gezhouba Group second engineering Co., Ltd.(hereinafter referred to as Ge-2 Company) on organization and implementation, Ge-2 Company sub packaged to Jinhe Company. In June 2012, settelment matters haven't reached an agreement from both sides when project complement

On 28 Jan 2016, Jinhe Company took a legal action to Ankang intermediate people's court, claim matters as follows: 1) Hanjiang Company, Gezhouba Group and Ge-2 Company should pay for construction cost RMB 37,104,748.08; 2) both 3 sides mentioned above should pay for interest expenses due to default on construction cost RMB 4,729,686.28. Court was freezing bank accounts of Hanjiang Company, frozen amount was RMB 1,071,673.43.

Until the date of approval of financial report, the first instance of the case hasn’t trial in court.

### 9.3.5 Contract disputes of Nantong Johnson & Johnson Photoelectric Technology Co., Ltd (JJPE) sued CGNSEDC.

Case briefing: CGNPC solar energy (Qingtongxia) development co., Ltd is the subsidiary of CGNSEDC, there is a dispute about the quality problem of the 2MW thin film components which is provided by Johnson & Johnson photoelectric, therefore the remaining contract payment of RMB 6 million has not yet paid. On 14 January 2013, Johnson & Johnson photoelectric appeal to Beijing Haidian District People's court to require the Company and the Company's subsidiary CGNPC solar energy (Qingtongxia) development Co., Ltd. to make the payment of RMB 6.00 million for thin film solar batteries under the contract, and also pay for the interest of delay payment of RMB 429,400.00 and economic loss of RMB 280,000.00.

CGNPC solar energy (Qingtongxia) development co., Ltd instituted a countersuit in Feb 2013, requested on replacing goods or goods payment refund and compensated for loss, amount was RMB 12.78 million.

Until the date of approval of financial report, the case was still in the first instance stage.

### 9.3.6 Arbitration items about construction project contract between CGNPC Photoelectricity Biomass power generation (Singapore) Co., Ltd and Cyclect

Case briefing:On 30 Sep 2013, CGNPC Photoelectricity Biomass power generation

(Singapore) Co., Ltd signed construction project contract with Cyclect.During the procedures of fulfilment of contract, Cyclect proposed changing list. However, both 2 sides has major disagreement on changing workload and amount. Cyclect thought reasonable changing amount should be SGD 2,719,334.55, CGNPC Photoelectricity Biomass power generation (Singapore) Co., Ltd thought reasonable changing amount should be almost SGD 1 million. On 22 Mar 2016, cyclect apply for arbitration to Singapore International arbitration tribunal.

Until the date of approval of financial report, both of 2 sides confirmed arbitrator, predicted court date of arbitration was in April 2017.

### 9.3.7 Disputes on improper gains that NARI Technology Co., Ltd.sued Zhongweishi Tianyun New Energy Development Co.Ltd, etc.

Case briefing: NARI Technology Co., Ltd.(hereinafter referred to as NARI Company)purchased 82MW Component from Hunan Red Sun Photoelectricity Technology Co., Ltd.(hereinafter referred to as Red Sun Company). In order to finish supplying, Red Sun Company purchased 82MW Component from Jiangsu Yongneng New Energy Investment Co., Ltd (hereinafter referred to as Yongneng Company).Yongneng Company's source of supply is Jiangsu Sumeida Complete Equipment Construction Co., Ltd (hereinafter referred to as Sumeida Company).Sumeida Company's source of component is GDSOLAR CO.,LTD.(hereinafter referred to as GDSOLAR).NARI Company thought GDSOLAR provided this component to Zhongweishi Tianyun New Energy Development Co.Ltd, which is subsidiary of CGNSEDC, for their 130MW PV project. It constituted improper gain between Zhongweishi Tianyun New Energy Development Co. Ltd and Zhongneng Guodian (EPC general contractor of Tianyun 130 MW project). Claim for court to judged parties that have improper gained (Zhongweishi Tianyun New Energy Development Co.Ltd and Zhongneng Guodian Photovoltaic Green Ecology Cooperation and Development (jiangsu) Co., Ltd) compensate to NARI Company's loss.

The plantiff NARI Company took a legal action to Nanjing Intermediate people's court based on above conditions on 19 May 2016, requested RMB 122.389188 million compensations from Zhongweishi Tianyun New Energy Development Co.Ltd and Zhongneng Guodian.

Until the date of approval of financial report, Nanjing Intermediate people's court open a court session already and haven’t made judgment.

### 9.3.8 Dispute case of assignee of Nanchang property Zhang Xiaoqiang

Case briefing: On 24 Mar 2008, DNCF (Plaintiff) signed "Jiangxi Property transactions contract" with Zhang Xiaoqiang, appointed Zhang Xiaoqiang purchase DNCF's Nanchang property with RMB 27.81 million and payment by installments. After contract signatures, Zhang Xiaoqiang made RMB 8.35 million down payment based on agreement. DNCF conducted handing-over procedure with Zhang Xiaoqiang based on agreement. However, Zhang Xiaoqiang rejected to make residual house payment after he actual possessed, used and operated in above property.

On 10 July 2015, Jiangsu High people's court issued civil ruling paper (2013 Ganminzaizi No.10),judged on continue to fulfill original contract. Zhang Xiaoqiang should pay for DNCF liquidated damages (RMB 5,562,060.00),residual house payment(RMB 19,460,900.00) and interest expenses( Calculated from 1 Dec. 2008 to the date finished payment, interest rate was calculated based on benchmark interest rate for loan during same period issued by People's Bank of China).Liquidation fees bore by both of 2 sides, each amount is RMB 375,367.00. This is final judgment.

After final judgment, DNCF apply for enforcement to court immediately. Court was put on recorded on 23 Sep 2015.

After final judgment took effect, Zhang Xiaoqiang haven't fulfill obligations that make payment to DNCF for residual house payment, interest expenses and liquidated damages. Due to Zhang Xiaoqiang's behavior was constituted as fundamental breach of contract, therefore DNCF sent termination letter to Zhang Xiaoqiang on 22 Dec 2016, request to terminate the transaction contract relative to this case since 26 Dec 2016, returned the property relative to this case and rental income, deposit, liquidated damages during the period occupied by defendant.

On 26 Dec 2016,DNCF submitted civil complaint to Jiangxi Nanchang intermediate people's court. On 29 Dec 2016, DNCF received notice of acceptance of a case and registration book issued by Jiangxi Nanchang intermediate people's court.

Until the date of approval of financial report, the case hasn’t trial in court.

### 9.3.9 Fujian Dongshui Construction Projects Co., Ltd. sue Weixi Meiya Hengfa Hydropower Co., Ltd. on construction project contract disputes

Case briefing: the plantiff Fujian Dongshui Construction Projects Co., Ltd. and Weixi Meiya Hengfa Hydropower Co., Ltd. (hereinafter referred to as “Weixi Hengfa”).signed a construction contract for Luozhao river and Laboluo river project on 10 Sep 2010. In Sep 2016, Due to strategic shift, Weixi Hengfa and Meiya Weixi Power (Hong Kong) Limited decided to sold Luozhao river and Laboluo river project. The plantiff thought two defendant, Weixi Hengfa and Meiya Weixi Power(Hong Kong)Limited evade debts, therefore prosecute to Diqing Intermediate Court on 25 Oct 2016, ask for 2 defendants make a RMB 43.9156 million payment on default construction costs, RMB5.5647 million on interest and RMB 0.5 million on loss on labor and equipment management fees, undertake the litigation costs and preservation costs, and make sure that plaintiff as priority right to be repaid for the project.

On 6 Jan 2017, Weixi Hengfa received civil ruling paper (Yun 34 Minchu No.14) issued by Diqing intermediate court, judged "transported this case to China International Economic and Trade Arbitration Commission (CIETAC) Shanghai Branch". On 13 Jan 2017, Weixi Hengfa submitted civil appellate petition to Diqing Intermediate Court, request matters: 1) judged cancellation of civil appellate petition (Yun 34 Minchu No.14). 2) Judged rejection on prosecute by Fujian Dongshui Construction Projects Co., Ltd. Plaintiff also proposed appellate on jurisdictional dispute.

Until the date of approval of financial report, waiting for trial result of second-instance court.

### 9.3.10 Fujian Dongshui Construction Projects Co., Ltd. sue Weixi Meiya Yongfa Hydropower Co., Ltd. on Construction project contract disputes

Case briefing: the plaintiff Fujian Dongshui Construction Projects Co., Ltd. and Weixi Meiya Yongfa Hydropower Co., Ltd. (hereinafter referred to as “Weixi Yongfa”). signed a civil construction contract for Nongzi river and bridge river project. 10 May 2015, Weixi Yongfa and the agent rebidding incompleted bridge river project. In Sep 2016, Due to strategic shift, Weixi Yongfa decided to sell Nongzi River and bridge river project. The plantiff thought two defendant, Weixi Yongfa and Mei Ya Wei xi Power (Hong Kong) Limited evade debts, therefore prosecute to Diqing Intermediate Court on 25 Oct 2016, ask for 2 defendants make a RMB 43.7655 million payment on default construction costs, RMB4.7267 million on interest and RMB 1 million for the loss on equipment management fees, undertake the litigation costs and preservation costs, and make sure that plaintiff has priority right to be repaid for the project.

On 6 Jan 2017, Weixi Yongfa received civil ruling paper (Yun 34 Minchu No.13) issued by Diqing intermediate court, judged "transported this case to China International Economic and Trade Arbitration Commission (CIETAC) Shanghai Branch". On 13 Jan 2017, Weixi

Yongfa submitted civil appellate petition to Diqing Intermediate Court, request matters: 1) judged cancellation of civil appellate petition (Yun 34 Minchu No.13). 2) Judged rejection on prosecute by Fujian Dongshui Construction Projects Co., Ltd. Plaintiff also proposed appellate on jurisdictional dispute.

Until the date of approval of financial report, waiting for trial result of second-instance court.

### 9.3.11 Korea Electric Power Corporation sue CGN Yulchon Generation Co., Ltd. on electric power used contract disputes

Case briefing: On 5 Feb 2016,Korea Electric Power Corporation sued CGN Yulchon Generation Co., Ltd.(hereinafter referred to as “Yulchon Company”) hasn't in accordance with the stipulation of clause in electric power used contract, install interlocking device between main power line and backup power line when used main transformer and backup transformer at the same time. Therefore Yulchon Company hasn't paid the relative initial meter charges provided by backup transformer, which amount is RMB 23.9698 million.

Until the date of approval of financial report, the case hasn’t trial in court.

### 9.3.12 CGNPC International Financial Leasing Limited (hereinafter referred to as “Financial leasing Ltd”) about Hongchang gas projects dispute cases

Case briefing: 27 Aug 2015, Financial leasing Ltd signed a contract as leaser with Xinyang Hongchang Gas Pipeline Project LLC. and Xinyang Hongsheng Fuel Gas LLC. called "Financial lease contract", contract No. is NLC15A004.Financing amount is RMB 300 million.Rent repayment method is average capital plus interest which repayment after calculation, total 12 phases of period. During the procedures of fufillment,joint tenant only paid RMB 3 million, RMB 0.65 million and RMB 1 million to Financial leasing Ltd, total amount was RMB 4.65 million. Other funds have't been paid, therefore provoke disputes.

Southern Chinese International Economic and Trade Arbitration Commission trail in court for this case, and the arbitration award (SCIA shencai [2016] No. D201) request respondent paid the unpaid rental, default fine and other expenses within 30 days, total amount was 343.9 million.

Due to respondents haven't finish ant payment in accordence with arbitration request, Financial leasing Ltd was applying enforcement to Zhengzhou Intermediate people's court.Zhengzhou Intermediate people's court made registration on Xinyang Hongchang Gas Pipeline Project LLC, Henan Xinyang Maojian Group Co., Ltd.,Chen Siqiang, Xinyang Dabie

Mountain wind power generation Co., Ltd,Henan Weite wind power generation LLC and Henan Luyu Tea Culture Tourism Development Co., Ltd. The case No. is 92016 Yu01 Zhi No. 990).Until the date of approval of financial report,all executors mentioned above was listed as subject to enforcement which break faith.Business judge of Zhengzhou Intermediate people's court was adopted enforcement measures on Xinyang Dabie Mountain wind power generation Co., Ltd and Henan Weite wind power generation LLC for right of charge on electricity.

**9.4As at 31 December 2015, the Group's provisions caused by other matters**

1) Capital commitments

| Commitments items | Amount |
|---|---|
| Purchase long-term assets commitments | 3,659,708,210.19 |
| Large amount of contract | 5,099,096,133.30 |

2) Operating lease commitments please refer to Note 8.(73)

Except for the above issues, as at 31 December 2016, the Group has no other significant contingencies.

## 10 EVENTS AFTER THE BALANCE SHEET DATE

In Dec 2016, CGNPC Ninghe Investment Co., Ltd (hereafter to the Ninghe Company), which is subsidiary of CGNPC, signed "concerted action agreement" with Datang International Electricity Generation Co., Ltd. Datang International Electricity Generation Co., Ltd. agreed on adopted concerted action with Ninghe Company on relative matter decisions by Fujian Ningde Nuclear Power Co., Ltd Board of shareholders and Board of directors. Ninghe Company can lead relative activities of Fujian Ningde Nuclear Power Co., Ltd. This agreement took effected since 1 Jan 2017 and valid in the duration of Fujian Ningde Nuclear Power Co., Ltd. Ninghe Company acquired controlling right of Fujian Ningde Nuclear Power Co., Ltd.and bring it into consolidated financial statement since 1 Jan 2017.

Except all of the above, As at the date of approval of the financial statement，there is no other significant event after the balance sheet date.

## 11 OTHER EVENTS

1) On 24 October 2012, executive meetings of the statecouncil discuss and approve the “safty planning of nuclear power (2011-2020)” and “medium and long development planning of nuclear power (2011-2020)”. Depends on deployment, only arranged the few plan site at coastal which through full demonstration and not arrange inland nuclear projects during “ the Twelfth Five-year” period. Until 31 December 2016, the Group’s inland nuclear power station projects-Anhui nuclear power projects and Xianning nuclear power projects still haven’t acquired the formal approval by National Development and Reform Commission, and still stayed in shunt running status affected by above policies during “Shisanwu” period.

2) Nuclear Technology Company signed Profit compensation agreement of Non - public offering shares on asset purchasing with Dalian International.Nuclear Technology Company promised, 6 target companies except Shenzhen Woer, the total amount of their audited net profits of consolidated financial statement (the net profits is attributed directly to listed company's net profits which deducted non-recurring profit and loss already, net profits in 2016 included attributed to counterparty's before) was not lower than 301.3099 million, 380.5943 million and 473.2530 million during 2016, 2017 and 2018. Total amount will not lower than 1.1551572 billion. Total amount of 6 companies audited net profits in 2016 after deducted non-recurring profit and loss was 304.2761 million.

## 12 THE RELATIONSHIP WITH RELATED PARTIES AND TRANSACTIONS

### 12.1 The relationship with related parties

1) Controlling shareholder and ultimate controlling party

| Controlling shareholder and ultimate controlling party ( name) | Proportion on shareholding(%) | Proportion on voting(%) |
|---|---|---|
| State-owned Assets Supervision and Administration Commission | 90 | 90 |

2) The subsidiaries

The new subsidiaries for the Group in this year please refer to Note 7.1 “the disclosure information”.

3) Joint ventures and Associates

The details of joint ventures and Associates of the Group please refer to Note 8.17.2 "the disclosed information of long-term equity investment".

4) Other related parties

| Related parties | Catagories of Related parties |
|---|---|
| Guangdong Hengjian Investment Holdings Co., Ltd | The shareholder |
| Taurus Mineral Limited | The Subsidiary of significant Joint ventures(Miraculum Mineral Limited) |
| Swakop Uranium (Pty) Ltd. | The Subsidiary of Taurus Mineral Limited |

## 12.2 Related parties transactions

1) Purchasing of goods or receiving of service

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | | **474,118.94** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | | 469,642.39 |
| FuJian Ningde Nuclear Power Co., Ltd. | | 4,476.55 |
| **Total** | | **474,118.94** |

2) Sales of goods or providing of service

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **4,145,313,120.87** | **4,663,098,111.39** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 2,097,378,386.41 | 2,454,235,852.84 |
| FuJian Ningde Nuclear Power Co., Ltd. | 1,999,092,493.64 | 2,146,900,184.26 |
| CGN Phase I Industrial Investment Funds Co., Ltd | 48,647,565.82 | 55,303,445.39 |
| Jiangsu Baoyin Special Steel Tube Co., Ltd | | 6,153,405.61 |
| Beijing RIC Nuclear Instrument Joint Venture Company, Ltd. | | 76,736.89 |
| CGNFEX | 186,361.04 | 425,806.40 |
| China Nuclear Industry 23 Construction Co., Ltd. | | 2,680.00 |
| Shenzhen CGN Hengfeng equity investment fund management Co ltd | 8,313.96 | |
| **Other related parties ：** | | **2,775,884.72** |
| Swakop Uranium（PTY） Ltd | | 2,775,884.72 |
| **Total** | **4,145,313,120.87** | **4,665,873,996.11** |

3) Loan Interests income

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **87,878,313.48** | **61,152,650.81** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 68,440,644.30 | 54,851,468.21 |
| FuJian Ningde Nuclear Power Co., Ltd. | 19,437,669.18 | 6,301,182.60 |
| **Total** | **87,878,313.48** | **61,152,650.81** |

4) Service charges and commission income

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **308,490.55** | **1,246,077.11** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 152,830.18 | 1,084,077.11 |
| FuJian Ningde Nuclear Power Co., Ltd. | 155,660.37 | 162,000.00 |
| **Other related parties ：** | **-** | **1,162,062.00** |
| Swakop Uranium（PTY） Ltd | - | 1,162,062.00 |
| **Total** | **308,490.55** | **2,408,139.11** |

5) Interests payment on corporate deposits

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **853,988.57** | **587,405.00** |
| FuJian Ningde Nuclear Power Co., Ltd. | 376,339.94 | 269,857.53 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 477,648.63 | 231,658.71 |
| CGN Phase I Industry Investment Funds Co., Ltd. | | 71,765.81 |
| CGNFEX | | 14,122.95 |
| **Total** | **853,988.57** | **587,405.00** |

## 12.3 The balance of related parties

1) Accounts receivable of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **2,577,364,535.19** | **4,450,007,342.40** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 1,727,649,238.49 | 3,577,797,438.70 |
| FuJian Ningde Nuclear Power Co., Ltd. | 615,359,116.42 | 872,095,958.70 |
| Beijing RIC Nuclear Instrument Joint Venture Company, Ltd. | 304,437.14 | 84,423.30 |
| China Nuclear Industry 23 Construction Co., Ltd. | | 24,085.50 |
| Guangdong Pumped Storage Co., Ltd. | | 5436.2 |
| Definite Arise Limited | 203,842,919.95 | |
| Shenzhen CGN Henfeng equity investment fund management Co ltd | 8,190.00 | |

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| Hubei Huadian Xisaishan Power Generation Co., Ltd | 30,150,329.19 | |
| CGNFEX | 50,304.00 | |
| **Other related parties ：** | **16,065,971.09** | **54,943,518.17** |
| Swakop Uranium（PTY） Ltd | 16,065,971.09 | 54,943,518.17 |
| **Total** | **2,593,430,506.28** | **4,504,950,860.57** |

2) Other receivables of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **17,000,960.26** | **35,649,817.79** |
| China- Ukraine Uranium Co Ltd | 7,390,077.84 | 7,390,077.84 |
| FuJian Ningde Nuclear Power Co., Ltd. | 4,609,344.36 | 14,622,671.64 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 2,862,791.74 | 12,297,181.94 |
| China Nuclear Industry 23 Construction Co., Ltd. | 410,564.39 | 522,792.26 |
| Miraculum Mineral Limited | 5,685.47 | 5,685.47 |
| Shenzhen CGN Tongying equity investment partnership (LLP) | - | 60,000.00 |
| Shenzhen CGN Minhua (LLP) | - | 401,664.70 |
| Hualong International Nuclear Power Technology Co., Ltd | 93,395.52 | - |
| Beijing RIC Nuclear Instrument Joint Venture Company, Ltd. | 75,600.00 | 175,529.14 |
| CGNFEX | - | 174214.8 |
| Tadau Energy Sdn Bhd | 1,552,650.00 | - |
| Definite Arise Limited | 850.94 | - |
| **Other related parties ：** | **23,677,889.69** | **23,677,889.69** |
| Swakop Uranium（PTY） Ltd | 12,740,531.58 | 12,740,531.58 |
| Taurus Mineral Limited | 10,937,358.11 | 10,937,358.11 |
| **Total** | **40,678,849.95** | **59,327,707.48** |

3) Advances payment of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **471,404,892.18** | **486,228,039.34** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 18,882.48 | |
| China Nuclear Industry 23 Construction Co., Ltd. | 469,386,009.70 | 486,228,039.34 |
| Hualong International Nuclear Power Technology Co., Ltd | 2,000,000.00 | |
| **Total** | **471,404,892.18** | **486,228,039.34** |

4) Interests receivable of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **63,399,495.14** | **14,681,822.38** |
| FuJian Ningde Nuclear Power Co., Ltd. | 1,011,375.00 | 3,873,148.89 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 3,008,870.00 | 3,987,449.68 |
| Miraculum Mineral Limited | 5,038,438.64 | 6,821,223.81 |
| Jiangsu Baoyin Special Steel Tube Co., Ltd | 162,749.93 | |
| Definite Arise Limited | 54,178,061.57 | |
| **Total** | **63,399,495.14** | **14,681,822.38** |

5) Dividends receivable of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **720,497,949.44** | **863,784,178.79** |
| FuJian Ningde Nuclear Power Co., Ltd. | 640,805,949.47 | 571,183,985.77 |
| Hubei Xisaishan Power Generation Co., Ltd | 63,699,999.97 | 112,887,423.50 |
| China Nuclear Industry 23 Construction Co., Ltd. | 15,992,000.00 | 10,615,000.00 |
| Hubei Huadian Xisaishan Power Generation Co., Ltd | | 166,885,269.52 |
| CIECC Engineering Company Limited | | 2,212,500.00 |
| **Total** | **720,497,949.44** | **863,784,178.79** |

6) Other non-current assets due within 1 year of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **1,910,000,000.00** | **2,970,000,000.00** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 910,000,000.00 | 2,866,000,000.00 |
| FuJian Ningde Nuclear Power Co., Ltd. | 1,000,000,000.00 | 104,000,000.00 |
| **Total** | **1,910,000,000.00** | **2,970,000,000.00** |

7） Other current assets of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Associates:** | | **199,999,868.28** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | | 199,999,868.28 |
| **Other related parties:** | | **1,168,847,868.38** |
| Swakop Uranium（PTY） Ltd | | 1,168,847,868.38 |
| **Total** | | **1,368,847,736.66** |

8) Long term receivables of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures:** | **13,354,227,807.50** | **1,698,709.33** |

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| China- Ukraine Uranium Co Ltd | 1,814,701.65 | 1,698,709.33 |
| Definite Arise Limited | 9,690,267,573.62 | |
| Miraculum Mineral Limited | 3,662,145,532.23 | |
| **Other related parties ：** | | **3,231,999,908.53** |
| Swakop Uranium（PTY） Ltd | | 3,231,999,908.53 |
| **Total** | **13,354,227,807.50** | **3,233,698,617.86** |

9) Other non-current assets of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Associates:** | 99,999,956.43 | 339,999,776.08 |
| Jiangsu Baoyin Special Steel Tube Co., Ltd. | 99,999,956.43 | 219,999,855.11 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | - | 119,999,920.97 |
| **Total** | 99,999,956.43 | 339,999,776.08 |

10) Account payables of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **240,130,544.71** | **390,664,050.48** |
| FuJian Ningde Nuclear Power Co., Ltd. | 386,410.84 | 3,911,104.25 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 21,603.01 | 79,548.48 |
| Xiemi Cibai Yi Uranium Company | 1,269,339.13 | 35,692,679.64 |
| China Nuclear Industry 23 Construction Co., Ltd. | 230,058,904.19 | 349,790,445.89 |
| CIECC Engineering Company Limited | 1,768,086.26 | 1,190,272.22 |
| Beijing RIC Nuclear Instrument Joint Venture Company, Ltd. | 6,626,201.28 | |
| **Other related parties:** | **153,974.62** | |
| Swakop Uranium（PTY） Ltd | 153,974.62 | |
| **Total** | **240,284,519.33** | **390,664,050.48** |

11) Other payables of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **54,550,263.79** | **49,188,479.41** |
| Definite Arise Limited | 59.57 | |
| FuJian Ningde Nuclear Power Co., Ltd. | 829,293.90 | 16,573.00 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 20,624,045.86 | 17,969,809.06 |
| Xiemi Cibai Yi Uranium Company | 5,200,239.22 | 2,008,467.02 |
| China Nuclear Industry 23 Construction Co., Ltd. | 2,015,946.58 | 5,633,534.70 |
| CIECC Engineering Company Limited | 10,000.00 | |
| Miraculum Mineral Limited | 25,870,678.66 | 23,560,095.63 |
| **Other related parties ：** | **302,217,735.68** | **491,189,861.54** |

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| Swakop Uranium（PTY） Ltd | 500,000.00 | |
| Taurus Mineral Limited | 301,717,735.68 | 491,189,861.54 |
| **Total** | **356,767,999.47** | **540,378,340.95** |

12) Received in advance of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **2,511,866,252.42** | **1,538,342,077.78** |
| FuJian Ningde Nuclear Power Co., Ltd. | 120,829,294.31 | **125,863,780.34** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 2,391,036,958.11 | 1,412,397,206.23 |
| China Nuclear Industry 23 Construction Co., Ltd. | | 81091.21 |
| **Other related parties ：** | | **15,947,844.99** |
| SwakopUranium(Pty)Ltd. | | 15,947,844.99 |
| **Total** | **2,511,866,252.42** | **1,554,289,922.77** |

13) Dividends payable of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Associates:** | **684,526,359.50** | **512,637,965.03** |
| CGN Phase I Industry Investment Funds Co., Ltd. | 684,526,359.50 | 512,637,965.03 |
| **Total** | **684,526,359.50** | **512,637,965.03** |

14) Loans and advances issued by related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Associates:** | **3,202,000,000.00** | **112,000,000.00** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 3,202,000,000.00 | 112,000,000.00 |
| **Total** | **3,202,000,000.00** | **112,000,000.00** |

15) Deposit taking or due from banks of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **989,320,757.95** | **91,123,946.21** |
| FuJian Ningde Nuclear Power Co., Ltd. | 56,645,067.08 | 5,772,358.69 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 932,345,359.02 | 82,320,869.14 |
| Jiangsu Baoyin Special Steel Tube Co., Ltd. | 2,399.45 | 11,395.35 |
| CGN Phase I Industry Investment Funds Co., Ltd. | 327,932.40 | 344,603.23 |
| CGNFEX | 23,257.27 | 2,674,719.80 |
| **Total** | **989,344,015.22** | **91,123,946.21** |

## 13 NOTES OF MAIN FINANCIAL STATEMENT OF PARENT COMPANY

### 13.1 Accounts receivable

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Amount | Portion(%) | Amount | Portion(%) |
| Accounts receivable with individual significant amount and identification separately bad debt provision | - | - | - | - |
| Accounts receivable accrued bad debt provision by portfolio | 127,555,965.68 | 100.00 | - | - |
| Including:(1)related parties portfolio | 117,463,679.15 | 92.09 | - | - |
| (2)risk free portfolio | 10,092,286.53 | 7.91 | - | - |
| Accounts receivable with individual insignificant amount and identification separately bad debt provision | - | - | - | - |
| **Total** | **127,555,965.68** | **100.00** | **-** | — |

Continued):

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Amount | Portion(%) | Amount | Portion(%) |
| Other receivables with individual significant amount and identification separately bad debt provision | - | - | - | - |
| Other receivables accrued bad debt provision by portfolio | 76,924,609.14 | 100 | - | - |
| Including:(1)related parties portfolio | 75,360,573.34 | 97.97 | - | - |
| (2)risk free portfolio | 1,564,035.80 | 2.03 | - | - |
| Other receivables with individual insignificant amount and identification separately bad debt provision | - | - | - | - |
| **Total** | **76,924,609.14** | **100** | - | — |

1） There are no bad debts provision reversed in this year.

2） There are no accounts receivable write-offs in this year.

3） Top 5 accounts receivables ranked by the debtors' ending balance

| Name of debtor | Book Balance |
|---|---|
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 1,087,043.00 |
| FuJian Ningde Nuclear Power Co., Ltd. | 6,444,245.63 |
| CGNPE | 1,231,870.11 |
| Shenzhen Nuclear Property Co., Ltd | 98,054,286.96 |
| Swakop Uranium (Pty) Ltd | 9,063,080.29 |
| **Total** | **115,880,525.99** |

## 13.2 Other receivables

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Amount | Portion(%) | Amount | Portion(%) |
| Other receivables with individual significant amount and identification separately bad debt provision | - | - | - | - |
| Other receivables accrued bad debt provision by portfolio | 11,159,665,881.18 | 100.00 | - | - |
| Including:(1)related parties portfolio | 11,150,227,302.95 | 99.92 | - | - |
| (2)risk free portfolio | 9,438,578.23 | 0.08 | - | - |
| Other receivables with individual insignificant amount and identification separately bad debt provision | 74,500.00 | - | 74,500.00 | 100.00 |
| **Total** | **11,159,740,381.18** | **100.00** | **74,500.00** | — |

**Continued:**

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Amount | Portion(%) | Amount | Portion(%) |
| Other receivables with individual significant amount and identification separately bad debt provision | - | - | - | - |
| Other receivables accrued bad debt provision by portfolio | 4,421,164,551.60 | 100.00 | - | - |

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Amount | Portion(%) | Amount | Portion(%) |
| Including:(1)related parties portfolio | 4,407,261,981.76 | 99.69 | - | - |
| (2)risk free portfolio | 13,902,569.84 | 0.31 | - | - |
| Other receivables with individual insignificant amount and identification separately bad debt provision | 74,500.00 | - | 74,500.00 | 100.00 |
| **Total** | **4,421,239,051.60** | **100.00** | **74,500.00** | — |

1） Other receivables that are individually insignificant but are provided for bad debts on individual basis

| Items | Book value | Bad debts | Aging | Provision % | Reasons for provision |
|---|---|---|---|---|---|
| Deposit | 74,500.00 | 74,500.00 | Over 5 years | 100 | Predict to be uncollectable |
| **Total** | **74,500.00** | **74,500.00** | — | — | — |

2） There are no bad debts provision reversed in this year.

3） There are no accounts receivable write-offs in this year.

4） Top 5 other receivables ranked by the debtors' ending balance

| Name of debtors | Natures | Book balance |
|---|---|---|
| CGNPC | Internal current account | 5,561,440,010.99 |
| Shenzhen Neng Zhi Hui Investment Co., Ltd | Internal current account | 4,713,938,754.30 |
| Guangxi Fangchenggang Nuclear Power Company Ltd | Internal current account | 350,895,374.91 |
| CGN Energy Development Co., Ltd | Internal current account | 71,266,594.23 |
| Lingwan Nuclear Power Co., Ltd. | Internal current account | 177,252,991.40 |
| **Total** | | **10,874,793,725.83** |

### 13.3 Long-term equity investments

1） The classification of long-term equity investment

| Items | Beginning Balance | Current increase | Current decrease | Ending Balance |
|---|---|---|---|---|
| Investment in subsidiaries | 85,399,490,150.11 | 14,249,562,057.00 | 15,727,491,730.80 | 83,921,560,476.31 |
| Investment in associates | - | 250,084,435.04 | - | 250,084,435.04 |
| **Subtotal** | **85,399,490,150.11** | **14,499,646,492.04** | **15,727,491,730.80** | **84,171,644,911.35** |
| Less: Provision for impairment loss | - | - | - | - |
| **Total** | **85,399,490,150.11** | **14,499,646,492.04** | **15,727,491,730.80** | **84,171,644,911.35** |

2） The details of long-term equity investments

| Investee | Beginning Balance | Changes in this year | | | |
|---|---|---|---|---|---|
| | | Additional Investments | Negative Investments | Investment income or loss recognized by equity method | Adjustment of other comprehensive income |
| **Investments on Subsidiaries** | **85,399,490,150.11** | **14,249,562,057.00** | **15,727,491,730.80** | **-** | **-** |
| Lingwan Nuclear Power Co., Ltd. | 50,000,000.00 | - | - | - | - |
| CGNPC Huasheng Investment Limited | 48,226,191.67 | - | - | - | - |
| Anhui Wuhu Nuclear Power Co., Ltd | 102,000,000.00 | - | - | - | - |
| CGN Finance Co., Ltd | 1,415,924,916.05 | 399,942,857.00 | - | - | - |
| China General Nuclear Power Services Corporation | 590,836,107.75 | - | - | - | - |
| Guangxi Fangchenggang Nuclear Power Company Ltd | 3,568,500,000.00 | 350,750,000.00 | 3,919,250,000.00 | - | - |
| Hubei Nuclear Power Co., Ltd | 159,000,000.00 | 27,600,000.00 | - | - | - |
| Jilin Nuclear Power Co., Ltd | 20,000,000.00 | - | - | - | - |
| Shenzhen Neng Zhi Hui Investment Co., Ltd | 401,000,000.00 | - | - | - | - |
| China General Nuclear Capital Holdings Co.,Ltd. | 8,163,265,306.13 | - | - | - | - |
| Xianning Nuclear Power Co., Ltd | 540,000,000.00 | - | - | - | - |
| CGN wind power generation Co., Ltd | 10,323,539,538.68 | 4,100,000,000.00 | 7,067,534,373.95 | - | - |
| China Nuclear Power Engineering Co., Ltd | 1,307,044,746.85 | - | 1,307,044,746.85 | - | - |
| CGNPC International Limited | 2,435,646,797.89 | - | - | - | - |
| CGN Huizhou Nuclear Power Co., Ltd. | 20,000,000.00 | - | - | - | - |
| CGN Lufeng Nuclear Power Co., Ltd | 840,000,000.00 | - | 840,000,000.00 | - | - |
| CGN Energy Development Co., Ltd | 3,618,862,931.06 | 2,750,000,000.00 | - | - | - |

| Investee | Beginning Balance | Changes in this year | | | |
|---|---|---|---|---|---|
| | | Additional Investments | Negative Investments | Investment income or loss recognized by equity method | Adjustment of other comprehensive income |
| CGNPC Shaoguan Nuclear Power Co., Ltd | 50,000,000.00 | - | - | - | - |
| CGN Taishan NO.2 Nuclear Power Co., Ltd | 200,000,000.00 | - | - | - | - |
| CGN Solar Energy Development Co., Ltd | 3,892,879,000.00 | 1,400,310,000.00 | 2,593,662,610.00 | - | - |
| CGNPC Uranium Resources Co., Ltd | 5,562,708,290.40 | - | - | - | - |
| CGN Power Co.,Ltd. | 42,070,056,323.63 | - | - | - | - |
| CGNPC Cang Nan Nuclear Power Company, Ltd. | 20,000,000.00 | - | - | - | - |
| CGN Ocean Energy Co.,Ltd. | - | 10,000,000.00 | - | - | - |
| CGN Hebei pyroelectricity Co.,Ltd. | - | 10,000,000.00 | - | - | - |
| Shenzhen CGN Fengtai Investment Co., Ltd | - | 5,200,959,200.00 | - | - | - |
| **Investments on Associates** | **-** | **250,000,000.00** | **-** | **84,435.04** | **-** |
| Hualong International Nuclear Power Technology Co., Ltd | - | 250,000,000.00 | - | 84,435.04 | - |
| **Total** | **85,399,490,150.11** | **14,499,562,057.00** | **15,727,491,730.80** | **84,435.04** | **-** |

Continued:

| Investee | Changes in this year | | | | Ending Balance | Ending balance of impairment provisions |
|---|---|---|---|---|---|---|
| | Others equity changes | Declaration of issued cash dividends or profits distribution | Accrued impairment provisions | Others | | |
| **Investments on Subsidiaries** | - | 7,824,420,425.66 | - | - | 83,921,560,476.31 | - |
| Lingwan Nuclear Power Co., Ltd. | - | - | - | - | 50,000,000.00 | - |
| CGNPC Huasheng Investment Limited | - | - | - | - | 48,226,191.67 | - |

| Investee | Changes in this year | | | | Ending Balance | Ending balance of impairment provisions |
|---|---|---|---|---|---|---|
| | Others equity changes | Declaration of issued cash dividends or profits distribution | Accrued impairment provisions | Others | | |
| Anhui Wuhu Nuclear Power Co., Ltd | - | - | - | - | 102,000,000.00 | - |
| CGN Finance Co., Ltd | - | 279,540,616.99 | - | - | 1,815,867,773.05 | - |
| China General Nuclear Power Services Corporation | - | 49,559,600.00 | - | - | 590,836,107.75 | - |
| Guangxi Fangchenggang Nuclear Power Company Ltd | - | - | - | - | - | - |
| Hubei Nuclear Power Co., Ltd | - | - | - | - | 186,600,000.00 | - |
| Jilin Nuclear Power Co., Ltd | - | - | - | - | 20,000,000.00 | - |
| Shenzhen Neng Zhi Hui Investment Co., Ltd | - | - | - | - | 401,000,000.00 | - |
| China General Nuclear Capital Holdings Co.,Ltd. | - | - | - | - | 8,163,265,306.13 | - |
| Xianning Nuclear Power Co., Ltd | - | - | - | - | 540,000,000.00 | - |
| CGN wind power generation Co., Ltd | - | 4,700,000,000.00 | - | - | 7,356,005,164.73 | - |
| China Nuclear Power Engineering Co., Ltd | - | 1,384,170,850.92 | - | - | - | - |
| CGNPC International Limited | - | - | - | - | 2,435,646,797.89 | - |
| CGN Huizhou Nuclear Power Co., Ltd. | - | - | - | - | 20,000,000.00 | - |
| CGN Lufeng Nuclear Power Co., Ltd | - | - | - | - | - | - |
| CGN Energy Development Co., Ltd | - | 130,000,000.00 | - | - | 6,368,862,931.06 | - |
| CGNPC Shaoguan Nuclear Power Co., Ltd | - | - | - | - | 50,000,000.00 | - |
| CGN Taishan NO.2 Nuclear Power Co., Ltd | - | - | - | - | 200,000,000.00 | - |
| CGN Solar Energy Development Co., Ltd | - | 55,730,420.00 | - | - | 2,699,526,390.00 | - |
| CGNPC Uranium Resources Co., Ltd | - | - | - | - | 5,562,708,290.40 | - |
| CGN Power Co.,Ltd. | - | 1,225,418,937.75 | - | - | 42,070,056,323.63 | - |
| CGNPC Cang Nan Nuclear Power Company, Ltd. | - | - | - | - | 20,000,000.00 | - |

| Investee | Changes in this year | | | | Ending Balance | Ending balance of impairment provisions |
|---|---|---|---|---|---|---|
| | Others equity changes | Declaration of issued cash dividends or profits distribution | Accrued impairment provisions | Others | | |
| CGN Ocean Energy Co.,Ltd. | - | - | - | - | 10,000,000.00 | - |
| CGN Hebei pyroelectricity Co.,Ltd. | - | - | - | - | 10,000,000.00 | - |
| Shenzhen CGN Fengtai Investment Co., Ltd | - | - | - | - | 5,200,959,200.00 | - |
| **Investments on Associates** | - | - | - | - | 250,084,435.04 | - |
| Hualong International Nuclear Power Technology Co., Ltd | - | - | - | - | 250,084,435.04 | - |
| **Total** | - | **7,824,420,425.66** | - | - | **84,171,644,911.35** | - |

### 13.4 Revenue and cost of operation

| Items | Ending Balance | | Beginning Balance | |
|---|---|---|---|---|
| | Revenue | Cost | Revenue | Cost |
| Other operating activities | 190,735,336.66 | 91,898,163.72 | 50,682,124.69 | 53,692,758.93 |
| **Total** | **190,735,336.66** | **91,898,163.72** | **50,682,124.69** | **53,692,758.93** |

### 13.5 Investment income

1) The source of investment income

| Source of investment income | Ending Balance | Beginning Balance |
|---|---|---|
| Long-term equity investment accounted for under equity method | 84,435.04 | |
| Investment income from disposed on long-term equity investment | 3,347,054,457.28 | 736,230,579.51 |
| Investment income from held-to-maturity investment during the holding period | 6,205,010.99 | 6,003,237.28 |
| Investment income from available-for-sale investment during the holding period | 16,042,128.00 | 19,459,598.00 |
| Investment income from disposal of available-for-sale financial assets | | 121,222,571.06 |
| Received subsidiaries dividends under cost method | 7,824,420,425.66 | 1,066,900,767.79 |
| Investment income from entrusted loan | 108,653,285.48 | 221,935,396.28 |
| Others | 25,095,399.23 | - |
| **Total** | **11,327,555,141.68** | **2,171,752,149.92** |

2) There is no significant limitation on the return of investment income for the Group

### 13.6 Supplementary information for cash flows of parent company

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **1.Reconciliation of net profit to cash flows from operating activities** | — | — |
| Net profit | 10,615,026,532.85 | 1,150,934,908.37 |
| Add: Provision for impairment of assets | - | - |
| Depreciation of fixed assets | 57,680,768.19 | 18,798,070.47 |
| Amortization of intangible assets | 141,017,636.22 | 23,964,316.81 |
| Amortization of long-term deferred expenses | - | - |
| Losses on disposal of fixed assets, intangible assets and other long-term assets("-"for gains) | -2,600.00 | 5,812,817.37 |
| Losses on scrapping of fixed assets("-" for gains) | - | - |
| Losses on change of fair values("-" for gains) | - | - |
| Financial charges("-" for gains) | 659,827,707.94 | 811,859,308.22 |
| Investments losses("-" for gains) | -11,327,555,141.68 | -2,171,752,149.92 |

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Decrease in deferred tax assets("-" for increase) | - | - |
| Increase in deferred tax liabilities("-" for decrease) | - | -114,977,570.51 |
| Decrease in inventories ("-" for increase) | - | - |
| Decrease in operating receivables("-" for increase) | 964,435,271.02 | 851,776,169.72 |
| Increase in operating payables("-" for decrease) | -38,173,808.36 | 3,609,940,063.39 |
| Others | - | - |
| Net cash flows from operating activities | 1,072,256,366.18 | 4,186,355,933.92 |
| 2.Significant investing and financing activities that do not involve cash receipts or payments： | | |
| Conversion of debt into capital | - | - |
| Convertible bonds to be expired within 1 year | - | - |
| Fixed assets under finance lease | - | - |
| 3.Net increase in cash and cash equivalents： | | |
| Cash at the end of the year | 6,552,434,425.92 | 5,688,741,592.89 |
| Less: Cash at the beginning of the year | 5,688,741,592.89 | 3,532,431,391.48 |
| Add: Cash equivalents at the end of the year | - | - |
| Less: Cash equivalents at the beginnning of the year | - | - |
| Net increase in cash and cash equivalents | **863,692,833.03** | **2,156,310,201.41** |

## 14 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors.

信永中和
ShineWing

信永中和会计师事务所
ShineWing
certified public accountants

北京市东城区朝阳门北大街8号富华大厦A座9层
9/F, Block A, Fu Hua Mansion, No.8, Chaoyangmen Beidajie, Dongcheng District, Beijing, 100027, P.R.China

联系电话: +86(010)6554 2288
telephone: +86(010)6554 2288

传真: +86(010)6554 7190
facsimile: +86(010)6554 7190

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# Auditors' Report

XYZH/2016SZA40392

**To the Board of Directors of**
**China General Nuclear Power Corporation:**

We have audited the accompanying financial statements of China General Nuclear Power Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise he consolidated and the company statements of financial position as at December 31, 2015, and income statements of consolidated and the Company, and cash flows statements and the statements of changes in equity for the year then ended, and notes to the financial statements.

## Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and fairly presenting them; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and present fairly, in all material respects, financial position of the Group as at 31 December 2015, and financial performance and cash flows of the Group for the year then ended.

ShineWing Certified Public Accountants　　Chinese Certified Public Accountant:

Beijing, China　　Chinese Certified Public Accountant:

21 April 2016

## Consolidated statement of financial position

As at December 31, 2015

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2015 | 2014 |
|---|---|---|---|
| **Current assets:** | | | |
| Cash and bank balances | 8.1 | 23,207,652,586.49 | 41,152,129,752.73 |
| △Settlement funds | | - | - |
| △Lending funds | | - | - |
| Financial assets at fair value through profit or loss | 8.2 | 188,823,874.55 | 31,533,550.00 |
| Derivative financial instruments | 8.3 | 22,413,089.02 | 9,226,192.89 |
| Notes receivable | 8.4 | 558,126,331.76 | 389,202,074.14 |
| Accounts receivable | 8.5 | 14,650,647,207.65 | 9,507,671,092.01 |
| Prepayments | 8.6 | 5,833,257,950.71 | 6,473,820,586.96 |
| △Premium receivable | | - | - |
| △Reinsurance accounts receivable | | 74,443,623.69 | - |
| △Receivable from subcontracting reserves | | 40,742,382.10 | - |
| Interest receivable | 8.7 | 31,993,974.67 | 32,799,539.10 |
| Dividends receivable | 8.8 | 885,231,805.03 | 230,682,964.59 |
| Other receivables | 8.9 | 827,814,540.34 | 983,260,812.65 |
| △Buying back the sale of financial assets | | - | - |
| Inventories | 8.10 | 17,316,433,349.93 | 12,101,574,896.16 |
| Including: Raw materials | 8.10 | 5,183,203,695.81 | 4,040,721,987.43 |
| Finished goods | 8.10 | 1,382,135,251.92 | 774,190,062.01 |
| Held-for-sale assets | | - | 129,496,952.05 |
| Non-current assets due within one year | 8.11 | 5,096,586,444.22 | 4,485,562,304.36 |
| Other current assets | 8.12 | 5,663,551,597.07 | 3,794,081,458.73 |
| **Total current assets** | | **74,397,718,757.23** | **79,321,042,176.37** |
| **Non-current assets:** | | | |
| △Loans and advances | 8.13 | 109,424,000.00 | - |
| Available-for-sale financial assets | 8.14 | 8,142,831,594.68 | 4,091,430,352.06 |
| Held-to-maturity investments | 8.15 | 242,172,146.04 | 121,067,606.23 |
| Long-term receivables | 8.16 | 6,251,379,682.34 | 4,436,845,081.67 |
| Long-term equity investments | 8.17 | 16,526,488,998.01 | 17,322,192,740.87 |
| Investment properties | 8.18 | 808,074,675.51 | 474,411,732.93 |
| Fixed assets-original cost | 8.19 | 209,062,287,027.36 | 175,089,597,938.58 |
| Less: accumulated depreciation | 8.19 | 61,552,787,129.84 | 53,078,650,002.11 |
| Fixed assets-original cost net of depreciation | 8.19 | 147,509,499,897.52 | 122,010,947,936.47 |
| Less:provision for impairment of fixed assets | 8.19 | 30,828,620.77 | 197,485,529.61 |
| Fixed assets-net book value | 8.19 | 147,478,671,276.75 | 121,813,462,406.86 |
| Construction in progress | 8.20 | 148,723,183,618.90 | 136,335,208,547.78 |
| Construction materials | 8.21 | 270,046,541.37 | 94,302,418.71 |
| Fixed assets pending for disposal | 8.22 | 1,353,651.13 | 1,246,119.64 |
| Productive biological assets | | - | - |
| Uranium mine assets | 8.23 | 958,891,388.33 | 1,042,485,411.19 |
| Intangible assets | 8.24 | 6,934,956,270.37 | 6,596,837,958.97 |
| Development expenditures | 8.25 | 1,250,511,826.47 | 1,035,112,313.71 |
| Goodwill | 8.26 | 3,354,261,636.06 | 2,227,032,442.14 |
| Long-term deferred expenses | 8.27 | 1,807,552,153.98 | 1,455,529,864.39 |
| Deferred tax assets | 8.28 | 1,141,971,699.72 | 1,080,320,230.25 |
| Other non-current assets | 8.29 | 14,296,149,779.06 | 11,403,715,824.41 |
| **Total non-current assets** | | **358,297,920,938.72** | **309,531,201,051.81** |
| **Total assets** | | **432,695,639,695.95** | **388,852,243,228.18** |

**Legal representative:** **Principal in charge of accounting:** **Head of accounting department:**

## Consolidated statement of financial position

As at December 31, 2015

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2015 | 2014 |
|---|---|---|---|
| **Current liabilities:** | | | |
| Short-term loans | 8.31 | 22,418,484,831.51 | 9,328,907,396.43 |
| △Borrowings from central bank | | - | - |
| △Deposits and placements from other financial institutions | 8.32 | 151,730,789.73 | 130,042,324.46 |
| △Placement from banks and other financial institutions | 8.33 | - | 1,600,000,000.00 |
| Financial liabilities at fair value through profit or loss | | - | - |
| Derivative financial instruments | 8.34 | 101,931,449.04 | 49,859,346.82 |
| Notes payable | 8.35 | 3,295,460,945.26 | 1,227,488,230.56 |
| Accounts payable | 8.36 | 24,813,938,302.05 | 20,153,282,403.21 |
| Advances from customers | 8.37 | 2,098,912,856.99 | 3,150,967,507.97 |
| △Financial assets sold for repurchase | | - | - |
| △Handling charges and commissions payable | | - | - |
| Employee benefits payable | 8.38 | 198,010,240.61 | 258,808,818.44 |
| Including:Salary payable | 8.38 | 108,835,063.00 | 168,984,721.94 |
| Welfare benefits payable | 8.38 | 3,638,631.66 | 6,705,973.89 |
| Taxes and surcharges payable | 8.39 | 2,974,323,508.48 | 2,637,705,190.53 |
| Interest payable | 8.40 | 1,019,682,289.00 | 1,259,749,419.55 |
| Dividends payable | 8.41 | 1,416,223,866.85 | 1,758,293,610.86 |
| Other payables | 8.42 | 3,324,806,360.58 | 2,784,382,855.82 |
| △Dividend payable for reinsurance | | 44,706,198.80 | - |
| △Provision for insurance contracts | | 68,675,629.45 | - |
| △Acting trading securities | | - | - |
| △Acting underwriting securities | | - | - |
| Held-for-sale Liabilities | 8.43 | - | 5,024,096.18 |
| Non-current liabilities due within one year | 8.44 | 20,367,726,199.96 | 19,775,270,367.70 |
| Other current liablities | 8.45 | 5,658,756,109.94 | 9,105,064,794.96 |
| **Total current liabilities** | | **87,953,369,578.25** | **73,224,846,363.49** |
| **Non-current liabilities:** | | | |
| Long-term loans | 8.46 | 174,482,850,877.49 | 162,153,579,622.01 |
| Bonds payable | 8.47 | 32,291,088,477.93 | 25,898,167,727.37 |
| Long-term payables | 8.48 | 1,543,300,234.21 | 2,050,322,672.24 |
| Long-term employee benefits payable | 8.49 | 49,728,807.22 | 35,341,000.00 |
| Grants payable | | - | - |
| Provisions | 8.50 | 1,757,279,622.34 | 1,526,987,640.45 |
| Deferred income | 8.51 | 2,213,244,665.44 | 2,212,709,123.44 |
| Deferred tax liabilities | 8.28 | 3,050,890,828.32 | 2,792,905,166.13 |
| Other non-current liablities | 8.52 | 141,186,762.56 | 250,343,381.81 |
| **Total non-current liabilities** | | **215,529,570,275.51** | **196,920,356,333.45** |
| **Total liabilities** | | **303,482,939,853.76** | **270,145,202,696.94** |
| **Equity:** | | | |
| Share capital | 8.53 | 12,200,000,000.00 | 10,200,000,000.00 |
| Other equity instruments | | - | - |
| Capital reserves | 8.54 | 16,566,996,815.36 | 16,686,540,049.92 |
| Less: treasury shares | | - | - |
| Other comprehensive income | | -1,722,612,376.02 | -1,215,546,106.24 |
| Including:Currency translation reserve | | -185,504,410.42 | -48,036,346.53 |
| Special reserve | 8.55 | 61,468,032.93 | 26,131,826.64 |
| Surplus reserves | 8.56 | 26,478,315,187.75 | 26,363,221,696.91 |
| △General risk reserve | | 210,209,837.41 | 210,209,837.41 |
| Undistributed profits | 8.57 | 25,912,738,715.47 | 21,872,796,548.42 |
| **Equity attributable to owners of the Company** | | **79,707,116,212.90** | **74,143,353,853.06** |
| *Non-controlling interest | | 49,505,583,629.29 | 44,563,686,678.18 |
| **Total equity** | | **129,212,699,842.19** | **118,707,040,531.24** |
| **Total liabilities and equity** | | **432,695,639,695.95** | **388,852,243,228.18** |

## Statement of financial position of the Company

As at December 31, 2015

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2015 | 2014 |
|---|---|---|---|
| **Current assetes** | | | |
| Cash and bank balances | | 5,688,741,592.89 | 3,532,431,391.48 |
| Financial assets at fair value through profit or loss | | - | - |
| Derivative financial assets | | - | - |
| Notes receivable | | - | - |
| Accounts receivable | 13.1 | 76,924,609.14 | 58,082,441.22 |
| Prepayments | | 157,200,013.71 | 191,258,346.96 |
| Interest receivable | | 16,819,609.58 | 23,261,688.89 |
| Dividends receivable | | 154,338,758.61 | 3,292,921,132.49 |
| Other receivables | 13.2 | 4,421,164,551.60 | 5,255,995,750.40 |
| Inventories | | - | - |
| Held-for-sale assets | | - | - |
| Non-current assets due within one year | | 1,995,920,888.68 | 5,015,376,310.75 |
| Other current assets | | 3,263,681,251.59 | 3,390,910,057.18 |
| **Total current assets** | | **15,774,791,275.80** | **20,760,237,119.37** |
| **Non-current assets:** | | | |
| Available-for-sale financial assets | | 1,483,172,647.65 | 1,737,569,726.12 |
| Held-to-maturity investments | | 125,944,554.01 | 121,067,606.23 |
| Long-term receivables | | 49,000,000.00 | 2,038,378,032.31 |
| Long-term equity investments | 13.3 | 85,399,490,150.11 | 92,557,259,149.71 |
| Investment properties | | 1,227,271,289.52 | - |
| Fixed assets | | 255,817,523.52 | 60,528,822.20 |
| Construction in progress | | 1,183,524,603.96 | 1,818,505,460.44 |
| Construction materials | | - | - |
| Fixed assets pending for disposal | | - | 17,426.60 |
| Productive biological assets | | - | - |
| Uranium mine assets | | - | - |
| Intangible assets | | 730,243,677.74 | 776,627,726.56 |
| Development expenditures | | 13,547,169.80 | 9,000,000.00 |
| Goodwill | | - | - |
| Long-term deferred expenses | | - | - |
| Deferred tax assets | | - | - |
| Other non-current assets | | 2,474,683.88 | - |
| **Total non-current assets** | | **90,470,486,300.19** | **99,118,953,950.17** |
| **Total assets** | | **106,245,277,575.99** | **119,879,191,069.54** |

