中广核 CGN

中國廣核電力股份有限公司
CGN Power Co., Ltd.*

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

Stock Code: 1816

GLOBAL OFFERING

Joint Sponsors

CICC 中金香港证券

BofA Merrill Lynch

農銀國際 ABC INTERNATIONAL

Joint Global Coordinators

CICC 中金香港证券

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Morgan Stanley

CLSA A CITIC Securities Company

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BNP PARIBAS CORPORATE & INVESTMENT BANKING

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國泰君安國際 GUOTAI JUNAN INTERNATIONAL

CMS 招商证券

J.P.Morgan

CREDIT SUISSE

建银国际 CCB International

* For identification purposes only

IMPORTANT: If you are in doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

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GLOBAL OFFERING

Number of Offer Shares in the Global Offering	8,825,000,000 H Shares (subject to the Over-allotment Option)
Number of Offer Shares in the International Offering	8,383,750,000 H Shares (subject to reallocation and the Over-allotment Option)
Number of Hong Kong Offer Shares	441,250,000 H Shares (subject to reallocation)
Maximum Offer Price	HK$2.78 per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal Value	RMB1.00 per H Share
Stock Code	1816

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J.P.Morgan
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建银国际 CCB International

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, having attached thereto the documents specified in "Appendix VIII – Documents Delivered to the Registrar of Companies and Available for Inspection," has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this Prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Representatives (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, December 3, 2014 and, in any event, not later than Tuesday, December 9, 2014. The Offer Price will be no more than HK$2.78 per Offer Share and is currently expected to be no less than HK$2.43 per Offer Share unless otherwise announced. If, for whatever reason, the Offer Price is not agreed by Tuesday, December 9, 2014, between the Joint Representatives (on behalf of the Underwriters) and us, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the mainland of the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our Shares. Please refer to "Risk Factors," "Regulatory Environment," "Appendix V – Summary of Principal Legal and Regulatory Provisions" and "Appendix VI – Summary of Articles of Association."

The Joint Representatives (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicated offer price range will be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese). Such notice will also be available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.cgnp.com.cn. Please refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Representatives (for itself, and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please refer to "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except that Offer Shares may be offered, sold or delivered to (i) Qualified Institutional Buyers in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A, or another available exemption from registration under the U.S. Securities Act and (ii) outside the United States in accordance with Regulation S.

* *For identification purposes only.*

November 27, 2014

Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Tuesday, December 2, 2014
Application lists open[3]	11:45 a.m. on Tuesday, December 2, 2014
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Tuesday, December 2, 2014
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Tuesday, December 2, 2014
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Tuesday, December 2, 2014
Application lists close	12:00 noon on Tuesday, December 2, 2014
Expected Price Determination Date	Wednesday, December 3, 2014
Announcement of the Offer Price	Tuesday, December 9, 2014

Announcement of:

- the final offer price;
- the level of application in the Hong Kong Public Offering;
- the level of indication of interest in the International Offering; and
- the basis of allocation of the Hong Kong Offer Shares to be published
  - (a) in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese); and
  - (b) on our website at www.cgnp.com.cn[5] and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**[6] .... on or before Tuesday, December 9, 2014

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers where appropriate) to be available through a variety of channels (please refer to "How to Apply for Hong Kong Offer Shares – 11. Publication of Results") from	Tuesday, December 9, 2014
Result of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers where appropriate) will be available at **www.iporesults.com.hk** with a "search by ID" function	Tuesday, December 9, 2014
H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[7]	Tuesday, December 9, 2014

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications to be dispatched on or before[7][8][9] . . . . .Tuesday, December 9, 2014

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on . . . . .Wednesday, December 10, 2014

(1) All times refer to Hong Kong local time, except as otherwise stated. For details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, please refer to "Structure of the Global Offering."

(2) If you have already submitted your application through the designated website at www.eipo.com.hk and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, December 2, 2014, the application lists will not open on that day. Please refer to "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists."

(4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Hong Kong Offer Shares – 6. Applying by Giving **Electronic Application Instructions** to HKSCC via CCASS."

(5) None of the website or any of the information contained on the website forms part of this Prospectus.

(6) The announcement will be available for viewing on the Hong Kong Stock Exchange's website at www.hkexnews.hk.

(7) Applicants who apply for 1,000,000 or more Hong Kong Offer Shares and have provided all required information in their Application Forms may collect refund cheques (where applicable) and H Share certificates (where applicable) in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, December 9, 2014. Applicants being individuals who opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives each bearing a letter of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar, Computershare Hong Kong Investor Services Limited. Uncollected refund cheques and H Share certificates will be dispatched promptly by ordinary post to the addresses as specified in the applicants' Application Forms at the applicants' own risk. For details of the arrangements, please refer to "How to Apply for Hong Kong Offer Shares."

(8) Applicants who apply through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to their application payment bank account, in the form of e-Refund payment instructions. Applicants who apply through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions to the **White Form eIPO** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

(9) e-Refund payment instruction/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

The H Share certificates will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with its respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Wednesday, December 10, 2014. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid certificates of title do so entirely at their own risk.

CONTENTS

IMPORTANT NOTE TO INVESTORS

This Prospectus is issued by CGN Power Co., Ltd. solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares, and it does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. No person may use this Prospectus for the purpose of, and it does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. We have taken no action to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and we have taken no action to permit the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not made in this Prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, any of the Underwriters, any of their respective directors, employees, agents or advisers, or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this Prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this Prospectus. You should read the whole Prospectus including the appendices hereto, which constitute an integral part of this Prospectus, before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are the largest nuclear power producer in China, as measured by both total installed nuclear power generating capacity and attributable installed capacity, according to the CNEA Report. We operate and manage nuclear power stations, sell electricity generated by these stations, manage and oversee the construction of nuclear power stations and provide related technical research and development and support services.