## Statement of financial position of the Company

At December 31, 2015

Prepared by: China General Nuclear Power Corporation　　Unit：RMB

| | Notes | 2015 | 2014 |
|---|---|---|---|
| **Current Liabilities:** | | | |
| Short-term loans | | 5,971,230,000.00 | 8,676,230,000.00 |
| Financial liabilities at fair value through profit or loss | | - | - |
| Derivative financial instruments | | - | - |
| Notes payable | | - | - |
| Accounts payable | | 523,682,896.90 | 53,714,877.90 |
| Advances from customers | | 11,957,777.62 | 21,024,963.69 |
| Employee benefits payable | | 652,428.69 | 2,275,230.92 |
| Taxes and surcharges payable | | 67,447,241.35 | 78,517,751.81 |
| Interest payable | | 99,390,802.49 | 336,765,874.79 |
| Dividends payable | | 110,354,064.19 | 110,354,064.19 |
| Other payables | | 481,269,631.76 | 591,714,848.42 |
| Held-for-sale Liabilities | | - | - |
| Non-current liabilities due within one year | | 5,494,901,110.86 | 8,688,848,462.97 |
| Other current liablities | | 2,500,000,000.00 | 6,000,000,000.00 |
| **Total current liabilities** | | **15,260,885,953.86** | **24,559,446,074.69** |
| **Non-current liabilities:** | | | |
| Long-term loans | | - | 3,000,000,000.00 |
| Bonds payable | | 4,979,477,901.47 | 6,964,639,206.39 |
| Long-term payables | | - | - |
| Long-term employee benefits payable | | - | - |
| Grants payable | | - | - |
| Provisions | | - | - |
| Deferred income | | 450,000.00 | - |
| Deferred tax liabilities | | - | 114,977,570.51 |
| Other non-current liablities | | - | - |
| **Total non-current liabilities** | | **4,979,927,901.47** | **10,079,616,776.90** |
| **Total liabilities** | | **20,240,813,855.33** | **34,639,062,851.59** |
| **Equity:** | | | |
| Share capital | | 12,200,000,000.00 | 10,200,000,000.00 |
| Other equity instruments | | - | - |
| Including: Preferred stock | | - | - |
| Perpetual debt | | - | - |
| Capital reserves | | 32,361,015,675.05 | 33,661,015,675.05 |
| Less: treasury shares | | - | - |
| Other comprehensive income | | 423,988,208.00 | 503,295,211.53 |
| Including:Currency translation reserve | | - | - |
| Special reserve | | - | - |
| Surplus reserves | | 26,878,655,160.35 | 26,763,561,669.51 |
| Undistributed profits | | 14,140,804,677.26 | 14,112,255,661.86 |
| **Total equity** | | **86,004,463,720.66** | **85,240,128,217.95** |
| **Total liabilities and equity** | | **106,245,277,575.99** | **119,879,191,069.54** |

## Consolidated Statement of profit or loss and other comprehensive income

For the year ended December 31, 2015

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2015 | 2014 |
|---|---|---|---|
| **Total revenue** | | **50,604,334,566.04** | **45,174,315,011.32** |
| Including: Revenue | 8.58 | 50,223,253,738.24 | 44,852,608,496.53 |
| △Interest income | 8.59 | 360,926,636.09 | 302,761,902.79 |
| △Premium earned | | 6,863,774.29 | - |
| △Fees and commissions income | 8.60 | 13,290,417.42 | 18,944,612.00 |
| **Total cost** | | **42,789,143,851.48** | **38,242,973,083.16** |
| Including: Operation cost | 8.58 | 30,395,825,169.29 | 28,040,081,768.07 |
| △ Interest expenses | | 25,421,185.65 | 24,187,512.07 |
| △ Fees and commissions expenses | | 5,130,014.56 | 1,577,791.85 |
| △Surrender value | | - | - |
| △Net payments for insurance claims | | - | - |
| △Net payments for withdrawing reserve fund for insurance contracts | | - | - |
| △Bond insurance expenses | | - | - |
| △Amortised reinsurance expenditures | | 5,130,232.27 | - |
| Sales tax and surchages | | 729,793,951.86 | 622,095,102.54 |
| Selling and distribution expenses | 8.61 | 315,446,370.70 | 241,636,917.92 |
| General and administrative expenses | 8.62 | 3,822,617,366.97 | 3,341,095,091.36 |
| Financial costs | 8.63 | 6,449,880,548.32 | 5,811,171,927.02 |
| Including:Interest expense | 8.63 | 6,394,320,630.21 | 6,213,543,356.42 |
| Interest income | 8.63 | 361,253,673.59 | 156,290,660.30 |
| Exchange loss ("-" for gain) | 8.63 | 205,004,858.22 | -431,669,380.16 |
| Impairment losses | 8.64 | 1,039,899,011.86 | 161,126,972.33 |
| Other costs and expenses | | - | - |
| Add: Gain from fair value changes ("-" for loss) | 8.65 | 34,726,540.08 | -504,064,334.85 |
| Investment income ("-" for loss) | 8.66 | 1,616,733,521.99 | 1,231,242,003.85 |
| Including: Investment income from joint ventures and associates | 8.66 | 1,154,303,645.43 | 979,959,001.47 |
| Gain on foreign exchange (loss expressed with "-") | | 11,607,677.11 | -4,301,770.63 |
| **Operating profits ("-" for loss)** | | **9,478,258,453.74** | **7,654,217,826.53** |
| Add: Non-operating income | 8.67 | 1,937,056,200.85 | 1,931,516,038.84 |
| Including: Gain on disposal of non-current assets | 8.67 | 2,247,509.05 | 9,468,915.43 |
| Gain on exchange of non-monetary assets | | - | - |
| Government grants | 8.67 | 1,777,934,158.20 | 1,831,440,739.15 |
| Gain on debt restructuring | | - | - |
| Less: Non-operating expenses | 8.68 | 170,754,782.76 | 78,289,681.24 |
| Including: Loss on disposal of non-current assets | 8.68 | 27,250,137.75 | 35,640,739.10 |
| Loss on exchange of non-monertary assets | | - | - |
| Loss on debt restructuring | | - | - |
| **Profit before tax ("-" for loss)** | | **11,244,559,871.83** | **9,507,444,184.13** |
| Less: Income tax | 8.69 | 2,108,559,322.20 | 1,435,507,229.93 |
| **Net profit ("-" for loss)** | | **9,136,000,549.63** | **8,071,936,954.20** |
| Net profit attributable to owners of the Company | | 5,162,328,060.02 | 6,198,527,248.50 |
| Profit/loss attributable to non-controlling interests | | 3,973,672,489.61 | 1,873,409,705.70 |
| **Other comprehensive income after tax** | 8.70 | **-371,179,537.64** | **58,506,476.84** |
| (1) Comprehensive income not to be reclassified as profit or loss | 8.70 | -5,479,000.00 | -4,775,000.00 |
| 1) Changes in remeasured defined benefit obligations or net assets | 8.70 | -5,479,000.00 | -4,775,000.00 |
| 2) Portion of comprehensive income not to be reclassified as profit or loss under equity method | | - | - |
| (2) Comprehensive income to be reclassified as profit or loss | 8.70 | -365,700,537.64 | 63,281,476.84 |
| 1) Portion of comprehensive income to be reclassified as profit or loss under equity method | 8.70 | -1,184,103,180.09 | -528,480,931.22 |
| 2) Gain from fair value changes of available-for-sale financial assets | 8.70 | 768,825,699.19 | 584,646,228.77 |
| 3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets | | - | - |
| 4) Loss on effective cash flow hedging | 8.70 | -591,418.30 | -648,614.00 |
| 5) Currency translation reserve | 8.70 | 50,168,361.56 | 7,764,793.29 |
| **Total comprehensive income** | | **8,764,821,011.99** | **8,130,443,431.04** |
| Total comprehensive income attributable to owners of the Company | | 4,655,261,790.24 | 6,235,381,863.96 |
| Total comprehensive income attributable to non-controlling interests | | 4,109,559,221.75 | 1,895,061,567.08 |

## Statement of profit or loss and other comprehensive income of the Company

For the year ended December 31, 2015

Prepared by: China General Nuclear Power Corporation                                                                 Unit：RMB

| | Notes | 2015 | 2014 |
|---|---|---|---|
| **Total revenue** | 13.4 | **50,682,124.69** | **83,524,196.65** |
| Less: Operation costs | 13.4 | 53,692,758.93 | 84,325,879.59 |
| Sales tax and surchages | | 1,233,151.17 | 453,373.65 |
| Selling and distribution expenses | | - | - |
| General and administrative expenses | | 232,648,668.28 | 177,118,444.45 |
| Financial costs | | 725,353,451.92 | 1,242,644,960.70 |
| Impairment losses | | - | - |
| Add: Gain from fair value changes ("-" for loss) | | - | 252,248,058.15 |
| Investment income ("-" for loss) | 13.5 | 2,171,752,149.92 | 8,086,934,475.71 |
| Including: Investment income from joint venture and associates | | - | -3,919,619.26 |
| **Operating profits ("-" for loss)** | | **1,209,506,244.31** | **6,918,164,072.12** |
| Add: Non-operating income | | 3,405,396.23 | 1,277,811.93 |
| Including: Gain on disposal of non-current assets | | 15,675.00 | 4,870.00 |
| Less: Non-operating expenses | | 9,189,232.17 | 1,035,429.03 |
| Including: Loss on disposal of non-current assets | | 5,828,492.37 | 41,938.23 |
| **Profit before tax ("-" for loss)** | | **1,203,722,408.37** | **6,918,406,455.02** |
| Less: Income tax | | 52,787,500.00 | 63,062,014.54 |
| **Net profit ("-" for loss)** | | **1,150,934,908.37** | **6,855,344,440.48** |
| **Other comprehensive income after tax** | | **-79,307,003.53** | **349,198,297.47** |
| (1) Comprehensive income not to be reclassified as profit or loss | | - | - |
| 1) Changes in remeasured defined benefit obligations or net assets | | - | - |
| 2) Portion of comprehensive income not to be reclassified as profit or loss under equity method | | - | - |
| (2) Comprehensive income to be reclassified as profit or loss | | -79,307,003.53 | 349,198,297.47 |
| 1) Portion of comprehensive income to be reclassified as profit or loss under equity method | | - | - |
| 2) Loss from fair value changes of available-for-sale financial assets | | -79,307,003.53 | 349,198,297.47 |
| 3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets | | - | - |
| 4) Gain or loss on effective cash flow hedging | | - | - |
| 5) Currency translation difference | | - | - |
| **Total comprehensive income** | | **1,071,627,904.84** | **7,204,542,737.95** |

## Consolidated Statement of Cash Flows

For the year ended December 31, 2015

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2015 | 2014 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash received from sales of goods or rendering of service | | 52,164,020,443.17 | 50,081,569,735.04 |
| △Net increase in deposits and placements from financial institutions | | 21,688,465.27 | 67,305,573.40 |
| △Net increase amount of borrowings from central bank | | - | - |
| △ Net increase in placements from other financial institutions | | -1,600,000,000.00 | 600,000,000.00 |
| △Cash received from the premium of original insurance contract | | - | - |
| △Net cash received from reinsurance business | | - | - |
| △Net increase amount of deposit of the insured and investment fund | | - | - |
| △Net increase amount of dispose the financial assets at fair value through profit or loss | | - | - |
| △Cash received from interests,fees and commissions | | 384,728,270.90 | 309,913,126.56 |
| △Net increase amount of borrowing funds | | - | - |
| △Net increase amount of repurchase operation funds | | - | - |
| Cash received from tax refund | | 1,471,687,337.90 | 1,759,205,607.92 |
| Cash received from other activities related to operating activities | | 5,419,094,933.50 | 3,060,160,016.78 |
| **Sub-total of cash inflows from operation activities** | | **57,861,219,450.74** | **55,878,154,059.70** |
| Cash paid for goods and services | | 29,665,091,916.45 | 24,916,671,004.07 |
| △Net increase in loans and advances | | 225,427,456.37 | -5,268,361.23 |
| △ Net increase in deposits with central banks and other financial institutions | | -1,498,546,603.23 | 511,778,428.42 |
| △Cash payment for compensation of original inisurance contract | | - | - |
| △Cash paid for interest,fees and commissions | | 29,719,961.90 | 22,635,843.28 |
| △Cash payment for policy dividend | | - | - |
| Cash paid to employees and on behalf of employees | | 5,642,350,180.74 | 5,171,691,576.74 |
| Cash paid to taxes and surchages | | 5,421,873,313.67 | 5,090,028,531.04 |
| Cash paid relating to other operating activities | | 6,817,537,091.37 | 7,683,813,709.43 |
| **Sub-total of cash outflows used in operation activities** | | **46,303,453,317.27** | **43,391,350,731.75** |
| **Net cash flows from operating activities** | | **11,557,766,133.47** | **12,486,803,327.95** |
| **Cash flows from investing activities** | | | |
| Cash received from with withdraw of investment | | 3,550,588,872.06 | 4,395,181,252.96 |
| Cash received from investments income | | 900,151,936.96 | 1,178,861,260.12 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 2,152,803.23 | 224,173,131.43 |
| Net cash received from disposal of subsidiaries and other operating organizations | | 60,518,030.60 | 10,054,000.00 |
| Other cash received relating to investing activities | | 3,872,480,427.39 | 331,675,518.19 |
| **Sub-total of cash inflows from investment activities** | | **8,385,892,070.24** | **6,139,945,162.70** |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 36,071,594,479.96 | 37,803,978,787.12 |
| Cash paid for investments | | 7,990,987,058.77 | 9,489,824,077.13 |
| △Net increase amount of pledge loans | | - | - |
| Net cash paid for acquisition of subsidiaries and other business units | | 1,030,264,196.49 | 192,483,010.92 |
| Other cash payments relating to investing activities | | 6,307,219,491.83 | 2,771,516,022.45 |
| **Sub-total of cash outflows used in investment activities** | | **51,400,065,227.05** | **50,257,801,897.62** |
| **Net cash flows used in investing activities** | | **-43,014,173,156.81** | **-44,117,856,734.92** |
| **Cash flows from financing activities** | | | |
| Cash received from investors | | 2,787,433,366.18 | 31,320,253,412.77 |
| Including: Cash received from non-controlling shareholders' investment | | 2,587,433,366.18 | 31,320,253,412.77 |
| Cash received from borrowings | | 83,454,249,359.62 | 75,548,574,581.00 |
| △Cash received from bonds | | - | - |
| Other cash received relating to financing activities | | 1,751,033,305.61 | 3,560,156,454.51 |
| **Sub-total of cash inflows from financing activities** | | 87,992,716,031.41 | 110,428,984,448.28 |
| Repayments of borrowings and debts | | 56,048,286,439.13 | 32,878,429,179.60 |
| Cash paid for distribution of dividends or profits, or cash paid for interest expenses | | 15,268,375,178.46 | 13,053,817,360.67 |
| Including: Dividends or profit paid to non-controlling shareholders | | 1,825,840,507.80 | 1,152,930,990.28 |
| Other cash payments relating to financing activites | | 1,790,071,687.31 | 7,635,035,793.01 |
| **Sub-total of cash outflows used in financing activities** | | **73,106,733,304.90** | **53,567,282,333.28** |
| **Net cash flows from financing activities** | | **14,885,982,726.51** | **56,861,702,115.00** |
| **Effect of foreign exchange rate changes on cash and cash equivalents** | | **479,384,770.97** | **-78,699,064.13** |
| **Net increase / decrease on cash and cash equivalents** | 8.74 | **-16,091,039,525.86** | **25,151,949,643.90** |
| Cash and cash equivalents at the beginning of the year | | 37,027,036,061.39 | 11,875,086,417.49 |
| **Cash and cash equivalents at the end of the year** | | **20,935,996,535.53** | **37,027,036,061.39** |

## Statement of Cash Flows of the Company

For the year ended December 31, 2015

Prepared by: China General Nuclear Power Corporation Unit：RMB

| | Notes | 2015 | 2014 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash received from sales of goods or rendering of service | | 36,396,168.48 | 158,376,306.78 |
| Cash received from tax refund | | - | - |
| Cash received from other activities related to operating activities | | 7,300,518,563.46 | 3,068,598,629.94 |
| **Sub-total of cash inflows from operation activities** | | **7,336,914,731.94** | **3,226,974,936.72** |
| Cash paid for goods and services | | 5,591,102.24 | 127,584,979.06 |
| Cash paid to employees and on behalf of employees | | 63,473,100.84 | 221,023,864.53 |
| Cash paid to taxes and surchages | | 8,974,805.28 | 4,303,876.00 |
| Cash paid relating to other operating activities | | 3,072,519,789.66 | 3,168,965,522.08 |
| **Sub-total of cash outflows used in operation activities** | | **3,150,558,798.02** | **3,521,878,241.67** |
| **Net cash flows from operating activities** | | **4,186,355,933.92** | **-294,903,304.95** |
| **Cash flows from investing activities** | | | |
| Cash received from with withdraw of investment | | 16,694,135,844.19 | 23,006,002,074.54 |
| Cash received from investments income | | 4,474,532,492.61 | 5,549,713,091.95 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 2,430.00 | 3,415.00 |
| Net cash received from disposal of subsidiaries and other operating organizations | | - | - |
| Other cash received relating to investing activities | | 553,655.96 | 2,164,531,044.38 |
| **Sub-total of cash inflows from investment activities** | | **21,169,224,422.76** | **30,720,249,625.87** |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 472,404,451.94 | 661,243,317.99 |
| Cash paid for investments | | 7,058,219,691.72 | 26,203,549,634.85 |
| Net cash paid for acquisition of subsidiaries and other business units | | - | - |
| Other cash payments relating to investing activities | | 27,142,933.60 | 44,239,260.32 |
| **Sub-total of cash outflows used in investment activities** | | **7,557,767,077.26** | **26,909,032,213.16** |
| **Net cash flows used in investing activities** | | **13,611,457,345.50** | **3,811,217,412.71** |
| **Cash flows from financing activities** | | | |
| Cash received from investors | | 200,000,000.00 | - |
| Cash received from borrowings | | 25,385,146,666.67 | 23,634,230,000.00 |
| Other cash received relating to financing activities | | 700,000,000.00 | 1,800,000,000.00 |
| **Sub-total of cash inflows from financing activities** | | **26,285,146,666.67** | **25,434,230,000.00** |
| Repayments of borrowings and debts | | 39,799,230,000.00 | 18,176,230,000.00 |
| Cash paid for distribution of dividends or profits, or cash paid for interest expenses | | 1,971,026,990.94 | 2,131,277,033.39 |
| Other cash payments relating to financing activites | | 156,666,456.93 | 7,532,952,878.42 |
| **Cash outflows for financing** | | **41,926,923,447.87** | **27,840,459,911.81** |
| **Net cash flows from financing activities** | | **-15,641,776,781.20** | **-2,406,229,911.81** |
| **Effect of foreign exchange rate changes on cash and cash equivalents** | | **273,703.19** | **-109,720.54** |
| **Net increase / decrease on cash and cash equivalents** | 13.6 | **2,156,310,201.41** | **1,109,974,475.41** |
| Cash and cash equivalents at the beginning of the year | | 3,532,431,391.48 | 2,422,456,916.07 |
| **Cash and cash equivalents at the end of the year** | | **5,688,741,592.89** | **3,532,431,391.48** |

# Consolidated Statement of Changes in Equity

For the year ended December 31, 2015

Prepared by: China General Nuclear Power Corporation

Unit: RMB

| Items | Notes | 2015 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to owners of the Company | | | | | | | | | | | Non-controlling interests | Total equity |
| | | Share capital ) | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △General risk reserve | Retain earning | Others | Subtotal | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **1. Ending balance of last year** | 1 | **10,200,000,000.00** | **-** | **16,686,540,049.92** | **-** | **-1,215,546,106.24** | **26,131,826.64** | **26,363,221,696.91** | **210,209,837.41** | **21,872,796,548.42** | **-** | **74,143,353,853.06** | **44,563,686,678.18** | **118,707,040,531.24** |
| Add: increase/decrease due to changes in accounting policies | 2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Increase/decrease due to corrections of errors in prior period | 3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Others | 4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **2. Beginning balance of current year** | 5 | **10,200,000,000.00** | **-** | **16,686,540,049.92** | **-** | **-1,215,546,106.24** | **26,131,826.64** | **26,363,221,696.91** | **210,209,837.41** | **21,872,796,548.42** | **-** | **74,143,353,853.06** | **44,563,686,678.18** | **118,707,040,531.24** |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | **2,000,000,000.00** | **-** | **-119,543,234.56** | **-** | **-507,066,269.78** | **35,336,206.29** | **115,093,490.84** | **-** | **4,039,942,167.05** | **-** | **5,563,762,359.84** | **4,941,896,951.11** | **10,505,659,310.95** |
| (1) Total comprehensive income | 7 | - | - | - | - | -507,066,269.78 | - | - | - | 5,162,328,060.02 | - | 4,655,261,790.24 | 4,109,559,221.75 | 8,764,821,011.99 |
| (2) Owner's contibutions and withdrawals of capital | 8 | 200,000,000.00 | - | 1,680,456,765.44 | - | - | - | - | - | - | - | 1,880,456,765.44 | 2,321,489,838.54 | 4,201,946,603.98 |
| 1)Common stock contributed by owners | 9 | 200,000,000.00 | - | | - | - | - | - | - | - | - | 200,000,000.00 | 2,679,151,246.48 | 2,879,151,246.48 |
| 2)Capital contributed by other equity instruments holders | 10 | - | - | | - | - | - | - | - | - | - | - | - | |
| 3)Share-based payment recorded in owners equity | 11 | - | - | 351,735.67 | - | - | - | - | - | - | - | 351,735.67 | 134,826.33 | 486,562.00 |
| 4)Others | 12 | - | - | 1,680,105,029.77 | - | - | - | - | - | - | - | 1,680,105,029.77 | -357,796,234.27 | 1,322,308,795.50 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | 35,336,206.29 | - | - | - | - | 35,336,206.29 | 1,269,279.62 | 36,605,485.91 |
| 1)Accrual of specialized reserve | 14 | - | - | - | - | - | 143,953,127.35 | - | - | - | - | 143,953,127.35 | 1,865,145.93 | 145,818,273.28 |
| 2)Utilization of specialized reserve | 15 | - | - | - | - | - | -108,616,921.06 | - | - | - | - | -108,616,921.06 | -595,866.31 | -109,212,787.37 |
| (4) Profits distribution | 16 | - | - | - | - | - | - | 115,093,490.84 | - | -1,122,385,892.97 | - | -1,007,292,402.13 | -1,490,421,388.80 | -2,497,713,790.93 |
| 1)Appropriation of surplus reserves | 17 | - | - | - | - | - | - | 115,093,490.84 | - | -115,093,490.84 | - | - | - | - |
| Including: statutory surplus reserve | 18 | - | - | - | - | - | - | 115,093,490.84 | - | -115,093,490.84 | - | - | - | - |
| Decretionary surplus reserve | 19 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| #Reserve funds | 20 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| #Enterprise development funds | 21 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| #Re-investment by retained profits | 22 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2) Accrual of general risk reserve | 23 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3)Distribution to owners (or shareholders) | 24 | - | - | - | - | - | - | - | - | -1,004,161,400.00 | - | -1,004,161,400.00 | -1,490,421,388.80 | -2,494,582,788.80 |
| 4)Others | 25 | - | - | - | - | - | - | - | - | -3,131,002.13 | - | -3,131,002.13 | | -3,131,002.13 |
| (4) Internal carry-forward of owners' equity | 26 | 1,800,000,000.00 | - | -1,800,000,000.00 | - | - | - | - | - | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | 1,800,000,000.00 | - | -1,800,000,000.00 | - | - | - | - | - | - | - | - | - | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3)Recover of loss by surplus reserve | 29 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5)Others | 31 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **4.Ending banalance of current year** | 32 | **12,200,000,000.00** | **-** | **16,566,996,815.36** | **-** | **-1,722,612,376.02** | **61,468,032.93** | **26,478,315,187.75** | **210,209,837.41** | **25,912,738,715.47** | **-** | **79,707,116,212.90** | **49,505,583,629.29** | **129,212,699,842.19** |

## Consolidated Statement of Changes in Equity

For the year ended December 31, 2015

Prepared by: China General Nuclear Power Corporation

Unit：RMB

| Items | Notes | 2014 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to owners of the Company | | | | | | | | | | | Non-controlling interests | Total equity |
| | | Share capital | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △General risk reserve | Retain earning | Others | Subtotal | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **1. Ending balance of last year** | 1 | **10,200,000,000.00** | **-** | **3,945,037,317.44** | **-** | **-3,216,411,754.61** | **51,118,356.54** | **25,677,687,252.86** | **130,209,837.41** | **18,413,422,913.49** | **-** | **55,201,063,923.13** | **30,965,633,175.67** | **86,166,697,098.80** |
| Add: increase/decrease due to changes in accounting policies | 2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Increase/decrease due to corrections of errors in prior period | 3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Others | 4 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **2. Beginning balance of current year** | 5 | **10,200,000,000.00** | **-** | **3,945,037,317.44** | **-** | **-3,216,411,754.61** | **51,118,356.54** | **25,677,687,252.86** | **130,209,837.41** | **18,413,422,913.49** | **-** | **55,201,063,923.13** | **30,965,633,175.67** | **86,166,697,098.80** |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | **-** | **-** | **12,741,502,732.48** | **-** | **2,000,865,648.37** | **-24,986,529.90** | **685,534,444.05** | **80,000,000.00** | **3,459,373,634.93** | **-** | **18,942,289,929.93** | **13,598,053,502.51** | **32,540,343,432.44** |
| (1) Total comprehensive income | 7 | - | - | - | - | 36,854,615.46 | - | - | - | 6,198,527,248.50 | - | 6,235,381,863.96 | 1,895,061,567.08 | 8,130,443,431.04 |
| (2) Owner's contibutions and withdrawals of capital | 8 | - | - | 12,741,502,732.48 | - | 1,964,011,032.91 | - | - | - | - | - | 14,705,513,765.39 | 14,197,093,531.42 | 28,902,607,296.81 |
| 1)Common stock contributed by owners | 9 | - | - | - | - | - | - | - | - | - | - | - | 31,320,253,412.77 | 31,320,253,412.77 |
| 2)Capital contributed by other equity instruments holders | 10 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3)Share-based payment recorded in owners equity | 11 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4)Others | 12 | - | - | 12,741,502,732.48 | - | 1,964,011,032.91 | - | - | - | - | - | 14,705,513,765.39 | -17,123,159,881.35 | -2,417,646,115.96 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | -24,986,529.90 | - | - | - | - | -24,986,529.90 | 81,352.78 | -24,905,177.12 |
| 1)Accrual of specialized reserve | 14 | - | - | - | - | - | 116,714,617.66 | - | - | - | - | 116,714,617.66 | 81,352.78 | 116,795,970.44 |
| 2)Utilization of specialized reserve | 15 | - | - | - | - | - | -141,701,147.56 | - | - | - | - | -141,701,147.56 | - | -141,701,147.56 |
| (4) Profits distribution | 16 | - | - | - | - | - | - | 685,534,444.05 | 80,000,000.00 | -2,739,153,613.57 | - | -1,973,619,169.52 | -2,494,182,948.77 | -4,467,802,118.29 |
| 1)Appropriation of surplus reserves | 17 | - | - | - | - | - | - | 685,534,444.05 | - | -685,534,444.05 | - | - | - | - |
| Including: statutory surplus reserve | 18 | - | - | - | - | - | - | 685,534,444.05 | - | -685,534,444.05 | - | - | - | - |
| Decretionary surplus reserve | 19 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| #Reserve funds | 20 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| #Enterprise development funds | 21 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| #Re-investment by retained profits | 22 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2) Accrual of general risk reserve | 23 | - | - | - | - | - | - | - | 80,000,000.00 | -80,000,000.00 | - | - | - | - |
| 3)Distribution to owners (or shareholders) | 24 | - | - | - | - | - | - | - | - | -1,011,855,600.00 | - | -1,011,855,600.00 | -2,494,182,948.77 | -3,506,038,548.77 |
| 4)Others | 25 | - | - | - | - | - | - | - | - | -961,763,569.52 | - | -961,763,569.52 | - | -961,763,569.52 |
| (4) Internal carry-forward of owners' equity | 26 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3)Recover of loss by surplus reserve | 29 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5)Others | 31 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **4.Ending banalance of current year** | 32 | **10,200,000,000.00** | **-** | **16,686,540,049.92** | **-** | **-1,215,546,106.24** | **26,131,826.64** | **26,363,221,696.91** | **210,209,837.41** | **21,872,796,548.42** | **-** | **74,143,353,853.06** | **44,563,686,678.18** | **118,707,040,531.24** |

## Statement of Changes in Equity of the Company

For the year ended December 31, 2015

Prepared by: China General Nuclear Power Corporation

Unit: RMB

| Items | Notes | 2015 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △General risk reserve | Retain earning | Others | Subtotal |
| | — | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **1. Ending balance of last year** | 1 | **10,200,000,000.00** | **-** | **33,661,015,675.05** | **-** | **503,295,211.53** | **-** | **26,763,561,669.51** | **-** | **14,112,255,661.86** | **-** | **85,240,128,217.95** |
| Add: increase/decrease due to changes in accounting policies | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Increase/decrease due to corrections of errors in prior period | 3 | - | - | - | - | - | - | - | - | - | - | - |
| Others | 4 | - | - | - | - | - | - | - | - | - | - | - |
| **2. Beginning balance of current year** | 5 | **10,200,000,000.00** | **-** | **33,661,015,675.05** | **-** | **503,295,211.53** | **-** | **26,763,561,669.51** | **-** | **14,112,255,661.86** | **-** | **85,240,128,217.95** |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | **2,000,000,000.00** | **-** | **-1,300,000,000.00** | **-** | **-79,307,003.53** | **-** | **115,093,490.84** | **-** | **28,549,015.40** | **-** | **764,335,502.71** |
| (1) Total comprehensive income | 7 | - | - | - | - | -79,307,003.53 | - | - | - | 1,150,934,908.37 | - | 1,071,627,904.84 |
| (2) Owner's contibutions and withdrawals of capital | 8 | 200,000,000.00 | - | 500,000,000.00 | - | - | - | - | - | - | - | 700,000,000.00 |
| 1)Common stock contributed by owners | 9 | 200,000,000.00 | - | | - | - | - | - | - | - | - | 200,000,000.00 |
| 2)Capital contributed by other equity instruments holders | 10 | - | - | | - | - | - | - | - | - | - | - |
| 3)Share-based payment recorded in owners equity | 11 | - | - | | - | - | - | - | - | - | - | - |
| 4)Others | 12 | - | - | 500,000,000.00 | - | - | - | - | - | - | - | 500,000,000.00 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Accrual of specialized reserve | 14 | - | - | - | - | - | - | - | - | - | - | - |
| 2)Utilization of specialized reserve | 15 | - | - | - | - | - | - | - | - | - | - | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | 115,093,490.84 | - | -1,122,385,892.97 | - | -1,007,292,402.13 |
| 1)Appropriation of surplus reserves | 17 | - | - | - | - | - | - | 115,093,490.84 | - | -115,093,490.84 | - | - |
| Including: Statutory surplus reserve | 18 | - | - | - | - | - | - | 115,093,490.84 | - | -115,093,490.84 | - | - |
| Decretionary surplus reserve | 19 | - | - | - | - | - | - | - | - | - | - | - |
| Reserve funds | 20 | - | - | - | - | - | - | - | - | - | - | - |
| Enterprise development funds | 21 | - | - | - | - | - | - | - | - | - | - | - |
| Re-investment by retained profits | 22 | - | - | - | - | - | - | - | - | - | - | - |
| 2) Accrual of general risk reserve | 23 | - | - | - | - | - | - | - | - | - | - | - |
| 3)Distribution to owners (or shareholders) | 24 | - | - | - | - | - | - | - | - | -1,004,161,400.00 | - | -1,004,161,400.00 |
| 4)Others | 25 | - | - | - | - | - | - | - | - | -3,131,002.13 | - | -3,131,002.13 |
| (5) Transfer within owner's equity | 26 | 1,800,000,000.00 | - | -1,800,000,000.00 | - | - | - | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | 1,800,000,000.00 | - | -1,800,000,000.00 | - | - | - | - | - | - | - | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | - | - | - | - | - | - | - | - | - | - | - |
| 3)Recover of loss by surplus reserve | 29 | - | - | - | - | - | - | - | - | - | - | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | - | - | - | - | - | - | - | - | - | - | - |
| 5)Others | 31 | - | - | - | - | - | - | - | - | - | - | - |
| **4.Ending banalance of current year** | 32 | **12,200,000,000.00** | **-** | **32,361,015,675.05** | **-** | **423,988,208.00** | **-** | **26,878,655,160.35** | **-** | **14,140,804,677.26** | **-** | **86,004,463,720.66** |

**Legal representative:** **Principal in charge of accounting:** **Head of accounting department:**

## Statement of Changes in Equity of the Company

For the year ended December 31, 2015

Prepared by: China General Nuclear Power Corporation

Unit: RMB

| Items | Notes | 2014 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Other equity instruments | Capital reserve | Less: treasury shares | Other comprehensive income | Specialized reserve | Surplus reserve | △General risk reserve | Retain earning | Others | Subtotal |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| **1. Ending balance of last year** | 1 | **10,200,000,000.00** | **-** | **2,935,112,240.70** | **-** | **154,096,914.06** | **-** | **26,078,027,225.46** | **-** | **10,199,618,247.98** | **-** | **49,566,854,628.20** |
| Add: increase/decrease due to changes in accounting policies | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Increase/decrease due to corrections of errors in prior period | 3 | - | - | - | - | - | - | - | - | - | - | - |
| Others | 4 | - | - | - | - | - | - | - | - | - | - | - |
| **2. Beginning balance of current year** | 5 | **10,200,000,000.00** | **-** | **2,935,112,240.70** | **-** | **154,096,914.06** | **-** | **26,078,027,225.46** | **-** | **10,199,618,247.98** | **-** | **49,566,854,628.20** |
| **3. Increase/ Decrease for current year ("-" for decrease)** | 6 | **-** | **-** | **30,725,903,434.35** | **-** | **349,198,297.47** | **-** | **685,534,444.05** | **-** | **3,912,637,413.88** | **-** | **35,673,273,589.75** |
| (1) Total comprehensive income | 7 | - | - | — | - | 349,198,297.47 | - | — | - | 6,855,344,440.48 | - | 7,204,542,737.95 |
| (2) Owner's contibutions and withdrawals of capital | 8 | - | - | 30,725,903,434.35 | - | - | - | - | - | - | - | 30,725,903,434.35 |
| 1)Common stock contributed by owners | 9 | - | - | - | - | - | - | - | - | - | - | - |
| 2)Capital contributed by other equity instruments holders | 10 | - | - | - | - | - | - | - | - | - | - | - |
| 3)Share-based payment recorded in owners equity | 11 | - | - | - | - | - | - | - | - | - | - | - |
| 4)Others | 12 | - | - | 30,725,903,434.35 | - | - | - | - | - | - | - | 30,725,903,434.35 |
| (3) Accrual and utilization of specialized reserve | 13 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Accrual of specialized reserve | 14 | - | - | - | - | - | - | - | - | - | - | - |
| 2)Utilization of specialized reserve | 15 | - | - | - | - | - | - | - | - | - | - | - |
| (4) Profits distribution | 16 | - | - | - | - | - | - | 685,534,444.05 | - | -2,942,707,026.60 | - | -2,257,172,582.55 |
| 1)Appropriation of surplus reserves | 17 | - | - | - | - | - | - | 685,534,444.05 | - | -685,534,444.05 | - | - |
| Including: statutory surplus reserve | 18 | - | - | - | - | - | - | 685,534,444.05 | - | -685,534,444.05 | - | - |
| Decretionary surplus reserve | 19 | - | - | - | - | - | - | - | - | - | - | - |
| Reserve funds | 20 | - | - | - | - | - | - | - | - | - | - | - |
| Enterprise development funds | 21 | - | - | - | - | - | - | - | - | - | - | - |
| Re-investment by retained profits | 22 | - | - | - | - | - | - | - | - | - | - | - |
| 2) Accrual of general risk reserve | 23 | - | - | - | - | - | - | - | - | - | - | - |
| 3)Distribution to owners (or shareholders) | 24 | - | - | - | - | - | - | - | - | -1,011,855,600.00 | - | -1,011,855,600.00 |
| 4)Others | 25 | - | - | - | - | - | - | - | - | -1,245,316,982.55 | - | -1,245,316,982.55 |
| (5) Transfer within owner's equity | 26 | - | - | - | - | - | - | - | - | - | - | - |
| 1)Capital reserve transferred to paid-in capital | 27 | - | - | - | - | - | - | - | - | - | - | - |
| 2)Surplus reserve transferred to paid-in capital | 28 | - | - | - | - | - | - | - | - | - | - | - |
| 3)Recover of loss by surplus reserve | 29 | - | - | - | - | - | - | - | - | - | - | - |
| 4)Changes in remeasurement of defined benefit net obligations/assets | 30 | - | - | - | - | - | - | - | - | - | - | - |
| 5)Others | 31 | - | - | - | - | - | - | - | - | - | - | - |
| **4.Ending banalance of current year** | 32 | **10,200,000,000.00** | **-** | **33,661,015,675.05** | **-** | **503,295,211.53** | **-** | **26,763,561,669.51** | **-** | **14,112,255,661.86** | **-** | **85,240,128,217.95** |

**Legal representative:** **Principal in charge of accounting:** **Head of accounting department:**

## 1. PROFILE

### 1.1 General information

China General Nuclear Power Corporation (“the Company”, or “the Group” when includes its subsidiaries) was established by the decision through the 23rd Premier Office Meeting by the State Council on February, 1994. The establishment of China Guangdong Nuclear Power Holding Co., Ltd. was approved by the *JI GUI HUA [1994]1028* made by the State Planning Commission, the State Trade and Economic Commission, and the Economic System Reform Committee and organized by China National Nuclear Corporation, the People’s Government of Guangdong Province and the Ministry of Power Industry. The Company received the qualification of GONG SHANG QI JI ZI #24 Notice of Approval with the registered code of 100000000016944 of business license. The Company is state-owned enterprise in China running nuclear power business as its main operation under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of China.

At the end of 2012 the paid-in-capital of the Company includes: RMB 8.36 billion invested by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of China, taking up 82% of shares; RMB 816 million invested by the China National Nuclear Corporation (CNNC), taking up 8% of shares; RMB 1.02 billion invested by the People’s Government of Guangdong Province, taking up 10% of shares. According to YUE FU HAN [2012]349 issued by the People’s Government of Guangdong Province, the shares under the control of the People’s Government of Guangdong Province is held by Guangdong Hengjian Investment Holding Co., Ltd.

On 15th March 2013, as approved by SASAC of China the Company changed its name from China Guangdong Nuclear Power Holding Co., Ltd to China General Nuclear Power Corporation.

As per the documentations of Guozigaige (2013) No. 1047 and Guozigaige (2013) No. 1048 issued by SASAC as at 19 December 2013, the 8 % of the Company’s shares hold by CNNC are adjusted to SASAC. After the adjustment, the shareholder’s structure of the Company is as following, SASAC invested RMB 9.18 billion and count for 90% of the registed capital, the People’s Government of Guangdong Province invested RMB 1.02 billion and count for 10% of the registed capital which hold by Guangdong Hengjian Investment Holding Co., Ltd on behalf of it.

According to the resolution of the Company's shareholder's meeting of "the letter about increasing capital of China General Nuclear Power Corporation" ( ZhongGuanghegujue (2015) No.74), the Company's registed capital increase from 10.2 billion to 12.2 billion. Among that SASAC made a 1.8 billion as additional investment accorded with 90% shares. Guangdong Hengjian Investment Holding Co., Ltd made a 200 million as additional investment accorded with 10% shares. On 1 July 2015, SASAC made a 1.8 billion additional investment as transferring from capital reserve to registed capital. Guangdong Hengjian Investment Holding Co., Ltd paid a 200 million additional investment by cash.

After capital increased, the registed capital of the Company is RMB 12.2 billion. Paid-in-capital is RMB 12.2 billion. Following shows the ownership structure: SASAC contributes RMB 10.98 billion which occupied 90% of the registed capital; the People's Government of Guangdong Province contributes RMB 1.22 billion (holding by Guangdong Hengjian Investment Holding Co., Ltd) which occupied 10% of the registed capital.

The legal representative of the Company is He Yu. The registered office of the Company is: Science & Technology Building, No. 1001 Shangbu Zhong Road, Futian District, Shenzhen, Guangdong Province.

**1.2 The nature of the Group's business and main operating activities**

The Group's main business include power generation based on nuclear energy, heat production and supply, technical service on relevant specialty, survey of nature uranium resources, overseas nature uranium resources' development and relevant commerce and service, nuclear waste disposal.

Main operating activities include engaging in nuclear power and other clean energy based development, construction investment, operation and management; organize on power (heat) generation and sales; engage in research and development, consultation service of nuclear power technology; develop on nuclear power based project contracting and consultation service, nuclear power station in-service or retirement; develop on nuclear technology application, comprehensive utilization of energy resource which mainly based on clean energy, investment, construction and operating management on industry related on energy conservation and environmental protection. Engage in the survey of nature uranium resources, overseas nature uranium resources' development and relevant commerce and service. Engage in nuclear waste disposal and business on spent fuel storage, transportation and disposal. Engage in domestic and overseas investing and financing operations which related on nuclear power development. Engage in supporting service of clean energy industry and modern comprehensive service industry.

### 1.3 The immediate holding company and the Group's name

The immediate holding company and the ultimate controller of the Company is SASAC. The Company sets up board of directors and board of supervisors and general manager office, adopting the general manager responsibility system under the board of directors.

As at December 31, 2015, there are 23 secondary subsidiaries of the Company listed as follows:

| No | Company name | Abbreviation |
|---|---|---|
| 1 | CGN Power Co.,Ltd. | CGNPC |
| 2 | China Nuclear Power Engineering Co., Ltd | CGNPE |
| 3 | CGN Taishan NO.2 Nuclear Power Co., Ltd | CGNPCTSSNPC |
| 4 | CGN Lufeng Nuclear Power Co., Ltd | LFNPC |
| 5 | Hubei Nuclear Power Co., Ltd | HBNPC |
| 6 | Xianning Nuclear Power Co., Ltd | XNNPC |
| 7 | Guangxi Fangchenggang Nuclear Power Company Ltd | FCGNPC |
| 8 | CGNPC International Limited | CGNPCI |
| 9 | CGN Energy Development Co., Ltd | CGNEDCC |
| 10 | CGNPC Uranium Resources Co., Ltd | CGNPCURC |
| 11 | CGN Wind Power Co.,Ltd | CGNWEC |
| 12 | CGN Solar Energy Development Co., Ltd | CGNSEDC |
| 13 | China General Nuclear Capital Holdings Co.,Ltd. | CGNPCCSC |
| 14 | CGN Finance Co., Ltd | DNCF |
| 15 | CGNPC Huasheng Investment Limited | HSI |
| 16 | China General Nuclear Power Services Corporation | DYBNPSC |
| 17 | Shenzhen Neng Zhi Hui Investment Co., Ltd | SNIC |
| 18 | Anhui Wuhu Nuclear Power Co., Ltd | WHNPC |
| 19 | Jilin Nuclear Power Co., Ltd | JLNPC |
| 20 | CGNPC Shaoguan Nuclear Power Co., Ltd | SGNPC |
| 21 | Lingwan Nuclear Power Co., Ltd. | LWNPC |
| 22 | CGN Huizhou Nuclear Power Co., Ltd. | HZNPC |
| 23 | CGNPC Cang Nan Nuclear Power Company, Ltd. | CGNPCCNNPC |

The number of secondary subsidiaries was 4 less than that of the last year. The reasons are as follows: Taishan Nuclear Power Joint Venture Co., Ltd and Taishan Nuclear Power Industry Investment Co., Ltd were combined by CGN Power Co.,Ltd and become tertiary subsidiaries. CGN Private Equity Fund Management Co.Ltd and Beijing Galaxy Innovation Technology Development Co., Ltd were combined by China General Nuclear Capital Holdings Co.,Ltd and become tertiary subsidiaries.

### 1.4 Operation period

The Company's operation period is long-term effective from September 29, 1994.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Group's financial statements have been prepared on a going concern basis, the Group has recognized and measured transactions and events that have actually occurred in accordance with the Accounting Standards for Business Enterprises that issued by Ministry of Finance and relevant regulations, and prepared based on the accounting policies and accounting estimates mentioned in Note 4 "Significant Accounting Policies and Accounting Estimates".

## 3. STATEMENTS OF COMPLIANCE

The Company's financial statements were prepared in accordance with the Accounting Standards for Business Enterprises to truly and completely reflect the Company's and the Group's financial position, operation results, Changes in equity, cash flows and other related information.

## 4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### 4.1 Accounting Period

The accounting period of the Group is from January 1 to December 31 under the Gregorian calendar.

### 4.2 Recording Currency

The Group adopts RMB as recording currency, except for the following subsidiaries using foreign currency as recording currency.

| Company | Recording Currency |
|---|---|
| Guangdong Nuclear Power Joint Venture Co., Ltd | USD |
| CGNPC Huasheng Investment Limited | HKD |
| China Uranium Development Company Limited | USD |
| CGN Mining Company Limited | USD |
| CGNM UK Limited | USD |
| ENERGY METALS LIMITED | AUD |
| Thesaurus Mineral Limited | USD |
| CGN Global Uranium Limited | USD |
| General Uranium UK Ltd | USD |
| CGNPC International Limited | HKD |
| CGN New Energy Holdings Co., Ltd. | USD |
| MPC Yulchon Generation Co., Ltd. | KRW |
| MPC Daesan Power Co., Ltd. | KRW |
| CGN EUROPE ENERGY | EUR |
| Ferme Eolienne Du Canal De Gargouilleau | EUR |
| Societe D'Exploitation Du Parc Eolien Saulzet I | EUR |
| Societe Du Parc De Levigny | EUR |
| Societe Du Parc Eolien De Magoar | EUR |
| Ventelec | EUR |
| Energies Du Pays De Falaise | EUR |
| Centrale Eolienne De Scaer Mine Kervir | EUR |
| Societe D'Exploitation Du Parc Eolien Saulzet II | EUR |
| Vent De Gavray | EUR |
| CGN Europe Energy UK Holding Limited | GBP |
| Green Rigg Windfarm Limited | GBP |
| Glass Moor II Windfarm Limited | GBP |
| Rusholme Windfarm Limited | GBP |
| CGN Europe Energy Wales Holding Limited | GBP |
| Brenig Wind Limited | GBP |
| China Solar Energy Investment Limited | USD |
| Aigrette Green Energy Development Co., Ltd. | HKD |
| CGN Captive Insurance Limited | HKD |
| China Clean Energy Development Limited | USD |
| Mortons Lane Wind Farm Co., Ltd | AUD |
| CGNPC Solar-Biofuel Power (Singapore) Pte. Ltd. | SGD |
| CGN Investment (HK) Co., Limited | HKD |

### 4.3 Recording Basis and Pricing Principles

The actual basis shall be adopted as accounting treatment to follow historical cost method except for certain financial instruments are valued at fair value measurement. If the asset is impaired, the asset impairment provision is accrued as per the accounting standards.

Under historical cost method, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received in exchange for the present obligation, or the amount payable under contract for assuming the present obligation, or at the amount of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurements date. Regardless the fair value is observable or the valuation techniques used, the fair value presented and recorded in this financial statement are determined on that basis.

### 4.4 Business Combinations

The Group as acquirer, the acquired assets and liabilities are measured on the book value of the acquiree at the acquisition date. The difference between the book value of the net assets and the book value of consideration shall be adjusted to share premium of capital reserves; when share premium is insufficient, any excess shall be adjusted to retained earnings.

The identifiable assets and liability or contingent liability of the acquiree which are acquired under non common control are measured at fair value at acquisition date. The combination cost is measured at the acquisition date fair value of the assets paid, the liabilities incurred or assumed and equity securities issued by the acquirer in exchange for the control of acquiree. (In terms of step acquisitions, the combination cost is the sum of consideration paid on the acquisition date). The excess of the acquisition cost over the fair value of the identifiable net assets is recognized as goodwill and measured by cost method. If the acquisition cost is less than the fair value of net identifiable assets, the fair value of acquired identifiable assets, liabilities or contingent liabilities are required to be reviewed, and the difference is recognized in profit or loss immediately.

### 4.5 Preparation of Consolidated Financial Statements

4.5.1 Recognition principle of the Consolidation Scope

The Company recognized all controlling subsidiaries and structural entities in the scope of consolidated financial statement.

4.5.2 Principle, methods and procedures to prepare the consolidated financial statements

If the accounting policies of a subsidiary are different from those of the parent, the parent shall make necessary adjustments to the financial statements of the subsidiary based on its own accounting policies when preparing consolidated financial statements.

All inter-group significant transactions, balances and unrealized profit are eliminated upon consolidation. The portion of the subsidiaries' equity that is not owned and controlled by the parent, and the net profits/losses, other comprehensive income and the total comprehensive income which are attributable to non-controlling interest are presented in consolidated financial statements as 'non-controlling interest' 'profit/loss for non-controlling interest' 'other comprehensive income for non-controlling interest 'total comprehensive income for non-controlling interest'.

For the subsidiaries acquired under common business combination, its operating results and cash flows are consolidated in the beginning balance during the combination period. When preparing the comparison financial statement, the relevant items shall be adjusted as if the group after the combination has been in existence since the date ultimate controlling party first obtained control.

To acquire the investee's shares which under common control through step-by-step multiple transactions, and finally formed business combination, the adjustment should be made when preparing consolidated financial statement regarded as current status exist since the date when ultimate controller start on controlling. When preparing the comparison financial statement, as the limitation of time-point was no earlier than the point that both the Group and acquiree controlled by the ultimate controller, combined all relevant assets and liabilities of acquiree into the comparison financial statement of the Group's consolidated financial statement, the changing of the increase amount of net assets due to combination will be adjusted on relevant subjects belong to owner's equity. To avoid double counting of net asset value of combined party, the long-term equity investment held by Group before combination, the relevant profit and loss, other comprehensive income and other net assets variability will be recognized at the period from the later date between the date achieved original stock equity and the date when Group and combined party both controlled by a same entity, and should write down the beginning balance of retained earnings and current period's profit and loss during the period of comparison financial statement.

For the subsidiaries acquired under non-common business combination, its operating results and cash flows are consolidated as at the acquisition date. When preparing consolidated financial statement, the subsidiaries' financial statement will be adjusted according to the fair value of the identifiable assets and liability or contingent liability of the acquiree determined at acquisition date.

to acquire the investee's shares which under common control through step-by-step multiple transactions, and finally formed business combination, when preparing consolidated financial statement, the acquiree's shares which held before acquisition date should be remeasured according to the fair value at the acquisition date. The balance between fair value and book value recorded as investment income in current period; the variability of other comprehensive income under equity method which involved by the relevant acquiree's share equity which held before acquisition date and changes on other owner's equity except net profit and loss, other comprehensive income and profit distribution, should be transferred into investment income or loss in current period of acquisition date, unless other comprehensive income recognized by remeasurement of net liabilities of defined benefit plans by investor or changes on net assets.

When the Group disposes part of long-term equity investment of the subsidiaries without losing control, the balance between the consideration of disposal and subsidiaries' net asset proportion which sustained computing from acquisition date or combination date corresponded by disposed on long-term equity investment, should made adjustment on capital premium or share premium on consolidated financial statement. The adjustment on retained earnings should be made when capital reserves are not enough to be writing down.

When the company loses of control of an investee due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment shall be re-measured at its fair value in the consolidated financial statements at the date when controls is lest. The difference between the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and the share of net assets of the former subsidiary calculated continuously form the acquisition date or the combination date based on the previous share holding proportion shall be recognized as investment income for the current period when control is lost and the food will related to the subsidiary shall also be derecognized. The amount previously recognized in other comprehensive income in relation to former subsidiary's equity investment should be transferred to investment income for the current period when control is lost.

The Group disposes subsidiaries' equity investment through step-by-step multiple transaction until losing control, if all transactions of disposed subsidiaries' equity investment until losing control belong to one block deal, then should combine all transactions as a whole of disposed subsidiaries' equity investment until losing control on accounting treatment. However, the balance between disposal considerations occurred on every time before losing control and subsidiaries net asset proportion corresponded to disposal investment should be recorded as other comprehensive income in consolidated financial statement and transferred to current period investment income or loss when control lost.

### 4.6 Cash and Cash Equivalents

The cash equivalents in the Cash Flows Statement refer to cash on hand and deposits that can be readily draw on demand. Cash equivalents are holding period no more than 3 months, highly liquid investments which are readily convertible to known amounts of cash and investment which are subject to an insignificant risk of changes in value.

### 4.7 Foreign Currency Transactions and Conversion

1) Foreign currency transactions

Foreign currency transactions are translated at the spot exchange rate when the transaction incurs. Monetary assets and liabilities in foreign currencies are translated into RMB at the exchange rate prevailing at the balance sheet day. Unless the currency translation differences recognized by foreign currency special-borrowings for establishing or manufacturing assets which conform to condition of capitalization should be treated depends on the principle of capitalization, all other translation differences should be recorded into current profit and loss.

2) Translating the financial statements in foreign currency

All asset and liability items should be translated based on the spot exchange rate at the balance sheet date. All the items under the owner's equity, apart from "undistributed profits", should be translated based on the spot exchange rate at the transaction date. Items such as revenues and expenses in the income statements translated based on the approximate exchange rate with the spot rate at the transaction date. All the differences recognized by the above foreign currency translation should recorded in owner's equity "other comprehensive income". Foreign currency cash flow translated based on the spot exchange rate on the occurrence date of cash flow. The cash amount influenced by the fluctuation of exchange rate should be individually listed in cash flow statement.

### 4.8 Financial Assets and Financial Liabilities

#### 1) Financial Assets

Financial assets or liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

i) Classification , measurement and recognition of financial assets

By the purpose of acquiring and holding the financial assets and incurring the financial liabilities, financial assets are classified by the investment objectives and economic substance into four categories: financial assets at fair value through profit or loss, held-to-maturity investments; loans and receivables; available-for-sale financial assets.

Financial assets at fair value through profit or loss include tradable financial assets and the designated as it in initial recognition. The group classifies the financial assets which met following one of the conditions as the tradable financial assets: The purpose to acquire the said financial assets is mainly for selling of them in the near future; Forming a part of the identifiable combination of financial instruments which are managed in a centralized way and for which there are objective evidences proving that the enterprise may manage the combination by way of short term profit making in the near future; Being a derivative instrument, excluding the designated derivative instruments which are effective hedging instruments, or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments.

The group classifies financial assets, only one of the following requirements met when they are initially recognized, can be designated as financial assets at fair value through profit or loss: The designation is able to eliminate or obviously reduce the discrepancies in the recognition or measurement of relevant gains or losses arisen from the different basis of measurement of the financial assets or financial liabilities; The official written documents on risk management or investment strategies of the enterprise concerned have recorded that the combination of said financial assets, the combination of said financial liabilities, or the combination of said financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and be reported to the key management personnel. Including one or multiple embedded derivative mixed instrument, excepting where the embedded derivative instrument does not significantly change the cash flow of the mixed instrument; where the derivative instruments embedded in similar mixed instruments shall obviously not be separated from the relevant mixed instruments.

The Financial assets at fair value through profit or loss are measured by fair value subsequently and fair value changes should be recorded in fair value changes through profit or loss. Interests and cash dividends which acquired during the asset holding period should be recorded as investment income. The balance amount of fair value and original book value should be recognized investment income or loss when such financial assets disposal. Fair value change through profit or loss also should be adjusted at the same time.

Held-to-maturity investments are investments with a definite maturity and constant or measurable return and management has the positive intention and ability to hold to maturity. The group adopts the actual interest rate method and subsequent measured the Held-to-maturity investments on the post-amortization costs basis, the amortization, impairment and disposal loss or profit are calculated in current period profit or loss.

Loans and receivables are the non-derivatives financial assets with fixed and determinable payment that are not quoted in active market. The group adopts the actual interest rate method and subsequent measured the loans and receivables on the post-amortization costs basis, the amortization, impairment and disposal loss or profit are calculated in current period profit or loss.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. In those financial assets, the equity investment instruments for which there is no quoted price in the active market and whose fair value cannot be reliably measured and the derivative financial assets which connected to the equity investment and only can be settled by the equity investment is delivered are subsequent measured on cost method . The others assets exist active market and the fair value can be reliably measured are subsequent measured on fair value, and the fair value changes are recorded in other comprehensive income. For those kinds of assets are subsequent measured on fair value, unless impairment loss and monetary foreign financial assets exchange profit or loss which related amortized cost should be recorded as current period profit and loss, the fair value changes are directly recorded in shareholder’s equity. When the financial assets are derecognized, the accumulated changed recorded in equity interest are transfer to current period profit or loss. The interest of available for sale financial liability is calculated by actual interest rate. The cash divided related to that equity financial instrument are recorded in current period profit or loss as investment income. For the equity investment instruments for which there is no quoted price in the active market are subsequent measured on cost method.

ii) The transfer of financial assets recognition and measurements

The financial assets would be derecognized when one of following conditions is satisfied:

a) The contract to receive the cash inflow generated by the financial assets is terminated.

b) The financial assets have been transferred and the Group transfers substantially all the risks and rewards of ownership of a financial asset to the transferee.

c) The financial assets has been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, but gives up the control of such financial asset.

In the case of the Company neither transfers or retains substantially all the risks and rewards of ownership of a financial asset, nor gives up the control of such financial asset, the financial assets shall be recognized based on the extent that the Company is continuously related to such financial assets. The extent that the company is continuously related to such financial assets means the risk level the Company would suffer in case of the changes of the financial assets.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the aggregate of consideration received and the accumulative amount of changes of fair value originally recorded in the owner’s equity is recognized in the income statement.

On de-recognition of a financial asset in its portion, the carrying amount of the financial assets should be amortized between the de-recognition part and recognition part based on their fair value. The difference between the sum of the aggregate of consideration received and the accumulative amount of changes of fair value originally recorded in the owner’s equity for the de-recognition part, and the carrying amount amortized to de-recognition part, is recorded through profit or loss of current year.

iii) Impairment of financial assets testing method and accounting method

Besides the financial assets at fair value through profit or loss, the Group would re-evaluate the book value of the financial assets on the balance sheet date. In the case that there is relatively significant and objective evidence indicating a decline in fair value, impairment should be recognized. The objective evidence proving that the financial asset has been impaired refers to the actually incurred events which, after the financial asset is initially recognized, have an impact on the predicted future cash flow of the said financial asset that can be reliably measured by the Group.

When the impairment occurred on the financial assets computed in amortized cost, the difference the discounted value of the expected future cash flow (not including the unexpected future credit loss) lower than the book value should be recognized as impairment. If there is obvious evidence that the value of such financial assets are recovered, meanwhile the recovery is occurred after recognition, the impairment could be write back and recorded as current profit or loss.

When available-for-sale financial assets which measure on fair value are impaired, the cumulative loss arising from decline in fair value that had been recognized directly in equity shall be removed from equity and recognized as impairment losses accordingly. For the available for sale financial debts instruments with identified impairment loss, in the case of there is an subsequently increase in fair value, meanwhile the increase occurred after recognition, the impairment could be write back and recorded as current profit or loss. For the identified available-for-sale equity investments, the subsequently increase in fair value is directly recorded as current profit or loss.

When that available-for-sale financial assets which measure on cost method are impaired, the difference between the carrying amount and the current value of the future cash flow of similar financial assets capitalized according to the returns ratio of the market at the same time shall be recognized as impairment-related losses and be recorded into the profits and losses of the current period. The impairment loss cannot be reversed in the future.

**2) Financial Liabilities**

i) The classification recognition and measures of financial liability

On initial recognition, the financial liabilities are classified as the financial liabilities at fair value through profit or loss and other financial liabilities.

The financial liabilities at fair value through profit or loss include the Held-for-trading Financial Liabilities and designated as financial liabilities at fair value through profit or loss on initial recognition. The gain or loss caused by the changes of fair value and the related dividend and interest are recorded as current profit or loss.

The other financial liabilities should be subsequently measured at amortization cost by adopting actual interest rate method and amortized.

ii) The de-recognition of financial liability

In the case of the obligations of financial liabilities are partly or entirely terminated, the total or terminated part of such financial liabilities are de-recognized. The group (debtor)and debtee reached agreement, replace the existence liability by new liability and the new liability conditions are substantially different with existence liability, the group shall derecognize the existence financial liability and record a new financial liability. The group amended whole existence liability conditions or partial conditions; the group shall derecognize the existence financial liability or partially derecognize it and record a new financial liability. The difference between the carrying amount of terminated part and the consideration paid shall be recorded as current profit or loss.

**3) Determination of fair value of financial asset and financial liabilities**

The group measures the fair value of the financial assets and liability mainly on principle market price. In the absence of a principle market, an enterprise shall measure the fair value of the asset or liability based on the price in the most advantageous market meanwhile the group use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available. The group categories the inputs to measure fair value into three levels, use level 1 inputs first, the level 2 inputs, finally use level 3 inputs. Level 1 input are unadjusted quoted prices in active markets for identical assets or liabilities that the enterprise can assess at the measurement date. Activate market is a market in which transaction for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices includes within level 1 that are observable for assets or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the assets or liability. The group uses the level 1 input in priority and uses the level 3 inputs lastly. The level in which fair value measurements is categorized is determined by the level input that is significant to the entire fair value measurements.

### 4.9 Hedging

Hedge of the Company is cash flow hedge. In the case of all of the following conditions are satisfied, the offset result by change of fair value of hedging instrument and hedged item will charge in current profit or loss:

1) At the beginning of hedge, the hedging relationship (the relationship between hedge instrument and hedged projects) has been appointed and relevant written document for supporting the hedging relationship, risk management, and hedging strategy. This written document must indicate the hedging instrument, hedged item, nature of hedged risk, and effectiveness of hedging, etc. The hedging must be relevant to identified and appointed risk and affect the Group's profit or loss.

2) The hedge is much effective as expected, and complies with the risk management strategy designed by the Group.

3) For the cash flow hedge for future transaction, the future transaction should be possibly occurring, and the Group must face the risk of change of cash flow to affect its profit or loss.

4) The effectiveness of hedging is reliably measurable.

5) The Group should evaluate the effectiveness of hedging, and ensure the hedging is much effective in hedging period.

### 4.10 Bad Debts Provision for Receivables

The bad debts should be recognized by the Group through the following criteria: the obligor goes bankrupt or insolvency, or experiences a serious shortage of cash flow, or extraordinary serious natural calamity to stop production to affect its payment capability in a predictable period; the obligor hasn't performed the payment obligation for more than three years; Even the court sentenced, but the debtor unable to repay the debt or there is no property of debtor for court to implement the sentence for more than 3 years over the execution period; other objective and obvious evidence indicates that the collectability is impaired.

The Bad Debt Provisions for account receivables are made based on the assessment of their collectibles and are provided for using the "allowance method" and if there is objective evidence showing that the receivables are impaired, the book value should be reduced to the recoverable amount and the difference are recorded as impairment loss and charged into profit or loss. The bad debt provisions are then written-off.

**1) Individually significant amount of receivables accrued bad debts provision as per portfolio**

| | |
|---|---|
| Criteria indicating receivables that are individually significant | Receivables that are individually significant represent the receivables which individually take 10% or more of the total receivables. |
| Receivables that are individually significant and provision for bad debts are made on a single item basis | The difference between the lower present value of the future cash flows and the book value should be recognized as impairment losses and provision for bad debts should be made accordingly. |

**2) Receivables accrued bad debts by portfolio**

| | |
|---|---|
| Grouping Basis | |
| Aging Group | Receivables having the same age and similar credit risk characteristics |
| Related Parities Group | Receivables among the Group |
| Risk-free Group | Objective evidence indicates that collectable external receivables from third parties such as electricity receivables from grid companies, government subsidy receivables, deposits, etc. |
| **Accrual method** | |
| Aging Group | Aging analysis |
| Related Parities Group | Not provide |
| Risk-free Group | Not provide |

i) Proportion of provision for bad debts at aging analysis method:

| Aging of account receivables | Proportion for account receivables | Proportion for other receivables |
|---|---|---|
| Within 1 year(1 year inclusive) | 0.00% | 0.00% |
| 1 year-2 years(2 years inclusive) | 10.00% | 10.00% |
| 2 years-3 years(3 years inclusive) | 30.00% | 30.00% |
| 3 years-4 years(4 years inclusive) | 50.00% | 50.00% |
| 4 years-5 years(5 years inclusive) | 80.00% | 80.00% |

| Aging of account receivables | Proportion for account receivables | Proportion for other receivables |
|---|---|---|
| Over 5 years | 100.00% | 100.00% |

ii) Proportion of provision for bad debts at other accrual methods:

| | |
|---|---|
| Related Parities Group | Not provide |
| Risk-free Group | Not provide |

iii) Individually insignificant amount of receivables but provided bad debt provision as per portfolio:

| | |
|---|---|
| Basis for provision for bad debts are made on a single item | Receivables that are not individually significant and provision for bad debt made at group basis cannot present the risk characteristics. |
| Accrual Method | The difference between the lower present value of the future cash flows and the book value should be recognized as impairment losses and provision for bad debts should be made accordingly. |

**4.11 Inventories**

The Group's inventories are classified as raw materials, work-in-process, semi-finished products, finished products, goods in inventory, turnover materials (such as packaging materials and low-valued consumables), assets resulting from construction contracts, unconsumed nuclear fuel, various consumable materials in inventory, materials in transit, localized spare parts, spare parts for general and special use, etc. Strategic spare parts in stock are excluded.

The perpetual stocktaking system is adopted. Actual cost inventories are determined at acquisition. Upon dispatch and issuance, the actual cost of nuclear fuel is determined by the specific cost identification method based on the refueling batch and the cost of each fuel reload is charged to production cost based on the unit-of-production method. For other inventories, actual cost inventories are determined at weighted average method upon dispatch and issuance. The packaging materials and low-valued consumables are amortized in full amount upon application, and charged to cost of related assets or profit or loss for the current period.

At the end of the period, inventories are measured at the lower of cost and net realizable value. Where the cost of inventories is higher than the recoverable amount due to damages, entire or partial obsoleteness or low selling prices, provision for write-down shall be made on a single item basis. For inventories of large quantities and with a relatively low unit price may be measured according to the cost and recoverable amount of each class of inventories.

For merchandise inventories such as finished goods, work in process, and material directly for sale, the net realizable value is computed by the estimated selling price less the estimated sales expenses and less related taxes of such inventory; for the raw material inventories, the net realizable value is computed by the estimated selling price less the estimated production cost when the production is completed, less the estimated sales expenses, and less the related taxes of such finished goods.

### 4.12 Long-term Equity Investments

4.12.1 the judgments of the control, joint control and significant influence over the investee

The group's long–term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures.

Control means the Group or the Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

"Joint control" with other parties on the investee is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. A joint arrangement is an arrangement of which two or more parties have joint control. A joint venture is joint arrangement whereby the joint venture have rights to the net assets of the arrangement.

"Significant influence" over the investee is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of significant influence is representing on the board of directors or equivalent governing body of the investee and participating in the investee' financial and operating policy-making process. The basis of significant influence means the Group holds, or holds via its subsidiaries more than 20% (20% inclusive) but lowers than 50% voting shares of the investee. In the case of there is objective evidence shows that the Group doesn't have the power to participate in the financial and operating policy decision of the investee, then there is no significant influence at all. To determine whether the investor has significant influence over the investee, the group will consider the voting right that directly and indirectly held, and also will consider the influence of exercisable potential voting right the group and other parties hold assumed converted to voting right, such as share warrants, shall call option, and debts that convertible to ordinary shares.

4.12.2 The recognition of investment cost and subsequent measurements and profit and loss recognition method.

For business combinations involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the owners' equity of the party being absorbed at the date of combination. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

If the consideration of the combination is issue of equity securities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The aggregate face value of the shares issued shall be accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

For a business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition determined in acquisition date.

The audit, legal, valuation and consulting fees other intermediary fees and related administrative fees paid by the absorbing party or acquirer for the business combination, shall be recognized in profit or loss as incurred. The transaction fees to issue equity and debt as the combination consideration are calculated in the initial amount of debts or equity.

For other situations beside business combinations, when a long-term equity investment is acquired by cash, the initial investment cost shall be the actual purchase price paid; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost shall be the fair value of the securities issued; for a long-term equity investment contributed by an investor, the initial investment cost shall be the value stipulated in the investment contract or agreement (deducting cash dividends or profits declared to be distributed but not received), except where the value stipulated in the contract or agreement is not fair; for the long-term investment acquired by transfer of non-cash assets and assumption of liabilities, the cost of investment is determined according to related accounting policies and regulations.

The Group accounts for a long-term equity investment in a subsidiary using the cost method. The equity method shall be used in joint venture and associate.

When the cost method is applied, the long-term investments are measured by the initial cost, adjusted when the investments are additionally invested or divested. Cash dividends or profit distributions declared by the investee shall be recognized as investment income in the current period.

When the equity method is applied, initial long-term equity investment cost shall not be adjusted for the excess of initial cost over fair value of identifiable net asset of investee at the time of investment; when initial cost is less than fair value of identifiable net asset of investee at the time of investment, difference shall be recognized in profit and loss and adjusted to long-term equity cost. After the investor has acquired a long-term equity investment, it shall recognize its share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the investor. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognized in the investors equity, and the carrying amount of the long- term equity investment shall adjusted accordingly. To confirm the proportion of the net profit or loss of the investee, take up the fair value of the identified assets of the investees as the basis, and write-off the internal trading profit or loss among joint ventures to adjust the net profit of the investee according to the Group's accounting policies and accounting period.

4.12.3 The changes of long term investment

When exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, then it shall change to the equity method, the fair value of the previously-held equity instrument classified as available-for-sale financial assets plus the additional investment cost are the initial investment under equity method. The difference between the fair value and carrying amount and the accumulated changes in fair value included in other comprehensive income shall be transferred to profit or loss for the current period upon commencement of the equity method. The difference shall not be adjusted for the excess of above mentioned initial investment cost over the fair value of identifiable net asset of investee at the time of additional investment. When initial cost is less than fair value of identifiable net asset of investee at the time of additional investment, difference should be adjusted to long-term equity cost and recognized in current period profit and loss.

When exercising control over an investee not under common control due to additional investment or other reasons, in stand-alone financial statements, the investor shall change to the cost method and use the carrying amount of the previously-held equity investment, together with the additional investment cost, as the initial investment under cost method. When the previously-held equity investment is accounted under equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. For previously-held equity investment which classified as available for sale financial assets, the accumulated changes in fair value included in other comprehensive income shall be transferred to profit or loss for the current period upon commencement of the cost method.

When an investor can no longer exercise joint control of or significant influence over an investee due to partial disposal of equity investment or other reasons, the remaining equity investment classified as available for sale financial assets, the difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence shall be charged to profit or loss for the current period. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method.

When an investor can no longer exercise control over an investee due to partial disposal of equity investment or other reasons, and with the retained interest, still has joint control of, or significant influence over, the investee, when preparing the individual financial statement, the investor shall change to the equity method and adjust the remaining equity investment as if the equity method had been applied from the date of the first acquisition. If the investor can not exercise joint control of or significant influence over the investee after partial disposal of equity investment, the remaining equity investment classified as available for sale financial assets, the difference between the fair value and carrying amount at the date of the loss of control shall charged to profit or loss for the current period.

4.12.3 The disposal of long term investment

When the long-term investment is disposed, the difference between the book value and proceeds shall be recorded as current profit or loss. When disposed on long-term equity investment which recognized as equity method, it should adopt same basis with investee disposed relevant assets and liabilities directly and made accounting treatment proportionately to the section which original recorded into other comprehensive income.

**4.13 Designated Loans Receivable**

Designated loan receivable is accounted for at the actual amount lent out. Interest is accrued according to the agreement of designated loan.

At the balance sheet date, the Group will check the principal of the designated loans receivable. If there is any evidence showing that the principal is higher than the recoverable amount, the difference is recognized as a provision for impairment.

**4.14 Investment Properties**

Investment properties of the Group are the building and structures that are leased out.

An investment property shall be measured initially at its cost. The cost of other investment property includes the purchase price, related taxes, and any other expenses associated with the acquisition process of such property; the cost of self-built investment property includes all the expenses necessarily incurred to prepare the property ready-in-use.

The Group uses the cost model for subsequent measurement of Investment properties and provides depreciation by adopting the depreciation policy of fixed assets.

When the purpose of an investment property switches to self-occupied, such investment property shall be re-classified as a fixed asset or an intangible asset on the date of switching.

On the contrary, if the purpose of a self-occupied property switches to rental or capital appreciation, such property shall be re-classified as an investment property on the date of switching. The entry value after switching refers to the book value prior to switching.

When an investment property is sold, transferred, retired, damaged disposed, or cannot generate any economic benefit from disposal; this investment property shall be de-recognized. The enterprise shall recognize the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the current period.

### 4.15 Fixed Assets

#### 1) Recognition of fixed assets

Fixed assets are tangible assets such as buildings and structures, production facilities, machinery and equipment, vehicles, office equipment, strategic spare parts in nuclear power station and etc. that held for use in the production or supply of services, for rental to others, or for administrative purposes, and have useful lives more than one financial year. A fixed asset should be recognized only when both of the following conditions are satisfied:

i) It is probable that economic benefits associated with the asset will flow to the Company;

ii) The cost of the asset can be measured reliably.

#### 2) Classification of fixed assets

Fixed assets include buildings and structures, machinery and equipment, vehicles, office equipment, electronic equipment and others, etc.

#### 3) Initial measurement of fixed assets

Fixed assets of the Company are initially measured at actual cost and consider the effect of disposal expesne.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use, such as delivery and handling costs, installation costs and professional fees.

Where payment for the purchase price of a fixed asset is deferred beyond normal credit terms, such that the arrangement is in substance of a financing nature, the cost of the fixed asset should be determined based on the present value of the purchase price.

The cost of a self-constructed fixed asset comprises those expenditures necessarily incurred for bringing the asset to working condition for its intended use. The fixed assets are ready in use on the intended purpose but not unsettled yet, the group determined cost on estimated value and depreciated. When the actually cost confirmed the group will adjust the estimated cost but depreciation will not adjusted.

Fixed assets acquired from a debtor in settlement of a debt through debt restructure should be stated at fair value and the differences between the book amount and the fair value should be accounted for as current gains or losses.

Under the condition that the non-monetary asset transaction has commercial substance and the fair value of either the asset received or the asset given up can be reliably measured, the book value of the fixed asset received is determined based on the fair value of the asset given up unless there are absolutely proof showing that the fair value of the asset received is more reliable. If exchange of non-monetary assets fails to meet such condition, the cost of the asset received should be determined at the carrying amount of the asset given up plus any related taxes, and no gain or loss should be recognized.

Decommissioning cost of nuclear power facilities is the predicted liabilities and discounted into the initial cost of nuclear power facilities. The two third of the initial core fuel expense are deemed as the necessary expense of the nuclear power facilities construction cost before it reached in the intended using purpose and adopt the same depreciation method with nuclear power facilities. The rest of initial core fuel expense booked as inventory and amortized into the COGS on grid power quantities between the first fuel filling and next fuel filling.

Fixed assets acquired in the course of merging involving enterprises under common control should be stated at the book value in the party being absorbed; fixed asset acquired in the course of merging not involving enterprises under common control should be stated at the fair value.

The amount of a fixed asset acquired through finance lease should be stated at the lower of the fair value of the fixed asset under lease and the present value of the minimum lease payment at the inception of the lease.

**4) Accrual method for depreciation of fixed assets**

i) The Group chooses the fixed assets depreciation policy according to the expected realization style of economic benefit of fixed assets. The depreciation methods of the group include at unit-of-production method and straight-line method.

ii) The unit-of-production method, from the date that fixed assets reach their usable condition, depreciation amount for each accounting year (period) will be determined by the ratio of the actual off-take quantity in the year (period) to the planned off-take quantity during the remaining useful years of the fixed assets multiplied by the opening balance of net amount of fixed assets. The straight-line method means the depreciation would be accrued in average within the fixed assets' useful life.

iii) The nuclear facilities are classified into two categories of Nuclear island, General island, Auxiliary system and mechanical equipments, electrical equipments, instrumental control equipments and buildings. The nuclear facilities are adopts unit-of-production method since the next month of which reach their usable condition, except for the buildings adopts straight-line method.

iv) Except for generator systems, fixed assets that are fully depreciated but still in use, and the land that is accounted for separately, other fixed assets are depreciated at straight-line method.

1) The nuclear power assets depreciation policy as following

| Categories of Fixed Assets | Depreciation Methods | Estimated Useful Lives | Estimated Net Residual Value(%) |
|---|---|---|---|
| Nuclear island (NI) buildings | Straight-line method | 40 years | 0.00 |
| Non NI buildings | | 30 years | |
| Buildings and structures for production use of nuclear power station | | 25 years-40 years | |
| NI machinery | Unit-of-production method | 30 years-40 years | 0.00 |
| NI electric | | 15 years-20 years | |
| NI instrument control | | 10 years-15 years | |
| General island mechanical equipment | Unit-of-production method | 20 years-30 years | 5.00 |

| Categories of Fixed Assets | Depreciation Methods | Estimated Useful Lives | Estimated Net Residual Value(%) |
|---|---|---|---|
| General island mechanical electrical equipments | | 15 years-20 years | 0.00 |
| General island instrumental control equipments | | 10 years-15 years | |
| Auxiliary system of mechanical equipments | Unit-of-production method | 20 years-30 years | 5.00 |
| Auxiliary system of electrical equipments | | 15 years-20 years | 0.00 |
| Auxiliary system of instrumental control equipments | | 10 years-15 years | |
| Non-NI strategic fixed assets of machinery | Unit-of-production method | 20 years-30 years | 0.00 |
| NI strategic fixed assets of machinery | | 20 years-40 years | 0.00 |
| Strategic fixed assets of electricity | | 15 years-20 years | |
| Strategic fixed assets of instrumental control | | 10 years-15 years | |

2) Non-nuclear power assets depreciation policy

| No | Asset category | Estimated Useful Lives(years) | Depreciation Methods | Estimated Net Residual Value (%) |
|---|---|---|---|---|
| 1 | Buildings | 20-50 | Straight-line method | 5.00 |
| 2 | Wind power generation facilities | 20 | Straight-line method | 5.00 |
| 3 | Hydro power dam and auxiliary facilities | 50 | Straight-line method | 5.00 |
| 4 | Hydro power mechanical equipments | 25 | Straight-line method | 5.00 |
| 5 | Hydro power transmission and distribution equipments | 25 | Straight-line method | 5.00 |
| 6 | Thermal power equipments | 20 | Straight-line method | 0.00 |
| 7 | Solar power station system | 20 | Straight-line method | 5.00 |

| | | | | |
|---|---|---|---|---|
| 8 | Uranium mineral exclusive equipments | 10 | Straight-line method | 5.00 |
| 9 | Research exclusive equipments | 10 | Straight-line method | 5.00 |
| 10 | Transportation equipments | 5 | Straight-line method | 5.00 |
| 11 | Electronic equipments | 5 | Straight-line method | 5.00 |
| 12 | Office equipments and others | 5 | Straight-line method | 5.00 |
| 13 | Other machinery equipments | 5-15 | Straight-line method | 5.00 |

**5) Disposal of fixed assets**

A fixed asset is derecognized when it is disposed or expected not bringing economic benefit from its use or disposal. The net amount of proceeds from disposal, transfer, retirement or damage of the asset after the carrying amount and related taxes is recognized in profit or loss for the current period.

### 4.16 Construction in Progress (WIP)

Construction in Progress is measured by the actual cost. The cost of self-operated building project is computed by the direct materials, direct labor and manufacturing overhead. The cost of outsourced building project is measured by contracts payable. For the plant installation project, the cost is determined by the price of the plant, installation expenses, and other expenditures incurred by trial operation. The cost of WIP includes capital borrowing costs and profit or loss on exchange as well.

When a fixed asset under construction reaches its usable condition but the final cost of construction has not been ascertained, it should be transferred to fixed assets at the estimated value from the date on which it reached its usable condition, and depreciated from the next month. Cost shall be adjusted after the final cost of construction is ascertained.

### 4.17 Borrowing Costs

The borrowing costs include borrowing interests, amortization of discount or premium, auxiliary expenses, gain or loss on and foreign currency borrowing, etc. The process of capitalization of borrowing costs will begin under the circumstance that:

1) The purchased or self-constructed assets are qualified as capitalization, and

2) The expenses to acquire the asset and the borrowing costs have incurred, and the activities

to prepare the asset ready-in-use or ready-for-sale have started

In case of the activities to prepare the asset ready-in-use or ready-for-sale is completed, the capitalization then stops. The remaining part of borrowing costs would be expensed in current period.

Where funds are borrowed under a specific-purpose borrowing for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalized shall be the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings and are utilized for the acquisition, construction or production of a qualifying asset, an enterprise shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

The qualifying assets are defined as the fixed assets, investment properties, inventories and other assets with a long period (more than one year in general) process of acquisition or construction to prepare the assets to the ready-in-use or ready-for-sale status.

If the acquisition or construction of a project is interrupted abnormally, and the interruption period is not less than 3 months, borrowing costs occurred during this period shall be charged as expenses of the current period. The assets would not be capitalized again until the acquisition or construction is restarted.

### 4.18 Uranium Assets

Uranium assets refer to stopes, well-fields of in-situ leaching and related facilities and mineral interests owned or under control.

1) Mineral interest

A mineral interest in a property is the right obtained by the Company to explore, develop and produce uranium in a property. Mineral interests in properties acquired by the Company shall be initially measured at the costs incurred on acquisition. Expenditures incurred to maintain mineral interests in properties after their acquisition, such as ongoing payments for exploration right and mining right, and lease rentals shall be charged to profit or loss for the current period.

The Company shall provide for depletion of mineral interests in proved properties using the unit-of-production method; no depletion shall be provided for mineral interests in unproved properties.

If an entire interest in a proved property (or the entire interest in an unproved property for which impairment loss has been provided on an individual basis) is conveyed, the difference between the consideration received and the carrying amount of the interest in the property shall be recognized in profit or loss for the current period; For a conveyance of an interest in an unproved property for which impairment loss has been provided on a group basis, if the consideration received exceeds the original cost of the property, the difference shall be recognized in profit or loss for the current period. If the consideration received is less than the original cost of the property, it shall reduce the original cost of that property and no profit or loss shall be recognized.

2) Uranium exploration

Uranium exploration is those activities including geological studies, geophysical prospecting, drilling and other related activities, that are performed for identifying areas that may warrant exploration or finding uranium reserves. Exploration expenditures are capitalized at the result method, i.e., only when proved reserves are found, the exploration expenditures can be capitalized as costs of stops, well-fields and related facilities; or the exploration expenditures shall be charged to profit or loss for the current period. If proved reserves are found for which exploration expenditures had previously been expensed, those exploration expenditures that have been expensed shall not be adjusted. Any further expenditure for re-exploration of the drilling shall be capitalized.

3) Uranium development

Uranium development is the construction of stopes, well-fields and related facilities for the purpose of obtaining uranium in proved properties. Expenditures incurred in uranium development activities shall be capitalized according to their functions, as costs of stopes, well-fields and related facilities for uranium development.

4) Uranium production

Uranium production is activities such as lifting the uranium to the surface, field gathering, transmitting, field processing, field storage and the management of the properties. Uranium production costs include the depletion of mineral interests in properties, depletion of stopes, well-fields and related facilities, depreciation of mining equipment and facilities, and operating expenses. The Company shall provide for depletion of stopes, well-fields and related facilities by using the unit-of-production method.

5) Decommissioning cost

The Company shall recognize those obligations arising from the abandonment of a property as a provision if the obligations meet the recognition criteria of a provision. The carrying amount of stopes, well-fields and related facilities shall be increased accordingly. Decommissioning cost of nuclear power facilities is discounted and charged to cost of fixed assets of nuclear power plant, and an estimated liability is recognized. The discount rate for decommissioning cost of nuclear power facilities shall be the 90% of the average of RMB five-year (or above) benchmark lending rate in recent five years (if there is no benchmark lending rate, the market lending rate for the same period will be adopted). If the obligations do not meet the recognition criteria of a provision, any dismantlement, removal or restoration costs incurred on abandonment shall be charged to profit or loss for the current period.

6) Impairment of mineral interests in properties

i) At the balance sheet date, if the mineral interest in properties is impaired, impairment loss shall be recognized for the difference between the carrying amount and its lower recoverable amount and charged to profit or loss for the current period, and provision for impairment shall be made accordingly.

ii) Mineral interests in unproved properties shall be tested for impairment at least annually. For those assessed on a property-by-property basis, if the fair value is less than the carrying amount, impairment losses shall be recognized and charged to profit or loss for the current period, and provision for impairment shall be made accordingly; for those assessed on a group basis and a provision is made, the impairment losses recognized shall not be allocated to the carrying amount of individual mineral interest in properties.

Once impairment loss of the mineral interests in properties is recognized, it shall not be reversed.

**4.19 Intangible Assets**

The intangible assets of the Group include: the land use right, software, the patent, the non-patented technologies, and the royalties, etc. Intangible assets are recorded at actual cost. The cost of a purchased intangible asset comprises its purchase price, related taxes and any directly attributable cost expenditures of preparing the asset for its intended use. For the intangible assets invested by the investor, the actual cost is determined by the contracted and agreed price. In the case of the contracted or agreed price is not faired, the actual cost is determined by the fair value of such intangible assets. The whole payment of purchased land and building are will be treated as fixed assets in case of payment are difficult to allot between the land using right and building.

Intangible assets which the Group acquired through non-common control business combination and held by acquiree but never recognized in their financial statement, if can fulfil one of the following requirement, those kind of intangible assets may recognized at fair value when initial recognition on the acquiree's assets: (1) It from contractual rights or other legal rights; (2) Can be separated or divided from acquiree and recorded independently or together with relevant contracts, assets or liabilities to be used for selling, transferring, granting of licenses, leasing or exchanging.

The land use right amortized in a average of no more than statutory using years (50 years). The software amortized in a average of 5 to10 years.The patent, the non-patented technology and other intangible assets take the shortest among estimated useful life, beneficial years agreed by the contract, and effective period made by relevant regulations to amortize in average. The amortized amount shall charge to relate assets and profit or loss based on the beneficiaries.

At the end of each year, the Company shall check and review the useful life and amortization method of an intangible asset with finite useful life. In the case of any changes occurred, it would regarded as the change accounting estimate. At the end of year, the Company should reassess the useful life of the intangible asset with indefinite useful life. If there is any evidence indicating the useful life could be definite, the amortization shall be based on its estimated useful life in average.

### 4.20 Research and Development.

The research and development of the Group is classified as the research expense and the development expense based on nature and uncertainty to consequently form the intangible assets. The research expenses charge to current profit or loss at occurrence; the development expenses would be regarded as the intangible assets by satisfying all the following criteria:

a) The technical feasibility of completing the intangible assets so that it will be available for use or sale;

b) Its intention to complete the intangible asset and use or sell it;

c) How the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

d) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

e) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If any of the above criteria cannot be satisfied, the development expenses charge to current profit or loss at occurrence. The research expenses recognized would not be regarded as the assets. The capitalized part of development expenses shall be stated as the development expenses on the balance sheet, and it turns to the intangible assets after the project has been prepared as ready-in-use status.

### 4.21 Long-term Prepayments

Long-term prepayments are expenditures with more than 1 year of amortization period incurred by the Company that should be borne by the current and the following periods. If the there is no benefit from the long-term prepayments for the subsequent accounting period, the un-amortized part would charge to current profit or loss.

### 4.22 Goodwill

Where the cost of equity investment or the combination cost not under the same control exceeds acquirer's share in the fair value of the acquiree's identifiable net assets on the acquisition date, the difference shall be recognized as goodwill.

The goodwill related to subsidiaries shall be listed on the consolidated financial statements separately, the goodwill related to associates or a joint venture shall be included in the carrying value of long-term equity investment.

### 4.23 Impairment of Long-term Non- financial Assets

The Group shall assess at the balance sheet date whether there is any indication that the Long-term investments, fixed assets, construction work in progress, and the intangible assets with definite useful life may be impaired. If any indication exists that an asset may be impaired, the Company shall test for impairment and estimate the recoverable amount of the asset. Goodwill and an intangible asset with an indefinite useful life shall be tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs.

After the impairment test, when the recoverable amount of an asset group or a set of asset groups is less than its carrying amount, impairment loss shall be recognized accordingly. The impairment loss stated above cannot be written back since recognition. The revocable amount is the higher between the fair value of the assets less disposal expenses and the discounted cash flow generated by such assets in the predictable accounting period.

The judgment standards of impairment are as follows:

a) The market price declines seriously for the current period, and the decline is much more significant than the predictable scope by normally use with time.

b) There would be significant change of the economy, technical and regulation environment, and market the Group is involved and has negative effect to the Group.

c) The market yield or other rate of return in the market has been increased to affect the Group to compute the discounted rate to estimate the cash flow generation. The revocable amount of the group declines seriously.

d) There is any objective evidence showing that the assets are obsolescence or damaged.

e) The assets would be stopped in use or retired earlier than planned.

f) The internal report of the Group indicates that the economic benefit generated by the assets is much lower than predictable amounts such as net cash flow generated by the assets are much lower than the estimated amounts.

g) Any other indicator showing the possibility of impairment.

The above mentioned impairment loss is recognized in profit or loss immediately, and cannot be reversed in later accounting periods.

### 4.24 Employee Benefits

Employee benefits refer to all forms consideration or compensation given to by an enterprise in exchange for service rendered by employees or for the termination of employments relationship. Employee benefits include short-term employee benefits, post employee benefits, termination benefits and other long term employee benefits.

1) Short term employee benefits are employee benefits that are expected to be settled wholly before twelve months after end of the annual reporting period in which the employees render the related service. Short term employee includes: employee wages or salaries, bonus, allowances and subsidies, staff welfare, social security contributions such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short term paid absences, short term profits sharing plan, non-monetary benefits and other short-term benefits.

The Group recognizes actually occurred short-term employee benefits as a liability in the accounting period in which an employee provides service, with a corresponding charge to cost or expense according to the beneficiary objective. The non-monetary short-term employee benefits are measured at fair value.

2) Post-employment benefits are any remuneration and benefits (other than short term employee benefits and termination benefits) in exchange for service rendered by employees that are payable after the retirement of the employees or termination of employment relationship. The Group classify post-employment benefit plans as either defined contribution plans or defined benefit plans.

The group's defined contribution plans are the group's contributions on pension, annuity and unemployment insurance for employee according to the local authority regulated. The Group recognizes local authority regulated above contribution base and portion as a liability in the accounting period in which an employee provides service, with as corresponding charge to the profit or loss for the current period or the cost of a relevant assets.

The Group recognizes use the projected unit credit method to determine the liability arising from defined contribution plan in the accounting period in which an employee provides service, with as corresponding charge to the profit or loss for the current period or the cost of a relevant asset. The group recognizes the deficit or surplus by deducting the present value of the defined benefit plan obligation from the fair value of defined benefit plan assets as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the group measured the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and asset ceiling.

All the defined benefit plan, including obligations that are expected to be paid before twelve months after the end of the annual reporting period in which the employee render service, shall discount by discount rate determined by reference to market yield at the balance sheet date on government bonds or on high quality corporate bonds in an active market, of which the term and currency are consistent with term and currency of the defined benefit obligation.

The service cost and net interest on the net defined benefit plan liability(asset) arising from defined benefit plan are recognized in profit or loss for the current period or relative asset cost. The changes as a result of re-measurements of the net defined benefit liability(asset) are recognized in other comprehensive income and cannot be reclassified to profit or loss in a subsequent period.

When settling a defined benefit plan, the group recognized the loss or gain on the difference of the present value of the defined benefit plan obligation and the settlement price.

3) Termination benefit are compensation provided when an enterprise decides to terminated the employment relationship with employees before the end of the employments contracts or compensation provided as an offer to encourage employees to accepts voluntary redundancy before the end of employment contracts. For the employee didn’t dissolve the employment contract but no longer providing service and bring the economic benefit to the group, the group committed to provide economic compensation which substantially with termination benefit nature such as inter-retirement, before the retirement the group treat it as termination benefit and after the official retirement the group treat it as post-employment benefit.

The Group provides termination benefits to employees shall recognize an employee benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period at the earlier of following d when the enterprise cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal or when the enterprise recognizes costs or expenses related to a restricting that involves the payment of termination benefits.

For the termination benefits are expected not to be paid before twelve months after the end of the annual reporting period, the substantially dismiss work will implemented within a year but the compensation payment plan is over 1 year, the group will choose appropriate discount rate and charge the discounted amount to the profit or loss for the current period.

4) Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits, which including long-term paid absences, long-term disability benefits, long-term profit sharing plans.

The Group provides the other long-term employee benefits which meet the defined contribution plans definition are treated as per defined contribution plans regulation. The Group provides the other Long term employee benefits which meet the defined benefit plans definition are treated as per defined benefit plans regulation, recognizing and measuring other long term employee benefits net liability or asset. In the end of reporting period, the group recognize the long term employee benefits consisted as following component: service cost, net interest on the long term employee benefits net liability or assets, The changes as a result of re-measurements of the long term employee benefits. The total net value are charge to profit or loss for the current period or the cost of a relevant assets.

### 4.25 Share based payment

The Share based payment is an equity instrument or a debt transaction based on equity which is aimed to acquire employees or other parties' services. The classification of dividends payable includes equity –settled share based payment and cash–settled share based payment.

Equity-settled share based payment which to acquire employees' services is determined by the fair value of the equity on the date of declaration. Under the circumstance that the vesting is only made after the services have been totally rendered or the performance target has been reached, the payment shall be charged to relevant costs or expenses by the straight-line method based on the utilized estimation of the amounts of the equity instrument, thus increasing the paid-in capital.

For the cash-settle share based payment, the measurement is determined by the fair value of the liability which is based on the shares or other equity instruments that the Group assumed. If the vesting is granted after granting date at once, the fair value of the liability assumed shall be charged to relevant costs or expenses, thus increasing the liability. Under the circumstance that the vesting is only made after the services have been totally rendered or the performance target has been reached, then at each of the balance sheet date in the vesting period, the services rendered shall be charged to relevant costs or expenses based on the fair value the Group assumed and the utilized estimation of the vesting, thus adjusting the liabilities.

For each of the balance sheet date and settlement date prior to the liabilities are settled, there is a need to re-assess the fair value, and the changes are charged to current profit or loss.

### 4.26 Bonds Payable

The initial recognition of bonds payable of the Group is measured by the fair value, including the relevant transaction fees. For the subsequent periods, the measurement is determined by the amortized cost.

The differences between the proceeds received and the nominal value of bonds issued shall be recorded as premium or discount, which shall be amortized when interest on the bonds are accrued during the period in which the bonds are held by the Company, using the effective interest rate method or the straight-line method. The rules governing the borrowing cost shall be followed in the treatment as below.

### 4.27 Contingent Liabilities

The Contingent liabilities refer to contingencies such as guarantees provided to outsiders, pending litigations, product quality guaranty, commercial note discount which meet the following conditions: 1). The obligation is a present obligation of the Company; 2). It is probable that settlement of such an obligation will result in the economic benefit to flow out from the Company; and 3). The amount of the obligation can be measured reliably.

Contingent liabilities shall be initially measured at the best estimate of the expenditure required to settle the related present obligation, with risk and uncertainty of the contingencies and the time value of money in consideration. Under the circumstance that there is significant influence made by the time value of money, the estimated liabilities shall be measured at the best estimate of the discounted value of the future cash outflows. The Group shall review the carrying amount of a provision at the balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount shall be adjusted to the current best estimate.

If decommissioning cost of nuclear power facilities, abandonment expense of uranium properties satisfies the conditions of estimated liabilities, the abandonment expense shall be discounted, and provision and cost of related assets shall be recognized. Interest expense shall be determined at the amortized cost of estimated liabilities and effective interest rate over the life of assets, and charged in financial expenses.

### 4.28 Recognition of Revenue

The group revenue mainly includes merchandise sales, rendering of service, transfer of asset using right and reduced carbon emission.

1) Merchandise sales

The merchandise sales of the Group are mainly electricity sales revenues. The revenues are recognized when the power has been sent to the power grid which is agreed on the contracts and the rights to collect the revenues are confirmed.

For other revenues from sale of goods, they are recognized when, (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement associated with ownership nor effective control over the goods sold; (c) it is probable that economic benefits associated with the transaction will flow to the enterprise; and (d) the relevant amount of revenues and costs can be measured reliably.

2) Rendering of services

For the service begin and complete in same financial year, the Group recognized the revenue as the service has been provided and received payment or obtain the evidence of rights on collecting payment. For the service begin and complete not in same financial year, the group recognize the revenue, according to the percentage of completion method, when the total revenue of the service contract and the degree of completion of the services can be reliably determined, the payment can be flow in and the cost occurred and to be occurred to complete the service can be reliably measured.

If the results of service transaction are not reliable to estimate, the Group recognizes the revenue as the amount of service cost already occurred and estimated to be recovered and recognize it as expense in current period. If the service cost already occurred and estimated not to be recovered the group shall not recognize the revenue.

3) Transferring of asset using right

Interest revenue calculated on the loan period and applicable interest rate. The asset using fees are calculated according to contract stated charging period and method. To recognize the above mentioned revenue, the following conditions shall be met: 1) the economic benefits of the corresponding transactions can flow into the Group 2) the revenue amount can be realizably measured.

4) Reduced carbon emission

The revenue of certified emission reductions (CERs) are recognized when the following conditions are met:

(1)Clean Development Mechanism (CDM) projects have been approved by National Development and Reform Committee (NDRC) and verified by the United Nations as a registered CDM projects.

(2)Counterparty has committed to purchase the quantity of CERs and the price has been agreed (for a floating price contract of the CERs project, the price have to be determined until CERs delivered to the buyer's carbon account).

(3)The relevant electricity has been generated.

The revenue of VERs are recognized when the related sales completed and the relevant payments are can be collected is confirmed.

### 4.29 Construction Contracts

When the construction contract is started and the outcome of construction contract can be estimated reliably and the economic benefit associated with the contract will flow into the Group, the Company should recognize the revenue and expenses at the balance sheet date using the percentage of completion method in case of the actual cost, the percentage completed and remaining costs need could be clearly identified and measured reliably. When the percentage of completion method is used, the percentage is determined by the ratio of actual cost over the total estimated cost of the contacts.

When the outcome of a construction contract cannot be estimated reliably, different treatments shall be applied as follows: (1) If contract costs incurred are likely to be recovered, contract revenue shall be recognized only to the extent of the recoverable contract costs incurred, and contract costs shall be charged as expenses of the period in which they are incurred; (2) If contract costs incurred are unlikely to be recovered, contract costs shall be recognized as expenses of the current period immediately, and no contract revenue shall be recognized.

The group will review the contract at the end of each year. If the total cost of is more than the total revenue generated by the contracts, the provision of loss is accrued and the estimated loss shall be regarded as the current expense.

### 4.30 Government Grants

The government grants means the monetary and nonmonetary assets that the Group obtained from the government without cost. The government grants are recognized when the conditions to receive are met or they are actually received.

If a government grant is in the form of a transfer of a monetary asset the Group measured it as actually received, or for the grants which are the constant item or if there are affirmative evidences that the grants are predicable to be received and met the relative financial policy requirement, the group measure it as the amount receivable. If a government grant is in the form of a transfer of a non-monetary asset, the item shall be measured at fair value. If fair value is not reliably determinable, the item shall be measured at a nominal amount (RMB 1 Yuan).

The Group's government grant classified as related to an asset or related to income. The government grants related to an asset refer to the grants the Group obtained and used for purchase and construction or in other way to form a long term asset. The government grants related to income other government subsidies other than the related with an asset. If the governments file is not clearly designated beneficiary objective, the Group shall classify it on above principle.

A government grant related to an asset shall be recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset. A government grant related to income shall be accounted for as follows: If the grant is a compensation for related expenses or losses to be incurred by the Company in subsequent periods, the grant shall be recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred by the Company, the grant shall be recognized immediately in profit or loss for the current period.

### 4.31 Deferred Tax Assets and Deferred Tax Liabilities

The deferred tax asset and deferred tax liabilities are based on the temporary difference between the book value and the tax base. The Company shall recognize a deferred tax asset for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. On the balance sheet date, the tax rate applied to the deferred tax assets and deferred tax liabilities refers to the tax rate used to repossess the assets and to pay off the liabilities as expected.

There is a high possibility that the Group takes the tax payable arise from the deductible temporary differences be to the maximum to recognize the deferred tax assets. For the deferred tax assets which are recognized already, if the Group realizes that the future tax payable cannot be used to deduct the deferred tax assets, the book value of the deferred tax assets shall be written down. When there is a objective evidence showing the tax payables are enough, the book value written down shall be written-back.

### 4.32 Leases

Leases are classified as financing leases and operating leases.

Leases are classified as finance leases when the lease transfers in substance all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, as a lessee, the Company shall record the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable shall be accounted for as unrecognized finance charge.

Leases other than finance lease are classified as operating leases. Lease payments should be recognized by the Company on a straight-line basis over the lease term, and recorded as cost of assets or current profit or loss.

Lease income should be recognized over the lease terms on a straight-line basis.

### 4.33 Accounting for Income Tax

The Company accounts for income tax at the balance sheet liability method, including the income tax expense and deferred tax. The income tax and deferred tax that are relevant to equity transactions and events are directly charged into owners' equity and adjustment of book value of goodwill is made by business combination, the remaining income tax and deferred tax or income are charged into current profit or loss.

The income tax is the amount that to be paid to the tax administration for business transactions and events of current period in according to tax regulations, which is tax payable. The deferred tax is the difference between the amount of deferred tax to be recognized by applying the balance sheet liability method at the end of this year and the amount of deferred tax recognized at the beginning of this year.

### 4.34 Provision for Spent Fuel

Provision for spent fuel represents the amount provided each year for the future disposal of nuclear fuel unloaded from the nuclear power station and can no longer be used. According to the Interim Measures of Management on Collecting and Using Funds for Processing and Disposal of Spent Fuel at Nuclear Power Plants with reference CZ [2010] 58 jointly issued by the Ministry of Finance, the National Development and Reform Commission and the Ministry of Industry and Information Technology in July 2010, PWR nuclear power generating units which have been operated for over 5 years shall be collected at 0.026/kwh of the actual electricity sent-out. After the Measures became effective, for the generating units which have been operated over 5 years, provision for spent fuel shall be provided at the standard as set out in the Measures; for those have been operated for 5 years or below and those newly built, provision will not be made for the first 5 years after they are put into operation, and will be made from the sixth year.

### 4.35 Decommissioning Expense

If decommissioning cost of nuclear power facilities and/or abandonment expense of uranium properties satisfies the conditions of estimated liabilities, the abandonment expense shall be discounted, and provision and cost of related assets shall be recognized. Interest expense shall be determined at the amortized cost of estimated liabilities and effective interest rate over the life of assets, and charged in financial expenses.

### 4.36 Provision for Low / Medium Radioactive Waste Disposal

Provision for low / medium radioactive waste disposal is a provision made for the disposal of low and medium radioactive wastes generated from the nuclear power plant. The Company makes the provision at full cost method based on the storage capacity occupied by the waste produced by nuclear power plant, and charged to production cost of each period

### 4.37 Accounting for Initial Core Fuel and Last Core Fuel

For the accounting for initial front core fuel expense, 2/3 will be capitalized directly, charged in the cost of nuclear power plant during construction period, and allocated to production cost of each period by means of depreciation of fixed assets during the operation period (40 years); the remaining initial core fuel expense will be charged at power generation cost. For the future core fuel expense between two cycling periods, it will be allocated to production cost without accrual of last core fuel cost.

### 4.38 Hold for Sale

The Group classifies the non-current assets which met following conditions simultaneously as the hold for sale: 1) the Group already made decisions to sell the non-current assets; 2) the group has signed the irrevocable transfer agreement with the transferee; 3) the transfer agreement will be completed within 1 year. The hold for sale asset include the individual assets and the disposal group, the disposal group refers to a transaction in which a group of assets sold as a whole or in other disposal method, and the liability directly related to these assets are transferred as well. Disposal group usually is a group of asset groups, an asset group or part of an asset group.

The Group adjusts the estimated net residual value of the assets when recognized as hold for sale asset in order to reflect the amount of the fair value minus the disposal expense. But the estimated net residual value shall not exceed the net value of the asset before recognize as hold for sale, the difference shall recognized as asset impairment loss and record in current period when net value of asset are higher than adjusted estimated net residual value. The hold for sale asset are not depreciated and measured as the lower value of the net value and the amount of the fair value minus the disposal expense.

The Group shall cease to classify the assets as the hold for sale when it not satisfied the condition of hold for sale and measure it as the lower value of following: 1) the asset or the disposal group's net value before classify as the hold for sale, assuming the depreciation or impairment and amortization shall be recognized as the asset are not classify as the hold for sale 2) the recoverable amount at date of decide not to sell.

The Intangible assets, long-term equity investments and other non-current assets when meet the hold for sale conditions is treated according to the above principle.

### 4.39 Fair value measurement

For the assets and liabilities measured by fair value, the Group considers the characteristics of the assets and liabilities, and adopt price to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the asset and liability at fair value, the transaction that market participants sell the asset or transfer the liability at the measurement date is an orderly transaction under current market conditions. The orderly transaction to sell the asset or transfer the liability takes place in the principle market for the assets or liability. In the absence of a principle market, an enterprise shall assume such transaction takes place in the most advantageous market for the asset and liability. Adopting the hypothesis that the market participants to maximize the economic benefit for pricing the assets or liabilities. To measure the fair value of non-financial assets, the group shall consider a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

1) Valuation techniques

When measuring the asset or liability at fair value, the Group adopts valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques used by an enterprise to measure the asset or liability at fair value mainly include the market approach, the income approach and the cost approach. When using valuation techniques, the Group gives priority to the use of relevant observable inputs, and shall sue unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

2) Fair value hierarchy

The level in which fair value is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. Level 1 input are unadjusted quoted prices in active markets for identical assets or liabilities that the enterprise can access at the measurement date. Active market is a market in which transactions for the asset or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

### 4.40 Accounting measurement on Transferring of Financial Asset and Non-financial Assets Securitization

Transferring of financial asset should be judged depends on the condition of risk and return transferring of relevant financial assets ownership. If all risk and return transferred, then financial asset should be derecognized. If almost all risk and return of relevant financial asset remained and not transferred, then the financial asset should not be derecognized. If the risk and return of relevant financial assets both not remained and transferred, then the decision should be made depends on the control degree of the financial asset: If the control of the financial asset was gave up, then the financial asset should be derecognized.; if not, relevant financial asset and financial liabilities should be recognized depends on the continuing involvement degree on this financial assets. If a financial asset meet the requirement of entirely derecognize, then the balance of consideration received and relevant book value should be transferred into current period profit and loss. The culmulative changes of the fair value of financial assets which recorded initially in owner’s equity, should also be transferred into current profit and loss. If a financial asset meet the requirement of partially derecognize, then the part of derecognized and not derecognized financial asset’s entirely book value should be amortized at fair value, and dispose the section of partially transferring depends on comparison with entirely transferring based on book value after amortized. If a financial asset not meet the requirement of derecognition, then consideration received should be recognized as a new financial liability.

### 4.41 Termination of Business

The termination of business is the part that has been disposed or for sale, or separately operated or stated when the financial statements are prepared. This part, according to the Group’s plan, will be entirely or partly disposed.

To be treated as the for sale part, there are two conditions that must be satisfied at the mean time: 1) the resolution for disposal has been made. 2) The Group has signed the contract to transfer and it’s irrevocable and this transfer will be completed within one year.

## 5. STATEMENT OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTIONS OF SIGNIFICANT ACCOUNTING ERRORS

### 5.1 Changes in accounting policies and corresponding influences

The Group has no change in accounting policies in this year.

### 5.2 The changes in accounting estimates and its effect

The Group has no changes in accounting estimates in this year.

### 5.3 Corrections of accounting errors of the prior period and their effects

The Group has no corrections of accounting errors of the prior period and their effects in this year.

## 6. TAXATION

### 6.1 The main taxation and tax rate

| Types | Tax base | Tax rate | Note |
| --- | --- | --- | --- |
| Value added Tax | Goods sale revenue | 17%,13%,10%,6% | 1 |
| Business Tax | Taxable revenue | 3%,5% | |
| Urban Construction & Maintenance Tax | VAT or Business tax payable | 1%,5%,7% | |
| Education Surcharges | VAT or Business tax payable | 3% | |
| Local Education Surcharges | VAT or Business tax payable | 2% | |
| Corporate Income Tax | Taxable income | 25%,15% or local rate* | 2 |

Note1: The VAT of Mortons Lane Wind Farm (Holding) PTY LTD, the subsidiary of CGNWEC, calculated as per its operating location-Australia local tax law, the tax payable is the difference of 10% of current taxable income for output tax minus current deductible input tax credit.

According to "Ministry of Finance, State Administration of Taxation about to launch a pilot of the business tax convert to VAT on the modern service and transportation service industry in Beijing and other eight provinces and cities " (Cai Shui [2012] No. 71) , since November 1, 2012, Shenzhen begin to levy VAT on the transportation and part of the modern service industry instead of business tax, the Group’s technical services revenue generate from Shenzhen area are applicable tax rate change from 5.00% of the business tax to 6.00% of

VAT.

CGNPC Uranium Logistics (Beijing) Co., Ltd, the subsidiary of CGNPCURC, is a small-scale taxpayer and the VAT is calculated on 3.00% of the sales, no VAT input tax withhold.

Note 2: The income tax rate is 16.5% for the Group's subsidiary which is registered in Hong Kong. The Oversea subsidiary which is registered in Malta, Mauritius, South Korea and the tax rate is 16.50%, 35.00%, 25.00% and 24.20% respectively.

The income tax rate is 30% for subsidiary of CGNPCURC which is registered in Australia.

The subsidiaries of CGNPCURC which are registered in Cayman Islands are no need to pay the income tax in Cayman Islands, as they haven't commercial activities and income source from the Cayman Islands in 2013 and 2014.

The subsidiaries of CGNPCURC which are registered in British Virgin Islands are no need to pay the income tax in British Virgin Islands, as they haven't commercial activities and income source from the British Virgin Islands in 2013 and 2014.

In accordance with the relevant provisions of Kazakhstan, when SEMYZBAY-U LLP distribute cash dividends to CGNPCURC shall withheld 10% of the income tax.

The Income tax of Mortons Lane Wind Farm (Holding) PTY LTD, the subsidiary of CGNWEC, is 30% on the taxable income and which is calculated and paid as per its operating location- Australia local tax law provided.

CGNPC Solar-Biofuel Power (Singapore) PTE Ltd is the subsidiary of Solar Energy Co., Ltd which is located in Singapore, and operates under the taxation policy of Singapore, the tax rate is 17%.

CGN Solar Energy USA, Inc. is the subsidiary of Solar Energy Co., Ltd which declares and pays federal income tax, federal income tax is based on profit before tax by using excess progressive of tax rate, the details of tax rate is showing bellow:

| Classification | Taxable income(USD) | Tax rate |
|---|---|---|
| 1 | 0-50,000.00 | 15% |
| 2 | Over 50,000.00-75,000.00 | 25% |
| 3 | Over 75,000.00-100,000.00 | 34% |
| 4 | Over 100,00.00-335,000.00 | 39% |
| 5 | Over 335,001.00-10,000,000.00 | 34% |
| 6 | Over 10,000,000.00-15,000,000.00 | 35% |
| 7 | Over 15,000,000.00-18,330,000.00 | 38% |
| 8 | Over 18,330,000.00 | 35% |

As the project of Solar Energy (USA) Co., Ltd, the subsidiary of the company, is located in New Jersey, it needs to pay corporation business tax in New Jersey.

Tax base: the tax payable is the higher of tax payable and the alternative minimum tax assessment which is calculated by taxpayer based on net income. The former tax base is based on net income of New Jersey; the latter tax base is based on income margin and profit margin in New Jersey.

The regulations for tax rate is as follows: based on net income, the tax rate is 9%; tax base is below(equal)USD 100,000.00，tax rate is 7.5%, tax base is below ( equal) USD 50,000.00, tax rate is 6.5%. it is calculated based on the alternative minimum tax assessment, tax base is below( equal) USD 100,000.00，the alternative minimum tax assessment is USD 500.00; above (equal) USD 100,000.00 and below USD 250,000.00，tax payable is USD 750.00; above (equal) USD 250,000.00and below USD 500,000.00，tax payable is USD 1,000.00; above (equal)USD 500,000.00 and below USD 1,000,000.00，tax payable is USD 1,500.00; above (equal) USD 1,000,000.00，the tax payable is USD 2,000.00.

### 6.2 Tax incentives and approval

1) Turnover tax

a) According to provision of the Ministry of Finance, the State Administration of Taxation Tax " notice on the nuclear power industry tax policy issues " Caishui[2008] No. 38, electricity sales shall implement the front-end retreat VAT policy within 15 years since next month of nuclear power units formal commercial production starts, the return proportion is divided into three stages to decrease progressively. The details of return proportion is :

①Since next month of launch a formal business within 5 year, return proportion is 75% of tax payable which is already put in storage; ② Since next month of launch a formal business after 5 years and before 10 years, return proportion is 70% of tax payable which is already put in storage; ③Since next month of launch a formal business after 11 years and before 15years, return proportion is 55% of tax payable which is already put in storage; ④ Since next month of launch a formal business after 15 years, the front-end retreat VAT policy is no longer operating. Ling Ao Nuclear Power Company Limited, Ling Dong Nuclear Power Co., Ltd, Yang Jiang Nuclear Power Company Limited enjoy the incentive policy above.

b) According to "the notice on VAT policy on the comprehensive utilization of resources and other products" Caishui [2008] No.156 and "the notice on VAT policy of wind power generation" Caishui [2015] No.74 issued by State Administration of Taxation, CGNWEC is using the wind to generate electricity, and the VAT paid should implement the policy of 50% immediate refund on VAT levied.

c) According to the Ministry of Finance, the State Administration of Taxation "Notice on software products VAT policy," Caishui [2011] No. 100 and "State Council notice on the issuance a number of policy of further encourage the development of software and IC industry " Guo Fa [2010]No 4, CGN (Beijing) Simulation Technology Co., Ltd selling software products which are self developed is applicable to the statutory VAT rate of 17.00% the VAT burden over 3.00% of the actual tax burden are implementing the immediate levy and immediate refund policy

d)According to provision of the Ministry of Finance and State Administration of Taxation " notice about the tax issues on the implementation of the decision on the strengthening technological innovation, high-tech development and industrialization of the CPC Central Committee and State Council ," Caishui [1999] No. 273, China Nuclear Power Technology Research Institute Co.,Ltd. the subsidiary of CGNPC rendering technology transfer, technology development and related business technology consulting, technology services are exempt from Business tax. Since November 1, 2012, after the above-mentioned technical service begins pays the VAT accordingly are exempt from VAT.

2) Corporate Income Tax

The incentives of Corporation income tax for the subsidiaries which is included in the Group's combination scope is as follows:

| **Company name** | **Applicable tax rate for this year** | **Type of tax preference** | **Documents of tax preference** |
|---|---|---|---|
| Guangzhou Senyo Energy Storage Technology Co ., Ltd | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Zhongke HI-WITS Technology Development Co.,Ltd | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN-DELTA (Jiangsu) PLASTIC & CHEMICAL CO., LTD. | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN-DELTA (Suzhou) POLYMER CO., LTD. | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN-DELTA (Zhongshan) POLYMER CO., LTD. | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN-DELTA (Suzhou) TOTAL POLYMER VISION CO., LTD. | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Juner New Materials CO., LTD. | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Shanghai Juner New Materials CO., LTD.) | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| CGN Dasheng Electron Accelerator Technology Co.,Ltd. | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| China Nuclear Power Engineering Co., Ltd | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| China Nuclear Power Design Company Ltd.(Shenzhen) | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| China Technology Co., Ltd. | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Honghua Hydropower Co.,Ltd. | 15% | Western China Development | Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (CS[2011]58 |
| Sichuan Hongya Baihuatan Hydropower Generation Co., Ltd. | 15% | Western China Development | Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (CS[2011]58 |
| CNG Hongya Gaofengshan Hydropower Generation Co., Ltd. | 15% | Western China Development | Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (CS[2011]58 |
| CNG Guiliu Hydropower Co., Ltd. | 15% | Western China Development | Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (CS[2011]58 |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| SiChuan TianQuan JiaoJiPing Hydro(electric)Power Co., Ltd. | 15% | Western China Development | Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (CS[2011]58 |
| CGN luhuo Xianshuihe Hydropower Development Co., Ltd | 15% | Western China Development | Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (CS[2011]58 |
| Sichuan Yutian Energy Development Co., Ltd. | 15% | Western China Development | Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (CS[2011]58 |
| CGN Guding Hydro Power Co., Ltd | 15% | Western China Development | Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (CS[2011]58); Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGNPC Yawang MuLiCounty Shawan Electric Co., Ltd. | Note 1 | Western China Development | Wood national tax incentives[2013] No.3 the approval notice of exemption and tax deduction |
| Zhejiang OuNeng Group SHANGRI-LA County Ni-Ru RIVER HYDRO DEVELOPMENT Co,LTD | 15% | Western China Development | Yunnan State Administration of Taxation on “Yunguoshuihan (2010) No 395” |
| VAPEL | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| CGN Solar Energy Development Co., Ltd. | 15% | New and High-tech Enterprises | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Enfinity (Dunhuang) Solar Energy Development Co., Ltd | 7.5% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (JinChang) Solar Energy Development Co.Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (GongHe) Solar Energy Development Co.Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Solar Energy (Qingtongxia ) Development Co.,Ltd | Note 2 | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN(Qinghe) Solar Energy Co Ltd | Note 3 | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Yinjisha Solar Energy Co Ltd | 15% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (TuMuShuKe) Solar Energy Development Co. Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Solar Energy Hami Co.Ltd | Note 4 | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Jining New Energy Development Co.Ltd | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| NeiHuang Yangtze River Haocheng electricity Co.Ltd | Note 5 | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| NingXiaSuoBao New Energy Development Co.Ltd. | Note 6 | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Caohu Huailin Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Chaohu Guanhu Wind Power Co.ltd | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Pengze Quanshan Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Quanjiao Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Xuancheng Prospect Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Hubei Dawu Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (Shangyi)Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Cuxiong Mouding Wind Power | 7.50% | Public infrastructure project | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| Co.Ltd. | | supported by the government | |
| CGN Xishuangbanna Menghai Wind Power Co.Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Chuxiong Dayao Wind Power Co.ltd | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Yuxi Huaning Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Pu'er Lancang Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Yuxi Yuanjiang Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Guizhou Longli Wind Power Co., Ltd. | 7.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Guizhou Guiding Wind Power Co., Ltd. | 7.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Guizhou Majiang Wind Power Co., Ltd. | 7.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Guizhou Dujun Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| CGN Haining Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Da'an CGN Wind Power Co., Ltd. | Note 7 | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Si'ping CGN Wind Power Co., Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Heilongjiang East Wind Power Co., Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Heilongjiang North Wind Power Co., Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| China Dragon wind power Co. Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Ning'an Laoyeling Wind Power Co.Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Shuangyashan Laopinggang Wind Power Co.Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Shuangyashan Yangmugang Wind Power Co.Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Bayan Shuangyashan Wind Power | Exempted | Public infrastructure project | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| Co.,Ltd. | | supported by the government | |
| Shuangyashan Guokuishan Wind Power Co.Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Longjiang Xingshan Wind Power Co.,Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Mishan Panjiadian Wind Power Co.Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Mishan Linhe Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Dalian Changxingdao CGN Wind Power Co., Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Dabeishan (Wafangdian) Wind Power Co.Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Beipiao Changgao CGN Wind Power Co., Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Anqiu Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Wendeng Zhangjiachan Wind Power Co.,Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| CGN Zhaoyuan Zhangxing Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Zibo Wind Power Co.,Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Zibo Zichuan Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (Qingyun) Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (Zaozhuang) Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Jinan Wohushan Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Taishanchuandao Wind Power Co., Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Taishan Wind Power Co.Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Xinxing Wind Power Co.,Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Luoding Wind Power Co., Ltd. | Exempted | Public infrastructure project | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| | | supported by the government | |
| CGN Gaozhou Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Inner Mongolia CGN Wind Power Co.Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Abagaqi Wind Power Generation Co., Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (Bayannaoer) Wind Power Generation Co., Ltd. | Note 8 | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (Wulancabu) Wind Power Generation Co., Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (Siziwang) Wind Power Generation Co., Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (Xilinguole) Wind Power Generation Co., Ltd | Note 9 | China western development, public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Xilinhot Chenhui Wind Power Co.ltd | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Inner Mongolia jinjie Wind Power Co.Ltd. | 15.00% | Public infrastructure project | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| **Company name** | **Applicable tax rate for this year** | **Type of tax preference** | **Documents of tax preference** |
|---|---|---|---|
| | | supported by the government | |
| CGN (Keyouqianqi) Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Beineng Shangdu Wind Power Co., Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Zhurihe Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (Wulateqi) Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Gansu CGN Wind Power Co.Ltd. | 15.00% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Gansu CGN Yongsheng Wind Power Co. Ltd. | 12.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Ningxia Zhongning Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Shanxi jingbian Shenggao New Energy Technology Co.,Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Xinjiang Jimunai CGN Wind Power Co., Ltd. | 7.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| CGN Dabancheng Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Hami Wind Power Co., Ltd. | 7.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Tuokexun Wind Power Co.,Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN E'min Wind Power Co., Ltd. | 7.50% | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN A'letai Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Balikun Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (Cha Bei)Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Guyuan Huanggainao Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (Shangyi)Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN (Youyu) Wind Power Co., Ltd. | Exempted | Public infrastructure project | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| | | supported by the government | |
| CGN Pinglu Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Ruicheng Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGN Yuxian Wind Power Co., Ltd. | Exempted | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| China Nuclear Power (Beijing) Simulation Technology Co., Ltd. | 15.00% | New high-tech enterprise | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Lingdong Nuclear Power Co., Ltd. | Note 10 | Public infrastructure project supported by the government | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Yangjiang Nuclear Power Co., Ltd. | Note 10 | Public infrastructure project execution | Caishui [2008] No.46, Caishui [2014] No.55 |
| Taishan Nuclear Power Joint Venture Co., Ltd. | 15.00% | New high-tech enterprise | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| Ling'ao Nuclear Power Co., Ltd. | 15.00% | New high-tech enterprise | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| China Nuclear Power Technology Research Institute Co., Ltd. | 15.00% | New high-tech enterprise | Enterprise Income Tax Law of PRC and its Implementation Regulations |
| CGNPC Inspection Technology CO.,LTD. | 15.00% | New high-tech enterprise | Enterprise Income Tax Law of PRC and its Implementation Regulations |

| Company name | Applicable tax rate for this year | Type of tax preference | Documents of tax preference |
|---|---|---|---|
| Nuclear Power Research Institute (Suzhou) Co., Ltd. | 15.00% | New high-tech enterprise | Enterprise Income Tax Law of PRC and its Implementation Regulations |

Note 1: January 17, 2013, YAWangMuli County Shawan Power Co., Ltd (hereinafter referred to the Shawan Company), the subsidiary of CGNEDCC, received the tax reduction and exemption notice (Muguoshuijianmian[2013] No. 3). The notice confirmed the Shawan Company is satisfied with western development tax preferential policy and agreed Shawan Company exempt on income tax for the first 2 years and half exempt for $3^{rd}$ to $5^{th}$ years since the Shawan Company generated profit.

Note 2: CNG Solar (Qingtongxia) Development Co.Ltd, a subsidiary of CGNSEDC, enjoy a preferential tax policy which approved by local tax administration. For the Qingtongxia first phase projects which are fully exempt from income tax from 2011 to 2013, and half exempt from income tax from 2014 to 2016, Qingtongxia second phase projects which are fully exempt from income tax from 2014 to 2016, and half exempt from income tax from 2017 to 2019.

Note 3: CGN(Qinghe) Solar Energy Co Ltd, a subsidiary of CGNSEDC: the first phase of Qinghe project's corporate income tax enjoy "three years full exemption and three years half exemption" policy since 2012, fully exemption since 2012 to 2014 and half exemption since 2015 to 2017. The second phase of Qinghe project's corporate income tax enjoy "three years full exemption and three years half exemption" policy since 2014, fully exemption since 2014 to 2016 and half exemption from income tax from 2017 to 2019.

Note 4: CGN Solar Energy Hami Co.Ltd, a subsidiary of CGNSEDC: The first and second phase of Hami project's corporate income tax were fully exempted since 2012 to 2014 and half exempted since 2015 to 2017. The third and fourth phase of Hami project's corporate income tax were fully exempted since 2014 to 2016 and half exempted since 2017 to 2019.

Note 5: NeiHuang Yangtze River Haocheng electricity Co.Ltd, a subsidiary of CGNSEDC: The photovoltaic power generation of Neihuang 25MW agriculture greenhouses project enjoy the tax policy of "three years full exemption and three years half exemption" since 2014, fully exemption since 2014 to 2016 and half exemption since 2017 to 2019. The photovoltaic power generation of Neihuang 100MW agriculture greenhouses project enjoy the tax policy of "three years full exemption and three years half exemption" since 2015, fully exemption since 2015 to 2017 and half exemption since 2018 to 2020.

Note 6: NingXiaSuoBao New Energy Development Co.Ltd., a subsidiary of CGNSEDC: The investment and operation income on Ningxia Suobao Zhongwei's 20MWp photovoltaic power generation project's corporate income tax were fully exempted since 2014 to 2016 and half exempted since 2017 to 2019.

Note 7: Daan Guangdong Nuclear Wind Power Co., Ltd, the subsidiary CGNWEC, enjoy a preferential tax policy which approved by local tax administration, the Dagangzi fifth phase projects is half exempt from income tax from 2013 to 2015, Daanlaifu first to third projects are exempt from income tax since 2012 to 2014, Daanlaifu forth phase project is exempt from income tax since 2013 to 2015.

Note 8: CGN (Bayannaoer) Wind Power Co., Ltd , the subsidiary of CGNSEDC, enjoy a preferential tax policy which approved by local tax administration . The Wuliji first phase project is fully exempt from income tax from 2010 to 2012, and half exempt from income tax from 2013 to 2015. The Wuliji second phase project , fifth phase project and sixth phase project are fully exempt from income tax from 2012 to 2014, and half exempt from income tax from 2015 to 2017. The Wuliji third phase project and forth phase project are fully exempt from income tax from 2011 to 2013, and half exempt from income tax from 2014 to 2016.

Note 9: CGN (xilinguole) Wind Power Co., Ltd , the subsidiary of CGNSEDC, enjoy a preferential tax policy which approved by local tax administration .

The Shuyou second phase project is half exempt from income tax from 2013 to 2015. The Shuyou third phase project is fully exempt from income tax from 2011 to 2013, and half exempt from income tax from 2014 to 2016.

According to the provision of State Administration of Taxation's notice on further implementing corporate income tax issues related to western development policy (2012 No. 12), since January 1, 2011 to December 31, 2020, the enterprise main business based in the western region are classified as encouraged categories, and its main business revenue over 70.00% of the total annual income of the enterprise, the income tax rate reduced to 15.00%. Wuliji first phase project, Wuliji third phase project, Wuliji forth phase project, Suyou second phase project and Suyou third phase project income tax are levied on half of the 15% of tax rate.

Note 10: According to the regulations of "State Administration of Taxation supplementary notice on revenue from the public infrastructure projects enjoying preferential corporate income tax" (Cai Shui [2014] No. 55) which issued by Ministry of Finance, operating incomes on nuclear power projects which were public infrastructure project that meet the condition and standard regulated by "Corporate income tax promotion content of public infrastructure projects", and Approved once and infrastructured in batches (such as docks, berths, terminals, runways, roads, generators, etc.), can enjoy the preferential corporate income tax(three years full exemption and three years half exemption) in batches when the following conditions are satisfied:

(A) Different batches independently in space;

(B) Each batch can generate income independent;

(C) The accounting of each batch is separate, calculated separately, the expense are divided reasonably.

LingDong company and Yangjiang nuclear company were both fulfil the relevant regulations of the income tax preference on operation or investment income generated by public infrastructure projects in batches which achieved national special support, should enjoy the preference policy mentioned above.

3) The other taxes preferential policy

According to relevant provisions of the "Circular of the nuclear power plant land are exempt from Urban Land Use Tax by the Ministry of Finance and State Administration of Taxation " (Cai Shui [2007] No. 124), the other land are exempted from Urban Land Use Tax except the nuclear island land, the conventional Island land, auxiliary plant and communications facilities land, living land office land. The Urban Land Use Tax is 50% exempted during the infrastructure construction period.

According to Ministry of Finance "Approval of the tax problems about nuclear power joint venture limited companies in Guangdong", houses and buildings which were owned by Nuclear Power Joint Venture Companies should enjoy the building taxes exemption during joint venture period.

## 7. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

### 7.1 Basic conditions of the subsidiaries in the consolidation scope (only the secondary subsidiaries are listed)

Unit: RMB 10 thousand

| No. | Company name | Level | Type | Registration place | Business scope | Share capital | shareholdings | Voting right | Investment | Method |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CGNPC | 2 | Local non-financial Subsidiary | Guangdong Province Shenzhen City | Nuclear power generation | 4,544,875.00 | 64.1968 % | 64.1968% | 4,207,005.63 | Investment |
| 2 | CGNPE | 2 | Local non-financial Subsidiary | Guangdong Province Shenzhen City | Other unlisted construction activities | 1,28,600.00 | 100.00% | 100.00% | 130,704.47 | Investment |

| No. | Company name | Level | Type | Registration place | Business scope | Share capital | shareholdings | Voting right | Investment | Method |
|---|---|---|---|---|---|---|---|---|---|---|
| 3 | CGNPCTS SNPC | 2 | Local non-financial Subsidiary | Guangdong Province Taishan City | Electric power | 20,000.00 | 100.00% | 100.00% | 20,000.00 | Investment |
| 4 | LFNPC | 2 | Local non-financial Subsidiary | Guangdong Sheng Lufeng City | Electric power | 84,000,.00 | 100.00% | 100.00% | 84,000.00 | Investment |
| 5 | HBNPC | 2 | Local non-financial Subsidiary | Hubei Province Wuhan City | Electric power | 26,500.00 | 60.00% | 60.00% | 15,900.00 | Investment |
| 6 | XNNPC | 2 | Local non-financial Subsidiary | Hubei Province Yanning City | Electric power | 90,000.00 | 60.00% | 60.00% | 54,000.00 | Investment |
| 7 | FCGNPC | 2 | Local non-financial Subsidiary | Guangdong Province Fangchengguang City | Electric power | 585,000.00 | 61.00% | 61.00% | 356,850.00 | Investment |
| 8 | CGNPCI | 2 | Local non-financial Subsidiary | Hong Kong | Investment service | 242,364.88 | 100.00% | 100.00% | 243,564.68 | Investment |
| 9 | CGNEDC C(note 1) | 2 | Local non-financial Subsidiary | Guangdong Province Shenzheng City | Water power | 400,569.00 | 65.84% | 100.00% | 361,886.29 | Investment |
| 10 | CGNPCU RC | 2 | Local non-financial Subsidiary | Beijing | Other exploration of mine industry | 679,871.46 | 100.00% | 100.00% | 597,164.89 | Investment |
| 11 | CGNWEC | 2 | Local non-financial Subsidiary | Beijing City | Wind power related business | 1,032,353.95 | 100.00% | 100.00% | 1,032,353.95 | Investment |
| 12 | CGNSED C | 2 | Local non-financial Subsidiary | Beijing City | Other energy power | 389,287.90 | 100.00% | 100.00% | 389,287.90 | Investment |

| No. | Company name | Level | Type | Registration place | Business scope | Share capital | shareholdings | Voting right | Investment | Method |
|---|---|---|---|---|---|---|---|---|---|---|
| 13 | CGNPCCSC | 2 | Local non-financial Subsidiary | Guangdong Province Shenzhen City | Investment service | 100,000.00 | 100.00% | 100.00% | 816,326.53 | Investment |
| 14 | DNFC | 2 | Local non-financial Subsidiary | Guangdong Province Shenzhen City | Financial service | 200,000.00 | 100.00% | 100.00% | 213,621.16 | Investment |
| 15 | HSI | 2 | Oversea non-financial Subsidiary | Hongkong | Other unlisted services | 3,967.87 | 100.00% | 100.00% | 3,967.87 | Investment |
| 16 | DYBNEPC | 2 | Local non-financial Subsidiary | Guangdong Province Shenzhen City | Other professional technical service | 51,000.00 | 100.00% | 100.00% | 63,617.68 | Investment |
| 17 | SNIC | 2 | Local non-financial Subsidiary | Guangdong Province Shenzhen City | Investment service | 40,000.00 | 100.00% | 100.00% | 40,100.00 | Investment |
| 18 | WHNPC | 2 | Local non-financial Subsidiary | Anhui Province Wuhu City | Electric power | 20,000.00 | 51.00% | 51.00% | 10,200.00 | Investment |
| 19 | JLNPC | 2 | Local non-financial Subsidiary | Jilin Province Jilin City | Electric power | 2,000.00 | 100.00% | 100.00% | 2,000.00 | Investment |
| 20 | SGNPC. | 2 | Local non-financial Subsidiary | Guangdong Province Shaoguan City | Electric power | 5,000.00 | 100.00% | 100.00% | 5,000.00 | Investment |
| 21 | HZNPC | 2 | Local non-financial Subsidiary | Guangdong Province Huizhou City | Electric power | 5,000.00 | 100.00% | 100.00% | 5,000.00 | Investment |

| No. | Company name | Level | Type | Registration place | Business scope | Share capital | shareholdings | Voting right | Investment | Method |
|---|---|---|---|---|---|---|---|---|---|---|
| 22 | HZNPC | 2 | Local non-financial Subsidiary | Guangdong Province Huizhou City | Electric power | 2,000.00 | 100.00% | 100.00% | 2,000.00 | Investment |
| 23 | CGNPCC NNPC | 2 | Local non-financial Subsidiary | Zhejiang Province Wenzhou City | Nuclear power generation | 2,000.00 | 100.00% | 100.00% | 2,000.00 | Investment |

Note 1: the Company hold 65.84% of CGNEDCC shares and the voting right is 100%, the voting right are different with the share holdings due to the another shareholder Ping'an trust investment Co Ltd without voting rights.

**7.2 Subsidiary in which the Company's Shareholdings are less than 50% but still considered as control (Unit: RMB 10 thousand)**

| No | Company name | Shareholdings (%) | Voting right (%) | Registered capital | Investment | Level | Reason for combination |
|---|---|---|---|---|---|---|---|
| 1 | VAPEL | 44.87 | 44.87 | 3,900.00 | 525.00 | 4 | Substantially controlled through the voting mechanism of Company's Article of Constitution |
| 2 | Huzhou Dongsheng Photovoltaic Agriculture Co., Ltd | 48.97 | 100.00 | 7,236.00 | 3,543.60 | 3 | |
| 3 | Zhongweishi Tianyun New Energy Development Co.Ltd | 49.00 | 100.00 | 34,610.10 | 16,958.95 | 3 | |
| 4 | Yuanjiang Zhongsheng Solar Energy Development Co., Ltd | 49.00 | 100.00 | 10,472.10 | 5,131.33 | 3 | |
| 5 | Baotoushi Guneng Photovoltaic Energy Co., Ltd | 49.00 | 100.00 | 5,220.00 | 2,557.80 | 3 | |
| 6 | Yangling Zhiyuan New Energy Development Co.Ltd | 49.00 | 100.00 | - | - | 3 | |
| 7 | Hengshan Yulong New Energy Development Co.Ltd | 49.00 | 100.00 | - | - | 3 | |

**7.3 Subsidiaries in which the Company directly or indirectly holds more than half of the equity interests but not considered as control**

| No. | Company name | Share holding(%) | Voting right(%) | Reasons for not include in combination scope |
|---|---|---|---|---|
| 1 | Huizhou Hot Springs Real Estate Co. Ltd. | 55.00 | 55.00 | Has been shut down and transferred |

## 7.4 Significant non-wholly owned subsidiaries

### 7.4.1 Non controlling interest

| No | Company name | Non controlling interest portion( %) | Non controlling profit | Dividends to non controlling shareholder | Non controlling interest at year end |
|---|---|---|---|---|---|
| 1 | CGNPC | 35.8032 | 2,274,163,210.62 | 40,681,328.40 | 19,820,812,762.09 |
| 2 | FCGNPC | 39.00 | -51,697,483.35 | - | 2,229,802,516.65 |
| 3 | Xianning Nuclear Power Co., Ltd | 40.00 | - | - | 360,000,000.00 |

### 7.4.2 Main financial information

| Item | Current year | | |
|---|---|---|---|
| | CGNPC | FCGNPC | XNNPC |
| Current asset | 26,785,853,103.78 | 3,184,251,867.20 | 894,371.41 |
| Non-current asset | 188,226,621,098.49 | 30,232,006,034.27 | 3,494,177,550.66 |
| Total asset | 215,012,474,202.27 | 33,416,257,901.47 | 3,495,071,922.07 |
| Current liability | 25,251,941,412.51 | 3,886,402,133.89 | 2,016,071,922.07 |
| Non-current liability | 113,220,859,421.92 | 23,812,413,417.20 | 579,000,000.00 |
| Total liability | 138,472,800,834.43 | 27,698,815,551.09 | 2,595,071,922.07 |
| Revenue | 23,303,773,227.62 | 816,654.17 | |
| Net profit | 7,616,541,326.35 | -132,557,649.62 | |
| Total comprehensive income | 8,043,568,025.97 | -132,557,649.62 | |
| Cash flow from operating activity | 10,786,137,360.29 | -50,238,075.49 | |

-continued）

| Item | Last year | | |
|---|---|---|---|
| | CGNPC | TSJVC | TSNPIIC |
| Current asset | 42,520,582,654.59 | 2,923,874,060.26 | 3,970,694.55 |
| Non -current asset | 176,124,650,977.39 | 25,774,954,957.71 | 2,881,714,417.57 |
| Total asset | 218,645,233,631.98 | 28,698,829,017.97 | 2,885,685,112.12 |
| Current liability | 28,447,606,639.84 | 3,373,057,681.47 | 840,685,112.12 |
| Non -current liability | 112,836,860,921.98 | 20,165,771,336.50 | 1,145,000,000.00 |
| Total liability | 141,284,467,561.82 | 23,538,829,017.97 | 1,985,685,112.12 |
| Revenue | 20,778,512,041.90 | | |
| Net profit | 6,639,606,251.50 | | |
| Total comprehensive income | 6,675,840,653.18 | | |
| Cash flow from operating activity | 10,822,826,477.23 | | |

The CGNPC main financial figures are consolidated figures.

**7.5 Changes on consolidate scope in this year**

7.5.1 The entity newly consolidated in this year

| No | Company name | Share holding (%) | Voting right(%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| 1 | CGN(Shenzhen)Radiation Monitoring Technology Co,.Ltd. | 100.00 | 100.00 | 13,006,387.07 | 7,006,387.07 | Newly established |
| 2 | CGN HUTUBI BIO ENERGY Co.,Ltd. | 100.00 | 100.00 | 29,660,660.22 | -2,889,339.78 | Newly established |
| 3 | Shandong CGN Ludian New Energy Co.,Ltd. | 60.00 | 60.00 | 4,796,314.77 | -203,685.23 | Newly established |
| 4 | CGN Nanjing Puxing Energy ServiceCo.,Ltd. | 100.00 | 100.00 | 2,885,732.97 | -34,267.03 | Newly established |
| 5 | CGN Shihua Gas Co.,Ltd. | 51.00 | 51.00 | 102,049,577.91 | 3,038,377.91 | Newly |

| No | Company name | Share holding (%) | Voting right(%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| | | | | | | established |
| 6 | CGN Baoding New Energy Co.,Ltd. | 100.00 | 100.00 | 26,884,780.11 | 1,884,780.11 | Newly established |
| 7 | CGN-Delta (Jiangsu) Investment Co.,Ltd. | 55.00 | 55.00 | 17,600,325.99 | -9,674.01 | Newly established |
| 8 | CGN (Zhejiang Yuhang) Wind Power Co., Ltd. | 70.00 | 70.00 | 3,000,000.00 | | Newly established |
| 9 | CGN (Qingyun) Wind Power Co., Ltd. | 100.00 | 100.00 | 78,950,000.00 | | Newly established |
| 10 | CGN Sheyang Teyong Wind Power Co., Ltd. | 100.00 | 100.00 | 22,500,000.00 | | Newly established |
| 11 | CGN Gujiao Wind Power Co., Ltd. | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 12 | CGN Deqing Wind Power Co., Ltd. | 100.00 | 100.00 | 20,500,000.00 | | Newly established |
| 13 | CGN Xingye Wind Power Co., Ltd. | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 14 | CGN Yuxi Tonghai Wind Power Co., Ltd. | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 15 | CGN Pengze Haoshan Wind Power Co., Ltd. | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 16 | CGN Hubei Yangxin Wind Power Co., Ltd. | 100.00 | 100.00 | 10,000,000.00 | | Newly established |
| 17 | CGN Taojiang Wind Power Co., Ltd. | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 18 | CGN Panzhihua Miyi Wind Power Co., Ltd. | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 19 | CGN (Jiange) Wind Power Co., Ltd. | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 20 | CGN Yangjiang Offsea Wind Power Co., Ltd. | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 21 | Jinan Wohushan Wind Power Co., Ltd. | 100.00 | 100.00 | | | Newly established |
| 22 | CGN Hubei Guangshui | 100.00 | 100.00 | | | Newly |

| No | Company name | Share holding (%) | Voting right(%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| | Wind Power Co., Ltd. | | | | | established |
| 23 | CGN Environmental Investment Asset Management (Beijing) Co.,Ltd. | 51.00 | 51.00 | 4,052,375.50 | 12,375.50 | Newly established |
| 24 | China General Nuclear Power YangZheng Health Technology Corporation | 100.00 | 100.00 | 10,066,350.74 | 66,350.74 | Newly established |
| 25 | CGN Shufu Solar Energy Development Co., Ltd | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 26 | CGN Hukou Solar Energy Development Co., Ltd | 100.00 | 100.00 | | | Newly established |
| 27 | CGN Chaohu Solar Energy Development Co., Ltd | 100.00 | 100.00 | 49,450,000.00 | | Newly established |
| 28 | CGN Baiyun Erbo Solar Energy Photovoltaic Development Co., Ltd | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 29 | CGN (Yixian) Solar Energy Development Co., Ltd | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 30 | CGN Chaohu New Energy Development Co.Ltd | 100.00 | 100.00 | 32,260,000.00 | | Newly established |
| 31 | CGN (Yunfu) Solar Energy Development Co., Ltd | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 32 | Shandong guanxian New Energy Development Co.Ltd | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 33 | CGN Suizhou Solar Energy Development Co., Ltd | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 34 | CGN Yanyuan Solar Energy Development Co., Ltd | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 35 | CGN Datong Solar Energy Development Co., Ltd | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 36 | CGN (Beijing) Solar Energy Development Co., Ltd | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 37 | Chaoyang Junxiao New | 100.00 | 100.00 | 300,000.00 | | Newly |

| No | Company name | Share holding (%) | Voting right(%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| | Energy (Lingyuan) Co.Ltd | | | | | established |
| 38 | CGN Wannianxian Solar Energy Development Co., Ltd | 100.00 | 100.00 | | | Newly established |
| 39 | CGN Damingxian Solar Energy Development Co., Ltd | 100.00 | 100.00 | | | Newly established |
| 40 | CGNM UK LTD | 100.00 | 100.00 | 2,627,652.40 | 1,480,389.64 | Newly established |
| 41 | CGN Investment (HK) Co., Limited | 100.00 | 100.00 | 307,650,285.44 | -5,303,131.14 | Newly established |
| 42 | Gigastar Limited | 100.00 | 100.00 | 6.50 | | Newly established |
| 43 | China Clean Energy Development Limited | 100.00 | 100.00 | 815,519.79 | 783,677.34 | Newly established |
| 44 | CGN New Energy Investment (Shenzhen) Co., Ltd | 100.00 | 100.00 | 3,243,401,854.69 | 264,668,432.19 | Newly established |
| 45 | Hangzhou Guanghe Gas Co.,Ltd. | 75.37 | 75.37 | 4,036,965.60 | -23,034.40 | Newly established |
| 46 | CGN Advanced Materials Group (Taicang) Delta New Materials Co.,Ltd. | 100.00 | 100.00 | -459,198.14 | -459,198.14 | Newly established |
| 47 | CGN (Delingha) Solar Energy Photovoltaic Development Co., Ltd | 100.00 | 100.00 | 500,000.00 | | Newly established |
| 48 | MPC New Energy Investments (HK) Company Limited | 100.00 | 100.00 | 0.84 | | Newly established |
| 49 | Suzhou Zemei (Hong Kong) Limited | 100.00 | 100.00 | 0.84 | | Newly established |
| 50 | CGN Europe Energy Wales Holding Limited | 100.00 | 100.00 | 163,160,042.98 | -307,739.70 | Newly established |

| No | Company name | Share holding (%) | Voting right(%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| 51 | China Solar Energy Investment Limited | 100.00 | 100.00 | -65,718,646.79 | -63,152,689.47 | Newly established |
| 52 | Final Capital Sdn. Bhd. | 100.00 | 100.00 | 366,800.73 | -10,601.86 | Newly established |
| 53 | CGN HEBEI Bio ENERGY Co.,Ltd. | 51.00 | 51.00 | 23,695,393.38 | -390,101.54 | Business combination |
| 54 | Ruzhou Tianhui Wind Power Co., Ltd. | 100.00 | 100.00 | 1,000,000.00 | | Business combination |
| 55 | Electrical equipment in Dengfeng city Wind Power Co., Ltd. | 65.00 | 65.00 | 82,150,000.00 | | Business combination |
| 56 | Suichuan Datang New Energy Technology Co.,Ltd. | 95.00 | 95.00 | 5,000,000.00 | | Business combination |
| 57 | ShanDong HongDa Environmental Technology Co,,Ltd | 55.00 | 55.00 | 46,553,100.66 | 3,696,593.06 | Business combination |
| 58 | Huzhou Dongsheng Photovoltaic Agriculture Co., Ltd | 48.97 | 100.00 | 74,999,402.68 | 2,617,674.50 | Business combination |
| 59 | Shouyangxian Shiji Huazhong New Energy Development Co.Ltd | 100.00 | 100.00 | 77,456,693.33 | 2,026,693.33 | Business combination |
| 60 | Zhongweishi Tianyun New Energy Development Co.Ltd | 49.00 | 100.00 | 175,964,500.00 | 1,275,000.00 | Business combination |
| 61 | Foshan Yuyang New Energy (Lingyuan) Co.Ltd | 100.00 | 100.00 | 29,820,000.00 | | Business combination |
| 62 | Yuanjiang Zhongsheng Solar Energy Development Co., Ltd | 49.00 | 100.00 | 104,760,334.09 | | Business combination |
| 63 | Baotoushi Guneng Photovoltaic Energy | 49.00 | 100.00 | 52,200,000.00 | | Business combination |

| No | Company name | Share holding (%) | Voting right(%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| | Co., Ltd | | | | | |
| 64 | Hengshan Yulong New Energy Development Co.Ltd | 49.00 | 100.00 | | | Business combination |
| 65 | Green Rigg Windfarm Limited | 80.00 | 80.00 | 166,123,995.31 | 37,534,234.13 | Business combination |
| 66 | Brenig Wind Limited | 100.00 | 100.00 | 30,136,295.31 | -435,950.46 | Business combination |
| 67 | CGN Dasheng Electron Accelerator Technology Co.,Ltd. | 51.00 | 51.00 | 335,725,479.53 | 33,947,121.85 | Business combination |
| | Hangzhou Jusheng Cable Materials Co.,Ltd. | 100.00 | 100.00 | 1,108,370.79 | 608,370.79 | Business combination |
| | Wujiang Dasheng Detection Technology Co.,Ltd. | 100.00 | 100.00 | -687,790.42 | -274,507.89 | Business combination |
| | Anhui Dasheng Irradiation Technology Co.,Ltd. | 100.00 | 100.00 | 22,315,864.18 | -969,120.66 | Business combination |
| | Jiangsu Dasheng Polymer Co.,Ltd. | 60.55 | 60.55 | 32,969,042.27 | 10,549,371.79 | Business combination |
| 68 | CGN Juner New Materials CO., LTD. | 51.00 | 51.00 | 487,907,560.62 | 85,811,479.19 | Business combination |
| | Shanghai Juner New Materials CO., LTD.) | 100.00 | 100.00 | 26,586,834.68 | 7,234,022.85 | Business combination |
| 69 | CGN-TOP（Hubei）NEW MATERIALS CO.,LTD. | 65.00 | 65.00 | 149,771,039.76 | 25,814,941.33 | Business combination |
| | CGN-TOP（Sichuan）NEW MATERIALS CO.,LTD. | 100.00 | 100.00 | 6,890,520.77 | 1,890,520.77 | Business combination |
| 70 | Yangling Zhiyuan New Energy | 49.00 | 100.00 | | | Business combination |

| No | Company name | Share holding (%) | Voting right(%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| | Development Co.Ltd | | | | | |
| | Heyang Zhiyuan New Energy Co.,Ltd. | 100.00 | 100.00 | | | Business combination |
| 71 | CGN Xinsheng Gas Co.,Ltd. | 80.00 | 80.00 | 176,848,650.71 | -8,714,932.83 | Business combination |
| | Dongying Jinchen New Energy Technology Co.,Ltd. | 100.00 | 100.00 | 43,537,599.44 | -456,455.56 | Business combination |
| | Dongying Litong NaturalGas Co.,Ltd. | 70.00 | 70.00 | 8,272,552.02 | -340,893.13 | Business combination |
| 72 | CGN Dongli Gas Co.,Ltd. | 51.00 | 51.00 | 301,520,711.35 | 11,275,483.04 | Business combination |
| | Dongguan Weihong Plastic& Hardware Co.,Ltd. | 100.00 | 100.00 | 7,204,817.41 | 84,093.03 | Business combination |
| | Dongguan Dongli Nature Gas Co.,Ltd. | 100.00 | 100.00 | -6,040.73 | -554,368.26 | Business combination |
| | Dongguan Dongli Gas Co.,Ltd. | 100.00 | 100.00 | 24,266,413.34 | 12,650,488.34 | Business combination |
| | Guangdong Dongli Gas Co.,Ltd. | 100.00 | 100.00 | 7,049,622.69 | -2,447,713.68 | Business combination |
| | Dongguan Dalang Dongli Nature Gas Co.,Ltd. | 100.00 | 100.00 | -231,549.78 | -601,764.12 | Business combination |
| | Dongguan Dongli Gas logistics Co.,Ltd. | 100.00 | 100.00 | 1,851,828.66 | 769,484.10 | Business combination |
| | Dongguan Dongyou Gas Co., Ltd. | 100.00 | 100.00 | 6,949,704.84 | 2,222,835.90 | Business combination |
| 73 | Eolinvest France | 100.00 | 100.00 | 183,382,317.20 | -3,537,643.23 | Business combination |
| | Eolinvest France Holding | 100.00 | 100.00 | -119,910,579.10 | -5,894,188.50 | Business combination |
| | Ferme Eolienne Du | 100.00 | 100.00 | 12,451,300.28 | 1,006,761.76 | Business |

| No | Company name | Share holding (%) | Voting right(%) | Net assets | Net profit | Note |
|---|---|---|---|---|---|---|
| | Canal De Gargouilleau | | | | | combination |
| | Societe D'Exploitation Du Parc Eolien Saulzet I | 100.00 | 100.00 | 4,309,963.70 | -2,068,044.31 | Business combination |
| | Societe Du Parc De Levigny | 100.00 | 100.00 | -17,689,907.80 | -1,139,910.29 | Business combination |
| | Societe Du Parc Eolien De Magoar | 100.00 | 100.00 | 1,348,775.25 | -1,575,471.16 | Business combination |
| | Ventelec | 100.00 | 100.00 | 6,632,679.66 | 2,079,386.65 | Business combination |
| | Energies Du Pays De Falaise | 100.00 | 100.00 | -8,979,063.94 | 451,261.62 | Business combination |
| | Centrale Eolienne De Scaer Mine Kervir | 100.00 | 100.00 | 4,711,387.56 | -1,730,784.47 | Business combination |
| | Societe D'Exploitation Du Parc Eolien Saulzet II | 100.00 | 100.00 | 3,214,464.10 | -637,515.39 | Business combination |
| | Vent De Gavray | 100.00 | 100.00 | -4,537,898.35 | -550,019.95 | Business combination |
| 74 | Glass Moor II Windfarm Limited | 80.00 | 80.00 | 60,639,472.20 | 4,928,735.73 | Business combination |
| 75 | Rusholme Windfarm Limited | 80.00 | 80.00 | 91,108,042.92 | 5,375,850.85 | Business combination |

7.5.2 Original subsidiaries which are no longer include in the combination scope this year (Unit: RMB 10 thousands)

| No | Company name | Registered place | Business scope | Shareholding (%) | Voting rights(%) | Reasons for not include in the combination scope |
|---|---|---|---|---|---|---|
| 1 | CGN Lijin Solar Energy | Lijin County | Photovoltaic | 70.00 | 70.00 | Cancelled |

| No | Company name | Registered place | Business scope | Shareholding (%) | Voting rights(%) | Reasons for not include in the combination scope |
|---|---|---|---|---|---|---|
| | Development Co., Ltd (Note 1) | | power generation | | | |
| 2 | CGN Industrial Investment Fund Management (Beijing) Co,,Ltd. (Note 2) | Beijing | Finance | 20.00 | 20.00 | Lost control after transferred |
| 3 | Yugofoil Holdings Limited (Note 3) | BVI British Virgin Islands | Investment holding | 100.00 | 100.00 | Transferred |
| 4 | Wide Triumph Limited | Hong Kong | Management service | 100.00 | 100.00 | Transferred |
| | Wuhan Weiao Pharmaceuticals Co., Limited | Wuhan,China | Producing and selling medicine | 95.70 | 95.70 | Transferred |
| | Vital Pharmaceuticals Company Limited | Hong Kong | No operation currently | 100.00 | 100.00 | Transferred |
| | Sichuan Weiao Industrial Company Limited | Sichuan,China | Research & Development of medicine and investment management | 100.00 | 100.00 | Transferred |
| | Sichuan Hengtai Pharmaceutical Company Limited | Sichuan,China | Producing and selling medicine | 100.00 | 100.00 | Transferred |
| | Chendu Weiao Property Company Limited | Sichuan,China | Property development and management | 100.00 | 100.00 | Transferred |
| | Tongzhou Meiya Cogeneration Co., Ltd (Note 4） | Nantong City, Jiangsu Province | Power generation | 80.00 | 80.00 | Transferred |

| No | Company name | Registered place | Business scope | Shareholding (%) | Voting rights(%) | Reasons for not include in the combination scope |
|---|---|---|---|---|---|---|
| 5 | Meiya Haian Cogen Power Limited | Cayman Islands | Offshore | 100.00 | 100.00 | Cancelled |
| 6 | Meiya Jinqiao Power Ltd | Bermuda | Offshore | 100.00 | 100.00 | Cancelled |
| 7 | China U.S. Power Partners I Ltd | Bermuda | Offshore | 100.00 | 100.00 | Cancelled |
| 8 | Meiya Huangshi Power Ltd | Bermuda | Offshore | 100.00 | 100.00 | Cancelled |
| 9 | Meiya Shanghai BFG Company | Cayman Islands | Offshore | 100.00 | 100.00 | Cancelled |
| 10 | CGN Taishan Guanghai Wind Power Co.,Ltd. （Note 5） | Taishan,China | Wind power generation | 100.00 | 100.00 | Absorbed Consolidation |
| 11 | CGN Taishan Wenchun Wind Power Co.,Ltd. （Note 5） | Taishan,China | Wind power generation | 100.00 | 100.00 | Absorbed Consolidation |

| Company name | Date of disposal | | | December 31,2014 | | |
|---|---|---|---|---|---|---|
| | Asset | liability | Owner's equity | Asset | liability | Owner's equity |
| CGN Lijin Solar Energy Development Co., Ltd | 2,011,000.00 | 11,000.00 | 2,000,000.00 | 2,005,200.00 | 5,200.00 | 2,000,000.00 |
| CGN Industrial Investment Fund Management (Beijing) Co,,Ltd. | 46,357,643.64 | 10,772.36 | 46,346,871.28 | 46,875,261.08 | 170,696.21 | 46,704,564.87 |
| Yugofoil Holdings Limited | 169,067,229.52 | 133,314,498.19 | 35,752,731.33 | 189,445,720.96 | 115,019,171.25 | 74,426,549.71 |

| Company name | Date of disposal | | | December 31,2014 | | |
|---|---|---|---|---|---|---|
| | Asset | liability | Owner's equity | Asset | liability | Owner's equity |
| Tongzhou Meiya Cogeneration Co., Ltd | 58,163,068.40 | 110,137,265.20 | -51,974,196.80 | 58,163,068.40 | 113,814,777.08 | -51,974,196.80 |
| Meiya Haian Cogen Power Limited | 6.29 | - | 6.29 | 6.29 | - | 6.29 |
| Meiya Jinqiao Power Ltd | 75,426.00 | - | 75,426.00 | 75,426.00 | - | 75,426.00 |
| China U.S. Power Partners I Ltd | 75,426.00 | - | 75,426.00 | 75,426.00 | - | 75,426.00 |
| Meiya Huangshi Power Ltd | 75,426.00 | - | 75,426.00 | 75,426.00 | - | 75,426.00 |
| Meiya Shanghai BFG Company | 13,547.58 | 12,919.03 | 628.55 | 13,547.58 | 12,919.03 | 628.55 |
| CGN Taishan Guanghai Wind Power Co.,Ltd. | 352,106,997.78 | 177,680,438.85 | 174,426,558.93 | 375,942,536.98 | 200,468,667.33 | 175,473,869.65 |
| CGN Taishan Wencun Wind Power Co.Ltd. | 283,730,630.02 | 160,362,017.28 | 123,368,612.74 | 298,926,604.67 | 175,494,904.02 | 123,431,700.65 |

| Company name | Jan 1,2015- Date of disposal | | | Year of 2014 | | |
|---|---|---|---|---|---|---|
| | Revenue | Expense | Profit | Revenue | Expense | Profit |
| CGN Lijin Solar Energy Development Co., Ltd | - | - | - | - | - | - |
| CGN Industrial Investment Fund Management | - | 357,693.59 | -357,693.59 | - | 1,240,668.32 | -1,240,668.32 |

| Company name | Jan 1,2015- Date of disposal | | | Year of 2014 | | |
|---|---|---|---|---|---|---|
| | Revenue | Expense | Profit | Revenue | Expense | Profit |
| (Beijing) Co.,Ltd. | | | | | | |
| Yugofoil Holdings Limited | 27,948,385.34 | 31,450,726.35 | -3,502,341.01 | 81,550,009.93 | 162,274,566.26 | -80,724,556.33 |
| Tongzhou Meiya Cogeneration Co., Ltd | - | - | - | 107,298,302.09 | 114,742,502.74 | -6,516,474.99 |
| Meiya Haian Cogen Power Limited | - | - | - | - | - | - |
| Meiya Jinqiao Power Ltd | - | - | - | - | - | - |
| China U.S. Power Partners I Ltd | - | - | - | - | - | - |
| Meiya Huangshi Power Ltd | - | - | - | - | - | - |
| 44 Meiya Shanghai BFG Company | - | - | - | - | - | - |
| CGN Taishan Guanghai Wind Power Co.,Ltd. | 29,136,087.43 | 24,647,285.20 | 4,488,802.23 | 25,440,505.66 | 22,906,997.21 | 2,533,508.45 |
| CGN Taishan Wencun | 24,093,138.19 | 19,537,062.40 | 4,556,075.79 | 21,532,935.34 | 17,552,306.85 | 3,980,628.49 |

| Company name | Jan 1,2015- Date of disposal | | | Year of 2014 | | |
|---|---|---|---|---|---|---|
| | Revenue | Expense | Profit | Revenue | Expense | Profit |
| Wind Power Co.Ltd. | | | | | | |

Note 1: CGN Lijin Solar Energy Development Co., Ltd was established by joint contribution of CGNSEDC and Dongying Photovoltaic Solar Power Co., Ltd. and obtained the licenses of the business corporation which issued by Administrative Bureau for Industry and Commerce of Lijin county. The No. of the business license is 370522000000179-1 and issued on 16 July 2012. Registed Capital was RMB 2 million and CGNSEDC holds 70% shares. On 18 March 2014, according toCGN Lijin Solar Energy Development Co., Ltd resolution of shareholder meeting, due to the proposed investment on photovoltaic power generation project has not been approved by relevant department of government, the project cannot be development and investment, therefore decided to log off the Company and build a liquidation team. Liquidation should be done before 28 December 2015.

Note 2: On 11 July 2014, CGN Industrial Investment Fund Management (Beijing) Co,,Ltd.'s second Board of Directors the fifth meeting deliberated and approved the "the resolution of equity transferring about CGN Industrial Investment Fund Management (Beijing) Co,,Ltd."and agreed to transfer 80% holding rights of CGN Industrial Investment Fund Management (Beijing) Co,,Ltd.. On 26 March 2015, this equity transaction was listed on China Beijing Equity Exchange and the transfer price is RMB 40 million. The contract date is is 22 May 2015 and the voucher No. of the state owned enterprise property rights exchange is T31400802. After this time equity transaction finished, CGN Industrial Investment Fund Management Co,,Ltd. only holds 20% shares of CGN Industrial Investment Fund Management (Beijing) Co,,Ltd..

Note 3: CNG Mining Co., Ltd, a CGNPCURC's holding subsidiary, has disposed its wholly-owned subsidiary Yugofoil Holdings Limited and its subsidiaries on 25 March 2015. The consideration of disposal is HKD 101,250,000.00. After disposal, the Group has no stock rights on Yugofoil Holdings Limited and its subsidiaries.

Note 4: Meiya Tongzhou Cogen Power Ltd, which is a CGNPC International Limited's subsidiary, has disposed 80% shares of Tongzhou Meiya Cogeneration Co., Ltd on October 2015. The disposal consideration is RMB 10,800,000.00. After disposal, the Group has no stock rights on Tongzhou Meiya Cogeneration Co., Ltd. Besides that, the Group logged off 5 offshore companies in 2015.

Note 5: According to "the decision of combination of Duanfen, Guanghai and Wencun Company" (Guanghedongjuezi [2014] No.16) issued by CGNWP's Board of Directors on 28 September 2014, about the CGNWP'S subsidiary CGN Taishan Wind Power Co.Ltd. absorbed combined with CGN Taishan Guanghai Wind Power Co.,Ltd.、CGN Taishan Wencun Wind Power Co.Ltd. has been approved. On 31 October 2015, the absorbed combination of CGN Taishan Guanghai Wind Power Co.,Ltd. has been done.

### 7.6 The Conditions of business combination under common control occurred in this year.

There is no business combination under common control occurred in this year.

### 7.7 The details of major business combination not under common control:

Currency: RMB 10 thousand

| Company name | Purchase Date （Note 1） | Net asset | Identifiable net assets fair value | | Consideration | Goodwill | | Shareholding ratio(%) |
|---|---|---|---|---|---|---|---|---|
| | | | amount | method | | amount | method | |
| CGN Dongli Gas Co.,Ltd. | 2015/1/31 | 22,099.53 | 58,466.61 | Appraisal Value | 51,000.00 | 21,182.03 | The difference between the merge cost over Identifiable net assets fair value | 51.00 |
| CGN Xinsheng Gas Co.,Ltd. | 2015/5/31 | 18,018.50 | 29,976.10 | Appraisal Value | 36,000.00 | 12,019.12 | | 80.00 |
| CGN HEBEI Bio ENERGY Co.,Ltd. | 2015/5/31 | 1,153.24 | 3,774.49 | Appraisal Value | 2,974.65 | 1,049.66 | | 51.00 |
| CGN Dasheng Electron Accelerator Technology Co.,Ltd. | 2015/5/22 | 29,464.60 | 30,064.31 | Appraisal Value | 28,247.57 | 12,914.78 | | 51.00 |
| CGN Juner New Materials CO., LTD. | 2015/5/15 | 44,352.19 | 45,458.85 | Appraisal Value | 41,000.00 | 17,815.99 | | 51.00 |
| CGN-TOP（Hubei）NEW | 2015/5/20 | 12,395.61 | 12,395.61 | Appraisal Value | 8,000.00 | -57.15 | | 65.00 |

| Company name | Purchase Date （Note 1） | Net asset | Identifiable net assets fair value | | Conside ration | Goodwill | | Shareholding ratio(%) |
|---|---|---|---|---|---|---|---|---|
| | | | amount | method | | amount | method | |
| MATERIALS CO.,LTD. （Note1） | | | | | | | | |
| Ruzhou Tianhui Wind Power Co., Ltd. | 2015/2/28 | 100.00 | 100.00 | Appraisal Value | 100.00 | - | | 100.00 |
| Electrical equipment in Dengfeng city Wind Power Co., Ltd. | 2015/3/31 | 8,215.00 | 8,215.00 | Appraisal Value | 5,340.00 | - | | 65.00 |
| Suichuan Datang New Energy Technology Co.,Ltd. | 2015/7/31 | 500.00 | 500.00 | Appraisal Value | 475.00 | - | | 95.00 |
| China General Nuclear Power HongDa Environmental Technology Co,,Ltd | 2015/9/30 | 5,565.90 | 5,615.89 | Appraisal Value | 3,860.00 | 771.26 | | 55.00 |
| Huzhou Dongsheng Photovoltaic Agriculture Co., Ltd | 2015/8/27 | 7,238.17 | 7,238.17 | Book Value | 3,543.60 | - | | 48.97 |
| Shouyangxian Shiji Huazhong New Energy Development Co.Ltd | 2015/11/26 | 1,000.00 | 1,000.00 | Book Value | 1,000.00 | - | | 100.00 |

| Company name | Purchase Date (Note 1) | Net asset | Identifiable net assets fair value | | Consideration | Goodwill | | Shareholding ratio(%) |
|---|---|---|---|---|---|---|---|---|
| | | | amount | method | | amount | method | |
| Zhongweishi Tianyun New Energy Development Co.Ltd (Note2) | 2015/6/18 | 200.00 | 200.00 | Book Value | 200.00 | - | | 100.00 |
| Yuanjiang Zhongsheng Solar Energy Development Co., Ltd | 2015/9/24 | 10,476.03 | 10,476.03 | Book Value | 5,131.33 | - | | 49.00 |
| Foshan Yuyang New Energy (Lingyuan) Co.Ltd | 2015/5/22 | - | - | Book Value | - | - | | 100.00 |
| Yangling Zhiyuan New Energy Development Co.Ltd | 2015/12/2 | - | - | Book Value | - | - | | 49.00 |
| Baotoushi Guneng Photovoltaic Energy Co., Ltd | 2015/12/9 | - | - | Book Value | - | - | | 49.00 |
| Hengshan Yulong New Energy Development Co.Ltd | 2015/11/27 | - | - | Book Value | - | - | | 49.00 |
| Eolinvest France | 2015/2/9 | 18,677.23 | 18,677.23 | Book Value | 25,817.85 | 7,140.63 | | 100.00 |
| Green Rigg | 2015/1/1 | 15,973.79 | 15,973.79 | Book | 70,665.14 | 45,746.30 | | 80.00 |

| Company name | Purchase Date （Note 1） | Net asset | Identifiable net assets fair value | | Conside ration | Goodwill | | Shareholding ratio(%) |
|---|---|---|---|---|---|---|---|---|
| | | | amount | method | | amount | method | |
| Windfarm Limited | | | | Value | | | | |
| Glass Moor II Windfarm Limited | | 6,063.95 | 6,063.95 | Book Value | | | | 80.00 |
| Rusholme Windfarm Limited | | 9,110.80 | 9,110.80 | Book Value | | | | 80.00 |
| Brenig Wind Limited | 2015/7/14 | 3,057.58 | 3,057.58 | Book Value | 13,928.39 | 10,870.81 | | 100.00 |

The Group's recognition basis on the acquisition date of the business combination under non common control: internal authority has been approved, property transfer procedures has finished; most of Consideration has paid ; the Group has de facto control of the acquiree's the financial and operating policies, enjoy the corresponding benefits and bear the corresponding risks.

Note 1: The acquisition of CGN-TOP（Hubei）NEW MATERIALS CO.,LTD.,which is not under common control acquisition, recognized a negative goodwill 571.5k and recorded into non-operating income.

Note 2: For the acquisition of CGNSEDC to Zhongweishi Tianyun New Energy Development Co.Ltd, the share capital paid in proportion is 49.00% at the acquisition date. Due to the other side had no contribution of capital, the actual shareholding ratio is 100.00%.

**7.8 The Conditions of Changes on Shares of Owner's Equity**

**7.8.1 Not Losing Control**

a) On 15 April 2010, Uranium Company and CGN Mining Limited Company which was its non-wholly owned subsidiary and holding 50.11% signed a share purchase agreement. Uranium Company will transfer the 100% shares of Beijing Sino-Kaz Uranium Resources Investment Company Limited to CGN Mining Limited Company. After transaction, the shares of Uranium Company holds on Beijing Sino-Kaz Uranium Resources Investment

Company Limited will be changed from 100% directly held to 50.11% indirectly held. Those can increase the Group's capital reserve to RMB236,376,738.74.

b) On 15 June 2015, China Uranium Resources Co,,Ltd., which is a wholly-owned subsidiary of Uranium Company, exercised 50% of the CGN Mining Limited Company's convertible bonds. After exercising, the shareholding's ratio of the wholly-owned subsidiary China Uranium Resources Co,,Ltd. holds the CGN Mining Limited Company from 50.11% indirectly held to 64.15% indirectly held. Those can decrease the Group's capital reserve to RMB66,545,076.87.

c) VAPEL, which is a subsidiary of Energy Company, to conducted a procedure to reduce the capital in 2015. The registed capital from 50 million to 39 million and all decrease was due to minority shareholder's logged off. After reduction, the proportion of minority shareholders changed from 65.00% to 55.13%. The shareholding proportion for Energy Company to VAPEL changed from 35.00% to 44.87%. Those can increase the Group's capital reserve to RMB48,197,193.78.

d) On 1 September 2015, CGN Solar Company transferred 6 wholly-owned subsidiaries and CGN Wind Energy Limited transferred 12 wholly-owned subsidiaries and one non wholly owned subsidiary which holds 60% rights to CGN New Energy Investment (Shenzhen) Co., Ltd which is a subsidiary of CGNPC International Limited. After transferring, the Group to 18 wholly-owned subsidiaries' 100.00% shareholding rights will be changed to 72.29% indirectly held. The shareholding proportion of the one non-wholly owned subsidiary will be changed from 60.00% directly held to 43.38% indirectly held. Those can increase the Group's capital reserve to RMB235,832,452.61.

e) On 30 April 2015, the Company transferred the equity held on Taishan Nuclear Power Industry Investment Co. Ltd., Taishan Nuclear Power Joint Venture Co. Ltd. to CGNPC. After transferring the Group indirectly held 38.52% shares on Taishan Nuclear Power Industry Investment Co. Ltd., indirectly held 44.94% shares on Taishan Nuclear Power Joint Venture Co. Ltd. Those can increase the Group's capital reserve to RMB713, 211,272.35.

## 8. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The disclosure of financial statement data below, except where noted, opening period refers to 1 January 2015, closing period refers to 31 December 2015, current year is from 1 January 2015 to 31 December 2015, last year is from 1 January 2014 to 31 December 2014, All the figures are represented by RMB unless otherwise specified.

### 8.1 Monetary funds

1) Balance of monetary funds

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Cash on hand | 646,744.48 | 765,221.79 |
| Cash in bank | 21,000,155,999.56 | 37,107,351,005.82 |
| Other monetary funds | 2,206,849,842.45 | 4,044,013,525.12 |
| **Total** | **23,207,652,586.49** | **41,152,129,752.73** |
| Including: Total Amount of oversea deposit funds | 11,271,633,824.43 | 19,905,063,683.16 |

2) Restricted Monetary Fund at the end of year

| Company name | Items | Amount | Reason for restriction |
|---|---|---|---|
| SNIC | Other monetary assets | 13,870,736.32 | Notes guarantee |
| DNCF | Other monetary assets | 1,593,482,476.88 | Reserves in Central Bank |
| CGNWEC | Other monetary assets | 26,731,183.39 | Deposit of bank's acceptance note |
| CGNPE | Other monetary assets | 2,324,400.05 | Deposit of performance guarantee |
| CGNEDCC | Other monetary assets | 39,925,552.85 | Deposit of bank's acceptance note and performance guarantee |
| CGNPCI | Other monetary assets | 487,312,212.00 | Mortgage monetary funds of Korean Loan |
| CGNPC | Bank deposit | 98,858,040.00 | Fixed-term deposit above 3 months |
| CGNPC | Other monetary assets | 9,151,449.47 | Deposit of performance guarantee |
| **Total** | — | **2,271,656,050.96** | — |

### 8.2 Financial assets at fair value through profit or loss

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Financial assets held for trading | **188,823,874.55** | **31,533,550.00** |
| Including: Debt instrument investment | 51,013,820.00 | 30,823,350.00 |
| Equity instrument investment | 37,810,054.55 | - |
| Funds | 100,000,000.00 | 710,200.00 |
| **Total** | **188,823,874.55** | **31,533,550.00** |

## 8.3 Derivative financial assets

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Derivative financial assets | 22,413,089.02 | 9,226,192.89 |
| **Total** | **22,413,089.02** | **9,226,192.89** |

## 8.4 Notes receivable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Bank's acceptance note | 461,005,784.63 | 326,668,885.98 |
| Commercial acceptance note | 97,120,547.13 | 62,533,188.16 |
| **Total** | **558,126,331.76** | **389,202,074.14** |

1) There has no commercial acceptance notes which was discounted pre maturity with recourse.

2) Notes receivable pledged at the end of the year

| Items | The pledged amount at the end of the year |
|---|---|
| Bank's acceptance note | 105,133,122.59 |
| **Total** | **105,133,122.59** |

3) Notes receivable which was discounted or endorsed at the end of the year but still prematurity at the balance sheet date

| Items | Derecognition amount at the end of the year |
|---|---|
| Bank's acceptance note | 437,834,234.06 |
| **Total** | **437,834,234.06** |

## 8.5 Accounts receivable

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion (%) | Carrying amount | Proportion (%) |
| Accounts receivable individually significant and | - | - | - | - |

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion (%) | Carrying amount | Proportion (%) |
| provided for bad debts on individual basis | | | | |
| Accounts receivable that are provided for bad debts on portfolio basis | 14,626,858,383.13 | 99.59 | 23,000,641.50 | 0.16 |
| Including: a. related parties portfolio | 4,504,950,860.57 | 30.67 | - | - |
| b. risk free portfolio | 7,604,513,538.8 | 51.78 | - | - |
| c. aging portfolio | 2,517,393,983.76 | 17.14 | 23,000,641.50 | 0.91 |
| Accounts receivable individually insignificant and provided for bad debts on individual basis | 60,718,527.31 | 0.41 | 13,929,061.29 | 22.94 |
| **Total** | **14,687,576,910.44** | **100.00** | **36,929,702.79** | - |

-Continued)

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion (%) | Carrying amount | Proportion (%) |
| Accounts receivable individually significant and provided for bad debts on individual basis | - | - | - | - |
| Accounts receivable that are provided for bad debts on portfolio basis | 9,520,576,166.72 | 99.93 | 14,001,556.11 | 0.15 |
| Including: a. related parties portfolio | 2,603,534,139.50 | 27.33 | - | - |
| b. risk free portfolio | 6,054,685,167.06 | 63.55 | - | - |
| c. aging portfolio | 862,356,860.16 | 9.05 | 14,001,556.11 | 1.62 |
| Accounts receivable individually insignificant and provided for bad | 6,947,422.85 | 0.07 | 5,850,941.45 | 84.22 |

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion (%) | Carrying amount | Proportion (%) |
| debts on individual basis | | | | |
| **Total** | **9,527,523,589.57** | **100.00** | **19,852,497.56** | - |

1) Accounts receivable which accrued bad debt provisions on portfolio basis.

i) Accounts receivable which accrued bad debt provisions under accounting aging analysis method:

| Aging | Ending Balance | | | Beginning Balance | | |
|---|---|---|---|---|---|---|
| | Book value | | Provision for bad debts | Book value | | Provision for bad debts |
| | Carrying amount | Proportion (%) | | Carrying amount | Proportion (%) | |
| Within 1 year | 2,424,932,259.51 | 0.00 | - | 798,105,420.98 | 0.00 | |
| 1-2 years | 54,421,943.57 | 10.00 | 5,442,194.36 | 49,775,152.10 | 10.00 | 4,977,515.21 |
| 2-3years | 25,950,427.41 | 30.00 | 7,785,128.22 | 5,067,094.71 | 30.00 | 1,520,128.41 |
| 3-4 years | 3,836,930.78 | 50.00 | 1,918,465.40 | 2,732,603.51 | 50.00 | 1,366,301.76 |
| 4-5 years | 1,987,844.84 | 80.00 | 1,590,275.87 | 2,694,890.65 | 80.00 | 2,155,912.52 |
| Over 5 years | 6,264,577.65 | 100.00 | 6,264,577.65 | 3,981,698.21 | 100.00 | 3,981,698.21 |
| **Total** | **2,517,393,983.76** | — | **23,000,641.50** | **862,356,860.16** | — | **14,001,556.11** |

2) Accounts receivable which individually insignificant but accrued bad debt provisions separately.

| Company Name | Debtor Carrying balance | Provision for bad debts | Aging | Provision rate (%) | Reason of provision |
|---|---|---|---|---|---|
| Hebei Suneng Radiation Processing Co.,Ltd | 14,000,000.00 | 630,000.00 | Within 1 year | 4.50 | Estimated to be partial irrecoverable |
| Hongshang Heat Shrinkable Materials | 6,340,000.00 | 546,000.00 | Within 1 year | 8.61 | Estimated to be partial |

| Company Name | Debtor Carrying balance | Provision for bad debts | Aging | Provision rate （%） | Reason of provision |
|---|---|---|---|---|---|
| Co.,Ltd. | | | | | irrecoverable |
| Jiangsu Jinyang PV&RVV Co.,Ltd. | 3,670,403.45 | 336,121.04 | 1-2 year | 9.16 | Estimated to be partial irrecoverable |
| Haian New Era Co.,Ltd. | 3,455,265.08 | 518,289.76 | 1-3 year | 15.00 | Estimated to be partial irrecoverable |
| Jiangsu Huaneng Pyrocondensation Co.,Ltd. | 2,961,950.00 | 296,195.00 | 1-2 year | 10.00 | Estimated to be partial irrecoverable |
| Jiangsu Jiangyang Cable Co.,Ltd | 2,436,000.00 | 104,400.00 | Within 1 year | 4.29 | Estimated to be partial irrecoverable |
| Ningbo Renhe New Energy Technology Co., Ltd. | 2,082,553.85 | 1,227.69 | Within 1 year | 0.06 | Estimated to be partial irrecoverable |
| Guangdong Guangda cable Co., Ltd. | 2,053,858.70 | 2,053,858.70 | 1-2 year | 100.00 | Estimated to be irrecoverable |
| Heibei Huatong Cable Group Co., Ltd. | 1,991,745.54 | 99,587.28 | Within 1 year | 5.00 | Estimated to be partial irrecoverable |
| Hangzhou Dayu Cable Compound Co., Ltd. | 1,898,782.39 | 1,519,025.91 | 1-3 year | 80.00 | Estimated to be partial irrecoverable |
| Henan HuaTai Special Cable Group Co., Ltd. | 1,809,763.20 | 904,881.60 | 1-2 year | 50.00 | Estimated to be partial irrecoverable |
| Suzhou Rongfeng Irradiated Material Co., Ltd. | 1,700,000.00 | 335,000.00 | 1-3 year | 19.71 | Estimated to be partial irrecoverable |
| Fujian Lucklage Cable Co., Ltd. | 1,597,326.00 | 367,500.00 | 1-2 year | 23.01 | Estimated to be partial irrecoverable |
| Henan Isotope Research | 1,560,000.00 | 356,000.00 | 1-2 year | 22.82 | Estimated to be |

| Company Name | Debtor Carrying balance | Provision for bad debts | Aging | Provision rate (%) | Reason of provision |
|---|---|---|---|---|---|
| Institute Co., Ltd. | | | | | partial irrecoverable |
| Xiamen University | 1,442,000.00 | 55,450.00 | Within 1 year | 3.85 | Estimated to be partial irrecoverable |
| Dongguan Hong Zhida Plastic Co., Ltd. | 1,349,746.67 | 131,666.67 | Within 1 year | 9.75 | Estimated to be partial irrecoverable |
| Others | 10,369,132.43 | 5,673,857.64 | Within 1 year | 54.72 | Estimated to be partial irrecoverable |
| **Total** | 60,718,527.31 | 13,929,061.29 | — | — | — |

3) Bad debts recovered and reversed in this year

| Debtor's Name | Recovered or reversed amount | The cumulative bad debt provisions before recovered or reversed | Reasons of recovered or reversed |
|---|---|---|---|
| Southeast Company | 1,360,529.88 | 1,360,529.88 | Goods payments received |
| Huaneng Power International,Inc | 316,150.40 | 316,150.40 | Goods payments received |
| Guodian Zhebei Beilun Third Power Generation Co., Ltd. | 297,600.00 | 297,600.00 | Goods payments received |
| Sichuan Electric Power Industry Adjustment Tests Institution | 168,000.00 | 168,000.00 | Goods payments received |
| BoZhou RuiNeng Thermal Power Co., Ltd. | 157,000.00 | 160,800.00 | Goods payments received |
| Datang International Power Generation Co.,Ltd. | 147,188.25 | 192,744.50 | Goods payments received |
| Shenhua Guoneng Energy Group Co.,Ltd. | 131,836.88 | 150,572.17 | Goods payments received |

| Debtor's Name | Recovered or reversed amount | The cumulative bad debt provisions before recovered or reversed | Reasons of recovered or reversed |
|---|---|---|---|
| Others | 1,122,571.46 | 1,681,164.65 | Goods payments received |
| **Total** | **3,700,876.87** | **4,327,561.60** | — |

4) The accounts receivable that written-offs in this year.

| Debtor's Name | Natures of Accounts Receivable | The Amounts of Written-Off | The Reasons of Written-Off | The Procedures of Written-Off | Is it due to Related Party Transactions? |
|---|---|---|---|---|---|
| Zhejiang Jinben Electric Group Co.,Ltd. | Goods payment | 2,293.48 | irrecoverable | Through internal approval process | No |
| Shanghai Round Sharp Plastic Produce Co.,Ltd | Goods payment | 1,300.00 | irrecoverable | Through internal approval process | No |
| Zhejiang Lida Electric Apliance Co.,Ltd | Goods payment | 605.00 | irrecoverable | Through internal approval process | No |
| **Total** | — | **4,198.48** | — | — | — |

5) The top 5 Accounts receivables which ranked by the amount of each debtors ending balance

| Debtor's Name | Carrying Amount |
|---|---|
| Liaoning Hongyanhe Nuclear Power Co., LTD. | 3,577,797,438.70 |
| Guangdong Power Grid Co.,Ltd | 2,293,480,788.80 |
| Fujian Ningde Nuclear Power Co., LTD | 872,095,958.70 |
| China Nuclear Energy Industry Corporation | 467,137,246.15 |
| Hong Kong Nuclear Investment Co. Ltd. | 445,176,615.64 |

| Debtor's Name | Carrying Amount |
|---|---|
| **Total** | **7,655,688,047.99** |

## 8.6 Prepayments

| Aging | Ending Balance | | | Beginning Balance | | |
|---|---|---|---|---|---|---|
| | Book value | | Provision for bad debts | Book value | | Provision for bad debts |
| | Carrying amount | Proportion (%) | | Carrying amount | Proportion (%) | |
| Within 1 year | 2,381,001,534.03 | 40.59 | - | 4,285,156,963.20 | 66.19 | - |
| 1-2 years | 2,391,735,695.79 | 40.77 | 340,745.22 | 1,661,061,033.92 | 25.66 | - |
| 2-3years | 807,503,277.18 | 13.77 | 32,248,017.42 | 89,180,617.28 | 1.38 | - |
| Over 3 years | 285,606,206.35 | 4.87 | - | 438,421,972.56 | 6.77 | - |
| **Total** | **5,865,846,713.35** | **100.00** | **32,588,762.64** | **6,473,820,586.96** | **100.00** | **-** |

Significant prepayments aging more than 1 year

| Name of Creditors | Name of debtors | Ending Balance | Aging | Reason for Pending |
|---|---|---|---|---|
| CGNPC Engineering Limited | Dongfang Electric Corporation Limited | 391,600,230.04 | 1-2 years | Not reach settlement point in contract |
| CGNPC Engineering Limited | China Nuclear Industry 23 Construction Co., Ltd. | 340,652,994.40 | 1-2 years | Not reach settlement point in contract |
| CGNPC Engineering Limited | Shanghai Electric Group Company Limited | 229,140,662.60 | 2-3 years | Not reach settlement point in contract |
| CGNPC Engineering Limited | China Construction Second Engineering Bureau LTD. | 254,596,034.51 | 1-2,2-3 years | Not reach settlement point in contract |
| CGNPC Engineering | China Nulcear Industry Huaxing Construction Co., | 204,431,602.69 | 1-2,2-3 years | Not reach settlement point |

| Name of Creditors | Name of debtors | Ending Balance | Aging | Reason for Pending |
|---|---|---|---|---|
| Limited | Ltd | | | in contract |
| CGNPC Engineering Limited | China Energy Engineering Group Guangdong Power Engineering Co., Ltd. | 152,748,984.39 | 1-2,2-3 years | Not reach settlement point in contract |
| The Company | AREVANP | 144,742,080.00 | 1-2 years | Not reach settlement point in contract |
| CGNPC Engineering Limited | China Energy Engineering Group The First Notheast Electric Power Engineering Co., Ltd. | 142,776,772.42 | 1-2,2-3,over 3 years | Not reach settlement point in contract |
| CGNPC Engineering Limited | AREVA DONGFANG Reactor Coolant Pumps Co., Ltd. | 126,169,582.50 | 1-2,2-3 years | Not reach settlement point in contract |
| CGNPC Engineering Limited | Harbin Electric Co., Ltd. | 121,043,900.00 | 1-2 years | Not reach settlement point in contract |
| CGNPC Engineering Limited | Shandong Electric Power Construction NO.2 Compay | 120,853,750.56 | 1-2,2-3 years | Not reach settlement point in contract |
| CGNPC Engineering Limited | Shanghai Electric Nuclear Power Equipment Co., Ltd. | 107,190,010.00 | 1-2,2-3 years | Not reach settlement point in contract |
| **Total** | | **2,335,946,604.11** | — | — |

## 8.7 Interests receivable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Fixed-term deposited | 1,569,016.92 | 6,389,350.64 |
| Entrust loan | 10,337,532.38 | 1,198,500.00 |
| Bond investment | 6,842,296.61 | 2,535,538.81 |
| Interest receivables of deposits in other banks | 8,900,838.76 | 17,260,777.80 |
| Issue loans and advances interests | 4,344,290.00 | 5,415,371.85 |
| **Total** | **31,993,974.67** | **32,799,539.10** |

### 8.8 Dividends receivable

| Items | Ending Balance | Beginning Balance | Reasons for irrecoverable | Incur impairment loss? |
|---|---|---|---|---|
| **Dividends Receivables within one year** | **880,206,390.03** | **230,682,964.59** | | |
| Including: | | | | |
| Fujian Ningde Nuclear Power Co., LTD. | 571,183,985.77 | - | Has not been issued | No |
| Hubei Xisaishan power Limited | 166,885,269.52 | 66,033,854.10 | Tax paid procedures in hand | No |
| Hubei Huadain Xisaishan power Limited | 112,887,423.50 | 159,087,395.73 | Tax paid procedures in hand | No |
| China Nulcear Industry Huaxing Construction Co., Ltd | 17,570,000.00 | 3,637,915.00 | Has not been issued | No |
| China Nuclear Industry 23 Construction Co., Ltd. | 10,615,000.00 | - | Has not been issued | No |
| CIECC Engineering Company Limited | 825,000.00 | 1,387,500.00 | Has not been issued | No |
| SEDC Jersey Gardens Owner,LLC | 239,711.24 | 536,299.76 | Has not been issued | No |
| **Dividends Receivables exceed one year** | **5,025,415.00** | | | |
| Including: | | | | |
| China Nulcear Industry Huaxing Construction Co., Ltd | 3,637,915.00 | - | Has not been issued | No |
| CIECC Engineering Company Limited | 1,387,500.00 | - | Has not been issued | No |
| **Total** | **885,231,805.03** | **230,682,964.59** | — | — |

### 8.9 Other receivables

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion (%) | Carrying amount | Proportion (%) |
| Other receivables individually significant and provided for bad debts on individual basis | - | - | - | - |
| Other receivables that are provided for bad debts on portfolio basis | 838,918,105.90 | 97.88 | 11,103,565.56 | 1.32 |
| Including: a.related parties portfolio | 51,937,629.64 | 6.06 | - | - |
| b. risk free portfolio | 735,138,091.11 | 85.77 | - | - |
| c. aging portfolio | 51,842,385.15 | 6.05 | 11,103,565.56 | 21.42 |
| Other receivables individually insignificant and provided for bad debts on individual basis | 18,172,693.14 | 2.12 | 18,172,693.14 | 100.00 |
| **Total** | **857,090,799.04** | **100.00** | **29,276,258.70** | — |

Continued:

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion (%) | Carrying amount | Proportion (%) |
| Other receivables individually significant and provided for bad debts on individual basis | - | - | - | - |
| Other receivables that are provided for bad debts on portfolio basis | 987,481,895.18 | 95.33 | 4,221,082.53 | 0.43 |
| Including:a. related parties portfolio | 299,920,152.33 | 28.96 | - | - |
| b. risk free portfolio | 661,994,205.52 | 63.90 | - | - |

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Carrying amount | Proportion (%) | Carrying amount | Proportion (%) |
| c. aging portfolio | 25,567,537.33 | 2.47 | 4,221,082.53 | 16.51 |
| Other receivables individually insignificant and provided for bad debts on individual basis | 48,331,455.39 | 4.67 | 48,331,455.39 | 100.00 |
| **Total** | **1,035,813,350.57** | **100.00** | **52,552,537.92** | — |

1) Other receivables accrued bad debts provision by portfolio basis:

i) Other receivables accrued bad debts provision under aging analysis method:

| Aging | Ending Balance | | | Beginning Balance | | |
|---|---|---|---|---|---|---|
| | Book value | | Provision for bad debts | Book value | | Provision for bad debts |
| | Carrying amount | Proportion (%) | | Carrying amount | Proportion (%) | |
| Within 1year | 35,975,929.90 | 0.00 | - | 20,681,979.47 | 0.00 | - |
| 1-2 year | 4,210,983.31 | 10.00 | 421,098.33 | 216,058.23 | 10.00 | 21,605.85 |
| 2-3 year | 990,928.61 | 30.00 | 297,278.58 | 139,966.71 | 30.00 | 41,990.01 |
| 3-4 year | 338,102.37 | 50.00 | 169,051.19 | 744,072.50 | 50.00 | 372,036.25 |
| 4-5 year | 551,517.50 | 80.00 | 441,214.00 | 50.00 | 80.00 | 40.00 |
| Over 5year | 9,774,923.46 | 100.00 | 9,774,923.46 | 3,785,410.42 | 100.00 | 3,785,410.42 |
| **Total** | **51,842,385.15** | — | **11,103,565.56** | **25,567,537.33** | — | **4,221,082.53** |

2) Other receivables that are not individually significant but accrued bad debts provisions separately

| Name of debtors | Carrying amount | Provision for bad debts | Aging | Proportion | Reason for provision |
|---|---|---|---|---|---|
| GanLuo Bureau of Finance | 7,500,000.00 | 7,500,000.00 | Over 5years | 100.00 | Estimated to be irrecoverable |

| Name of debtors | Carrying amount | Provision for bad debts | Aging | Proportion | Reason for provision |
|---|---|---|---|---|---|
| China Wu Uranium Limited Liability Company | 7,390,077.84 | 7,390,077.84 | 2-3 years | 100.00 | Estimated to be irrecoverable |
| Gan Luo Goverment | 1,050,000.00 | 1,050,000.00 | Over 5years | 100.00 | Estimated to be irrecoverable |
| Others | 2,232,615.30 | 2,232,615.30 | Over 5years | 100.00 | Estimated to be irrecoverable |
| **Total** | **18,172,693.14** | **18,172,693.14** | — | — | — |

3) The bad debts provisions recovered or reversed in this year

| Name of debtors | The amount by recovered or reversed | Cumulative amount of accrued bad debts provisions before recovery or reversal | Reason for recovery or reversal |
|---|---|---|---|
| Ximeng Bureau of Finance | 21,982,326.25 | 21,982,326.25 | Tax refund of domestic equipment |
| Suniteyou District Finance Bureau | 4,246,266.00 | 4,246,266.00 | Tax refund of domestic equipment |
| SiZiWangQi Wind Energy Resources Development Office | 4,230,000.00 | 4,230,000.00 | Tax refund of domestic equipment |
| South-east Corporation | 343,093.16 | 343,093.16 | Goods payment recovered |
| Others | 88,348.58 | 88,348.58 | Goods payment recovered |
| **Total** | **30,890,033.99** | **30,890,033.99** | — |

4) Other receivables that written-off in this year.

| Name of debtors | Natures | The amount of written-off | The reasons of written-off | Is it due to related parties transaction? |
|---|---|---|---|---|
| Jiangxi Changxia Real Estate Development Company<br>Jiangxi Changxia Construction Engineering Group Company | Contract disputes of Nanchang real estate commissioned | 700,170.00 | People's court of Shenzhen Futian District issued "Document of ruling" ([2014]Shenfufazhizi No.4670-1) on 23 September 2014 and judged the case as termination of Execution | No |
| **Total** | — | **700,170.00** | — | — |

5) The top 5 other receivables which ranked by the amount of each debtors ending balance

| Debtor's Name | Nature | Carrying Amount |
|---|---|---|
| O8A Special Project | O8A Special Project | 242,531,764.09 |
| Sichuan Xichang Electric Power Co., Ltd. | Intercourse funds | 65,645,100.79 |
| Yangshan Customs District People's Republic of China | Guarantee deposits for sea transportation of natural uranium | 45,877,802.88 |
| Bright Future Pharmaceutical Laboratories Ltd | Intercourse funds | 29,322,300.00 |
| Qinghai Investment Co., Ltd. | Guarantee deposits | 20,000,000.00 |
| **Total** | — | **403,376,967.76** |

### 8.10 Inventories

1) Category

| Items | Ending Balance | | |
|---|---|---|---|
| | Book value | Inventories impairment | Net book value |
| Raw materials | 5,562,231,626.71 | 379,027,930.90 | 5,183,203,695.81 |
| Including： nuclear fuel | 2,425,441,659.29 | - | 2,425,441,659.29 |

| Items | Ending Balance | | |
|---|---|---|---|
| | **Book value** | **Inventories impairment** | **Net book value** |
| Self-manufactured & semi-finished products | 356,455,482.11 | 14,543,363.37 | 341,912,118.74 |
| Finished goods | 1,396,356,658.11 | 14,221,406.19 | 1,382,135,251.92 |
| Revolving materials | 89,757,817.72 | 11,675.53 | 89,746,142.19 |
| Engineering construction | 2,873,364,002.33 | - | 2,873,364,002.33 |
| Work in process - outsourced | 7,287,234,340.00 | - | 7,287,234,340.00 |
| Others | 272,180,453.82 | 113,342,654.88 | 158,837,798.94 |
| **Total** | **17,837,580,380.80** | **521,147,030.87** | **17,316,433,349.93** |

Continued:

| Items | Beginning Balance | | |
|---|---|---|---|
| | **Book value** | **Inventories impairment** | **Net book value** |
| Raw materials | 4,377,403,559.61 | 336,681,572.18 | 4,040,721,987.43 |
| Including： nuclear fuel | 1,755,329,655.02 | - | 1,755,329,655.02 |
| Self-manufactured & semi-finished products | 355,471,604.50 | 14,856,986.06 | 340,614,618.44 |
| Finished goods | 792,375,591.88 | 18,185,529.87 | 774,190,062.01 |
| Revolving materials | 89,033,127.51 | 73,755.45 | 88,959,372.06 |
| Engineering construction | 1,276,644,428.71 | - | 1,276,644,428.71 |
| Work in process - outsourced | 5,463,282,613.93 | - | 5,463,282,613.93 |
| Others | 117,161,813.58 | - | 117,161,813.58 |
| **Total** | **12,471,372,739.72** | **369,797,843.56** | **12,101,574,896.16** |

2) The condition of assets completed but unsettled formed by construction contract at the end of the year

| Items | Ending Balance |
|---|---|
| Accumulated costs | 54,401,285,820.55 |
| Accumulated gross margin | 4,192,432,072.07 |

| | |
|---|---|
| Less: anticipated losses | - |
| Settlement amount | 55,720,353,890.29 |
| Assets completed but unsettled formed by construction contract | 2,873,364,002.33 |

### 8.11 Non-current assets due within 1 year

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Loans and payments on behalf of others | 3,705,784,578.50 | 3,397,965,595.73 |
| Loan loss provisions | -68,310,000.00 | -15,581,300.00 |
| Entrusted loan due within one year | 30,000,000.00 | 141,000,000.00 |
| Other long-term receivables due within one year | 950,774,206.82 | 342,950,538.23 |
| Provisions for impairment loss on other long-term receivables | -1,826,654.00 | - |
| Derivative financial instruments due within one year | 3,926,887.65 | 18,162,931.63 |
| Long-term deferred and prepaid expenses due within one year | 174,719,364.41 | 110,369,095.62 |
| Asset discounted | 293,059,095.14 | 487,450,621.54 |
| Others | 8,458,965.70 | 3,244,821.61 |
| **Total** | **5,096,586,444.22** | **4,485,562,304.36** |

### 8.12 Other current assets

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| To be deductible on VAT input tax | 3,873,872,086.58 | 3,787,578,776.54 |
| Issue short-term loans | 1,368,847,736.66 | - |
| Short-term financial products | 350,000,000.00 | - |
| Corporate income tax prepayment | 18,539,575.08 | 1,742,593.34 |
| Others | 52,292,198.75 | 4,760,088.85 |
| **Total** | **5,663,551,597.07** | **3,794,081,458.73** |

### 8.13 Issue loans and advances

1) Loans and advances distribution on enterprises and individuals

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Corporate loans and advances** | **112,000,000.00** | – |
| -Loans | 112,000,000.00 | – |
| **Total amount of loans and advances** | **112,000,000.00** | – |
| Less: Loan loss provisions | 2,576,000.00 | – |
| **Book value of loans and advances** | **109,424,000.00** | – |

2) Loans and advances distribution on industries

| Industry distribution | Ending Balance | Proportion (%) | Beginning Balance | Proportion (%) |
|---|---|---|---|---|
| Electric power industry | 112,000,000.00 | 100.00 | – | – |
| **Total amount of loans and advances** | **112,000,000.00** | **100.00** | – | – |
| Less: Loan loss provisions | 2,576,000.00 | – | – | – |
| **Book value of loans and advances** | **109,424,000.00** | – | – | – |

3) Loans and advances distribution on areas

| Area distribution | Ending Balance | Proportion (%) | Beginning Balance | Proportion (%) |
|---|---|---|---|---|
| Northeast area | 112,000,000.00 | 100.00 | – | – |
| **Total amount of loans and advances** | **112,000,000.00** | 100.00 | – | – |
| Less: Loan loss provisions | 2,576,000.00 | – | – | – |
| **Book value of loans and advances** | **109,424,000.00** | – | – | – |

4) Loans and advances distribution on guarantee types

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Credit loans | 112,000,000.00 | – |

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Total amount of loans and advances** | **112,000,000.00** | - |
| Less: Loan loss provisions | 2,576,000.00 | - |
| **Book value of loans and advances** | **109,424,000.00** | - |

5) There has no overdue loans in this year

6) Loan loss provisions

| Items | Ending Balance | | Beginning Balance | |
|---|---|---|---|---|
| | Individual | Combination | Individual | Combination |
| Beginning Balance | - | - | - | - |
| Accrued in this year | 2,576,000.00 | - | - | - |
| Transferred in this year | - | - | - | - |
| Written-off in this year | - | - | - | - |
| Reversed in this year | - | - | - | - |
| **Ending Balance** | **2,576,000.00** | - | - | - |

## 8.14 Available-for-sale financial assets

1) Conditions of available-for-sale financial assets

| Items | Ending Balance | | |
|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value |
| Available-for-sale debt instrument | 52,441,616.67 | - | 52,441,616.67 |
| Available-for-sale equity instrument | 8,070,736,013.92 | 238,323,393.93 | 7,832,412,619.99 |
| Measured by fair value | 5,949,422,350.67 | - | 5,949,422,350.67 |
| Measured by costs | 2,121,313,663.25 | 238,323,393.93 | 1,882,990,269.32 |
| Others (Measured by fair | 317,272,996.37 | 59,295,638.35 | 257,977,358.02 |

| Items | Ending Balance | | |
|---|---|---|---|
| | **Carrying Amount** | **Provisions for impairment loss** | **Book Value** |
| value) | | | |
| **Total** | **8,440,450,626.96** | **297,619,032.28** | **8,142,831,594.68** |

Continued):

| Items | Beginning Balance | | |
|---|---|---|---|
| | **Carrying Amount** | **Provisions for impairment loss** | **Book Value** |
| Available-for-sale debt instrument | 51,149,516.67 | – | 51,149,516.67 |
| Available-for-sale equity instrument | 3,956,544,724.86 | 238,323,393.93 | 3,718,221,330.93 |
| Measured by fair value | 1,895,062,180.93 | | 1,895,062,180.93 |
| Measured by costs | 2,061,482,543.93 | 238,323,393.93 | 1,823,159,150.00 |
| Others (Measured by fair value) | 381,355,142.81 | 59,295,638.35 | 322,059,504.46 |
| **Total** | **4,389,049,384.34** | **297,619,032.28** | **4,091,430,352.06** |

2) Available-for-sale financial assets which measured by fair value at the end of the year

| Items | Available-for-sale equity instrument | Available-for-sale debt instrument | Others | Total |
|---|---|---|---|---|
| Costs of equity instruments/Amortized costs of debt instruments | 3,982,159,698.69 | 53,153,343.40 | 307,931,270.35 | **4,343,244,312.44** |
| Fair value | 5,949,422,350.67 | 52,441,616.67 | 257,977,358.02 | **6,259,841,325.36** |
| The amount of fair value changes which cumulative recorded inother comprehensive income | 1,967,262,651.98 | -711,726.73 | 9,341,726.02 | **1,975,892,651.27** |
| Impairment loss which accrued already | – | – | 59,295,638.35 | **59,295,638.35** |

## 8.15 Held-to-maturity investments

1) The conditions of held-to-maturity investments

| Items | Ending Balance | | | Beginning Balance | | |
|---|---|---|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value | Carrying Amount | Provisions for impairment loss | Book Value |
| Life insurance | 125,944,554.01 | – | 125,944,554.01 | 121,067,606.23 | – | 121,067,606.23 |
| Three gorges bond | 16,227,657.89 | – | 16,227,657.89 | – | – | – |
| Financial street bond | 99,999,934.14 | – | 99,999,934.14 | – | – | – |
| **Total** | **242,172,146.04** | – | **242,172,146.04** | **121,067,606.23** | – | **121,067,606.23** |

## 8.16 Long-term receivables

| Items | Ending Balance | | | Year end discount rate range |
|---|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value | |
| Finance lease funds | 3,006,085,573.37 | 48,141,521.00 | 2,957,944,052.37 | |
| Including: Unrealized financing profits | 408,490,670.83 | – | 408,490,670.83 | |
| Issue loans and advances | 3,233,698,617.86 | 1,698,709.33 | 3,231,999,908.53 | |
| Entrust loans | 30,000,000.00 | – | 30,000,000.00 | |
| Sale goods on installment | 13,471,868.58 | – | 13,471,868.58 | |
| Render service on installment | – | – | – | |
| Others | 17,963,852.86 | – | 17,963,852.86 | |
| **Total** | **6,301,219,912.67** | **49,840,230.33** | **6,251,379,682.34** | |

Continued):

| Items | Beginning Balance | | | Year end discount rate range |
|---|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value | |
| Finance lease funds | 955,475,963.99 | 7,790,337.87 | 947,685,626.12 | |
| Including: Unrealized financing profits | 320,972,392.98 | - | 320,972,392.98 | |
| Issue loans and advances | 3,353,154,276.60 | 1,600,714.92 | 3,351,553,561.68 | |
| Entrust loans | 90,000,000.00 | | 90,000,000.00 | |
| Sale goods on installment | 49,740,000.00 | 16,460,000.00 | 33,280,000.00 | |
| Render service on installment | 1,484,708.86 | - | 1,484,708.86 | |
| Others | 12,841,185.01 | - | 12,841,185.01 | |
| **Total** | **4,462,696,134.46** | **25,851,052.79** | **4,436,845,081.67** | |

## 8.17 Long-term equity investments

1) Classification of long-term equity investment

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Investment in joint ventures | 8,119,590,674.35 | 787,075,753.90 | 846,984,184.13 | 8,059,682,244.12 |
| Investment in Associates | 9,327,711,557.24 | 579,312,354.64 | 733,558,640.03 | 9,173,465,271.85 |
| **Subtotal** | **17,447,302,231.59** | **1,366,388,108.54** | **1,580,542,824.16** | **17,233,147,515.97** |
| Less: provisions for impairment (Note 1) | 125,109,490.72 | 581,549,027.24 | - | 706,658,517.96 |
| **Total** | **17,322,192,740.87** | — | — | **16,526,488,998.01** |

Note 1: Increasing on provisions for impairment in this year include accrued impairment provisions on Yinjian international Industry Co Ltd which amount is RMB 558,780,749.06 and impairment provisions on foreign currency translation differences which amount is RMB 22,768,278.18.

2) Details of long-term equity investments

| Invested Company | Investment Costs | Beginning Balance | Changes in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional investment | Negative investment | Investment income or loss under equity method recognition | Adjustment on other comprehensive income |
| **Joint Ventures** | **10,766,952,652.80** | **8,119,590,674.35** | **205,480,737.32** | – | **1,103,650,302.87** | **-140,209,090.43** |
| Hunan Xiangtou International Investment Limited | 2,290,955,218.63 | 3,844,487,887.69 | – | – | 442,821,790.93 | – |
| Beijing RIC Nuclear Instrument Joint Venture Company | 16,320,000.00 | 15,617,737.24 | – | – | 1,462,371.99 | – |
| Fujian Ningde Nuclear Power Co., LTD. | 4,858,840,737.32 | 3,943,005,383.41 | 205,480,737.32 | – | 638,011,468.91 | – |
| China Wu Uranium Limited Liability Company | 15,516,931.41 | 9,070,462.80 | – | – | – | – |
| Semizbay Uranium Company | 772,166,952.20 | 307,409,203.21 | | – | 21,354,671.04 | -140,209,090.43 |
| Miraculum Mineral Limited (Note1) | 2,813,152,813.24 | - | – | – | – | – |
| **Associates** | **11,288,502,341.63** | **9,327,711,557.24** | **443,386,681.75** | **16,008,970.24** | **580,428,038.60** | **-46,660,140.73** |
| Yinjian international Industry Co Ltd(Note 2) | 741,364,392.26 | 914,324,902.16 | – | – | -8,365,968.77 | -49,274,725.55 |
| Hubei Huadian Xisaishan Power Generation Co., Ltd. | 463,973,292.74 | 532,787,603.78 | – | – | 249,159,136.01 | – |
| Hubei Xisaishan Power Generation Co., Ltd. | 463,050,000.00 | 406,103,678.29 | – | – | 145,918,119.98 | 2,614,585.14 |
| Jingyuan Second Power Generation Co., Ltd. | 295,397,178.49 | 506,503,481.71 | – | – | -13,364,647.05 | – |

| Invested Company | Investment Costs | Beginning Balance | Changes in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional investment | Negative investment | Investment income or loss under equity method recognition | Adjustment on other comprehensive income |
| SDIC Qujing Power Generation Co., Ltd. | 365,479,193.51 | 116,039,027.92 | – | – | – | – |
| CGN Phase I Industrial Investment Funds Co., Ltd | 1,751,243,614.46 | 101,244,684.06 | 82,818,500.00 | – | -17,226,270.38 | – |
| Jiangsu Baoyin Special Steel Tube Co., Ltd.（Note 3） | 364,626,000.00 | 296,895,741.42 | 51,750,000.00 | – | -17,830,452.03 | – |
| Suzhou Long Yuan BaiLu Wind Power Vocational Training Center Co., Ltd. | 4,000,000.00 | 4,206,125.32 | – | – | 99,402.77 | – |
| Liaoning Hongyanhe Nuclear Power Co., LTD. | 5,198,008,350.00 | 3,980,527,506.85 | 195,837,750.00 | – | -17,312,652.63 | – |
| CIECC Engineering Company Limited | 30,000,000.00 | 32,212,044.46 | | – | 1,111,308.79 | – |
| China Nuclear Industry 23 Construction Co., Ltd. | 110,000,000.00 | 230,821,250.04 | | – | 52,141,415.66 | -0.32 |
| Shenzhen CGN Henfeng equity fund management Co ltd | 950,000.00 | 374,788.47 | 570,000.00 | – | 399,854.23 | – |
| CGN Industrial Investment Fund Management (Beijing) Co,,Ltd.（Note4） | 10,000,000.00 | – | 10,000,000.00 | – | -750,621.81 | – |
| China Emissions Exchange Co., Ltd. | 45,386,894.55 | – | 45,386,894.55 | – | 285,197.08 | – |
| China Guangdong Shenzhen City Desheng | 24,885,000.00 | 24,818,684.01 | – | – | -3,076.71 | – |

| Invested Company | Investment Costs | Beginning Balance | Changes in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional investment | Negative investment | Investment income or loss under equity method recognition | Adjustment on other comprehensive income |
| equity investment partnership enterprise (limited partnership) | | | | | | |
| CGN Phase I Industry Investment Funds Co., Ltd. | 36,256,329.76 | 50,169,756.79 | – | 13,646,770.24 | 21,403.50 | – |
| CGN Financial Services Co.,Ltd | 4,000,000.00 | 3,068,307.26 | 933,000.00 | | 287,697.89 | – |
| Shenzhen CGN Minhua (LLP) | 20,534,400.00 | 20,360,719.20 | | | -9,768.67 | – |
| Shenzhen CGN Henfeng equity investment fund management Co ltd | 17,637,800.00 | – | 20,000,000.00 | 2,362,200.00 | -402,831.09 | – |
| Shenzhen CGN Tongying equity investment partnership (LLP) | 11,430,000.00 | – | 11,430,000.00 | – | -130,122.91 | – |
| Qianhai Settlement Co., Ltd. | 20,000,000.00 | – | 20,000,000.00 | – | -1,348,348.84 | – |
| Zigong YuJin CGN New Energy Industry Co., Ltd. | 3,500,000.00 | – | 3,500,000.00 | – | – | – |
| Ulba-FA Limited Liability Partnership | 1,160,537.20 | – | 1,160,537.20 | – | – | – |
| Shanghai East Wind Power Co., Ltd.（Note 5） | 91,639,285.06 | 91,639,285.06 | – | – | -284,569.60 | – |
| Guangdong Pumped Storage Co., Ltd. | 643,330,073.60 | 1,068,225,822.35 | – | – | 116,650,172.72 | – |
| Huizhou Pumped Storage Co., Ltd. | 570,650,000.00 | 947,388,148.09 | – | – | 91,383,660.46 | – |
| **Total** | **22,055,454,994.43** | **17,447,302,231.59** | **648,867,419.07** | **16,008,970.24** | **1,684,078,341.47** | **-186,869,231.16** |

Continued):

| Invested Company | Changes in this year (Continued) | | | | Ending Balance | Impairment provisions ending balance |
|---|---|---|---|---|---|---|
| | Changes on other equity | Declaration of issue cash dividends or profits | Accrued provisions for impairment loss | Others | | |
| **Joint Ventures** | **-381,846,195.86** | **846,984,184.13** | – | – | **8,059,682,244.12** | **9,070,462.80** |
| Hunan Xiangtou International Investment Limited | – | 70,323,661.04 | – | – | 4,216,986,017.58 | – |
| Beijing RIC Nuclear Instrument Joint Venture Company | – | – | – | – | 17,080,109.23 | – |
| Fujian Ningde Nuclear Power Co., LTD. | -381,846,195.86 | 776,660,523.09 | – | – | 3,627,990,870.69 | – |
| China Wu Uranium Limited Liability Company | – | – | – | – | 9,070,462.80 | 9,070,462.80 |
| Semizbay Uranium Company | – | – | – | – | 188,554,783.82 | – |
| Miraculum Mineral Limited (Note1) | – | – | – | – | – | – |
| **Associates** | **-451,584,600.70** | **717,549,669.79** | **558,780,749.06** | **53,742,375.72** | **9,173,465,271.85** | **697,588,055.16** |
| Yinjian international Industry Co Ltd(Note 2) | – | 14,656,270.86 | 558,780,749.06 | 53,742,375.72 | 895,770,312.70 | 581,549,027.24 |
| Hubei Huadian Xisaishan Power Generation Co., Ltd. | – | 169,587,027.93 | – | – | 612,359,711.86 | – |

| Invested Company | Changes in this year (Continued) | | | | Ending Balance | Impairment provisions ending balance |
|---|---|---|---|---|---|---|
| | Changes on other equity | Declaration of issue cash dividends or profits | Accrued provisions for impairment loss | Others | | |
| Hubei Xisaishan Power Generation Co., Ltd. | – | 124,806,398.72 | – | – | 429,829,984.69 | – |
| Jingyuan Second Power Generation Co., Ltd. | – | 23,459,902.86 | – | – | 469,678,931.80 | – |
| SDIC Qujing Power Generation Co., Ltd. | – | – | – | – | 116,039,027.92 | 116,039,027.92 |
| CGN Phase I Industrial Investment Funds Co., Ltd | 46,814,979.18 | 81,867,020.32 | – | – | 131,784,872.54 | – |
| Jiangsu Baoyin Special Steel Tube Co., Ltd.（Note 3） | – | – | – | – | 330,815,289.39 | – |
| Suzhou Long Yuan BaiLu Wind Power Vocational Training Center Co., Ltd. | – | – | – | – | 4,305,528.09 | – |
| Liaoning Hongyanhe Nuclear Power Co., LTD. | -513,867,627.88 | 127,984,599.83 | – | – | 3,517,200,376.51 | – |

| Invested Company | Changes in this year (Continued) | | | | Ending Balance | Impairment provisions ending balance |
|---|---|---|---|---|---|---|
| | Changes on other equity | Declaration of issue cash dividends or profits | Accrued provisions for impairment loss | Others | | |
| CIECC Engineering Company Limited | – | 825,000.00 | – | – | 32,498,353.25 | – |
| China Nuclear Industry 23 Construction Co., Ltd. | – | 21,230,000.00 | – | – | 261,732,665.38 | – |
| Shenzhen CGN Henfeng equity fund management Co ltd | – | – | – | – | 1,344,642.70 | – |
| CGN Industrial Investment Fund Management (Beijing) Co,,Ltd.（Note4） | – | – | – | – | 9,249,378.19 | – |
| China Emissions Exchange Co., Ltd. | – | – | – | – | 45,672,091.63 | – |
| China Guangdong Shenzhen City Desheng equity investment partnership enterprise (limited partnership) | – | – | – | – | 24,815,607.30 | – |
| CGN Phase I Industry Investment Funds Co., Ltd. | – | – | – | – | 36,544,390.05 | – |
| CGN Financial Services Co.,Ltd | – | – | – | – | 4,289,005.15 | – |
| Shenzhen CGN Minhua (LLP) | – | – | – | – | 20,350,950.53 | – |
| Shenzhen CGN Henfeng equity investment fund management Co ltd | – | – | – | – | 17,234,968.91 | – |

| Invested Company | Changes in this year (Continued) | | | | Ending Balance | Impairment provisions ending balance |
|---|---|---|---|---|---|---|
| | Changes on other equity | Declaration of issue cash dividends or profits | Accrued provisions for impairment loss | Others | | |
| Shenzhen CGN Tongying equity investment partnership (LLP) | – | – | – | – | 11,299,877.09 | – |
| Qianhai Settlement Co., Ltd. | – | – | – | – | 18,651,651.16 | – |
| Zigong YuJin CGN New Energy Industry Co., Ltd. | – | – | – | – | 3,500,000.00 | – |
| Ulba-FA Limited Liability Partnership | – | – | – | – | 1,160,537.20 | – |
| Shanghai East Wind Power Co., Ltd.（Note 5） | 15,468,048.00 | – | – | – | 106,822,763.46 | – |
| Guangdong Pumped Storage Co., Ltd. | – | 83,049,049.27 | – | – | 1,101,826,945.80 | – |
| Huizhou Pumped Storage Co., Ltd. | – | 70,084,400.00 | – | – | 968,687,408.55 | – |
| **Total** | **-833,430,796.56** | **1,564,533,853.92** | **558,780,749.06** | **53,742,375.72** | **17,233,147,515.97** | **706,658,517.96** |

Note 1: Miraculum Mineral Limited (Miraculum) was founded in Hong Kong in 2012. CGNPCURC's subsidiary Thesaurus Mineral Limited Holds 60% shares of Miraculum. According to Miraculum's Constitution, Thesaurus Mineral Limited and another investor cannot absolutely control Miraculum, Thesaurus Mineral Limited treat Miraculum as a Associates and recognize the long-term equity investment to Miraculum using equity method. Currently, the main operations of Miraculum and its subsidiaries are exploring and developing the Husab uranium ore located in Namibia. Until 31 December 2015, Thesaurus Mineral Limited recognized the book value of long-term equity investment which should be shared by Miraculum or before shares on net profit or loss under equity method is 0. For excess loss and other comprehensive income (loss) of Miraculum, Due to the long-term receivables of China Uranium Limited Company, which is a subsidiary of CGNPCURC, is a long-term equity to net investment on Miraculum, therefore China Uranium Limited Company calculated the share of net assets on Miraculum based on proportion of shareholdings is RMB -1,527,979,443.61. After offsetting the downstream unrealized profits (financial expenses) RMB 120,130,379.56, the total amount that should be deducted on long-term receivables is RMB 1,714,749,829.18.

Note 2: CGNPCI holds 15.80% shares of Yinjian international Industry Co Ltd(Yinjian Company). According to the regulations of CGNPCI have significant influence over the Yinjian Company's Constitution, CGNPCI have significant influence over the Yinjian Company due to CGNPCI send their Directors to participate in Yinjian Company's decisions on finance and operation. CGNPCI subsequent measured this long-term equity investment as equity method. Due to Yinjian Company's share price keep falling down and lower than net asset value per share in last 3 years, therefore CGNPCI accrued impairment loss provisions on this long-term equity investment as RMB 558,780,749.06.

Note 3: CGNPCCSC holds 14.80% shares of Jiangsu Baoyin Special Steel Tube Co., Ltd (Baoyin Company) and enjoy a 23.32% voting rights. According to the constitution of Baoyin Company, Company can be significant influenced by another entity if they send their Directors to participate in Baoyin Company's financial and operational decisions. CGNPCCSC subsequently measure this long-term equity investment as equity method.

Note 4: On 26 March 2015, CGNPCCSC listed their 80% shares of CGN Industrial Investment Fund Management (Beijing) Co,,Ltd. on China Beijing Equity Exchange. On 22 May 2015, Guanghe Anren(Beijing) Management Consulting Co.,Ltd acquired the authority at RMB 40 million as a consideration. After this equity transfer, CGNPCCSC holds 20% shares of CGN Industrial Investment Fund Management (Beijing) Co,,Ltd.. Measurement of long-term equity investment based on equity method.

Note 5: CGNWEC holds 13.18% shares of Shanghai East Wind Power Co., Ltd(East Wind Power Company). According to the constitution of East Wind Power Company, Company can be significant influenced by another entity if they send their Directors to participate in East Wind Power Company's financial and operational decisions. CGNWEC subsequently measure this long-term equity investment as equity method.

3) Main financial information of major joint ventures

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | **Miraculum Mineral Limited** | **Semizbay Uranium Company** | **Hunan Xiangtou International Investment Limited** | **Fujian Ningde Nuclear Power Co., LTD.** |
| Current assets | 1,079,116,549.29 | 171,264,844.20 | 702,334,315.00 | 6,575,071,212.07 |
| Non-current assets | 24,469,971,776.64 | 423,358,975.34 | 8,261,917,521.00 | 49,324,697,332.23 |
| Total assets | 25,549,088,325.93 | 594,623,819.54 | 8,964,251,836.00 | 55,899,768,544.30 |
| Current liabilities | 433,948,499.37 | 293,105,658.57 | 254,028,311.00 | 4,253,601,235.78 |
| Non-current liabilities | 27,661,772,232.57 | 100,632,364.75 | 1,957,501,037.00 | 40,865,132,245.96 |
| Total liabilities | 28,095,720,731.94 | 393,738,023.32 | 2,211,529,348.00 | 45,118,733,481.74 |
| Net assets | -2,546,632,406.01 | 200,885,796.22 | 6,752,722,488.00 | 10,781,035,062.56 |
| Net asset on shares portion hold | -1,527,979,443.61 | 98,434,040.15 | 3,376,361,244.00 | 4,959,276,128.78 |
| Adjustments | 1,527,979,443.61 | 90,120,743.67 | 840,624,773.57 | -1,331,285,258.09 |
| Book value of the investment in joint ventures | - | 188,554,783.82 | 4,216,986,017.57 | 3,627,990,870.69 |
| Fair value of the equity investment has a public quotation | N/A | N/A | N/A | N/A |

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Miraculum Mineral Limited | Semizbay Uranium Company | Hunan Xiangtou International Investment Limited | Fujian Ningde Nuclear Power Co., LTD. |
| Operating revenue | - | 714,459,886.36 | 442,770,630.82 | 6,684,012,159.95 |
| Financial expenses | 670,507,838.11 | 167,164,545.45 | 37,163,466.00 | 1,731,337,858.58 |
| Income taxes | 93,534.56 | 16,546,903.41 | 7,214,251.64 | -1,013,488.03 |
| Net profit | -720,066,923.50 | 42,333,238.64 | 397,753,267.74 | 1,379,671,463.21 |
| Other comprehensive income | -1,019,762,591.81 | -13,846,715.98 | - | - |
| Total comprehensive income | -1,739,829,515.31 | 28,486,522.66 | 397,753,267.74 | 1,379,671,463.21 |
| Received dividends | - | - | 70,323,661.04 | 776,660,523.09 |

Continued

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Miraculum Mineral Limited | Semizbay Uranium Company | Hunan Xiangtou International Investment Limited | Fujian Ningde Nuclear Power Co., LTD. |
| Current assets | 1,116,548,696.49 | 625,244,059.68 | 1,173,692,709.14 | 4,947,887,438.48 |
| Non-current assets | 20,630,758,495.55 | 717,592,646.48 | 6,379,580,238.75 | 49,457,872,510.96 |
| Total assets | 21,747,307,192.04 | 1,342,836,706.16 | 7,553,272,947.89 | 54,405,759,949.44 |
| Current liabilities | 288,196,992.66 | 812,348,488.22 | 207,403,237.24 | 7,018,238,677.34 |
| Non-current liabilities | 22,074,654,218.99 | 239,484,514.24 | 1,388,688,485.01 | 36,744,453,355.86 |
| Total liabilities | 22,362,851,211.65 | 1,051,833,002.46 | 1,596,091,722.25 | 43,762,692,033.20 |
| Net assets | -615,544,019.61 | 291,003,703.70 | 5,957,181,225.64 | 10,643,067,916.24 |
| Net asset on shares portion hold | -369,326,411.77 | 142,591,814.81 | 2,978,590,612.82 | 4,895,811,241.47 |

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | **Miraculum Mineral Limited** | **Semizbay Uranium Company** | **Hunan Xiangtou International Investment Limited** | **Fujian Ningde Nuclear Power Co., LTD.** |
| Adjustment | 369,326,411.77 | 164,817,388.40 | 865,897,274.87 | -952,805,858.06 |
| Book value of the investment in joint ventures | - | 307,409,203.21 | 3,844,487,887.69 | 3,943,005,383.41 |
| Fair value of the equity investment has a public quotation | N/A | N/A | N/A | N/A |
| Operating revenue | 375,290.17 | 959,719,855.47 | 145,685,185.20 | 3,981,181,628.56 |
| Financial expenses | 670,888,287.57 | 43,407,537.98 | 44,889,354.14 | 1,259,193,229.64 |
| Income taxes | -146,751.39 | 16,364,274.81 | 2,457,266.91 | - |
| Net profit | -694,320,217.23 | -86,023,224.87 | 696,236,369.49 | 490,576,219.68 |
| Other comprehensive income | -1,259,169,023.78 | -338,357.50 | - | - |
| Total comprehensive income | -1,953,489,241.01 | -86,361,582.37 | 696,236,369.49 | 490,576,219.68 |
| Received dividends | - | - | 179,846,435.03 | 127,295,800.00 |

4) Main financial information of major Associates

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | **Silver Grant International Industries Limited** | **CGN Phase I Industrial Investment Funds Co., Ltd** | **Liaoning Hongyanhe Nuclear Power Co., LTD.** | **Guangdong Pumped Storage Co., Ltd.** |
| Current assets | 2,389,237,973.04 | 531,792,279.71 | 6,078,364,947.78 | 553,245,458.63 |
| Non-current assets | 7,073,446,913.52 | 5,542,033,721.89 | 58,262,575,245.95 | 2,113,802,412.06 |
| Total assets | 9,462,684,886.56 | 6,073,826,001.60 | 64,340,940,193.73 | 2,667,047,870.69 |
| Current liabilities | 2,263,209,889.86 | 291,737.12 | 10,403,777,814.11 | 52,243,020.83 |

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Silver Grant International Industries Limited | CGN Phase I Industrial Investment Funds Co., Ltd | Liaoning Hongyanhe Nuclear Power Co., LTD. | Guangdong Pumped Storage Co., Ltd. |
| Non-current liabilities | 1,200,076,285.44 | - | 42,314,217,401.40 | 380,320,942.57 |
| Total liabilities | 3,463,286,175.30 | 291,737.12 | 52,717,995,215.51 | 432,563,963.40 |
| Net assets | 310,469,539.08 | - | - | - |
| Net assets attributable to parent company | 5,688,929,172.18 | 6,073,534,264.48 | 11,622,944,978.22 | 2,234,483,907.29 |
| Net asset on shares portion hold | 898,850,809.20 | 1,908,826,789.85 | 5,230,325,240.20 | 1,027,862,597.35 |
| Adjustment | -584,629,523.74 | -1,777,041,917.29 | -1,713,124,863.69 | 73,964,348.45 |
| Book value of the investment in associates | 314,221,285.46 | 131,784,872.56 | 3,517,200,376.51 | 1,101,826,945.80 |
| Fair value of the equity investment has a public quotation | 314,221,285.46 | N/A | N/A | N/A |
| Operating revenue | 271,473,065.16 | - | 4,440,399,655.31 | 717,895,606.70 |
| Financial expenses | 38,630,990.20 | -130,323.31 | 1,443,659,483.79 | -5,400,855.20 |
| Income taxes | 7,937,907.78 | - | - | 90,786,176.06 |
| Net profit | -104,500,088.66 | 434,713,964.48 | 13,559,470.30 | 262,576,381.41 |
| Other comprehensive income | -331,326,548.08 | - | - | - |
| Total comprehensive income | -435,826,636.74 | 434,713,964.48 | 13,559,470.30 | 262,576,381.41 |
| Received dividends | 14,656,270.86 | 81,867,020.32 | 127,984,599.83 | 83,049,049.27 |

Continued

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | **Silver Grant International Industries Limited** | **CGN Phase I Industrial Investment Funds Co., Ltd** | **Liaoning Hongyanhe Nuclear Power Co., LTD.** | **Guangdong Pumped Storage Co., Ltd.** |
| Current assets | 2,754,928,102.02 | 337,641,588.65 | 4,245,873,591.59 | 809,734,210.41 |
| Non-current assets | 6,655,173,169.19 | 5,298,297,375.41 | 55,910,546,436.41 | 1,882,953,764.86 |
| Total assets | 9,410,101,271.21 | 5,635,938,964.06 | 60,156,420,028.00 | 2,692,687,975.27 |
| Current liabilities | 1,935,244,050.95 | 134,227.08 | 10,554,955,905.99 | 46,514,240.87 |
| Non-current liabilities | 1,307,690,866.12 | - | 38,142,863,392.25 | 484,247,552.71 |
| Total liabilities | 3,242,934,917.07 | 134,227.08 | 48,697,819,298.24 | 530,761,793.58 |
| Net assets | 361,949,333.40 | - | - | - |
| Net assets attributable to parent company | 5,805,217,020.74 | 5,635,804,736.98 | 11,458,600,729.76 | 2,161,926,181.69 |
| Net asset on shares portion hold | 917,224,289.28 | 1,771,333,428.83 | 5,156,370,328.39 | 994,486,043.58 |
| Adjustment | -2,899,387.12 | -1,670,088,744.77 | -1,175,842,821.54 | 73,739,778.77 |
| Book value of the investment in associates | 914,324,902.16 | 101,244,684.06 | 3,980,527,506.85 | 1,068,225,822.35 |
| Fair value of the equity investment has a public quotation | 315,985,033.98 | N/A | N/A | N/A |
| Operating revenue | 323,066,450.20 | - | 3,719,574,436.56 | 714,399,231.99 |
| Financial expenses | 28,954,846.05 | -213,964.50 | 971,002,990.27 | -17,199,369.87 |
| Income taxes | -62,548,109.00 | - | - | 74,238,583.47 |
| Net profit | 100,217,220.35 | 284,688,275.27 | 316,011,357.60 | 295,562,718.40 |

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Silver Grant International Industries Limited | CGN Phase I Industrial Investment Funds Co., Ltd | Liaoning Hongyanhe Nuclear Power Co., LTD. | Guangdong Pumped Storage Co., Ltd. |
| Other comprehensive income | -27,969,955.00 | - | - | - |
| Total comprehensive income | 72,247,265.35 | 284,688,275.27 | 316,011,357.60 | 295,562,718.40 |
| Received dividends | 14,426,316.45 | 53,034,984.20 | 107,978,557.24 | 62,892,238.26 |

5) Information of non significant joint ventures and Associates

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures：** | | |
| Book value of investment | 26,150,572.03 | 15,617,737.24 |
| Total value calculated on the portion of share held | - | - |
| Net profit | 1,462,371.99 | 2,427,969.95 |
| Other comprehensive income | - | - |
| Total comprehensive income | 1,462,371.99 | 2,427,969.95 |
| **Associates：** | - | - |
| Book value of investment | 3,526,882,764.30 | 3,147,349,613.90 |
| Total value calculated on the portion of share held | - | - |
| Net profit | 506,682,757.66 | 787,277,720.64 |
| Other comprehensive income | 2,614,584.82 | -28,553,072.59 |
| Total comprehensive income | 509,297,342.48 | 758,724,648.05 |

## 8.18 Investment properties

1) Investment properties under historical cost basis

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| **Original Cost** | 803,661,213.40 | 433,040,646.61 | 58,793,606.41 | 1,177,908,253.60 |
| Buildings & structures | 803,661,213.40 | 433,040,646.61 | 58,793,606.41 | 1,177,908,253.60 |
| **Accumulated depreciation** | 329,249,480.47 | 42,912,478.51 | 2,328,380.89 | 369,833,578.09 |
| Buildings & structures | 329,249,480.47 | 42,912,478.51 | 2,328,380.89 | 369,833,578.09 |
| **Net book value** | 474,411,732.93 | - | - | 808,074,675.51 |
| Buildings & structures | 474,411,732.93 | - | - | 808,074,675.51 |
| **Provision for impairment** | - | - | - | - |
| Buildings & structures | - | - | - | - |
| **Net book value after provision** | 474,411,732.93 | - | - | 808,074,675.51 |

### 8.19 Fixed Assets

1) Original cost

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Buildings & structures | 37,101,003,200.37 | 6,363,326,804.34 | 109,287,128.03 | 43,355,042,876.68 |
| Machinery and equipment | 133,917,407,907.79 | 28,048,301,854.37 | 721,472,717.74 | 161,244,237,044.42 |
| Vehicles | 790,673,057.55 | 87,699,980.88 | 29,893,111.67 | 848,479,926.76 |
| Electronic equipments | 67,440,572.38 | 13,984,979.89 | 3,683,930.78 | 77,741,621.49 |
| Office equipments | 2,060,395,089.11 | 383,543,339.46 | 107,525,238.98 | 2,336,413,189.59 |
| Others | 1,152,678,111.38 | 49,845,781.93 | 2,151,524.89 | 1,200,372,368.42 |
| **Total** | **175,089,597,938.58** | **34,946,702,740.87** | **974,013,652.09** | **209,062,287,027.36** |

2) Accumulated depreciation

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Buildings & structures | 9,259,908,770.21 | 1,700,812,301.48 | 50,921,861.77 | 10,909,799,209.92 |
| Machinery and equipment | 41,930,158,763.16 | 6,976,036,966.74 | 508,415,326.25 | 48,397,780,403.65 |
| Vehicles | 494,377,223.16 | 103,223,171.36 | 26,985,552.27 | 570,614,842.25 |
| Electronic equipments | 23,738,049.91 | 11,752,088.74 | 3,247,448.13 | 32,242,690.52 |
| Office equipments | 1,163,098,822.40 | 346,619,823.23 | 87,529,165.79 | 1,422,189,479.84 |
| Others | 207,368,373.27 | 14,940,155.28 | 2,148,024.89 | 220,160,503.66 |
| **Total** | **53,078,650,002.11** | **9,153,384,506.83** | **679,247,379.10** | **61,552,787,129.84** |

3) Net book value

| Items | Beginning Balance | Ending Balance |
|---|---|---|
| Buildings & structures | 27,841,094,430.16 | 32,445,243,666.76 |
| Machinery and equipment | 91,987,249,144.63 | 112,846,456,640.77 |
| Vehicles | 296,295,834.39 | 277,865,084.51 |
| Electronic equipments | 43,702,522.47 | 45,498,930.97 |
| Office equipments | 897,296,266.71 | 914,223,709.75 |
| Others | 945,309,738.11 | 980,211,864.76 |
| **Total** | **122,010,947,936.47** | **147,509,499,897.52** |

4) Provision for impairment

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Buildings & structures | 19,124,271.20 | 1,520,015.35 | 19,124,271.20 | 1,520,015.35 |
| Machinery and equipment | 177,611,558.74 | 12,605,134.96 | 160,908,088.28 | 29,308,605.42 |
| Vehicles | 78,861.86 | - | 78,861.86 | - |
| Electronic equipments | 474,361.58 | - | 474,361.58 | - |
| Office equipments | 196,476.23 | - | 196,476.23 | - |
| Others | - | - | - | - |
| **Total** | **197,485,529.61** | **14,125,150.31** | **180,782,059.15** | **30,828,620.77** |

5) Book value

| Items | Beginning Balance | Ending Balance |
|---|---|---|
| Buildings & structures | 27,821,970,158.96 | 32,443,723,651.41 |
| Machinery and equipment | 91,809,637,585.89 | 112,817,148,035.35 |
| Vehicles | 296,216,972.53 | 277,865,084.51 |
| Electronic equipments | 43,228,160.89 | 45,498,930.97 |
| Office equipments | 897,099,790.48 | 914,223,709.75 |
| Others | 945,309,738.11 | 980,211,864.76 |
| **Total** | **121,813,462,406.86** | **147,478,671,276.75** |

6) Fixed Assets which certificate of title are not completed

Until 31 December 2015, the Group has building's property ownership certificate still in pending, the net amount is RMB 3,041,053,557.03.

7) The Group has no temporarily unused fixed assets.

**8.20 Construction in Progress**

1) Breakdown of construction in progress

| Items | Ending Balance | | |
|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value |
| Taishan Nuclear Power First Engineer | 64,510,075,514.48 | - | 64,510,075,514.48 |
| Yangjiang Nuclear Power Engineering Project | 26,192,666,978.71 | - | 26,192,666,978.71 |
| Fangchenggang Nuclear Power First Construction | 25,722,303,988.03 | - | 25,722,303,988.03 |
| Lufeng Nuclear Power Engineering Project | 8,006,383,281.55 | - | 8,006,383,281.55 |
| Xianning Nuclear Power Engineering Project | 2,694,808,723.14 | - | 2,694,808,723.14 |
| New Project Development | 1,236,238,872.96 | 288,284,222.75 | 947,954,650.21 |
| The first phase of 200MW Project of CGNPC Sheyang Wind Power Station | 1,156,384,376.58 | - | 1,156,384,376.58 |
| The 200k project of CGNPC Hami base | 1,106,687,529.01 | - | 1,106,687,529.01 |
| Wulan No.4 Wind Power Project | 1,035,748,382.10 | - | 1,035,748,382.10 |
| Fangchenggang Nuclear Power Second Construction | 931,852,504.78 | - | 931,852,504.78 |
| Others | 16,420,836,813.90 | 2,519,123.59 | 16,418,317,690.31 |
| **Total** | **149,013,986,965.24** | **290,803,346.34** | **148,723,183,618.90** |

Continued):

| Items | Beginning Balance | | |
|---|---|---|---|
| | Carrying Amount | Provisions for impairment loss | Book Value |
| Taishan Nuclear Power First Engineer | 58,081,817,091.75 | - | 58,081,817,091.75 |
| Yangjiang Nuclear Power Engineering Project | 28,228,062,636.85 | - | 28,228,062,636.85 |
| Fangchenggang Nuclear Power First Construction | 22,853,360,089.04 | - | 22,853,360,089.04 |
| Lufeng Nuclear Power Engineering Project | 6,323,405,540.69 | - | 6,323,405,540.69 |
| Xianning Nuclear Power Engineering Project | 2,251,539,532.95 | - | 2,251,539,532.95 |
| New Project Development | 1,269,237,077.65 | 288,284,222.75 | 980,952,854.90 |
| The first phase of 200MW Project of CGNPC Sheyang Wind Power Station | 141,300,076.58 | - | 141,300,076.58 |
| The 200k project of CGNPC Hami base | 91,825,312.78 | - | 91,825,312.78 |
| Wulan No.4 Wind Power Project | 5,351,193.10 | - | 5,351,193.10 |
| Fangchenggang Nuclear Power Second Construction | 761,984,200.00 | - | 761,984,200.00 |
| Others | 16,617,494,742.73 | 1,884,723.59 | 16,615,610,019.14 |
| **Total** | **136,625,377,494.12** | **290,168,946.34** | **136,335,208,547.78** |

2) Changes on significant construction in progress

| Construction's Name | Budget(100 million) | Beginning Balance | Increase | Transferred to Fixed assets | Other Decrease | Ending Balance |
|---|---|---|---|---|---|---|
| Taishan Nuclear Power First Engineer | 731.81 | 58,081,817,091.75 | 6,596,846,457.33 | 41,477,848.31 | 127,110,186.29 | 64,510,075,514.48 |
| Yangjiang Nuclear Power Engineering Project | 788.32 | 28,228,062,636.85 | 8,796,288,340.57 | 10,346,720,327.48 | 484,963,671.23 | 26,192,666,978.71 |
| Fangchenggang Nuclear Power First Construction | 295.30 | 22,853,360,089.04 | 3,413,438,024.78 | 171,861,860.91 | 372,632,264.88 | 25,722,303,988.03 |
| Lufeng Nuclear Power Engineering Project | 422.31 | 6,323,405,540.69 | 1,684,030,680.86 | 1,052,940.00 | - | 8,006,383,281.55 |
| Xianning Nuclear Power Engineering Project | 354.67 | 2,251,539,532.95 | 497,675,956.73 | - | 54,406,766.54 | 2,694,808,723.14 |
| New Project Development | 12.36 | 1,269,237,077.65 | 30,447,029.47 | - | 63,445,234.16 | 1,236,238,872.96 |
| The first phase of 200MW Project of CGNPC Sheyang Wind Power Station | 15.99 | 141,300,076.58 | 1,015,084,300.00 | - | - | 1,156,384,376.58 |
| The 200k project of CGNPC Hami base | 14.02 | 91,825,312.78 | 1,014,862,216.23 | - | - | 1,106,687,529.01 |
| Wulan No.4 Wind Power Project | 2.03 | 5,351,193.10 | 1,030,397,189.00 | - | - | 1,035,748,382.10 |
| Fangchenggang Nuclear Power Second Construction | 402.93 | 761,984,200.00 | 169,868,304.78 | - | - | 931,852,504.78 |
| **Total** | **3,039.74** | **120,007,882,751.39** | **24,248,938,499.75** | **10,561,112,976.70** | **1,102,558,123.10** | **132,593,150,151.34** |

Continued):

| Construction's Name | Proportion of Actual investment over Budget (%) | Construction Progress | Cumulative amount of interest capitalization | Including: the amount of interest capitalization in this year | Interest capitalization rate in this year (%) | Sources of Funds |
|---|---|---|---|---|---|---|
| Taishan Nuclear Power First Engineer | 91.84 | 91.84 | 8,525,101,251.84 | 2,228,349,013.19 | 5.16 | Shareholder's investment and self-raised funds |
| Yangjiang Nuclear Power Engineering Project | 82.50 | 82.50 | 8,044,232,181.38 | 1,454,187,693.89 | 5.24 | Shareholder's investment and self-raised funds |
| Fangchenggang Nuclear Power First Construction | 97.65 | 97.65 | 3,993,661,652.00 | 1,250,118,928.26 | 5.95 | Shareholder's investment and self-raised funds |
| Lufeng Nuclear Power Engineering Project | 18.20 | 18.20 | 921,089,169.75 | 283,552,141.45 | 4.99 | Shareholder's investment and self-raised funds |
| Xianning Nuclear Power Engineering Project | 8.79 | 8.79 | 581,580,128.35 | 137,148,507.68 | 6.00 | Shareholder's investment and self-raised funds |
| New Project Development | 100.00 | 100.00 | - | - | - | Self-raised funds |
| The first phase of 200MW Project of CGNPC Sheyang Wind Power Station | 72.00 | 72.00 | 19,592,590.58 | 15,793,204.33 | 5.00 | Shareholder's investment and self-raised funds |

| Construction's Name | Proportion of Actual investment over Budget (%) | Construction Progress | Cumulative amount of interest capitalization | Including: the amount of interest capitalization in this year | Interest capitalization rate in this year (%) | Sources of Funds |
|---|---|---|---|---|---|---|
| The 200k project of CGNPC Hami base | 78.92 | 78.92 | 22,834,101.06 | 22,834,101.06 | 4.90 | Shareholder's investment and self-raised funds |
| Wulan No.4 Wind Power Project | 81.60 | 81.60 | 11,010,510.66 | 11,009,871.45 | 4.32 | Shareholder's investment and self-raised funds |
| Fangchenggang Nuclear Power Second Construction | 4.74 | 4.74 | 73,992,636.00 | 73,992,636.00 | 5.95 | Shareholder's investment and self-raised funds |
| **Total** | — | — | **22,193,094,221.62** | **5,476,986,097.31** | — | — |

3) Impairment provisions of construction in progress

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| New Project Development | 288,284,222.75 | - | - | 288,284,222.75 |
| Nanjing Xinsu Thermal Power Plant Co., Ltd | 1,884,723.59 | - | - | 1,884,723.59 |
| Power Capacity Increasing Project on Yongfeng Base | - | - | - | 634,400.00 |
| **Total** | **290,168,946.34** | **634,400.00** | **-** | **290,803,346.34** |

### 8.21 Construction materials

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Equipment for special use | 251,313,693.17 | 82,955,862.33 |
| Material for special use | 17,930,683.36 | 10,853,223.04 |
| Others | 802,164.84 | 493,333.34 |
| **Total** | **270,046,541.37** | **94,302,418.71** |

### 8.22 Disposal of fixed assets

| Items | Ending Balance | Beginning Balance | Reason for disposal |
|---|---|---|---|
| Asset retirement-office equipment | 153,287.73 | 258,556.96 | Not yet processed |
| Asset retirement-vehicles | 264,363.62 | 51,562.90 | Not yet processed |
| Asset retirement-machinery and equipment | 935,999.78 | 935,999.78 | Not yet processed |
| **Total** | **1,353,651.13** | **1,246,119.64** | — |

### 8.23 Uranium assets

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| **Original cost** | **1,042,485,411.19** | **21,620,156.14** | **51,508,263.94** | **1,012,597,303.39** |
| Proved mineral interest | 110,900,790.64 | 12,267,337.24 | 1,050,283.33 | 122,117,844.55 |
| Not proved mineral interest | 869,094,497.87 | 3,886,771.66 | 50,457,980.61 | 822,523,288.92 |
| Well and related equipment | 62,490,122.68 | 5,466,047.24 | - | 67,956,169.92 |
| **Accumulated damage** | - | - | - | - |

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Proved mineral interest | - | - | - | - |
| Not proved mineral interest | - | - | - | - |
| Well and related equipment | - | - | - | - |
| **Net book value** | **1,042,485,411.19** | **21,620,156.14** | **51,508,263.94** | **1,012,597,303.39** |
| Proved mineral interest | 110,900,790.64 | 12,267,337.24 | 1,050,283.33 | 122,117,844.55 |
| Not proved mineral interest | 869,094,497.87 | 3,886,771.66 | 50,457,980.61 | 822,523,288.92 |
| Well and related equipment | 62,490,122.68 | 5,466,047.24 | - | 67,956,169.92 |
| **Accumulated provision for impairment** | - | **53,705,915.06** | - | **53,705,915.06** |
| Proved mineral interest | - | - | - | |
| Not proved mineral interest | - | 53,705,915.06 | - | 53,705,915.06 |
| Well and related equipment | - | - | - | |
| **Book value** | **1,042,485,411.19** | - | - | **958,891,388.33** |
| Proved mineral interest | 110,900,790.64 | - | - | 122,117,844.55 |
| Not proved mineral interest | 869,094,497.87 | - | - | 768,817,373.86 |
| Well and related equipment | 62,490,122.68 | - | - | 67,956,169.92 |

## 8.24 Intangible assets

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| **Original cost** | **9,103,353,816.75** | **925,480,562.55** | **164,024,323.81** | **9,864,810,055.49** |
| Including: Software | 1,324,261,143.51 | 112,527,378.66 | 8,079,795.99 | 1,428,708,726.18 |
| Land use right | 5,351,192,109.96 | 449,534,728.07 | 83,327,558.20 | 5,717,399,279.83 |
| Patent | 81,533,875.48 | 46,298,290.72 | - | 127,832,166.20 |
| Non-patented technology | 325,195,274.01 | 95,432,827.83 | - | 420,628,101.84 |
| Franchise | 2,014,231,254.00 | 220,310,337.27 | 69,194,444.45 | 2,165,347,146.82 |
| Circuit matched fees | 6,940,159.79 | 1,377,000.00 | 3,422,525.17 | 4,894,634.62 |
| **Accumulated amortization** | **2,424,856,413.29** | **513,154,271.45** | **12,090,232.96** | **2,925,920,451.78** |
| Software | 892,108,533.14 | 148,612,733.53 | 6,128,311.39 | 1,034,592,955.28 |
| Land use right | 782,974,587.21 | 154,855,965.70 | 2,657,209.40 | 935,173,343.51 |
| Patent | 11,123,055.76 | 10,670,901.23 | - | 21,793,956.99 |
| Non-patented technology | 92,201,610.50 | 44,673,749.64 | - | 136,875,360.14 |

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Franchise | 641,376,163.67 | 153,397,733.55 | - | 794,773,897.22 |
| Circuit matched fees | 5,072,463.01 | 943,187.80 | 3,304,712.17 | 2,710,938.64 |
| **Accumulated provision for impairment** | **81,659,444.49** | **366,666.63** | **78,092,777.78** | **3,933,333.34** |
| Software | - | - | - | - |
| Land use right | 8,898,333.33 | - | 8,898,333.33 | - |
| Patent | - | - | - | - |
| Non-patented technology | 3,566,666.71 | 366,666.63 | - | 3,933,333.34 |
| Franchise | 69,194,444.45 | - | 69,194,444.45 | - |
| Circuit matched fees | - | - | - | - |
| **Net book value** | **6,596,837,958.97** | - | - | **6,934,956,270.37** |
| Software | 432,152,610.37 | - | - | 394,115,770.90 |
| Land use right | 4,559,319,189.42 | - | - | 4,782,225,936.32 |
| Patent | 70,410,819.72 | - | - | 106,038,209.21 |
| Non-patented technology | 229,426,996.80 | - | - | 279,819,408.36 |
| Franchise | 1,303,660,645.88 | - | - | 1,370,573,249.60 |
| Circuit matched fees | 1,867,696.78 | - | - | 2,183,695.98 |

Until 31 December 2015, the Company’s land use right certificate which net amount is RMB 742,470,127.87 is still in pending.

### 8.25 Developing expenditures

| Items | Beginning Balance | Increase | | Decrease | | | Ending Balance |
|---|---|---|---|---|---|---|---|
| | | Internal developing expenditures | Others | Recognized as intangible assets | Transferred into current period profit and loss | Others | |
| CGNPE research expenditure | 237,628,716.04 | - | - | 13,339,549.01 | - | - | 224,289,167.03 |
| CPR1000 Technology Program | 150,613,865.18 | 66,619,684.24 | - | 431,404.40 | 1,253,542.09 | - | 215,548,602.93 |
| AP1000 Technology Program | 178,903,472.46 | 20,718,353.45 | - | 2,449,667.19 | - | - | 197,172,158.72 |
| FirmSim products research | 57,833,596.34 | 39,030,912.13 | - | - | 1,266,763.40 | - | 95,597,745.07 |
| Longhua No 1 | 54,328,850.75 | 38,365,493.41 | - | - | - | - | 92,694,344.16 |
| nuclear power station Emergency Systems and nuclear power station dedicated robot project | 57,537,708.88 | 12,886,580.01 | - | - | - | - | 70,424,288.89 |
| Independent intellectual property rights of Nuclear digital control system platform | 121,535,612.95 | 15,139,539.50 | - | 3,573,507.99 | 84,170,463.34 | 7,501,799.18 | 41,429,381.94 |
| Million-kilowatt PWR reactors projects | 46,005,068.86 | 12,216,017.77 | - | 24,393,131.95 | 33,500.41 | - | 33,794,454.27 |
| Non-patented technology | 6,150,613.51 | 55,409,198.41 | - | 34,087,409.77 | 3,799,042.66 | - | 23,673,359.49 |
| Automation security system online review and appraisal project | 14,144,706.33 | - | - | - | - | - | 14,144,706.33 |

| Items | Beginning Balance | Increase | | Decrease | | | Ending Balance |
|---|---|---|---|---|---|---|---|
| | | Internal developing expenditures | Others | Recognized as intangible assets | Transferred into current period profit and loss | Others | |
| High-performance zirconium alloys researching (phase 1) | 6,885,094.34 | 4,547,169.80 | - | - | - | - | 11,432,264.14 |
| PWR reactors power station safety cooling chain improvement | 7,153,780.36 | 4,209,632.59 | - | - | - | - | 11,363,412.95 |
| ERP technology transfer package | 7,869,958.37 | 1,722,413.20 | - | - | - | - | 9,592,371.57 |
| Development expenditures of information system | 8,142,217.00 | 9,000,000.00 | - | 8,142,217.00 | - | - | 9,000,000.00 |
| Efficient heat storage technology research | 5,275,806.21 | 1,256,487.46 | - | - | - | - | 6,532,293.67 |
| Intelligent control room research, intelligent man-machine interface and intelligent SOP procedures developed | 3,230,541.59 | 3,383,049.73 | - | - | 113,796.75 | - | 6,499,794.57 |
| Accelerator neutron source based on small portable neutron imaging detector | 1,692,422.39 | - | 3,021,590.85 | - | - | - | 4,714,013.24 |
| Nuclear self-compacting concrete preparation and application of key technologies reserch | 4,189,269.66 | 284,556.20 | - | - | - | - | 4,473,825.86 |
| Independent of the key design software on the nuclear issue | 1,338,071.26 | 2,752,414.24 | - | - | - | - | 4,090,485.50 |

| Items | Beginning Balance | Increase | | Decrease | | | Ending Balance |
|---|---|---|---|---|---|---|---|
| | | Internal developing expenditures | Others | Recognized as intangible assets | Transferred into current period profit and loss | Others | |
| Passive safety system concept design and safety analysis (ITER) planned special issue 6 | 2,709,851.20 | - | - | - | - | - | 2,709,851.20 |
| More suitable base core nuclear equipment maintenance technology research and design platform | 4,492,165.06 | 5,204,502.54 | - | - | 7,358,198.87 | - | 2,338,468.73 |
| In operation, the decommissioning of nuclear power plant radioactive solid waste management system | 1,417,930.27 | 741,837.63 | - | - | - | - | 2,159,767.90 |
| Development of new trough solar collectors | 1,222,443.29 | 5,575.00 | - | - | - | - | 1,228,018.29 |
| Beyond design basis accident mitigation devices and systems development | 6,083,461.03 | 1,130,712.62 | - | 6,177,785.00 | - | - | 1,036,388.65 |
| RIC's nuclear safety-oriented algorithm configuration software (REDACE) developed | 11,207,188.18 | 548,904.73 | - | 11,756,092.91 | - | - | - |
| RGL projects sample machine research | 4,199,999.93 | - | - | 4,199,999.93 | - | - | - |
| FIRMSYS software platform (IVV) third Party verification and validation | 3,723,403.59 | - | - | 3,723,403.59 | - | - | - |

| Items | Beginning Balance | Increase | | Decrease | | | Ending Balance |
|---|---|---|---|---|---|---|---|
| | | Internal developing expenditures | Others | Recognized as intangible assets | Transferred into current period profit and loss | Others | |
| Non-energy primary pump repair and maintenance of core technology research and development center construction | 1,846,924.19 | 4,301,984.71 | - | - | 6,148,908.90 | - | - |
| Others | 27,749,574.49 | 180,038,864.36 | 731,314.31 | 19,387,311.40 | 15,719,394.96 | 8,840,385.43 | 164,572,661.37 |
| **Total** | **1,035,112,313.71** | **479,513,883.73** | **3,752,905.16** | **131,661,480.14** | **119,863,611.38** | **16,342,184.61** | **1,250,511,826.47** |

The reasons of others decreasing in this year is that CGN Zhongke HI-WITS Technology Development Co.,Ltd,a SNIC's subsidiary, transferred 8,840,385.43 into inventories, China Technology Co., Ltd., a CGNPE's subsidiary, transferred 7,501,799.18 into fixed assets.

## 8.26 Goodwill

1) Original costs of goodwill

| Investees or matters that formed goodwill | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Nantong Meiya Thermoelectric Co., Ltd.(Note 1) | 4,551,058.38 | 278,611.95 | - | 4,829,670.33 |
| France Fujin Project | - | 71,406,290.72 | - | 71,406,290.72 |
| British Clover Project | - | 457,463,037.84 | - | 457,463,037.84 |
| British P Project | - | 108,708,109.90 | - | 108,708,109.90 |
| MPC | 500,458,665.39 | - | - | 500,458,665.39 |
| China Nuclear Power Technology Research Institute Co., Ltd. | 7,048,000.00 | - | - | 7,048,000.00 |
| NXTPC | 12,142,701.39 | - | - | 12,142,701.39 |
| China General Nuclear Power HongDa Environmental Technology Co,,Ltd | - | 7,712,627.69 | - | 7,712,627.69 |
| CGN Dongli Gas Co.,Ltd.（Note2） | - | 217,459,344.86 | - | 217,459,344.86 |
| Guangzhou Senyo Energy Storage Technology Co., Ltd. | 1,555,864.24 | - | - | 1,555,864.24 |
| THE SAURUS MINERAL LIMITED | 73,157,419.44 | - | - | 73,157,419.44 |
| CGN Xinsheng Gas Co.,Ltd. | - | 120,191,217.85 | - | 120,191,217.85 |
| CGN HEBEI Bio ENERGY Co.,Ltd. | - | 10,496,610.86 | - | 10,496,610.86 |
| Qifu Plastic Technology Co.,Ltd | 12,809,587.92 | - | - | 12,809,587.92 |
| Total polymer Vision (Suzhou) Co.,Ltd | 14,417,263.18 | - | - | 14,417,263.18 |
| CGN Juner New Materials CO., LTD. | - | 178,159,877.23 | - | 178,159,877.23 |
| Jiangsu Zhongke HI-WITS Technology Development Co.,Ltd | 45,333,590.23 | - | - | 45,333,590.23 |
| CGN-DELTA ADVANCED NUCLEAR MATERIALS GROUP CO.,LTD. | 91,010,972.08 | - | - | 91,010,972.08 |
| CGN Dasheng Electron Accelerator Technology Co.,Ltd. | - | 129,147,752.34 | - | 129,147,752.34 |
| EME (Note1) | 63,791,852.40 | 3,905,283.19 | - | 67,697,135.59 |
| Sichuan Hengtai Pharmaceuticals Co., Ltd. | 88,693,951.24 | - | 88,693,951.24 | - |

| Investees or matters that formed goodwill | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| CGN-DELTA ADVANCED NUCLEAR MATERIALS GROUP CO.,LTD. | 24,825,107.22 | - | - | 24,825,107.22 |
| NingXiaSuoBao New Energy Development Co.Ltd. | 7,000,000.00 | - | - | 7,000,000.00 |
| Morton Wind Power (Holdings) Limited | 8,789,803.92 | - | - | 8,789,803.92 |
| AVIC Dragon Wind Power Co., Ltd. | 20,456,897.99 | - | - | 20,456,897.99 |
| Liaoning Guoli New Energy Investment Co.,Ltd. | 480,896.00 | - | - | 480,896.00 |
| CGN Yawang Yanyuan Changbo Electric Power Co., Ltd. | 174,445,702.88 | - | - | 174,445,702.88 |
| CGNBHGC | 68,237,961.99 | - | - | 68,237,961.99 |
| CGNHHC | 523,244,582.80 | - | - | 523,244,582.80 |
| CGN Yawang Muli Shawan Electric Power Co., Ltd. | 479,643,735.57 | - | - | 479,643,735.57 |
| CGNGHGC | 134,292,795.90 | - | - | 134,292,795.90 |
| CGNGHC | 131,023,548.30 | - | - | 131,023,548.30 |
| Zhejiang OuNeng Group SHANGRI-LA County Ni-Ru RIVER HYDRO DEVELOPMENT Co.,Ltd | 113,642,434.92 | - | - | 113,642,434.92 |
| Sichuan Yutian Energy Development Co., Ltd. | 9,024,462.81 | - | - | 9,024,462.81 |
| **Total** | **2,610,078,856.19** | **1,304,928,764.43** | **88,693,951.24** | **3,826,313,669.38** |

Note 1: For the goodwill increasing in this year, Nantong Meiya Thermoelectric Co., Ltd. and EME's increasing due to influence on foreign currency translation, others are recognized under non-common control combination.

Note 2: Under non-common control combination, CGN Dongli Gas Co.,Ltd. recognize goodwill RMB 217,459,344.86, include the goodwill recognized on CGN Dongli Gas Co.,Ltd.'s financial statement, the amount is RMB 5,639,039.78.

2）Provisions for impairment of goodwill

| Investees or matters that formed goodwill | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| China Nuclear Power Technology Research Institute Co., Ltd | 7,048,000.00 | - | - | 7,048,000.00 |
| Sichuan Yutian Energy Development Co., Ltd. | 9,024,462.81 | - | - | 9,024,462.81 |
| CGN Yawang Muli Shawan Electric Power Co., Ltd. | 185,520,000.00 | 89,120,000.00 | - | 274,640,000.00 |
| Zhejiang OuNeng Group SHANGRI-LA County Ni-Ru RIVER HYDRO DEVELOPMENT Co.,Ltd | 92,760,000.00 | 20,882,434.92 | - | 113,642,434.92 |
| Sichuan Hengtai Pharmaceuticals Co., Ltd. | 88,693,951.24 | - | - | - |
| EME | - | 67,697,135.59 | - | 67,697,135.59 |
| **Total** | **383,046,414.05** | **177,699,570.51** | **88,693,951.24** | **472,052,033.32** |

Due to operations under-predictable after merger, CGN Yawang Muli Shawan Electric Power Co., Ltd, Zhejiang OuNeng Group SHANGRI-LA County Ni-Ru RIVER HYDRO DEVELOPMENT Co.,Ltd and EME accrued goodwill impairment provisions RMB 177,699,570.51 in this year.

The provisions for goodwill impairment decrease RMB88,693,951.24 due to CGN Mining Co., Ltd., which is CGNPCURC's subsidiary, disposed all shares of Sichuan Hengtai Pharmaceuticals Co., Ltd.and no longer incorporate them into consolidated scope.

## 8.27 Long-term deferred and prepaid expenses

| Items | Beginning Balance | Increase | Amortization in this year | Other Decrease | Ending Balance |
|---|---|---|---|---|---|
| Nuclear power production preparation fee | 1,279,188,147.07 | 121,185,780.50 | 71,872,043.04 | 525,871.10 | 1,327,976,013.43 |
| Emergency entrance road | 169,528,932.95 | 100,000,000.00 | 14,218,597.65 | - | 255,310,335.30 |

| Items | Beginning Balance | Increase | Amortization in this year | Other Decrease | Ending Balance |
|---|---|---|---|---|---|
| Long-term maintenance contract | 19,261,024.32 | 242,294,667.35 | 47,446,371.92 | - | 214,109,319.75 |
| Long-term deferred and prepaid expenses-land-use fees | - | 53,803,050.63 | 2,290,028.81 | - | 51,513,021.82 |
| House and equipment improvement and decoration fees which are unamortized | 15,088,276.84 | 33,859,047.77 | 9,991,674.55 | 1,820,882.88 | 37,134,767.18 |
| Longgang district jingfuyuan housing fund for talents renting | 22,093,824.90 | - | 1,306,038.96 | - | 20,787,785.94 |
| Yunnan yongbao cement high-low frequency conversion transformation project | 20,631,368.10 | - | 1,710,040.33 | - | 18,921,327.77 |
| Hosing rental for Longgang industry area | 11,142,724.16 | - | 658,683.24 | - | 10,484,040.92 |
| Unamortized hosing rental fee | 4,476,407.48 | 4,475,183.72 | 1,035,135.84 | 547,456.64 | 7,368,998.72 |
| Wuliji projects wind fan technology service fee | 9,181,786.50 | - | 3,153,766.80 | - | 6,028,019.70 |
| Operating insurance costs amortization | 5,122,301.72 | 1,187,385.37 | 1,215,786.50 | - | 5,093,900.59 |
| Others | 10,184,165.97 | 24,372,507.11 | 6,821,382.67 | 191,303.14 | 27,543,987.27 |

| Items | Beginning Balance | Increase | Amortization in this year | Other Decrease | Ending Balance |
|---|---|---|---|---|---|
| Reclassification of the part due within one year | -110,369,095.62 | - | - | 64,350,268.79 | -174,719,364.41 |
| **Total** | **1,455,529,864.39** | **581,177,622.45** | **161,719,550.31** | **67,435,782.55** | **1,807,552,153.98** |

## 8.28 Deferred tax assets and deferred tax liabilities

1) Deferred tax assets and deferred tax liabilities listed as the net amount after offset

i) The amount of deferred tax assets and deferred tax liabilities after offsets and the amount of deductible temporary difference and taxable temporary difference after offsets

| Items | Deferred tax assets/liabilities after offset at the end of the year | Deductible or taxable temporary difference after offset at the end of the year | Deferred tax assets/liabilities after offset at the begin of the year | Deductible or taxable temporary difference after offset at the begin of the year |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Unrealized intra-group profit and loss | 1,027,607,303.39 | 4,125,886,685.61 | 1,013,118,545.35 | 4,060,661,151.05 |
| Provision for assets impairments | 98,988,399.62 | 422,175,863.73 | 135,166,995.18 | 567,131,984.82 |
| Deferred income | 33,428,731.81 | 222,304,982.17 | 9,819,682.88 | 65,464,549.21 |
| Fair value changes on derivatives | 15,509,986.85 | 66,817,257.89 | 4,761,498.02 | 26,938,821.64 |
| Others | 16,064,598.79 | 83,349,388.07 | 12,155,870.02 | 78,906,197.49 |
| Depreciation of fixed assets& amortization of intangible assets | 11,466,080.31 | 45,864,321.22 | 13,721,436.61 | 54,885,746.44 |
| Employee remuneration payables | 3,414,632.92 | 13,658,531.69 | 6,342,955.76 | 25,371,823.04 |

| Items | Deferred tax assets/liabilities after offset at the end of the year | Deductible or taxable temporary difference after offset at the end of the year | Deferred tax assets/liabilities after offset at the begin of the year | Deductible or taxable temporary difference after offset at the begin of the year |
|---|---|---|---|---|
| Deductable loss | 3,150,416.13 | 11,351,016.09 | 3,450,402.67 | 12,058,043.29 |
| Received in advance | 1,250,860.51 | 6,864,843.92 | 711,306.21 | 4,742,041.33 |
| Offset amount | -68,909,310.61 | -275,637,242.46 | -118,928,462.45 | -475,713,849.78 |
| **Total** | **1,141,971,699.72** | **4,722,635,647.93** | **1,080,320,230.25** | **4,420,446,508.53** |
| **Deferred tax liabilities** | | | | |
| Depreciation difference of fixed assets | 1,387,751,198.68 | 7,697,292,044.14 | 1,286,334,382.73 | 5,155,679,058.21 |
| Assets appreciation of acquired subsidiary | 951,862,234.75 | 3,711,399,941.55 | 1,042,789,045.97 | 4,074,611,536.83 |
| Fair values on financial assets and derivatives | 399,941,044.09 | 1,599,764,176.36 | 271,135,628.24 | 1,084,542,512.96 |
| Income tax payment for undistributed profit | 366,246,491.63 | 2,276,832,743.85 | 301,589,566.53 | 2,628,833,024.69 |
| Fair value changes on investment properties | 5,776,278.87 | 23,105,115.48 | 1,826,642.41 | 11,070,560.06 |
| Capitalization of loan interest on fixed assets | 2,986,433.95 | 9,954,779.83 | 3,363,031.46 | 11,210,104.87 |
| Others | 5,236,456.96 | 47,470,753.64 | 4,795,331.24 | 34,066,458.99 |
| Offset amount | -68,909,310.61 | -275,637,242.46 | -118,928,462.45 | -475,713,849.78 |
| **Total** | **3,050,890,828.32** | **15,090,182,312.39** | **2,792,905,166.13** | **12,524,299,406.83** |

2) Details of offsetting between deferred tax assets and deferred tax liabilities

| Items | Offset amount |
| --- | --- |
| **Deferred tax assets that are offset** | **68,909,310.61** |
| Provision for impairments | 62,845,349.09 |
| Derivatives financial instrument | 2,485,265.61 |
| Employee remuneration payables | 2,312,835.88 |
| Amortization of intangible assets | 1,201,257.60 |
| Others | 64,602.43 |
| **Deferred tax liabilities that are offset** | **68,909,310.61** |
| Depreciation of fixed assets | 63,484,660.45 |
| Fair value changes on financial assets | 5,424,650.16 |

### 8.29 Other non-current assets

| Items | Ending Balance | Beginning Balance |
| --- | --- | --- |
| Long-term assets such as prepayment on engineering equipment | 4,863,883,815.55 | 2,823,575,526.72 |
| Derivatives financial instrument | 8,346,224.94 | 6,294,270.91 |
| Pending deduct VAT on purchase | 9,035,644,881.83 | 7,469,827,674.33 |
| Others | 388,274,856.74 | 1,104,018,352.45 |
| **Total** | **14,296,149,779.06** | **11,403,715,824.41** |

### 8.30 Statement of provision for impairment of assets

| Items | Beginning Balance | Increase | | | |
| --- | --- | --- | --- | --- | --- |
| | | Accrued in this year | Increase due to combination | Increase due to foreign currency translation | Total |
| Provisions for bad debts | 98,256,088.27 | 86,884,481.57 | 18,939,991.43 | 1,809,617.45 | 107,634,090.45 |
| Provisions for inventory falling price | 369,797,843.56 | 150,019,469.95 | 34,876.41 | 11,833,049.52 | 161,887,395.88 |
| Provision for impairment of | 297,619,032.28 | - | - | - | - |

| Items | Beginning Balance | Increase | | | |
|---|---|---|---|---|---|
| | | Accrued in this year | Increase due to combination | Increase due to foreign currency translation | Total |
| available-for-sale financial assets | | | | | |
| Provision for impairment loss of long-term equity investment | 125,109,490.72 | 558,780,749.06 | - | 22,768,278.18 | 581,549,027.24 |
| Provision for impairment of fixed assets | 197,485,529.61 | 13,315,405.95 | - | 809,744.36 | 14,125,150.31 |
| Provision for Impairment of construction in progress | 290,168,946.34 | 634,400.00 | - | - | 634,400.00 |
| Provision for impairment of intangible assets | 81,659,444.49 | - | - | 366,666.63 | 366,666.63 |
| Provision for impairment of goodwill | 383,046,414.05 | 175,056,363.08 | - | 2,643,207.43 | 177,699,570.51 |
| Other impairment provisions | 15,581,300.00 | 106,322,381.49 | - | 2,688,233.57 | 109,010,615.06 |
| **Total** | **1,858,724,089.32** | **1,091,013,251.10** | **18,974,867.84** | **42,918,797.14** | **1,152,906,916.08** |

Continued):

| Items | Decrease | | | | Ending Balance |
|---|---|---|---|---|---|
| | Written-off amount | Decrease due to combination | Reverse | Total | |
| Provisions for | 704,368.48 | 3,673,290.92 | 51,050,910.86 | 55,428,570.26 | 150,461,608.46 |

| Items | Decrease | | | | Ending Balance |
|---|---|---|---|---|---|
| | Written-off amount | Decrease due to combination | Reverse | Total | |
| bad debts | | | | | |
| Provisions for inventory falling price | 7,939,663.16 | 2,535,217.03 | 63,328.38 | 10,538,208.57 | 521,147,030.87 |
| Provision for impairment of available-for-sale financial assets | - | - | - | - | 297,619,032.28 |
| Provision for impairment loss of long-term equity investment | - | - | - | - | 706,658,517.96 |
| Provision for impairment of fixed assets | 38,604,132.68 | 142,177,926.47 | - | 180,782,059.15 | 30,828,620.77 |
| Provision for Impairment of construction in progress | - | - | - | - | 290,803,346.34 |
| Provision for impairment of intangible assets | - | 78,092,777.78 | - | 78,092,777.78 | 3,933,333.34 |
| Provision for impairment of goodwill | - | 88,693,951.24 | - | 88,693,951.24 | 472,052,033.32 |
| Other impairment provisions | - | - | - | - | 124,591,915.06 |
| **Total** | **47,248,164.32** | **315,173,163.44** | **51,114,239.24** | **413,535,567.00** | **2,598,095,438.40** |

### 8.31 Short-term loans

1) Classification of short-term loans

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Guarantee loan | 149,000,000.00 | 1,167,414,519.31 |
| Credit loan | 22,269,484,831.51 | 8,161,492,877.12 |
| **Total** | **22,418,484,831.51** | **9,328,907,396.43** |

2) The Group had no matured but unpaid short-term loans as at December 31, 2015.

### 8.32 Deposit taking

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Demand Deposits** | **151,730,789.73** | **108,243,622.76** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 82,320,869.14 | 21,067,702.90 |
| FuJian Ningde Nuclear Power Co., Ltd. | 5,772,358.69 | 450,929.29 |
| CGN Phase I Industry Investment Funds Co., Ltd. | 344,603.23 | 30,288,337.42 |
| Others | 63,292,958.67 | 56,436,653.15 |
| **Term Deposits（Including Notice Deposits）** | - | **21,798,701.70** |
| CGN Financial Services Co.,Ltd. | - | 3,298,701.70 |
| Others | - | 18,500,000.00 |
| **Total** | **151,730,789.73** | **130,042,324.46** |

### 8.33 Loans from other banks

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Loans from domestic banks | - | 1,600,000,000.00 |
| **Total** | - | **1,600,000,000.00** |

### 8.34 Derivative financial liabilities

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Derivative financial liabilities | 101,931,449.04 | 49,859,346.82 |
| **Total** | **101,931,449.04** | **49,859,346.82** |

### 8.35 Notes payable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Bank's acceptance note | 3,182,498,145.26 | 1,227,488,230.56 |
| Trade acceptance note | 112,962,800.00 | - |
| **Total** | **3,295,460,945.26** | **1,227,488,230.56** |

There is no non-payment maturity notes payable.

### 8.36 Accounts payable

| Aging | Ending Balance | Beginning Balance |
|---|---|---|
| Within 1 year (1year inclusive) | 19,276,468,611.52 | 15,966,441,152.26 |
| 1-2 years (2years inclusive) | 2,742,451,686.65 | 2,955,781,224.77 |
| 2-3 years(3years inclusive) | 2,042,642,457.48 | 788,542,295.91 |
| Over 3 years | 752,375,546.40 | 442,517,730.27 |
| **Total** | **24,813,938,302.05** | **20,153,282,403.21** |

Significant accounts payables with aging over 1 year:

| Name of Debtor | Amount | Reason for Pending |
|---|---|---|
| Dongfang Electric Corporation Limited | 552,803,664.83 | Not yet settled |
| Shanghai electric wind power equipment Co., Ltd. | 369,752,756.00 | Not yet settled |
| Xinjiang Goldwind Science and Technology Co., Ltd. | 251,649,415.35 | Not yet settled |
| China Nuclear Industry 23 Construction Co., Ltd | 197,892,891.70 | Not yet settled |
| Shanghai No. 1 Machine Tool Works Co., Ltd. | 127,737,000.00 | Not yet settled |
| China Nulcear Industry Huaxing Construction Co., Ltd | 107,652,249.67 | Not yet settled |
| Shanghai Electric Group Company Limited | 104,192,585.64 | Not yet settled |
| Nanfeng Ventilator Co., Ltd | 82,101,241.07 | Not yet settled |
| AREVA DONGFANG Reactor Coolant Pumps Co., Ltd. | 75,267,357.75 | Not yet settled |
| Zhongdian Purui electricity engineering Co Ltd | 69,412,185.88 | Not yet settled |
| Shanghai Electric Nuclear Power Equipment Co., Ltd. | 66,811,600.00 | Not yet settled |
| Guangdong Ming Yang Wind Power Group Limited | 56,400,300.00 | Not yet settled |
| Gezhouba Group electricity Ltd Corporation | 49,630,716.28 | Not yet settled |

| Name of Debtor | Amount | Reason for Pending |
|---|---|---|
| Yantai TaihaiManoir Nuclear Equipment Co.,Ltd | 42,682,800.00 | Not yet settled |
| TBEA Shenyang Transformer Group Co., Ltd. | 42,000,530.00 | Not yet settled |
| Shenyang Blower Works Group Co.Ltd | 41,993,261.99 | Not yet settled |
| **Total** | **2,237,980,556.16** | |

### 8.37 Received in Advance

| Aging | Ending Balance | Beginning Balance |
|---|---|---|
| Within 1 year(1year inclusive) | 1,770,944,598.85 | 3,073,338,272.20 |
| Over 1 year | 327,968,258.14 | 77,629,235.77 |
| **Total** | **2,098,912,856.99** | **3,150,967,507.97** |

Significant received in advance with aging over 1 year:

| Name of Debtor | Amount | Reason for Pending |
|---|---|---|
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 284,980,271.14 | Haven’t met settlement term |
| Swakop Uranium (Pty) Ltd | 10,444,593.37 | Haven’t met settlement term |
| **Total** | **295,424,864.51** | — |

### 8.38 Employee benefit payable

1) Classification of employee benefit payable

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Short-term remuneration | 236,460,546.09 | 8,415,530,375.24 | 8,473,616,912.67 | 178,374,008.66 |
| Welfare after demission-defined contribution plans | 13,335,568.11 | 794,180,439.03 | 793,259,342.83 | 14,256,664.31 |
| Termination benefits | 1,952,279.90 | 4,209,340.23 | 4,686,743.02 | 1,474,877.11 |
| Others | 7,060,424.34 | 104,936,149.92 | 108,091,883.73 | 3,904,690.53 |
| **Total** | **258,808,818.44** | **9,318,856,304.42** | **9,379,654,882.25** | **198,010,240.61** |

2) Short-term remuneration

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Salaries, bonus, allowance and subsidy | 168,984,721.94 | 6,062,714,224.54 | 6,122,863,883.48 | 108,835,063.00 |
| Welfare expenses of employee | 6,705,973.89 | 739,763,413.33 | 742,830,755.56 | 3,638,631.66 |
| Social insurance charges | 10,907,034.77 | 477,950,524.09 | 487,625,010.88 | 1,232,547.98 |
| Including: Medical insurance premiums | 10,673,767.36 | 427,936,431.73 | 437,661,944.02 | 948,255.07 |
| Industry injury insurance premium | 171,137.95 | 15,344,555.49 | 15,413,653.38 | 102,040.06 |
| Birth insurance premium | 62,129.46 | 25,724,213.54 | 25,674,345.65 | 111,997.35 |
| Others | | 8,945,323.33 | 8,875,067.83 | 70,255.50 |
| Housing funds | 680,505.12 | 683,821,565.38 | 678,411,587.55 | 6,090,482.95 |
| Labor-union expenditure and employee education funds | 49,182,310.37 | 194,555,172.13 | 197,110,286.30 | 46,627,196.20 |
| Short-term compensated absences | - | - | - | - |
| Other short-term remuneration | - | 256,725,475.77 | 244,775,388.90 | 11,950,086.87 |
| **Total** | **236,460,546.09** | **8,415,530,375.24** | **8,473,616,912.67** | **178,374,008.66** |

3) Defined contribution plans

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Basic pension | 2,646,967.21 | 534,339,745.40 | 534,565,082.02 | 2,421,630.59 |
| Unemployment insurance expenses | 138,338.64 | 20,241,068.99 | 20,268,787.22 | 110,620.41 |
| Enterprise annuity payment | 10,550,262.26 | 239,599,624.64 | 238,425,473.59 | 11,724,413.31 |

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| **Total** | **13,335,568.11** | **794,180,439.03** | **793,259,342.83** | **14,256,664.31** |

## 8.39 Taxes payable

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Value-added tax | 1,387,777,829.86 | 2,762,516,615.30 | 2,847,408,139.25 | 1,302,886,305.91 |
| Consumption tax | - | 40,413.38 | 40,413.38 | - |
| Business tax | 208,825,070.71 | 389,694,991.37 | 365,778,218.34 | 232,741,843.74 |
| Resource tax | 666,646.07 | 3,319,685.41 | 3,248,642.46 | 737,689.02 |
| Enterprise income tax | 773,529,674.48 | 2,037,976,317.89 | 1,702,719,168.68 | 1,108,786,823.69 |
| Urban maintenance and construction tax | 21,770,725.83 | 277,121,205.14 | 247,556,578.36 | 51,335,352.61 |
| Property tax | 5,603,449.85 | 96,817,527.50 | 89,645,726.23 | 12,775,251.12 |
| Land use tax | 4,136,742.44 | 35,673,785.97 | 35,646,507.54 | 4,164,020.87 |
| Individual income tax | 79,066,979.97 | 612,335,526.41 | 606,004,583.01 | 85,397,923.37 |
| Educational surcharge | 18,425,474.13 | 199,791,395.97 | 183,751,299.56 | 34,465,570.54 |
| Stamp duty | 23,656,813.40 | 66,429,933.15 | 79,570,880.34 | 10,515,866.21 |
| Other taxes and surcharges | 114,245,783.79 | 378,927,846.06 | 362,656,768.45 | 130,516,861.40 |
| **Total** | **2,637,705,190.53** | **6,860,645,243.55** | **6,524,026,925.60** | **2,974,323,508.48** |

## 8.40 Interests payable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Interest for long-term loans paid by installment | 439,546,837.29 | 521,265,092.62 |
| Interest for enterprise bonds | 496,133,811.22 | 715,691,289.37 |
| Interest for short-term loans | 51,828,870.77 | 18,188,494.26 |
| Other Interest payable | 32,172,769.72 | 4,604,543.30 |
| **Total** | **1,019,682,289.00** | **1,259,749,419.55** |

There has no significant interest payable which matured but not payment.

## 8.41 Dividends payable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Common stock dividends | 1,416,223,866.85 | 1,758,293,610.86 |
| **Total** | **1,416,223,866.85** | **1,758,293,610.86** |

## 8.42 Other payables

1) Classifications of other payables based on natures

| Funds Natures | Ending Balance | Beginning Balance |
|---|---|---|
| Spent fuel disposal payable | 834,863,783.89 | 684,922,767.06 |
| Related parties'funds payable | 540,378,340.95 | 45,217,766.04 |
| Projects payable | 437,648,762.35 | 435,849,418.73 |
| Other intercourse funds | 328,861,927.12 | 301,554,884.42 |
| Equity transfer funds | 232,587,913.61 | 48,382,825.48 |
| Deposit and guarantee deposit | 170,711,118.34 | 109,131,690.82 |
| Others | 779,754,514.32 | 1,159,323,503.27 |
| **Total** | **3,324,806,360.58** | **2,784,382,855.82** |

2) Significant other payables with aging over 1 year

| Company's Name | Ending Balance | Reasons for outstanding |
|---|---|---|
| Guangxi Chongzuo Hydroelectric Company | 77,539,641.95 | Not yet settled |
| Shawan projects unsettled projects | 50,000,000.00 | Not yet settled |
| Yanyuan xian yongninghe water power Co., Ltd. | 25,608,942.19 | Not yet settled |
| Xiamen minrui investment Co., Ltd. | 20,218,643.08 | Not yet settled |
| Xinzhong Environmental Protective Co. Ltd | 18,833,482.62 | Not yet settled |
| Lishui chenghe investment Co ltd | 14,371,913.29 | Not yet settled |
| Dongli Viscose(Nantong) Co. Ltd | 13,223,529.10 | Not yet settled |
| Zhejiang xineng investment co ltd | 11,819,592.62 | Not yet settled |
| **Total** | **231,615,744.85** | |

## 8.43 Liabilities held-for-sale

| Items | Ending Balance | Beginning Balance |
|---|---|---|

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Sichuan Hexie Electric Co., Ltd. | - | 5,024,096.18 |
| **Total** | **-** | **5,024,096.18** |

### 8.44 Non-current liabilities due within 1 Year

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Long-term loans due within one year | 15,186,299,515.99 | 10,479,148,333.95 |
| Including: Pledge loan | 8,305,715,022.97 | 3,943,369,612.57 |
| Mortgage loan | 781,269,630.07 | 2,339,508,965.54 |
| Guarantee loan | 82,454,895.00 | 52,883,755.84 |
| Credit loan | 6,016,859,967.95 | 4,143,386,000.00 |
| Long-term payables due within one year | 1,060,000,000.00 | 500,000,000.00 |
| Bonds payable due within one year | 3,994,901,110.86 | 8,688,848,462.97 |
| Derivatives due within one year | 116,500,091.07 | 104,381,570.78 |
| Retirement benefit plan | 3,047,000.00 | 2,892,000.00 |
| Other long-term liabilities due within one year | 6,978,482.04 | - |
| **Total** | **20,367,726,199.96** | **19,775,270,367.70** |

### 8.45 Other current liabilities

1) Classification of other current liabilities

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Short-term financing bonds | 5,544,125,840.26 | 8,997,000,000.00 |
| Others | 114,630,269.68 | 108,064,794.96 |
| **Total** | **5,658,756,109.94** | **9,105,064,794.96** |

### 8.46 Long-term loans

| Items | Ending Balance | Beginning Balance | Interval of interest rate at year end |
|---|---|---|---|

| Items | Ending Balance | Beginning Balance | Interval of interest rate at year end |
|---|---|---|---|
| Pledge loan | 139,593,862,417.42 | 120,699,460,726.70 | 0.38%-6.95% |
| Mortgage loan | 9,406,263,655.91 | 9,740,041,126.93 | 4.41%-6.55% |
| Guarantee loan | 12,316,628,338.94 | 11,351,157,654.18 | 3.92%-7.80% |
| Credit loan | 13,166,096,465.22 | 20,362,920,114.20 | 2.03%-6.77% |
| **Total** | **174,482,850,877.49** | **162,153,579,622.01** | — |

### 8.47 Bonds payable

1) Classification of bonds payable

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Medium term notes | 7,377,477,901.47 | 7,962,039,206.39 |
| Corporate bonds | 8,491,066,441.01 | 8,489,006,520.72 |
| Others | 16,422,544,135.45 | 9,447,122,000.26 |
| **Total** | **32,291,088,477.93** | **25,898,167,727.37** |

2) Changes on bonds payable

| Bonds' Name | Total amount of par value | Issue date | Terms | Issue Amount | Beginning Balance | Issue amount in this year | Amortization of premium or discount |
|---|---|---|---|---|---|---|---|
| **Total amounts of medium term notes** | **9,900,000,000.00** | | | **9,900,000,000.00** | **7,962,039,206.39** | **1,897,900,000.00** | **-12,439,805.94** |
| 11 CGN MTN1(Note1) | 2,500,000,000.00 | 2011/9/8 | 5years | 2,500,000,000.00 | 2,486,722,540.39 | - | -8,178,570.47 |
| 14 CGN MTN1 | 500,000,000.00 | 2014/11/4 | 5years | 500,000,000.00 | 497,583,333.00 | - | -341,762.00 |
| 14 CGN MTN2 | 4,000,000,000.00 | 2014/12/9 | 5years | 4,000,000,000.00 | 3,980,333,333.00 | - | -3,552,806.80 |
| 15 CGN MTN001 | 500,000,000.00 | 2015/9/28 | 5years | 500,000,000.00 | - | 500,000,000.00 | 2,333,333.33 |
| 14 CGNWEC MTN001 | 1,000,000,000.00 | 2014/5/12 | 5years | 1,000,000,000.00 | 997,400,000.00 | - | -600,000.00 |
| 15 CGNWEC MTN001 | 500,000,000.00 | 2015/5/14 | 5years | 500,000,000.00 | - | 499,250,000.00 | -750,000.00 |
| 15 CGNWEC MTN002 | 900,000,000.00 | 2015/11/11 | 5years | 900,000,000.00 | - | 898,650,000.00 | -1,350,000.00 |
| **Total amounts of corporate bonds** | **8,500,000,000.00** | | | **8,500,000,000.00** | **8,489,006,520.72** | - | **-2,059,920.29** |
| 02 CGN | 4,000,000,000.00 | 2002/11/11 | 15years | 4,000,000,000.00 | 4,000,000,000.00 | - | - |
| 07 CGN | 2,000,000,000.00 | 2007/12/20 | 15years | 2,000,000,000.00 | 2,000,000,000.00 | - | - |
| 10 CGN | 2,500,000,000.00 | 2010/5/12 | 10years | 2,500,000,000.00 | 2,489,006,520.72 | - | -2,059,920.29 |
| **Total amounts of others** | **17,653,577,965.96** | | | **17,616,099,117.02** | **9,447,122,000.26** | **8,344,825,495.13** | **-130,596,640.06** |
| China Uranium issued 776 million exchangeable bonds to Silver Grant(note 2) | 629,203,692.00 | 2012/6/1 | 5years | 629,203,692.00 | 574,625,752.27 | 38,132,896.79 | - |

| Bonds' Name | Total amount of par value | Issue date | Terms | Issue Amount | Beginning Balance | Issue amount in this year | Amortization of premium or discount |
|---|---|---|---|---|---|---|---|
| China Uranium issued 0.6 billion USD bonds | 3,658,140,000.00 | 2013/10/8 | 5years | 3,658,140,000.00 | 3,639,219,551.11 | 241,503,244.45 | - |
| 0.35 billion USD Bonds | 2,123,274,712.68 | 2013/8/20 | 5years | 2,123,274,712.68 | 2,133,276,696.88 | - | -133,044,954.18 |
| The private placement of debt financing instruments(Note 1) | 1,500,000,000.00 | 2014/6/9 | 2years | 1,500,000,000.00 | 1,500,000,000.00 | - | - |
| The private placement of financing instruments (privately raised company bonds) | 500,000,000.00 | 2015/12/8 | 3years | 500,000,000.00 | - | 500,000,000.00 | - |
| The private placement of financing instruments (privately raised company bonds) | 600,000,000.00 | 2014/5/26 | 3years | 600,000,000.00 | 600,000,000.00 | - | - |
| The private placement of financing instruments (privately raised company bonds) | 1,000,000,000.00 | 2014/9/26 | 3years | 1,000,000,000.00 | 1,000,000,000.00 | - | - |
| The private placement of financing instruments (privately raised company bonds) | 500,000,000.00 | 2015/2/13 | 3years | 500,000,000.00 | - | 500,000,000.00 | - |
| China Uranium issued 0.6 billion USD bonds | 3,896,159,561.28 | 2015/5/19 | 10years | 3,896,159,561.28 | - | 3,855,868,202.83 | 1,959,471.30 |

| Bonds' Name | Total amount of par value | Issue date | Terms | Issue Amount | Beginning Balance | Issue amount in this year | Amortization of premium or discount |
|---|---|---|---|---|---|---|---|
| 0.35 billion USD Bonds | 3,246,800,000.00 | 2015/11/5 | 10years | 3,209,321,151.06 | - | 3,209,321,151.06 | 488,842.82 |
| **Total** | **36,053,577,965.96** | — | — | — | **25,898,167,727.37** | **10,242,725,495.13** | **-145,096,366.29** |

Continued):

| Bonds' Name | Decrease | Ending Balance | Interest payable at the beginning year | Increase | Decrease | Interest payable at the ending year |
|---|---|---|---|---|---|---|
| **Total amounts of medium term notes** | **2,494,901,110.86** | **7,377,477,901.47** | **100,005,068.50** | **460,171,561.61** | **436,200,000.00** | **123,976,630.11** |
| 11 CGN MTN1(Note1) | 2,494,901,110.86 | - | 46,708,904.11 | 148,250,000.00 | 148,250,000.00 | 46,708,904.11 |
| 14 CGN MTN1 | - | 497,925,095.00 | 3,646,849.32 | 22,950,000.00 | 22,950,000.00 | 3,646,849.32 |
| 14 CGN MTN2 | - | 3,983,886,139.80 | 13,106,849.32 | 208,000,000.00 | 208,000,000.00 | 13,106,849.32 |
| 15 CGN MTN001 | - | 497,666,666.67 | - | 5,205,479.45 | - | 5,205,479.45 |
| 14 CGNWEC MTN001 | - | 998,000,000.00 | 36,542,465.75 | 57,000,000.00 | 57,000,000.00 | 36,542,465.75 |
| 15 CGNWEC MTN001 | - | 500,000,000.00 | - | 13,761,095.85 | - | 13,761,095.85 |
| 15 CGNWEC MTN002 | - | 900,000,000.00 | - | 5,004,986.31 | - | 5,004,986.31 |
| **Total amounts of corporate bonds** | - | **8,491,066,441.01** | **102,813,192.81** | **413,000,000.00** | **413,000,000.00** | **102,813,192.81** |
| 02 CGN | - | 4,000,000,000.00 | 25,207,713.36 | 180,000,000.00 | 180,000,000.00 | 25,207,713.36 |
| 07 CGN | - | 2,000,000,000.00 | 3,879,452.05 | 118,000,000.00 | 118,000,000.00 | 3,879,452.05 |

| Bonds' Name | Decrease | Ending Balance | Interest payable at the beginning year | Increase | Decrease | Interest payable at the ending year |
|---|---|---|---|---|---|---|
| 10 CGN | - | 2,491,066,441.01 | 73,726,027.40 | 115,000,000.00 | 115,000,000.00 | 73,726,027.40 |
| **Total amounts of others** | **1,500,000,000.00** | **16,422,544,135.45** | **174,870,562.32** | **518,855,354.64** | **451,107,377.68** | **242,618,539.28** |
| China Uranium issued 776 million exchangeable bonds to Silver Grant(note 2) | - | 612,758,649.06 | 17,903,369.57 | 32,494,587.92 | 29,532,137.79 | 20,865,819.70 |
| China Uranium issued 0.6 billion USD bonds | - | 3,880,722,795.56 | 30,301,159.25 | 137,867,876.30 | 137,914,399.64 | 30,254,635.91 |
| 0.35 billion USD Bonds | - | 2,266,321,651.06 | 31,172,905.65 | 89,269,219.15 | 87,360,840.25 | 33,081,284.55 |
| The private placement of debt financing instruments(Note 1) | 1,500,000,000.00 | - | 56,478,333.33 | 97,926,324.20 | 98,700,000.00 | 55,704,657.53 |
| The private placement of financing instruments (privately raised company bonds) | - | 500,000,000.00 | - | 1,293,750.00 | - | 1,293,750.00 |
| The private placement of financing instruments (privately raised company bonds) | - | 600,000,000.00 | 23,760,000.00 | 39,600,000.00 | 39,600,000.00 | 23,760,000.00 |
| The private placement of financing instruments (privately raised company bonds) | - | 1,000,000,000.00 | 15,254,794.52 | 57,841,095.89 | 58,000,000.00 | 15,095,890.41 |

| Bonds' Name | Decrease | Ending Balance | Interest payable at the beginning year | Increase | Decrease | Interest payable at the ending year |
|---|---|---|---|---|---|---|
| The private placement of financing instruments (privately raised company bonds) | - | 500,000,000.00 | - | 23,745,205.48 | - | 23,745,205.48 |
| China Uranium issued 0.6 billion USD bonds | - | 3,853,908,731.53 | - | 18,614,984.59 | - | 18,614,984.59 |
| 0.35 billion USD Bonds | - | 3,208,832,308.24 | - | 20,202,311.11 | - | 20,202,311.11 |
| **Total** | **3,994,901,110.86** | **32,291,088,477.93** | **377,688,823.63** | **1,392,026,916.25** | **1,300,307,377.68** | **469,408,362.20** |

Note 1: Until 31 December 2015, 11 CGN MTN1 and The private placement of debt financing instruments which has a 1.5 billion par value were due within one year, reclassified to non-current assets due within one year.

Note 2: Exchangeable bonds issued by CGNPCURC to their related party Yinjian international Industry Co Ltd(Yinjian company) in 2012. The par value of this exchangeable bond is HKD 776 million and 5% annual interest rate, 5 years. Yinjian company can exchange CGN Mining Co. Ltd's shares at the any business day before maturity using all or part of the exchangeable bond. The exchange price is the higher one between HKD 1.21 per share and 130% the average stock price that 5 trading days before the date on signed confirmation of subscription. However, when Yinjian company execute the exchange right or give notice that transfer the exchangeable bond, the Group can choose to never transfer CGN Mining Co. Ltd's shares to Yinjian company or using cash payment instead of transferred exchangeable bond. The amount of cash payment equals to closing price at the notice or transferred notice date, multiply the No. of share exchange if the Group never use cash payment then the number of Yinjian should received or transferred. Otherwise, the Group can redeem the exchangeable bond at any time after a full year issuing. The redemption amount is HKD 1 million or its magnification.

### 8.48 Long-term payables

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Total** | **1,543,300,234.21** | **2,050,322,672.24** |
| including：Maximum five items： | - | - |
| Rong Chuang Finence Leasing Co.Ltd | 500,000,000.00 | - |
| China Development Bank Leasing Co.Ltd | 500,000,000.00 | - |
| Non-Current Liabilities Provisions | 150,979,245.90 | - |
| IRS of Shenzhen Qianhai | 100,285,661.01 | - |
| Stock price payable | 64,000,000.00 | - |

### 8.49 Long-term employee's benefit payable

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Welfare after demission-nel liabilities of defined contribution plan | 35,341,000.00 | 8,126,496.95 | 4,428,496.95 | 39,039,000.00 |
| Share based payment settled by cash( Note) | - | 10,689,807.22 | - | 10,689,807.22 |
| **Total** | **35,341,000.00** | **18,816,304.17** | **4,428,496.95** | **49,728,807.22** |

Note: Share based payment settled by cash represents long-term employee's benefit payable recognized by cash share appreciation right of CGN Power Co.,Ltd, for details see 8.71

### 8.50 Estimated liabilities

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Provisions for retirement of nuclear power facilities | 1,588,127,402.48 | 1,370,586,299.71 |
| Provisions for medium and low waste disposal | 167,604,956.00 | 155,416,200.80 |
| Pending litigation | 518,658.00 | 518,658.00 |
| Others | 1,028,605.86 | 466,481.94 |
| **Total** | **1,757,279,622.34** | **1,526,987,640.45** |

### 8.51 Deferred income

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Government grant | 2,212,709,123.44 | 278,805,431.58 | 278,269,889.58 | 2,213,244,665.44 |
| **Total** | **2,212,709,123.44** | **278,805,431.58** | **278,269,889.58** | **2,213,244,665.44** |

Government grant details as following：

| Items | Ending balance | Amount recognized into current period profit and loss | Amount refund in current period | Reasons of refund |
|---|---|---|---|---|
| Assistance fund of Golden Sun Project | 453,642,500.00 | - | - | |
| Tax refund of domestic equipments | 366,268,966.34 | 18,991,731.43 | - | |
| Technology funds by Governments | 122,230,000.00 | - | - | |
| Special funds by Ministry of Finance on capital expenditures of nuclear power equipment | 75,888,000.00 | 18,972,000.00 | - | |
| small reactor and nuclear main pump operating and maintenance technology research and testing platform projects grants from MOB | 74,620,000.00 | - | - | |
| Fiscal appropriation on scientific research project | 73,698,910.73 | 1,799,289.27 | - | |
| 10MW Projects of Shenzhen airport | 69,300,000.10 | 3,999,999.96 | 46,000,000.00 | Under the requirement |
| Energy independent innovation funds in 2011 by ministry of finance | 59,430,000.00 | - | - | |
| Foreign mineral resources exploration risk capital | 57,890,000.00 | - | - | |
| the first phase appropriation of inaccessible equipment R&D in containment of nuclear power station | 57,000,000.00 | 18,000,000.00 | - | |
| Special interest allowance of import from Guangdong Province for encouraging import supplies | 53,687,181.78 | - | - | |

| Items | Ending balance | Amount recognized into current period profit and loss | Amount refund in current period | Reasons of refund |
|---|---|---|---|---|
| **Total** | **1,463,655,558.95** | **61,763,020.66** | **46,000,000.00** | |

### 8.52 Other non-current liabilities

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Derivatives financial instrument | 140,634,195.57 | 248,140,277.06 |
| Others | 552,566.99 | 2,203,104.75 |
| **Total** | **141,186,762.56** | **250,343,381.81** |

### 8.53 Paid in capital

| Investor | 31 December 2013 | | Increase | Decrease | 31 December 2014 | |
|---|---|---|---|---|---|---|
| | Amount | Proportion % | | | Amount | Proportion % |
| SASAC | 9,180,000,000.00 | 90.00% | 1,800,000,000.00 | - | 10,980,000,000.00 | 90.00% |
| Guangdong Hengjian Investment Holdings Co., Ltd. | 1,020,000,000.00 | 10.00% | 200,000,000.00 | - | 1,220,000,000.00 | 10.00% |
| **Total** | **10,200,000,000.00** | **100.00%** | **2,000,000,000.00** | **-** | **12,200,000,000.00** | **100.00%** |

Note: Increasing capital in this year see 1.PROFILE

### 8.54 Capital reserves

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Share premium（note 1） | 12,555,181,536.08 | 1,167,072,580.61 | 7,232,403,081.84 | 6,489,851,034.85 |
| State individual owned capital | 4,731,403,347.70 | 7,932,403,081.84 | 2,000,000,000.00 | 10,663,806,429.54 |
| Including: state-owned capital on operating budget（note 2） | 4,731,403,347.70 | 700,000,000.00 | 2,000,000,000.00 | 3,431,403,347.70 |

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Income tax exemption for changes assets appraisal（note 2） | - | 7,232,403,081.84 | - | 7,232,403,081.84 |
| Other capital reserve（note 3） | -600,044,833.86 | 13,384,184.83 | - | -586,660,649.03 |
| Including: Appreciation on assets appraisal | 1,229,363,184.73 | - | - | 1,229,363,184.73 |
| The effects of the restructuring of state-owned enterprises | -1,964,011,032.91 | - | - | -1,964,011,032.91 |
| **Total** | **16,686,540,049.92** | **9,112,859,847.28** | **9,232,403,081.84** | **16,566,996,815.36** |

Note 1: Increasing on share premium this year due to changes on subsidiaries' owners' equity share, the increasing amount is RMB 1,167,072,580.61. More details can see 7.8 "The Conditions of Changes on Shares of Owner's Equity"

Note 2: Increasing on capital reserve-State-owned capital on operating budget due to received operating budget funds for stated owned capital, the amount is RMB 700,000,000.00. Besides that, another reason is according to "the notice on corporate income tax policy of CGNPC reorganizing to come into the market and appreciation on assets appraisal" (Caishui [2015] No. 19) which issued by State Administration of Taxation on 4 February 2015, the Group's investment on CGN Power Co.,Ltd appreciate after asset appraisal, the amount is RMB 28,929,612,400. The corporate income tax RMB 7,232,403,081.84 will not be collected and directly transferred into CGNPC's state-owned capital funds. Decreasing in this year due to transferring paid-up capital RMB 1,800,000,000.00 and payment on equity compensation on the company's shareholder Guangdong Hengjian Investment Holdings Co., Ltd, the amount is RMB 200,000,000.00.

Note 3: The changes on other capital reserve due to the subsidiary CGNWEC, addition invest on Shanghai East Wind Power Co., Ltd. RMB 13,032,449.16 which holds already, and CGN New Energy Holdings Co., Ltd., which is subsidiary of CGNPC International Limited, increase its capital reserve due to share based payment, the increasing amount is RMB 351,735.67.

### 8.55 Specific reserve fund

| Items | Beginning Balance | Increase | Decrease | Ending Balance | Note |
|---|---|---|---|---|---|
| safety production cost | 26,131,826.64 | 143,953,127.35 | 108,616,921.06 | 61,468,032.93 | |
| **Total** | **26,131,826.64** | **143,953,127.35** | **108,616,921.06** | **61,468,032.93** | |

Notes: Non-controlling interest vest in minority shareholder's safety production cost is 1,350,632.40

### 8.56 Surplus reserve

| Items | Beginning Balance | Increase | Decrease | Ending Balance |
|---|---|---|---|---|
| Statutory surplus reserve | 4,473,430,257.28 | 115,093,490.84 | - | 4,588,523,748.12 |
| Discretionary surplus reserve | 21,889,791,439.63 | - | - | 21,889,791,439.63 |
| **Total** | **26,363,221,696.91** | **115,093,490.84** | **-** | **26,478,315,187.75** |

### 8.57 Undistributed profit

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Beginning of the year | **21,872,796,548.42** | **18,413,422,913.49** |
| Increase during the year | **5,162,328,060.02** | **6,198,527,248.50** |
| Including: Transfer from net income attributable to equity holders in parent company during the year | 5,162,328,060.02 | 6,198,527,248.50 |
| Decrease during the year | **1,122,385,892.97** | **2,739,153,613.57** |
| Including: Allocation to surplus reserve | 115,093,490.84 | 685,534,444.05 |
| Allocation to general risk provisions | - | 80,000,000.00 |
| Cash dividend distributed | 1,004,161,400.00 | 1,011,855,600.00 |
| Reserve for staff bonus and welfare fund | - | 1,283,380.59 |
| Others decrease | 3,131,002.13 | 960,480,188.93 |
| **End of the year** | **25,912,738,715.47** | **21,872,796,548.42** |

Others decrease which amount is 3,131,002.13 is formed as follows: the Company is shareholders of Huatai Securities state-owned shares. Huatai Securities first time public issued H shares on oversea listing. According to relevant regulation of SASAC, the 10% of the shares holds on Huatai Securities should be transferred to National Social Security Fund Council. According to the book value of the Company's held on invested Huatai Securities to calculate the undistributed profit which should be written off is RMB 3,131,002.13.

### 8.58 Operating revenue and Operating costs

| Items | Ending Balance | | Beginning Balance | |
|---|---|---|---|---|
| | Revenue | Cost | Revenue | Cost |
| Main Operation | 48,845,698,550.65 | 29,336,388,156.00 | 44,232,186,886.10 | 27,582,402,895.15 |
| Sales of electricity | 36,059,892,222.86 | 19,234,300,449.60 | 33,830,565,407.18 | 18,872,133,630.47 |
| Construction installation | 2,618,614,183.65 | 1,965,860,487.04 | 3,048,445,867.88 | 2,748,594,945.56 |
| Other sales and services | 10,167,192,144.14 | 8,136,227,219.36 | 7,353,175,611.04 | 5,961,674,319.12 |
| Other operations | 1,377,555,187.59 | 1,059,437,013.29 | 620,421,610.43 | 457,678,872.92 |
| Sales of materials and services | 1,377,555,187.59 | 1,059,437,013.29 | 620,421,610.43 | 457,678,872.92 |
| **Total** | **50,223,253,738.24** | **30,395,825,169.29** | **44,852,608,496.53** | **28,040,081,768.07** |

## 8.59 Net interest income

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Interest income** | **360,926,636.09** | **302,761,902.79** |
| －Due from banks | 202,275,044.83 | 165,158,585.17 |
| －Balances with central bank | 38,716,233.81 | 46,041,290.01 |
| －Loans and advances | 99,812,578.90 | 77,264,286.72 |
| Including: Corporate loans and advances | 99,812,578.90 | 77,264,286.72 |
| － Financial assets purchased under resale agreement | 3,788,884.22 | 4,480,254.57 |
| －Others | 16,333,894.33 | 9,817,486.32 |
| **Interest expenditures** | **25,421,185.65** | **24,187,512.07** |
| －Borrowing funds | 7,442,409.17 | 19,404,691.98 |
| －Deposits | 17,978,776.48 | 4,686,795.43 |
| －Financial assets sold under repurchase agreements | - | 96,024.66 |
| **Net interest income** | **335,505,450.44** | **278,574,390.72** |

## 8.60 Net service charges and commission income

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **Service charges and commission income** | **13,290,417.42** | **18,944,612.00** |
| —Agency commissions | 617,077.11 | 636,350.00 |
| —Consultancy and advisory fees | 12,673,340.31 | 18,308,262.00 |
| **Service charges and commission expenditures** | **5,130,014.56** | **1,577,791.85** |
| —Service charges | 3,487,729.50 | 1,577,791.85 |
| —Commissions | 1,642,285.06 | - |
| **Net Service charges and commission income** | **8,160,402.86** | **17,366,820.15** |

## 8.61 Sales expense

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Employee benefit | 124,448,072.05 | 116,900,003.94 |
| Transportation expense | 35,107,337.30 | 16,782,120.91 |
| Advertisement expense | 2,990,749.26 | 12,276,160.92 |
| Others | 152,900,212.09 | 95,678,632.15 |
| **Total** | **315,446,370.70** | **241,636,917.92** |

## 8.62 Administrative Expense

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Employee benefit | 1,586,539,500.34 | 1,453,186,838.24 |
| Research and develop expense | 656,035,113.86 | 559,915,454.36 |
| Amortization of intangible assets | 290,009,993.60 | 301,230,202.95 |
| Consultant and agency fee | 261,510,876.14 | 220,388,388.16 |
| Depreciation | 192,673,825.76 | 116,603,343.02 |
| Taxation | 155,106,384.34 | 128,508,630.24 |
| Rent | 113,835,859.61 | 61,999,636.44 |
| Office expense | 90,247,917.36 | 41,309,892.56 |
| Business trip expense | 75,074,090.77 | 76,663,537.72 |
| Others | 401,583,805.19 | 381,289,167.67 |
| **Total** | **3,822,617,366.97** | **3,341,095,091.36** |

### 8.63 Financial expenses

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Interest expenditures | 6,394,320,630.21 | 6,213,543,356.42 |
| Less: Interest income | 361,253,673.59 | 156,290,660.30 |
| Add: Foreign exchange losses | 205,004,858.22 | -431,669,380.16 |
| Add: Other expenditures | 211,808,733.48 | 185,588,611.06 |
| **Total** | **6,449,880,548.32** | **5,811,171,927.02** |

### 8.64 Assets impairment losses

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Bad debt loss | 35,833,570.71 | -10,926,256.60 |
| Loss on inventories decline in value | 149,956,141.57 | 31,430,779.28 |
| Loss on impairment of long-term equity investment | 558,780,749.06 | 9,070,462.80 |
| Loss on impairment of fixed assets | 13,315,405.95 | 23,210,686.85 |
| Loss on impairment of construction in process | 634,400.00 | - |
| Loss on impairment of goodwill | 175,056,363.08 | 92,760,000.00 |
| Loss on impairment of loans | 55,304,700.00 | 15,581,300.00 |
| Loss on impairment of uranium ore assets | 51,017,681.49 | - |
| **Total** | **1,039,899,011.86** | **161,126,972.33** |

### 8.65 Gains on change in fair value

| Source | Ending Balance | Beginning Balance |
|---|---|---|
| Financial assets measured at fair value through profit or loss for the current year | -35,738,943.17 | -148,786,130.81 |
| Including: gains on change at fair value generated by derivative financial instruments | -37,651,984.54 | -149,387,269.99 |
| Financial liabilities at fair value through profit or loss for the current year | 70,465,483.25 | -355,278,204.04 |
| Including: gains on change at fair value generated by derivative financial instruments | 75,381,378.31 | -353,517,831.39 |
| **Total** | **34,726,540.08** | **-504,064,334.85** |

### 8.66 Investment income

1) Source

| Source | Ending Balance | Beginning Balance |
|---|---|---|
| Long-term equity investment accounted for under equity method | 1,154,303,645.43 | 979,959,001.47 |
| Investment income from disposal of long-term equity investment | 78,818,109.52 | 7,626,296.22 |
| Investment income from financial assets measured at fair value through profit or loss for the current year | -9,924,542.92 | 99,127,942.03 |
| Investment income from held-to-maturity investment during the holding year | 9,125,595.62 | 5,754,975.20 |
| Investment income from available-for-sale during the holding year | 141,831,886.70 | 104,892,133.22 |
| Investment income from disposal of financial assets measured at fair value through profit or loss for the current year | 27,599,334.45 | 3,313,095.73 |
| Investment income from disposal of available-for-sale financial assets | 405,599,996.81 | 116,403,047.91 |
| Investment income from held-for-trading financial liability | -170,106,117.42 | -93,256,229.29 |
| Others | -20,514,386.20 | 7,421,741.36 |
| **Total** | **1,616,733,521.99** | **1,231,242,003.85** |

2) The Group has no significant limit on investment income repatriation.

### 8.67 Non-operating revenue

1) Non-operating revenue

| Items | Ending Balance | Beginning Balance | The amount recognized in extraordinary gains and losses in this year |
|---|---|---|---|
| 1. Gain on disposal of non-current assets | 2,247,509.05 | 9,468,915.43 | 2,247,509.05 |

| Items | Ending Balance | Beginning Balance | The amount recognized in extraordinary gains and losses in this year |
|---|---|---|---|
| Including: Gain on disposal of fixed assets | 2,247,509.05 | 6,145,447.00 | 2,247,509.05 |
| 2. Government grant | 1,777,934,158.20 | 1,831,440,739.15 | 299,924,414.09 |
| 3. Gain on fines and penalties | 9,531,531.30 | 489,668.37 | 9,531,531.30 |
| 4.Gain on Carbon Reduction | 5,025,777.68 | 9,967,447.20 | 5,025,777.68 |
| 5.Compensation for demolition | - | 50,000,000.00 | - |
| 6. Others | 142,317,224.62 | 30,149,268.69 | 142,317,224.62 |
| **Total** | **1,937,056,200.85** | **1,931,516,038.84** | **478,038,188.17** |

2) Government Grant

| Items | Ending Balance | Beginning Balance | Related to assets / revenue |
|---|---|---|---|
| **Government grant related to revenue:** | **1,686,607,889.88** | **1,771,114,881.11** | **related to revenue** |
| Including: VAT refunds | 1,459,018,012.68 | 1,680,829,679.55 | related to revenue |
| Development on digitization I&C system of nuclear power station | 86,133,902.17 | - | related to revenue |
| Natural Uranium purchase finance grants | 44,814,072.05 | 33,365,000.00 | related to revenue |
| Government reward funds | 20,608,139.11 | | related to revenue |
| Financial rewards issued by City Financial Office | 12,929,782.03 | - | related to revenue |
| **Government grant related to assets:** | **91,326,268.32** | **60,325,858.04** | **related to assets** |
| Domestic equipment tax refund amortization | 18,991,731.43 | 28,167,421.00 | related to assets |
| Autonomation of nuclear power equipment | 18,972,000.00 | - | related to assets |
| government grant for intelligent equipment project | 18,000,000.00 | 12,000,000.00 | related to assets |

| Items | Ending Balance | Beginning Balance | Related to assets / revenue |
|---|---|---|---|
| LUCA furnace and impurity laboratory table | 5,400,000.00 | - | related to assets |
| Shenzhen airport 10MW projects | 3,999,999.96 | 4,539,999.93 | related to assets |
| **Total** | **1,777,934,158.20** | **1,831,440,739.15** | |

### 8.68 Non-operating expenditures

| Items | Ending Balance | Beginning Balance | The amount recognized in extraordinary gains and losses in this year |
|---|---|---|---|
| Loss on disposal of non-current assets | 27,250,137.75 | 35,640,739.10 | 27,250,137.75 |
| Including: Loss on disposal of fixed assets | 24,925,702.98 | 33,787,803.49 | 24,925,702.98 |
| Donations | 8,436,449.90 | 4,764,362.91 | 8,436,449.90 |
| Pay out as expenditure (Note 1) | 33,390,601.53 | - | 33,390,601.53 |
| Others | 101,677,593.58 | 37,884,579.23 | 101,677,593.58 |
| **Total** | **170,754,782.76** | **78,289,681.24** | **170,754,782.76** |

Note 1: Pay out as expenditure includes: 1) According to "Board resolution of approval of asset derecognition on Taishan watershed project and accrued provisions on long-term equity investment" (Guangfengdianzongjuezi [2016] No. 05 Total 984), CGNWEC's initial costs on construction project of CGN(Taishan Fenshuiling)Wind Power Co., Ltd. recognized as expenditure. The amount is RMB 32,389,000.00. 2) According to "CGNWEC's meeting minutes of managers" (Guanghefengdianjiyao [2015] No. 190), CGNWEC's initial costs on Zhangjiakou Erquanjing project recognized as expenditure. The amount is RMB 1,001,600.00.

### 8.69 Income tax

1) Income tax expenses

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Income tax based on relevant regulations | 1,958,321,887.45 | 1,531,898,199.85 |
| Adjustment on deferred tax | 127,396,344.93 | -73,241,535.97 |
| Others | 22,841,089.82 | -23,149,433.95 |
| **Total** | **2,108,559,322.20** | **1,435,507,229.93** |

2) The adjustment on accounting profit and income tax expenses

| Items | Amount in this year |
|---|---|
| Total amount of consolidated profited in this year | 11,244,559,871.83 |
| Income tax expenses calculated by appropriate tax rate | 2,811,139,967.96 |
| Influence on different tax rate of subsidiaries | -101,640,431.07 |
| Adjustment on income tax influences on prior year | 22,841,089.82 |
| Tax effect of income not taxable for tax purpose | -688,788,386.20 |
| Tax effect of expenses not deductible for tax purpose | 132,507,413.36 |
| Influence on using unrecognized deductible losses formed by deferred tax assets during prior year | -14,719,853.96 |
| Influence on deductible temporary difference or deductible losses formed by the unrecognized deferred tax assets in this year | 351,503,564.69 |
| Others | -404,284,042.40 |
| Income tax expenses | **2,108,559,322.20** |

## 8.70 Other comprehensive income

1) The details of other comprehensive income and the effects to the income tax and net profit

| Items | Ending Balance | | |
|---|---|---|---|
| | Pre-tax amount | Income tax | Post-tax amount |
| 1.Other comprehensive income items which will not be reclassified subsequently to profit or loss | **-5,479,000.00** | **-** | **-5,479,000.00** |
| 1)Changes as a result of re-measurement of net defined benefit plan liability or asset | -5,479,000.00 | - | -5,479,000.00 |

| Items | Ending Balance | | |
|---|---|---|---|
| | Pre-tax amount | Income tax | Post-tax amount |
| 2)Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss | - | - | - |
| 2.Other comprehensive income items which will be reclassified subsequently to profit or loss | **-109,425,304.58** | **256,275,233.06** | **-365,700,537.64** |
| 1)share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss | -1,184,103,180.09 | - | -1,184,103,180.09 |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | -1,184,103,180.09 | - | -1,184,103,180.09 |
| 2)Gains or losses arising from changes in fair value of available-for-sale financial assets | 1,025,100,932.25 | 256,275,233.06 | 768,825,699.19 |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | 1,025,100,932.25 | 256,275,233.06 | 768,825,699.19 |
| 3)Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets | - | - | - |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | - | - | - |
| 4)The effective hedging portion of gains or losses arising from cash flow hedging instruments | -591,418.30 | - | -591,418.30 |

| Items | Ending Balance | | |
|---|---|---|---|
| | **Pre-tax amount** | **Income tax** | **Post-tax amount** |
| the adjustments of the amount initially recognized when reclassified as hedging items | - | - | - |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | -591,418.30 | - | -591,418.30 |
| 5)Translation of foreign currency financial statements | 50,168,361.56 | - | 50,168,361.56 |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | 50,168,361.56 | - | 50,168,361.56 |
| **Total** | **-114,904,304.58** | **256,275,233.06** | **-371,179,537.64** |

Continued):

| Items | Beginning Balance | | |
|---|---|---|---|
| | **Pre-tax amount** | **Income tax** | **Post-tax amount** |
| 1.Other comprehensive income items which will not be reclassified subsequently to profit or loss | **-4,775,000.00** | - | **-4,775,000.00** |
| 1)Changes as a result of re-measurement of net defined benefit plan liability or asset | -4,775,000.00 | - | -4,775,000.00 |
| 2)Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss | - | - | - |
| 2.Other comprehensive income items which will be reclassified subsequently to profit or loss | **255,706,373.10** | **192,424,896.26** | **63,281,476.84** |

| Items | Beginning Balance | | |
|---|---|---|---|
| | Pre-tax amount | Income tax | Post-tax amount |
| 1)share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss | -528,480,931.22 | - | -528,480,931.22 |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | -528,480,931.22 | - | -528,480,931.22 |
| 2)Gains or losses arising from changes in fair value of available-for-sale financial assets | 769,699,585.03 | 192,424,896.26 | 577,274,688.77 |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | -7,371,540.00 | - | -7,371,540.00 |
| Subtotal | 777,071,125.03 | 192,424,896.26 | 584,646,228.77 |
| 3)Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets | - | - | - |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | - | - | - |
| 4)The effective hedging portion of gains or losses arising from cash flow hedging instruments | -648,614.00 | | -648,614.00 |
| the adjustments of the amount initially recognized when reclassified as hedging items | - | - | - |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | -648,614.00 | - | -648,614.00 |

| Items | Beginning Balance | | |
|---|---|---|---|
| | **Pre-tax amount** | **Income tax** | **Post-tax amount** |
| 5)Translation of foreign currency financial statements | 7,764,793.29 | - | 7,764,793.29 |
| Less: Net of the previous other comprehensive income charged to profit or loss for the current year | - | - | - |
| Subtotal | 7,764,793.29 | - | 7,764,793.29 |
| **Total** | **250,931,373.10** | **192,424,896.26** | **58,506,476.84** |

2) The adjustments of each item of other comprehensive income：

| Items | Beginning Balance of last year | Changes during prior year | Beginning Balance of this year |
|---|---|---|---|
| 1.Other comprehensive income items which will not be reclassified subsequently to profit or loss | **3,010,546.80** | **-3,931,867.97** | **-921,321.17** |
| 1)Changes as a result of re-measurement of net defined benefit plan liability or asset | 3,010,546.80 | -3,931,867.97 | -921,321.17 |
| 2)Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss | - | - | - |
| 2.Other comprehensive income items which will be reclassified subsequently to profit or loss | **-3,219,422,301.41** | **2,004,797,516.34** | **-1,214,624,785.07** |
| 1)share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss | -1,447,393,515.36 | -179,282,633.76 | -1,626,676,149.12 |
| 2)gains or losses arising from changes in fair value of available-for-sale financial assets | 235,164,394.18 | 235,447,931.30 | 470,612,325.48 |
| 3)gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets | - | - | - |
| 4)the effective hedging portion of gains or losses arising from cash flow hedging instruments | -9,876,000.90 | -648,614.00 | -10,524,614.90 |

| Items | Beginning Balance of last year | Changes during prior year | Beginning Balance of this year |
|---|---|---|---|
| 5)translation of foreign currency financial statements | -1,997,317,179.33 | 1,949,280,832.80 | -48,036,346.53 |
| 3、Others | - | - | - |
| **Total** | **-3,216,411,754.61** | **2,000,865,648.37** | **-1,215,546,106.24** |

Continued:

| Items | Beginning Balance of this year | Changes during current year | Ending Balance of this year |
|---|---|---|---|
| 1.Other comprehensive income items which will not be reclassified subsequently to profit or loss | **-921,321.17** | **-3,433,646.09** | **-4,354,967.26** |
| 1)Changes as a result of remeasurement of net defined benefit plan liability or asset | -921,321.17 | -3,433,646.09 | -4,354,967.26 |
| 2)Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss | – | – | – |
| 2.Other comprehensive income items which will be reclassified subsequently to profit or loss | **-1,214,624,785.07** | **-503,632,623.69** | **-1,718,257,408.76** |
| 1)share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss | -1,626,676,149.12 | -1,134,562,722.70 | -2,761,238,871.82 |
| 2)gains or losses arising from changes in fair value of acailable-for-sale financial assets | 470,612,325.48 | 768,825,699.19 | 1,239,438,024.67 |
| 3)gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets | – | – | – |
| 4)the effective hedging portion of gains or losses arising from cash flow hedging instruments | -10,524,614.90 | -427,536.29 | -10,952,151.19 |
| 5)translation of foreign currency financial statements | -48,036,346.53 | -137,468,063.89 | -185,504,410.42 |
| 3.Others | – | – | – |
| **Total** | **-1,215,546,106.24** | **-507,066,269.78** | **-1,722,612,376.02** |

### 8.71 Share based payment

1） Share based payment settled by equity method

| Items | Conditions |
|---|---|
| The determination method of fair value of equity instrument at grant date | Black-ScholesValuation Models |
| The determination method on best estimate of amount of vested equity instrument | The estimate on employee's dimission rate before the vesting date |
| The reasons of difference of this year estimate and last year estimate | — |
| Cumulative of shares based payment on capital reserves which settled by equity | 351,735.67 |
| Total amount of share based payment settled by equity method | 486,562.00 |

Share based payment settled by equity method is according to "Resolution of share option plan (plan in 2015) which approved on 24 December 2015, CGN New Energy Holdings Co., Ltd.( New Energy Holdings), a subsidiary of CGNPC International Limited, rewards on directors and qualifying employee. 2015 share option plan will valid in 10 years from shareholder rights plan date. According to 2015 plan, the board of directors of New Energy Holdings sale share option to qualifying employee to subscribe to New Energy Holdings' share. On 8 December 2015 and 30 December 2015, 34,450,000 share options and 1,160,000 share options are already award to some qualifying employees. On 31 December 2015, the numbers of shares that already awarded or haven't executive of 2015 plan are 34,980,000. It equals to 0.82% of shares which are already issued by New Energy Holdings.

Until 31 December 2015, New Energy Holdings recognized the expenses of equity settled share based payment are RMB 486,562.00, Increase capital reserves 486,562.00; On Group consolidated level, after deducted proportion of minority shareholders, the Group's consolidated capital reserves increases RMB 351,735.67.

2) Share based payment settled by cash based

On 12 June 2015, the plans on stock H appreciation rights was approved by 2014 Annual General Meeting of CGNPC. On 5 November 2015, CGNPC's the tenth conference of the first Board of Directors approved the embodiment on first phase of stock appreciation rights.

( Followings abbreviation as “Plan”).

According to the Plan, CGNPC awards 359 employees stock appreciation rights 256,240,000 in the first phase. Among of the above, stock appreciation rights which settled by CGNPC are 218,880,000, settled by joint ventures and Associates are 37,360,000. The exercise price is HKD 3.50 per share. Stock appreciation rights awards are cash payment and not involving the CGNPC’s equity, no dilution on CGNPC’s equity.

Stock appreciation rights which achieved by awarded persons will be took effect during 3 years when fulfil the relevant conditions. The one over three of the numbers of stock appreciation rights which achieved by awarded persons will be valid on the first working date after 17 December 2016, 17 December 2017 and 17 December 2018.

The validity of exercise of the Plan is 3 years, from the effective date of stock appreciation rights to the last working date of validity of exercise. When exceeds the validity of exercise, the rights may automatic invalid and cannot be exercised retrospective.

On 31 December 2015, total amount of fair value of stock appreciation rights which were settled by CGNPC is RMB 127,737,664.73. The valuation of fair value used Black-Scholes Valuation Models, the data typed in models as follows:

| | |
|---|---|
| Fair Value (in HKD) | 0.63-0.73 |
| Weighted Average Stock Price (in HKD) | 2.90 |
| Strike Price | 3.50 |
| Expected Volatility | 36.38%-38.89% |
| Expected Life | 0.96-2.96 years |
| Expected Dividend Earned | 1.53% |
| Risk-free Interest Rate | 0.897-1.173% |

On 31 December 2015, the total amount of liabilities formed by cash settlement on share based payment by CGNPC is RMB 10,689,807.22. The total amount of expenses formed by cash settlement on share based payment by CGNPC is RMB 10,689,807.22.

### 8.72 Borrowing Costs

| Items | Amount |
|---|---|
| Interest expenses | 12,009,209,124.24 |
| Including: Capitalization Amount | 5,614,888,494.03 |
| Recorded into finance expenses | 6,394,320,630.21 |

### 8.73 Lease

1) Minimum lease collection (Lessor of financial lease)

| Remaining Lease Period | Minimum Lease Collection |
|---|---|
| Within 1 year (include 1 year) | 1,208,025,840.79 |
| 1-2 years (include 2 year) | 1,411,932,394.33 |
| 2-3 years (include 3 year) | 676,226,864.77 |
| Over 3 years | 1,326,416,985.10 |
| **Total** | **4,622,602,084.99** |

2) Significant Operating Lease (Lessor of operating lease)

| Remaining Lease Period | Minimum lease payment of irrevocable operating lease |
|---|---|
| Within 1 year (include 1 year) | 173,893,658.40 |
| 1-2 years (include 2 year) | 122,875,979.37 |
| 2-3 years (include 3 year) | 121,272,712.08 |
| Over 3 years | 287,138,129.13 |
| **Total** | **705,180,478.98** |

3) Operating Lease Assets (Lessor of operating lease)

| Category of Operating Lease Assets | Ending Balance | Beginning Balance |
|---|---|---|
| Buildings | 1,827,984,453.49 | 1,862,588,398.26 |
| Machine and Equipment | 299,890.63 | 497,508.97 |
| **Total** | **1,828,284,344.12** | **1,863,085,907.23** |

### 8.74 Consolidated statement of cash flows

1) Further information on statement of cash flows

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| 1. Reconciliation of net profit to cash flows from operating activities: | — | — |
| Net profit | 9,136,000,549.63 | 8,071,936,954.20 |

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Add: Provision for impairment of assets | 1,039,899,011.86 | 161,126,972.33 |
| Depreciation of fixed assets, depletion of oil & gas, depreciation of productive bio-materials | 7,248,868,140.96 | 6,285,110,495.85 |
| Amortization of intangible assets | 508,529,444.08 | 546,522,615.71 |
| Amortization of long-term prepaid expenses | 161,719,550.31 | 120,066,392.57 |
| Losses on disposal of fixed assets, intangible assets and other long-term assets (or "-" for gains) | 25,002,628.70 | 26,171,823.67 |
| Losses on scrapping of fixed assets (or "-"for gains) | - | - |
| Losses on change of fair values ("-" for gains) | -34,726,540.08 | 504,064,334.85 |
| Financial expenses (or "-" for income) | 5,914,935,859.24 | 6,292,242,420.55 |
| Losses arising from investments (or "-"for gains) | -1,616,733,521.99 | -1,231,242,003.85 |
| Decrease on deferred tax asset (or "-" for increase) | -67,977,172.65 | -189,269,313.90 |
| Increase on deferred tax liability (or "-" for decrease) | 195,373,517.58 | 116,027,777.93 |
| Decrease in inventories (or "-" for increase) | -5,218,130,045.85 | -1,825,349,820.94 |
| Decrease in operating receivables (or "-" for increase) | -4,022,926,613.25 | -3,382,132,439.89 |
| Increase in operating payable (or "-" for decrease) | -1,712,420,410.74 | -3,008,472,881.13 |
| Others | 351,735.67 | - |
| **Net cash flows from operating activities** | 11,557,766,133.47 | 12,486,803,327.95 |
| 2. Significant investing and financing activities that do not involve cash receipts or payments: | — | — |
| Conversion of debt into capital | - | - |
| Convertible bonds to be expired within 1 year | - | - |
| Fixed assets under finance lease | - | - |
| 3. Net increase in cash and cash equivalents: | — | — |
| Cash at the end of the year | 20,935,996,535.53 | 37,027,036,061.39 |
| Less: Cash at the beginning of the year | 37,027,036,061.39 | 11,875,086,417.49 |

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Add: Cash equivalents at the end of the year | - | - |
| Less: Cash equivalents at the beginning of the year | - | - |
| Net increase in cash and cash equivalents | **-16,091,039,525.86** | **25,151,949,643.90** |

2) Disclosure of acquisition and disposal of subsidiaries and other business entities in the current year

| Items | Amount |
|---|---|
| The amount of payment of cash and cash equivalents in this year due to consolidation in this year | 1,183,756,796.35 |
| Less: Cash and cash equivalents held by subsidiaries and other business entities | 168,190,209.86 |
| Add: The amount of payment of cash and cash equivalents in this year due to consolidation in priors years | 14,697,610.00 |
| Net cash amount acquired by subsidiaries | 1,030,264,196.49 |
| The amount of payment of cash and cash equivalents in this year due to disposal on subsidiaries in this year | 123,576,804.27 |
| Less: Cash and cash equivalents held by subsidiaries at the date of lost control | 63,058,773.67 |
| Add: The amount of payment of cash and cash equivalents in this year due to disposal on subsidiaries in priors years | - |
| Net cash amount acquired by disposed subsidiaries | 60,518,030.60 |

3) Cash and cash equivalents

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| 1. Cash | 20,935,996,535.53 | 37,027,036,061.39 |
| Including: Cash on hand | 646,744.48 | 765,221.79 |
| Cash in bank available for payment at anytime | 20,901,297,959.56 | 37,021,653,606.49 |
| Other monetary fund available for payment at anytime | 34,051,831.49 | 4,617,233.11 |
| 2. Cash Equivalents | - | - |
| Including: Bond investment due within 3 months | - | - |
| **3. Cash and cash equivalents at the end of the year** | **20,935,996,535.53** | **37,027,036,061.39** |
| Including: Restricted cash and cash equivalents when parent company and subsidiaries used | - | - |

### 8.75 Assets restricted on ownership and right of use

| Items | Book Value at the year end | Reasons for Restriction |
|---|---|---|
| Other monetary funds | 2,172,798,010.96 | See notes 8.1 |
| Bank deposits | 98,858,040.00 | See notes 8.1 |
| Long-term equity investment | 5,127,842,760.09 | Loan pledged |
| Fixed assets | 34,601,904,795.11 | Loan pledged |
| Intangible assets | 104,364,956.17 | Loan pledged |
| Notes receivables | 12,496,040.56 | Loan pledged |
| Accounts receivables | 2,668,116,972.21 | Loan pledged |
| **Total** | **44,786,381,575.10** | — |

## 9. THE CONTINGENCIES

### 9.1 Until December 31, 2015, the details of guarantee provided by the Group:

| Guarantor | Guarantee | Type of guarantee | Amount of guarantee |
|---|---|---|---|
| **Outside the Group** | | | **47,291,114,584.79** |
| The Company | ICBC Shenzhen branch | Loan guarantee | 1,179,345,000.00 |
| The Company | Taurus Mineral Limited | Loan guarantee | 6,605,991,584.79 |
| CGN Nuclear Power Inveatment Co.,Ltd. | Liaoning Hongyanhe Nuclear Power Co., Ltd. | Loan guarantee | 39,505,778,000.00 |

### 9.2 Pledge of assets

As at December 31, 2015, the Group has pledged part of the assets for borrowings, for the details refer to NOTES 8. (75)"Assets restricted on ownership and right of use"

### 9.3 As at 31 December 2015, the unsettled litigation, arbitration formation of the Group is as below:

1) The dispute of project construction contract between China railway 13th bureau and CGN

Yawang MuLi County Shawan Electric Power Co., LTD.

On June 2006, CGN Yawang Muli County Shawan Electric Power Co., Ltd( Shawan Company) and China Railway 13th bureau signed the construction contracts of Liangshan Province Muli County Shawan hydropower station diversion tunnel project with 5th marks and 6th marks. After the contracts are signed, China Railway 13th Bureau starts the construction, but during the construction there is dispute about the implementing the contract between Shawan Company and China Railway 13th Bureau.

On 14 February 2012, China Railway 13th Bureau sued Shawan Company through Chengdu Railway Transportation Intermediate Court, it requires Shawan Company to pay its outstanding payments in RMB 24,110,570.01 and claims for change the compensation clause and the corresponding interest payment, and Shawan Company is required to bear all costs of litigation. On 9 March 2012, Shawan Company raised the objection of jurisdiction to the Chengdu Railway Transportation Intermediate Court. On 16 April 2012, Chengdu Railway Transportation Intermediate Court ruled to dismiss Shawan Company's objection of jurisdiction. On 27 April 2012, Shawan Company submits an appeal about the objection of jurisdiction to Sichuan Provincial Higher People's Court. On 1 June 2012, Sichuan Provincial Higher People's Court ruled that the case is transferred to Intermediate Court in Liangshan Province. After that, the case is still in the stage of collecting evidence, on 22 November 2012, the prosecutor changes the requirement of the litigation, the requirement of litigation after change is to "make the payment of RMB 49,711,897.39 to construction and related interest payment, and also bear all the costs of the litigation."

December 5, 2014, Liangshan Prefecture Intermediate People's Court of First Instance sentence that the defendant pays about RMB 13,546,000.00, Shawan Company then appealed.

Until the date of approval of financial report, the second trail of this case was concluded but had no judgment yet.

2） Disputes of engineering and construction contract of Sichuan Hydro-elec Group of China sued Sichuan Yutian Energy Development Co., Ltd.(Yutian Company)

Details of the case: the plaintiff signed 4 construction contracts related to Yutian power station construction with the defendant in 2008 (the date of signed was earlier than the date of acquires share of Yutian Company). Yutian power station was completed in January 2013, but after multiple negotiations, both two sides still cannot reach consensus on settle accounts. On 18 May 2015, the plaintiff took a legal action on Sichuan Liangshan Intermediate People's Court. It requires the defendant to pay construction funds RMB 68,427,944.00 and relevant interest lawyer fees and legal fees of this case, etc.

The first instance of this case was concluded. The plaintiff received the civil ruling paper from Liangshan Intermediate People’s Court on 16 November 2015. The judgment reject the requirements of the plaintiff. Sichuan Hydro-elec Group of China was appealed already.
The attorney agent of Yutian Company was active preparing on the appeal strategies.

Until the date of approval of financial report, the second instance of this case was not yet trial.

3） Disputes of property damage compensation of Sichuan Shijia Ecological Agriculture Development Co., Ltd. sued Sichuan Hongya Baihuatan Hydropower Generation Co., Ltd.

Details of the case: the plaintiff lease all lands in Qingyijiang river way which belongs to the No.10 villager team of Hongya County, Zhongbao Town, Pingle Village in 2011 to engage in ecological breeding and construction base of Kiwi fruit. On 4 August 2014 2.00am, the plaintiff suffered a property damage due to flood from Qingyijiang rush into Baihua Island. The plaintiff believes that the reason of the damage on Baihua Island is Hongya Baihuatan hydropower station never build a flood prevention measures during construction period. The other reason they believed is due to Reservoir’s Sediment are silting in a few years after Baihuatan hydropower station completed. Therefore the plaintiff took a legal action on Hongya People’s Court on 25 July 2015. It request People’s Court make a judgment that the defendant pay economic losses RMB 3.8 million and bear the legal costs on this case.

Until the date of approval of financial report, the case was delay to trial and haven’t holds a court.

4） Disputes of equity transfer price of Energy Development company sue Sichuan Hongya Heseng Hydro Company

Energy Development company purchased 100% equity of SiChuan TianQuan JiaoJiPing Hydro (electric) Power Co., Ltd(hereafter to the JiaoJiPing company) from Hongya Heseng Hydro Company at 2008, the construction of the power stations which belong to JiaoJiPing company are not completed yet when purchasing. In order to efficiently improved construction progress the equity purchase contracts state that the defendant shall responsible for the complement of Jiaojiping power station. But the defendant breaches the contract and caused the power station construction cost over the budgets and delayed. On 2 December 2013, Energy Development Corporation filed a lawsuit to the Sichuan Provincial People's Higher Court, requiring the

Heseng Company to pay liquidated damage of RMB 493,460,000.00 thousands.

On 31 December 2015, Sichuan Provincial People's Higher Court made a first instance judgment. It as follows: i) the dependent pays the exceeds project acquisition funds to the plaintiff RMB 186,298,500.00; ii) the dependent pays the penalty RMB 69,120,000.00; iii) Huang Rui bear a joint guarantee on above 2 payment compulsory; iv) Reject others claims of the plaintiff.

Energy Development company was appealed to Supreme People’s Court on 1 February 2016.

Until the date of approval of financial report, the second instance of the case hasn’t trial in court.

5） Disputes of contract disputes of Shawan Company sued Sichuan Xichang Electric Power Co.,Ltd.

The plaintiff signed a Shayanxian asset transferred agreement with the defendant in December 2011. The transferred price is RMB 112,500,000.00. The validity payment time may not exceed 31 October 2012. After multiple negotiation on final payment of the above agreement from 2012 till now, both 2 sides still cannot reach a consensus. On 12 September 2015, the plaintiff took a legal action on Sichuan Liangshan autonomous prefecture of Yi nationality, the details of claims are: i) the defendant should pay asset transferred price RMB 60,250,000.00 to the plaintiff; ii) the defendant should pay overdue payment loss RMB 21850700.00 to the plaintiff; iii)the defendant should bear all legal fares and maintenance costs.

The case had a second trial in court on 2 March 2016. The third partyCGN.YETOP Changbai Yanyuan Hydropower Generation Co.,Ltd appear in court and join the litigation. People’s court let the paid price RMB 55,250,000.00, unpaid price RMB 60,250,000.00 concluded into no dispute facts. Then People’s court focus on the following two problems: i) the plaintiff owned equity transferred price, vehicle rental fees and fees on other agreements to the third party, CGN.YETOP Changbai Yanyuan Hydropower Generation Co.,Ltd . Is the defendant has the rights to offset these debts? ii) Is the defendant should bear the liability for breach of contract? Finally court asks for the intention on mediation to both plaintiff and defendant, the defendant likes to accept mediation.

Until the date of approval of financial report, the case were still in pending.

6） Disputes of contract disputes of Nantong Johnson & Johnson Photoelectric Technology Co., Ltd (JJPE) sued CGNSEDC.

CGNPC solar energy (Qingtongxia) development co., Ltd is the subsidiary of CGNSEDC, there is a dispute about the quality problem of the 2MW thin film components which is provided by Johnson & Johnson photoelectric, therefore the remaining contract payment of RMB 6 million has not yet paid. On 14 January 2013, Johnson & Johnson photoelectric appeal to Beijing Haidian District People's court to require the Company and the Company's subsidiary CGNPC solar energy (Qingtongxia) development Co., Ltd. to make the payment of RMB 6 million for thin film solar batteries under the contract, and also pay for the interest of delay payment of RMB 429,400.00 and economic loss of RMB 280,000.00.

CGNSEDC and CGNPC solar energy (Qingtongxia) development Co., LTD filed a counter-claim in February 2013, and request a replacement or refund of the goods purchased and related compensation on loss of totaling approximately RMB 12,780,000.00. Until 31 December 2015, the case still in the first instance period. Due to Johnson & Johnson photoelectric are not reach a consensus on identification content, Range and qualification standard, the plaintiff still waiting for the discretionary of the court. Now Johnson & Johnson photoelectric has the intention of negotiation and withdraw a lawsuit. After the first time negotiation, CGNSEDC and its subsidiary CGNPC solar energy (Qingtongxia) development co., LTD failed to reach a consensus with Johnson & Johnson photoelectric. Now both two sides are preparing the second negotiation.

7） The disputes of real estate transaction in Nanchang with Zhang Xiaoqiang

As at 24 March 2008, DNFC signed property sale agreement with Zhang Xiaoqiang, the agreement state that Zhang xiaoqiang purchase the property of DNFC in Nanchang at a price of RMB 27,810,000.00 and paid on installments. Zhang Xiaoqiang paid first installment of RMB 8,350,000.00 and DNFC handover the property to Zhang Xiaoqiang. But Zhang Xiaoqiang refused to pay the remaining consideration.

At the 4 June 2010, DNFC filed a lawsuit to Jiangxi Province People's High Court, and then the case transferred to the Nanchang Intermediate People's Court to trial. At December 28, 2011, Nanchang Intermediate People's Court made first sentence and Zhang Xiaoqiang appeal to the High Court. 5 July 2012, the Jiangxi Provincial High Court made (2012) ganminyizhongziNo.20 civil judgments, the decision cancel the property sales contract signed by the DNFC and Zhang Xiaoqiang, Zhang Xiaoqiang return the property, pay the liquidated damages, the rent after 1 July 2011 are owned by DNFC.

On 23 August 2013, the Supreme Court made "MinKangZi2013 No.66""civil ruling" and instructed Jiangxi Province Higher People's Court retrial the case, suspend the enforcement of the original judgment during the retrial.

On 20 November 2013, the Jiangxi Provincial People's High Court is hearing on the case. In 2014 the DNFC negotiated with Jiangxi Provincial People's High Court, but no substantive progress. As at the date of the financial report is approved, the case is in the retrial process.

On 10 July 2015, the judgment made by "paper of civil judgment" (Ganminzaizi [2013] No.10) issued by Jiangxi Superior People's Court. It revokes the first and second instance's judgment and continues to perform the original contract. Zhang Xiaoqiang should pay liquidated damage RMB 5,562,060.00,residual house-purchase funds 19,460,900.00 and interests(From 1December 2008 to pay off date, calculated based on the benchmark interest rate of the loan at the same period issued by the People's Bank of China) to DNCF. Both two sides are shared RMB 375,367.00 for each side on litigation fee. This is the final judgment.

After the final judgment, DNCF applied to court immediately for enforcement. The court file the case on 23 September 2015.

Until the date of approval of financial report, the enforcement of this case hasn't completed.

### 9.4 As at 31 December 2015, the Group's contingent liabilities caused by other matters

1) Capital commitments

| Commitments items | Amount |
|---|---|
| Purchase long-term assets commitments | 15,333,055,112.54 |
| Large amount of contract | 24,674,110,671.05 |

2) Operating lease commitments please refer to Note 8.(73)

Except for the above issues, as at 31 December 2015, the Group has no other significant contingencies.

## 10. EVENTS AFTER THE BALANCE SHEET DATE

In November 2015, the Group signed an agreement with Edra Global Energy Bhd to acquire shares of its subordinate electric project company and development rights on new project. The acquisition price is USD 2.3 billion. Edra Global Energy Bhd holds capacity 6.62 million KW. Its 13 electric projects were located in Malaysia, Egypt, Bengal, UAE and Pakistan which are countries located in "one belt one road"line. Main operation is Gas cleaning energy power generation project. This acquisition was completed in March 2016.

Except all of the above, As at the date of approval of the financial statement，there is no other significant event after the balance sheet date.

## 11. OTHER EVENTS

On 24 October 2014, executive meetings of the statecouncil discuss and approve the "safty programme of nuclear power (2011-2020)" and "medium and long development planning of nuclear power (2011-2020)". Depends on deployment, only arranged the few plan site at coastal which through full demonstration and not arrange inland nuclear projects during "Shierwu" period. Until 31 December 2015, the Group's inland nuclear power station projects-Anhui nuclear power projects and Xianning nuclear power projects still haven't acquired the formal approval by National Development and Reform Commission.

## 12. THE RELATIONSHIP WITH RELATED PARTIES AND TRANSACTIONS

### 12.1 The relationship with related parties

1) Controlling shareholder and ultimate controlling party

| Controlling shareholder and ultimate controlling party ( name) | Proportion on shareholding(%) | Proportion on voting(%) |
|---|---|---|
| State-owned Assets Supervision and Administration Commission | 90 | 90 |

2) The subsidiaries

The new subsidiaries for the Group in this year please refer to Note 7.1 "the disclosure information".

3) Joint ventures and Associates

The details of joint ventures and Associates of the Group please refer to Note 8.17 "the disclosed information of long-term equity investment".

4) Other related parties

| Related parties | Catagories of Related parties |
|---|---|
| Guangdong Hengjian Investment Holdings Co., Ltd | The shareholder |
| Taurus Mineral Limited | The Subsidiary of significant Joint ventures(Miraculum Mineral Limited) |
| Swakop Uranium (Pty) Ltd. | The Subsidiary of Taurus Mineral Limited |

### 12.2 Related parties transactions

1) Purchasing of goods or receiving of service

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **474,118.94** | **166,953.60** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 469,642.39 | 166,953.60 |
| FuJian Ningde Nuclear Power Co., Ltd. | 4,476.55 | - |
| **Total** | **474,118.94** | **166,953.60** |

2) Sales of goods or providing of service

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **4,663,098,111.39** | **4,512,485,363.71** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 2,454,235,852.84 | 1,987,563,057.97 |
| FuJian Ningde Nuclear Power Co., Ltd. | 2,146,900,184.26 | 2,472,776,126.34 |
| CGN Phase I Industrial Investment Funds Co., Ltd | 55,303,445.39 | 51,940,423.48 |
| Jiangsu Baoyin Special Steel Tube Co., Ltd | 6,153,405.61 | - |
| Beijing RIC Nuclear Instrument Joint Venture Company, Ltd. | 76,736.89 | - |
| CGNFEX | 425,806.40 | - |
| China Nuclear Industry 23 Construction Co., Ltd. | 2,680.00 | 205,755.92 |
| **Other related parties ：** | **2,775,884.72** | **17,078,684.80** |
| Swakop Uranium（PTY） Ltd | 2,775,884.72 | 17,078,684.80 |
| **Total** | **4,665,873,996.11** | **4,529,564,048.51** |

3) Loan Interests income

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **61,152,650.81** | **50,398,833.57** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 54,851,468.21 | 19,580,696.67 |
| FuJian Ningde Nuclear Power Co., Ltd. | 6,301,182.60 | 30,818,136.90 |
| **Total** | **61,152,650.81** | **50,398,833.57** |

4) Service charges and commission income

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **1,246,077.11** | **327,000.00** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 1,084,077.11 | 165,000.00 |
| FuJian Ningde Nuclear Power Co., Ltd. | 162,000.00 | 162,000.00 |
| **Other related parties ：** | **1,162,062.00** | **2,217,312.00** |
| Swakop Uranium（PTY） Ltd | 1,162,062.00 | 2,217,312.00 |
| **Total** | **2,408,139.11** | **2,544,312.00** |

5) Interests payment on corporate deposits

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **587,405.00** | **418,975.41** |
| FuJian Ningde Nuclear Power Co., Ltd. | 269,857.53 | 57,479.18 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 231,658.71 | 361,496.23 |
| CGN Phase I Industry Investment Funds Co., Ltd. | 71,765.81 | - |
| CGNFEX | 14,122.95 | - |
| **Total** | **587,405.00** | **418,975.41** |

6) Related party guarantee

| Guarantor | Secured Party | Amount | Guarantee finished or not |
|---|---|---|---|
| CGN Nuclear Power | Liaoning Hongyanhe Nuclear | 39,505,778,000.00 | No |

| Guarantor | Secured Party | Amount | Guarantee finished or not |
|---|---|---|---|
| Investment Co.,Ltd. | Power Co., Ltd. | | |
| The Company | Taurus Mineral Limited | 6,605,991,584.79 | No |

### 12.3 The balance of related parties

1) Accounts receivable of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **4,450,007,342.40** | **2,588,237,084.53** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 3,577,797,438.70 | 2,187,899,848.06 |
| FuJian Ningde Nuclear Power Co., Ltd. | 872,095,958.70 | 381,161,338.41 |
| Beijing RIC Nuclear Instrument Joint Venture Company, Ltd. | 84,423.30 | 3,082.20 |
| China Nuclear Industry 23 Construction Co., Ltd. | 24,085.50 | 815,815.86 |
| Guangdong Pumped Storage Co., Ltd. | 5,436.20 | - |
| Xiemi Cibai Yi Uranium Company | - | 18,357,000.00 |
| **Other related parties ：** | **54,943,518.17** | **25,312,245.39** |
| Swakop Uranium（PTY） Ltd | 54,943,518.17 | 25,312,245.39 |
| **Total** | **4,504,950,860.57** | **2,613,549,329.92** |

2) Other receivables of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **35,649,817.79** | **282,823,946.02** |
| FuJian Ningde Nuclear Power Co., Ltd. | 14,622,671.64 | 10,415,706.27 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 12,297,181.94 | 270,186,777.03 |
| China- Ukraine Uranium Co Ltd | 7,390,077.84 | - |
| China Nuclear Industry 23 Construction Co., Ltd. | 522,792.26 | 85,319.01 |
| Shenzhen CGN Minhua (LLP) | 401,664.70 | - |
| Beijing RIC Nuclear Instrument Joint Venture Company, Ltd. | 175,529.14 | 285,033.14 |
| CGNFEX | 174,214.80 | - |
| Shenzhen CGN Tongying equity investment | 60,000.00 | - |

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| partnership (LLP) | | |
| Miraculum Mineral Limited | 5,685.47 | 5,685.47 |
| Hubei Xisaishan Power Generation Co., Ltd | - | 1,832,270.00 |
| Shenzhen CGN Henfeng equity investment fund management Co ltd | - | 12,500.00 |
| CIECC Engineering Company Limited | - | 655.10 |
| **Other related parties ：** | **23,677,889.69** | **17,096,206.31** |
| Swakop Uranium（PTY） Ltd | 12,740,531.58 | 6,158,848.20 |
| Taurus Mineral Limited | 10,937,358.11 | 10,937,358.11 |
| **Total** | **59,327,707.48** | **299,920,152.33** |

3) Advances payment of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **486,228,039.34** | **515,270,030.30** |
| China Nuclear Industry 23 Construction Co., Ltd. | 486,228,039.34 | 515,115,439.61 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | - | 79,548.48 |
| Beijing RIC Nuclear Instrument Joint Venture Company, Ltd. | - | 75,042.21 |
| **Total** | **486,228,039.34** | **515,270,030.30** |

4) Interests receivable of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **14,681,822.38** | **7,852,320.00** |
| Miraculum Mineral Limited | 6,821,223.81 | - |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 3,987,449.68 | 2,953,500.00 |
| FuJian Ningde Nuclear Power Co., Ltd. | 3,873,148.89 | 4,898,820.00 |
| **Total** | **14,681,822.38** | **7,852,320.00** |

5) Dividends receivable of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **863,784,178.79** | **226,508,749.83** |
| FuJian Ningde Nuclear Power Co., Ltd. | 571,183,985.77 | - |

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| Hubei Huadian Xisaishan Power Generation Co., Ltd | 166,885,269.52 | 159,087,395.73 |
| Hubei Xisaishan Power Generation Co., Ltd | 112,887,423.50 | 66,033,854.10 |
| China Nuclear Industry 23 Construction Co., Ltd. | 10,615,000.00 | - |
| CIECC Engineering Company Limited | 2,212,500.00 | 1,387,500.00 |
| **Total** | **863,784,178.79** | **226,508,749.83** |

6) Other non-current assets due within 1 year of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **2,970,000,000.00** | **2,366,900,000.00** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 2,866,000,000.00 | 1,637,000,000.00 |
| FuJian Ningde Nuclear Power Co., Ltd. | 104,000,000.00 | 729,900,000.00 |
| **Total** | **2,970,000,000.00** | **2,366,900,000.00** |

7) Other current assets of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Associates:** | **199,999,868.28** | - |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 199,999,868.28 | - |
| **Other related parties:** | **1,168,847,868.38** | - |
| Swakop Uranium（PTY） Ltd | 1,168,847,868.38 | - |
| **Total** | **1,368,847,736.66** | - |

8) Long term receivables of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures:** | **1,698,709.33** | **1,600,714.92** |
| China- Ukraine Uranium Co Ltd | 1,698,709.33 | 1,600,714.92 |
| **Other related parties ：** | **3,231,999,908.53** | **3,351,553,561.68** |
| Swakop Uranium（PTY） Ltd | 3,231,999,908.53 | 3,351,553,561.68 |
| **Total** | **3,233,698,617.86** | **3,353,154,276.60** |

9) Other non-current assets of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Associates:** | **339,999,776.08** | - |
| Jiangsu Baoyin Special Steel Tube Co., Ltd. | 219,999,855.11 | - |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 119,999,920.97 | - |
| **Total** | **339,999,776.08** | - |

10) Account payables of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **390,664,050.48** | **246,317,136.58** |
| China Nuclear Industry 23 Construction Co., Ltd. | 349,790,445.89 | 234,664,658.95 |
| Xiemi Cibai Yi Uranium Company | 35,692,679.64 | 8,102,551.13 |
| FuJian Ningde Nuclear Power Co., Ltd. | 3,911,104.25 | - |
| CIECC Engineering Company Limited | 1,190,272.22 | 2,512,429.00 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 79,548.48 | - |
| Beijing RIC Nuclear Instrument Joint Venture Company, Ltd. | - | 1,037,497.50 |
| **Total** | **390,664,050.48** | **246,317,136.58** |

11) Other payables of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **49,188,479.41** | **28,164,600.77** |
| Miraculum Mineral Limited | 23,560,095.63 | 5,475,658.74 |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 17,969,809.06 | 17,969,809.06 |
| China Nuclear Industry 23 Construction Co., Ltd. | 5,633,534.70 | 2,719,132.97 |
| Xiemi Cibai Yi Uranium Company | 2,008,467.02 | - |
| FuJian Ningde Nuclear Power Co., Ltd. | 16,573.00 | 2,000,000.00 |
| **Other related parties ：** | **491,189,861.54** | **17,053,165.27** |
| Taurus Mineral Limited | 491,189,861.54 | 17,053,165.27 |
| **Total** | **540,378,340.95** | **45,217,766.04** |

12) Received in advance of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **1,538,342,077.78** | **1,044,233,841.51** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 1,412,397,206.23 | 1,037,958,107.39 |
| FuJian Ningde Nuclear Power Co., Ltd. | 125,863,780.34 | 6,275,734.12 |
| China Nuclear Industry 23 Construction Co., Ltd. | 81,091.21 | - |
| **Other related parties ：** | **15,947,844.99** | **21,591,796.62** |
| SwakopUranium(Pty)Ltd. | 15,947,844.99 | 21,591,796.62 |
| **Total** | **1,554,289,922.77** | **1,065,825,638.13** |

13) Dividends payable of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Associates:** | **512,637,965.03** | **336,370,636.50** |
| CGN Phase I Industry Investment Funds Co., Ltd. | 512,637,965.03 | 336,370,636.50 |
| **Total** | **512,637,965.03** | **336,370,636.50** |

14) Loans and advances issued by related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Associates:** | **112,000,000.00** | **–** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 112,000,000.00 | – |
| **Total** | **112,000,000.00** | **–** |

15) Deposit taking or due from banks of related parties

| Related parties( Items) | Ending Balance | Beginning Balance |
|---|---|---|
| **Joint ventures and Associates:** | **91,123,946.21** | **55,105,866.31** |
| Liaoning Hongyanhe Nuclear Power Co., Ltd. | 82,320,869.14 | 21,067,702.90 |
| FuJian Ningde Nuclear Power Co., Ltd. | 5,772,358.69 | 450,929.29 |
| CGNFEX | 2,674,719.80 | 3,298,896.70 |
| CGN Phase I Industry Investment Funds Co., Ltd. | 344,603.23 | 30,288,337.42 |
| Jiangsu Baoyin Special Steel Tube Co., Ltd. | 11,395.35 | – |
| **Total** | **91,123,946.21** | **55,105,866.31** |

## 13. NOTES OF MAIN FINANCIAL STATEMENT OF PARENT COMPANY

### 13.1 Accounts receivable

| **Items** | **Ending Balance** | | | |
|---|---|---|---|---|
| | **Book value** | | **Provision for bad debts** | |
| | **Amount** | **Portion(%)** | **Amount** | **Portion(%)** |
| Accounts receivable with individual significant amount and identification separately bad debt provision | - | - | - | - |
| Accounts receivable accrued bad debt provision by portfolio | 76,924,609.14 | 100.00 | - | - |
| Including:(1)related parties portfolio | 75,360,573.34 | 97.97 | - | - |
| (2)risk free portfolio | 1,564,035.80 | 2.03 | - | - |
| Accounts receivable with individual insignificant amount and identification separately bad debt provision | - | - | - | - |
| **Total** | **76,924,609.14** | **100.00** | — | — |

Continued):

| **Items** | **Beginning Balance** | | | |
|---|---|---|---|---|
| | **Book value** | | **Provision for bad debts** | |
| | **Amount** | **Portion(%)** | **Amount** | **Portion(%)** |
| Other receivables with individual significant amount and identification separately bad debt provision | - | - | - | - |
| Other receivables accrued bad debt provision by portfolio | 58,082,441.22 | 100.00 | - | - |
| Including:(1)related parties portfolio | 57,429,291.22 | 98.88 | - | - |
| (2)risk free portfolio | 653,150.00 | 1.12 | - | - |
| Other receivables with individual insignificant amount and identification separately bad debt provision | - | - | - | - |
| **Total** | **58,082,441.22** | **100.00** | — | — |

1） There are no bad debts provision reversed in this year.

2） There are no accounts receivable write-offs in this year.

3） Top 5 accounts receivables ranked by the debtors' ending balance

| Name of debtor | Book Balance |
|---|---|
| CGN Power Co.,Ltd | 38,417,473.15 |
| CGNPE | 7,716,629.27 |
| Yangjiang nuclear company | 6,837,184.00 |
| CGN Oprrations | 6,607,105.00 |
| Guangxi Fangchenggang Nuclear Power Company Ltd | 2,457,350.48 |
| **Total** | **62,035,741.90** |

### 13.2 Other receivables

| Items | Ending Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Amount | Portion(%) | Amount | Portion(%) |
| Other receivables with individual significant amount and identification separately bad debt provision | - | - | - | - |
| Other receivables accrued bad debt provision by portfolio | 4,421,164,551.60 | 100.00 | - | - |
| Including:(1)related parties portfolio | 4,407,261,981.76 | 99.68 | - | - |
| (2)risk free portfolio | 13,902,569.84 | 0.31 | - | - |
| Other receivables with individual insignificant amount and identification separately bad debt provision | 74,500.00 | - | 74,500.00 | 100.00 |
| **Total** | **4,421,239,051.60** | **100.00** | **74,500.00** | — |

**Continued:**

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Amount | Portion(%) | Amount | Portion(%) |
| Other receivables with individual significant amount and identification separately bad debt provision | - | - | - | - |

| Items | Beginning Balance | | | |
|---|---|---|---|---|
| | Book value | | Provision for bad debts | |
| | Amount | Portion(%) | Amount | Portion(%) |
| Other receivables accrued bad debt provision by portfolio | 5,255,995,750.40 | 100.00 | - | - |
| Including:(1)related parties portfolio | 5,233,946,811.54 | 99.58 | - | - |
| (2)risk free portfolio | 22,048,938.86 | 0.42 | - | - |
| Other receivables with individual insignificant amount and identification separately bad debt provision | 74,500.00 | 0.00 | 74,500.00 | 100.00 |
| **Total** | **5,256,070,250.40** | **100.00** | **74,500.00** | — |

1） Other receivables that are individually insignificant but are provided for bad debts on individual basis

| Items | Book value | Bad debts | Aging | Provision % | Reasons for provision |
|---|---|---|---|---|---|
| Deposit | 74,500.00 | 74,500.00 | Over 5 years | 100.00 | Predict to be uncollectable |
| **Total** | **74,500.00** | **74,500.00** | — | — | — |

2） There are no bad debts provision reversed in this year.

3） There are no accounts receivable write-offs in this year.

4） Top 5 other receivables ranked by the debtors' ending balance

| Name of debtors | Natures | Book balance |
|---|---|---|
| Shenzhen Neng Zhi Hui Investment Co., Ltd | Internal current account | 3,794,558,068.30 |
| Lingwan Nuclear Power Co., Ltd. | Internal current account | 177,252,991.43 |
| CGN Huizhou Nuclear Power Co., Ltd | Internal current account | 74,718,994.09 |
| CGN Energy Development Co., Ltd | Internal current account | 71,453,592.83 |
| CGNPC Shaoguan Nuclear Power Co., Ltd | Internal current account | 63,088,030.91 |
| **Total** | | **4,181,071,677.56** |

## 13.3 Long-term equity investments

1） The classification of long-term equity investment

| Items | Beginning Balance | Current increase | Current decrease | Ending Balance |
|---|---|---|---|---|
| Investment in subsidiaries | 92,557,259,149.71 | 2,085,988,572.40 | 9,243,757,572.00 | 85,399,490,150.11 |
| **Subtotal** | **92,557,259,149.71** | **2,085,988,572.40** | **9,243,757,572.00** | **85,399,490,150.11** |
| Less: Provision for impairment loss | — | — | — | — |
| **Total** | **92,557,259,149.71** | **2,085,988,572.40** | **9,243,757,572.00** | **85,399,490,150.11** |

2） The details of long-term equity investments

| Investee | Investment Costs | Beginning Balance | Changes in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional Investments | Negative Investments | Investment income or loss recognized by equity method | Adjustment of other comprehensive income |
| **Investments on Subsidiary** | | | | | | |
| Lingwan Nuclear Power Co., Ltd. | 50,000,000.00 | 50,000,000.00 | - | - | - | - |
| CGNPC Huasheng Investment Limited | 48,226,191.67 | 48,226,191.67 | - | - | - | - |
| Anhui Wuhu Nuclear Power Co., Ltd | 102,000,000.00 | 102,000,000.00 | - | - | - | - |
| Beijing Galaxy Innovation Technology Development Co., Ltd | - | 288,000,000.00 | 21,600,000.00 | 309,600,000.00 | - | - |
| CGN Finance Co., Ltd | 1,415,924,916.05 | 1,149,296,344.05 | 266,628,572.00 | - | - | - |
| China General Nuclear Power Services Corporation | 590,836,107.75 | 590,836,107.75 | - | - | - | - |
| Guangxi Fangchenggang Nuclear Power Company Ltd | 3,568,500,000.00 | 3,147,600,000.00 | 420,900,000.00 | - | - | - |
| Hubei Nuclear Power Co., Ltd | 159,000,000.00 | 123,000,000.00 | 36,000,000.00 | - | - | - |
| Jilin Nuclear Power Co., Ltd | 20,000,000.00 | 20,000,000.00 | - | - | - | - |
| Shenzhen Neng Zhi Hui Investment Co., Ltd | 401,000,000.00 | 401,000,000.00 | - | - | - | - |
| China General Nuclear Capital Holdings Co.,Ltd. | 8,163,265,306.13 | 8,163,265,306.13 | - | - | - | - |

| Investee | Investment Costs | Beginning Balance | Changes in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional Investments | Negative Investments | Investment income or loss recognized by equity method | Adjustment of other comprehensive income |
| Taishan Nuclear Power Industry Investment Co., Ltd | - | 6,358,657,572.00 | - | 6,358,657,572.00 | - | - |
| Taishan Nuclear Power Joint Venture Co., Ltd | - | 2,495,500,000.00 | - | 2,495,500,000.00 | - | - |
| Xianning Nuclear Power Co., Ltd | 540,000,000.00 | 540,000,000.00 | - | | - | - |
| CGN Industry Investment Funds Co., Ltd. | - | 80,000,000.00 | - | 80,000,000.00 | - | - |
| CGN Wind Power Co.,Ltd | 10,323,539,538.68 | 10,323,539,538.68 | - | - | - | - |
| China Nuclear Power Engineering Co., Ltd | 1,307,044,746.85 | 1,307,044,746.85 | - | - | - | - |
| CGNPC International Limited | 2,435,646,797.89 | 2,435,646,797.89 | - | - | - | - |
| CGN Huizhou Nuclear Power Co., Ltd. | 20,000,000.00 | 20,000,000.00 | - | - | - | - |
| CGN Lufeng Nuclear Power Co., Ltd | 840,000,000.00 | 840,000,000.00 | - | - | - | - |
| CGN Energy Development Co., Ltd | 3,618,862,931.06 | 3,618,862,931.06 | - | - | - | - |
| CGNPC Shaoguan Nuclear Power Co., Ltd | 50,000,000.00 | 50,000,000.00 | - | - | - | - |
| CGN Taishan NO.2 Nuclear Power Co., Ltd | 200,000,000.00 | 200,000,000.00 | - | - | - | - |

| Investee | Investment Costs | Beginning Balance | Changes in this year | | | |
|---|---|---|---|---|---|---|
| | | | Additional Investments | Negative Investments | Investment income or loss recognized by equity method | Adjustment of other comprehensive income |
| CGN Solar Energy Development Co., Ltd | 3,892,879,000.00 | 3,390,219,000.00 | 502,660,000.00 | - | - | - |
| CGNPC Uranium Resources Co., Ltd | 5,562,708,290.40 | 4,744,508,290.00 | 818,200,000.40 | - | - | - |
| CGN Power Co.,Ltd. | 42,070,056,323.63 | 42,070,056,323.63 | - | - | - | - |
| CGNPC Cang Nan Nuclear Power Company, Ltd. | 20,000,000.00 | - | 20,000,000.00 | - | - | - |
| **Total** | **85,399,490,150.11** | **92,557,259,149.71** | **2,085,988,572.40** | **9,243,757,572.00** | - | - |

Continued):

| Investee | Changes in this year | | | | Ending Balance | Ending balance of impairment provisions |
|---|---|---|---|---|---|---|
| | Others equity changes | Declaration of issued cash dividends or profits distribution | Accrued impairment provisions | Others | | |
| **Investments on Subsidiary** | | | | | | |
| Lingwan Nuclear Power Co., Ltd. | - | - | - | - | 50,000,000.00 | - |
| CGNPC Huasheng Investment Limited | - | - | - | - | 48,226,191.67 | - |
| Anhui Wuhu Nuclear Power Co., Ltd | - | - | - | - | 102,000,000.00 | - |

| Investee | Changes in this year | | | | Ending Balance | Ending balance of impairment provisions |
|---|---|---|---|---|---|---|
| | Others equity changes | Declaration of issued cash dividends or profits distribution | Accrued impairment provisions | Others | | |
| Beijing Galaxy Innovation Technology Development Co., Ltd | - | - | - | - | - | - |
| CGN Finance Co., Ltd | - | 139,798,973.54 | - | - | 1,415,924,916.05 | - |
| China General Nuclear Power Services Corporation | - | 23,571,750.00 | - | - | 590,836,107.75 | - |
| Guangxi Fangchenggang Nuclear Power Company Ltd | - | - | - | - | 3,568,500,000.00 | - |
| Hubei Nuclear Power Co., Ltd | - | - | - | - | 159,000,000.00 | - |
| Jilin Nuclear Power Co., Ltd | - | - | - | - | 20,000,000.00 | - |
| Shenzhen Neng Zhi Hui Investment Co., Ltd | - | - | - | - | 401,000,000.00 | - |
| China General Nuclear Capital Holdings Co.,Ltd. | - | - | - | - | 8,163,265,306.13 | - |
| Taishan Nuclear Power Industry Investment Co., Ltd | - | - | - | - | - | - |
| Taishan Nuclear Power Joint Venture Co., Ltd | - | - | - | - | - | - |
| Xianning Nuclear Power Co., Ltd | - | - | - | - | 540,000,000.00 | - |
| CGN Industry Investment Funds Co., | - | 17,196,974.64 | - | - | - | - |

| Investee | Changes in this year | | | | Ending Balance | Ending balance of impairment provisions |
|---|---|---|---|---|---|---|
| | Others equity changes | Declaration of issued cash dividends or profits distribution | Accrued impairment provisions | Others | | |
| Ltd. | | | | | | |
| CGN Wind Power Co.,Ltd | - | 269,181,131.74 | - | - | 10,323,539,538.68 | - |
| China Nuclear Power Engineering Co., Ltd | - | 334,774,673.13 | - | - | 1,307,044,746.85 | - |
| CGNPC International Limited | - | - | - | - | 2,435,646,797.89 | - |
| CGN Huizhou Nuclear Power Co., Ltd. | - | - | - | - | 20,000,000.00 | - |
| CGN Lufeng Nuclear Power Co., Ltd | - | - | - | - | 840,000,000.00 | - |
| CGN Energy Development Co., Ltd | - | 161,500,000.00 | - | - | 3,618,862,931.06 | - |
| CGNPC Shaoguan Nuclear Power Co., Ltd | - | - | - | - | 50,000,000.00 | - |
| CGN Taishan NO.2 Nuclear Power Co., Ltd | - | - | - | - | 200,000,000.00 | - |
| CGN Solar Energy Development Co., Ltd | - | - | - | - | 3,892,879,000.00 | - |
| CGNPC Uranium Resources Co., Ltd | - | 47,935,661.30 | - | - | 5,562,708,290.40 | - |
| CGN Power Co.,Ltd. | - | 72,941,603.44 | - | - | 42,070,056,323.63 | - |
| CGNPC Cang Nan Nuclear Power Company, Ltd. | - | - | - | - | 20,000,000.00 | - |
| **Total** | - | **1,066,900,767.79** | - | - | **85,399,490,150.11** | - |

### 13.4 Revenue and cost of operation

| Items | Ending Balance | | Beginning Balance | |
|---|---|---|---|---|
| | Revenue | Cost | Revenue | Cost |
| Other operating activities | 50,682,124.69 | 53,692,758.93 | 83,524,196.65 | 84,325,879.59 |
| **Total** | **50,682,124.69** | **53,692,758.93** | **83,524,196.65** | **84,325,879.59** |

### 13.5 Investment income

1) The source of investment income

| Source of investment income | Ending Balance | Beginning Balance |
|---|---|---|
| Long-term equity investment accounted for under equity method | - | -3,919,619.26 |
| Investment income from disposed on long-term equity investment | 736,230,579.51 | - |
| Investment income from financial assets measured as fair value and changes recorded as current profit and loss during the holding period | - | -316,041,514.39 |
| Investment income from held-to-maturity investment during the holding period | 6,003,237.28 | 5,754,975.20 |
| Investment income from available-for-sale investment during the holding period | 19,459,598.00 | 8,112,879.40 |
| Investment income from disposal of available-for-sale financial assets | 121,222,571.06 | - |
| Gains on remeasurement on fair value of residual equity after losing control | - | - |
| Received subsidiaries dividends under cost method | 1,066,900,767.79 | 7,936,947,529.62 |
| Investment income from entrusted loan | 221,935,396.28 | 456,078,150.60 |
| Others | - | 2,074.54 |
| Total | **2,171,752,149.92** | **8,086,934,475.71** |

2) There is no significant limitation on the return of investment income for the Group

### 13.6 Supplementary information for cash flows of parent company

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| **1.Reconciliation of net profit to cash flows from operating activities** | — | — |

| Items | Ending Balance | Beginning Balance |
|---|---|---|
| Net profit | 1,150,934,908.37 | 6,855,344,440.48 |
| Add: Provision for impairment of assets | - | - |
| Depreciation of fixed assets | 18,798,070.47 | 7,734,718.87 |
| Amortization of intangible assets | 23,964,316.81 | 32,509,474.64 |
| Amortization of long-term deferred expenses | - | - |
| Losses on disposal of fixed assets, intangible assets and other long-term assets("-"for gains) | 5,812,817.37 | -4,870.00 |
| Losses on scrapping of fixed assets("-" for gains) | - | 41,938.23 |
| Losses on change of fair values("-" for gains) | - | -252,248,058.15 |
| Financial charges("-" for gains) | 811,859,308.22 | 1,235,257,603.91 |
| Investments losses("-" for gains) | -2,171,752,149.92 | -8,086,934,475.71 |
| Decrease in deferred tax assets("-" for increase) | - | 63,062,014.54 |
| Increase in deferred tax liabilities("-" for decrease) | -114,977,570.51 | 114,977,570.51 |
| Decrease in inventories ("-" for increase) | - | - |
| Decrease in operating receivables("-" for increase) | 851,776,169.72 | -52,568,686.74 |
| Increase in operating payables("-" for decrease) | 3,609,940,063.39 | -212,074,975.53 |
| Others | - | - |
| Net cash flows from operating activities | 4,186,355,933.92 | -294,903,304.95 |
| 2.Significant investing and financing activities that do not involve cash receipts or payments： | - | - |
| Conversion of debt into capital | - | - |
| Convertible bonds to be expired within 1 year | - | - |
| Fixed assets under finance lease | - | - |
| 3.Net increase in cash and cash equivalents： | - | - |
| Cash at the end of the year | 5,688,741,592.89 | 3,532,431,391.48 |
| Less: Cash at the beginning of the year | 3,532,431,391.48 | 2,422,456,916.07 |
| Add: Cash equivalents at the end of the year | - | - |
| Less: Cash equivalents at the beginnning of the year | - | - |
| Net increase in cash and cash equivalents | 2,156,310,201.41 | 1,109,974,475.41 |

## 14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors.

**ISSUER**

**CGNPC International Limited**
Room 1901, CC Wu Building
302 Hennessy Road
Wan Chai
Hong Kong

**GUARANTOR**

**China General Nuclear Power Corporation**
33th Floor, CGN Tower South Building
2002 Shennan Blvd.
Shenzhen
PRC

**TRUSTEE**

**Bank of Communications Trustee**
1/F., Far East Consortium Building
121 Des Voeux Road
Central, Hong Kong

**PRINCIPAL PAYING AGENT, TRANSFER AGENT AND REGISTRAR**

**Bank of Communications Co., Ltd. Hong Kong Branch**
15/F, Bank of Communications Tower
231-235 Gloucester Road
Wan Chai, Hong Kong

**LEGAL ADVISORS**

***To the Issuer and Guarantor as to Hong Kong law***

**King & Wood Mallesons**
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

***To the Issuer and the Guarantor as to PRC law***

**King & Wood Mallesons**
28th Floor, Landmark
4028 Jintian Road, Shenzhen
PRC

***To the Joint Global Coordinators, the Joint Lead Managers and the Joint Bookrunners and the Trustee as to Hong Kong law***

**Linklaters**
10th Floor
Alexandra House
Chater Road
Hong Kong

***To the Joint Global Coordinators and the Joint Lead Managers and Joint Bookrunners as to PRC law***

**Grandall Law Firm**
11 & 24/F
Shenzhen Special Zone Press Tower
6008 Shennan Blvd. Shenzhen
PRC

**AUDITOR OF THE ISSUER**

**ShineWing Certified Public Accountants Shenzhen Branch**
(Member of Shenzhen Institute of Certified Public Accountants)
10/F, Block A, Union Plaza
Binhe Road, Shenzhen
PRC

**AUDITOR OF THE GUARANTOR**

**ShineWing Certified Public Accountants**
(Member of The Chinese Institute of Certified Public Accountants)
9/F, Block A, Fu Hua Mansion
No. 8, Chaoyangmen Beidajie
Dongcheng District, Beijing
PRC