We derive substantially all of our revenue from selling electricity generated by the nuclear power stations in which we have controlling interests. All of our current installed capacity is from nuclear power stations located in China that service markets which are economically developed but lack primary energy or clean energy sources, such as Guangdong Province, Fujian Province, Liaoning Province and Hong Kong. As of June 30, 2014, we operated and managed the following 11 nuclear power generating units with a total installed capacity of 11,624 MW:

- six of the units in which we have controlling interests located in Shenzhen, Guangdong Province, consisting of two units in each of our Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station, and Lingdong Nuclear Power Station;

- one unit in which we have a controlling interest located at our Yangjiang Nuclear Power Station in Yangjiang City, Guangdong Province;

- two units in Ningde Nuclear Power Station owned by our joint venture, Ningde Nuclear, in which we indirectly hold a 46% equity interest, in Fuding City, Fujian Province; and

- two units in Hongyanhe Nuclear Power Station owned by our associate company, Hongyanhe Nuclear, in which we indirectly hold a 45% equity interest, in Dalian City, Liaoning Province.

According to the CNEA Report, as of June 30, 2014, these 11 units accounted for 55.0% of the total nuclear power generating units in operation in China, and their total installed capacity accounted for 64.1% of the total installed nuclear power generating capacity in the PRC, ranking first among the PRC nuclear power enterprises. As of the same date, our attributable installed capacity was 7,888 MW, accounting for 43.5% of the total installed nuclear power generating capacity in the PRC, much higher than that of any other PRC nuclear power enterprise.

We experienced rapid growth in our business operations during the Track Record Period. The number of the nuclear power generating units we operated and managed (also referred to as "our nuclear power generating units" in this Prospectus) increased from five as of January 1, 2011 to 11 as of June 30, 2014. During this period, the total installed capacity of the nuclear power generating units we operate and manage increased from 5,035 MW to 11,624 MW, and our attributable installed capacity increased from 4,469 MW to 7,888 MW.

We plan to further expand our installed capacity by having more nuclear power generating units within our Group commencing operation, and increasing the number of nuclear power generating units at Ningde Nuclear and Hongyanhe Nuclear, as well as acquiring new nuclear power projects developed by our affiliates. As of June 30, 2014, we were managing the construction of nine units (consisting of two at Hongyanhe Nuclear Power Station, two at Ningde Nuclear Power Station and five at Yangjiang Nuclear Power Station), with a total installed capacity of 9,846 MW. Upon completion, these units are expected to increase the total installed capacity we operate and manage to approximately 21,470 MW.

In addition, we entered into an agreement with CGNPC on October 30, 2014 to acquire additional equity interest in Taishan Nuclear Power Station, which has two nuclear power generating units with a total installed capacity of approximately 3,500 MW that are currently being constructed by the CGN Group. After the completion of the Global Offering, we plan to spend a total of RMB9,700.2 million (or HK$12,252.4 million) of the proceeds to purchase a 41% equity interest in Taishan Nuclear, and will thereafter hold, directly or indirectly, 51% equity interest in Taishan Nuclear. Moreover, with the right to acquire the Retained Business granted to us under the Non-competition Deed by CGNPC, we are entitled to acquire or invest in the nuclear power projects that are being planned or constructed by the CGN Group. For instance, the CGN Group is currently constructing two nuclear power generating units with a total installed capacity of 2,160 MW for a nuclear power station in Fangchenggang, Guangxi Province. We will have a right to acquire these nuclear power generating units from CGNPC after they are substantially completed or ready for commercial operation. We believe that acquisition of or investment in these or similar projects will provide us with a solid foundation for future growth.

The following table sets forth selected major operating and financial data of the nuclear power generating units in which we have controlling interests for the periods indicated:

	Year Ended December 31,			**Six Months Ended June 30,**	
	2011	**2012**	**2013**	**2013**	**2014**
Net power generation (GWh)	40,519	45,113	44,157	20,740	24,753
Sales of electricity (RMB million)	14,972	16,514	16,268	7,784	9,080
Average on-grid tariff (RMB/kWh)*	0.3695	0.3661	0.3684	0.3753	0.3668
Average capacity factor (%)	90.61	89.63	87.22	82.52	90.46
Average load factor (%)	89.99	88.45	86.57	82.21	90.27
Average utilization hours	7,773	7,750	7,586	3,565	3,883

* *Excluding VAT.*

The following table sets forth certain operating data of each of the nuclear power generating units which we operated and managed for the periods indicated:

Nuclear Power Generating Units	Total Installed Capacity on Completion (MW)	Net Power Generation (GWh) Year Ended December 31, 2011	2012	2013	Six Months Ended June 30, 2014	Capacity Factor (%) Year Ended December 31, 2011	2012	2013	Six Months Ended June 30, 2014	Load Factor (%) Year Ended December 31, 2011	2012	2013	Six Months Ended June 30, 2014
Subsidiaries' units													
Daya Bay Unit 1 . .	984	8,223	6,946	7,150	4,130	99.98	83.94	86.83	99.95	99.67	83.86	86.76	100.71
Daya Bay Unit 2 . .	984	7,113	8,305	7,091	4,123	86.56	99.97	85.93	99.95	86.17	100.45	86.04	100.55
Ling'ao Unit 1 . . .	990	7,571	7,657	6,842	3,289	91.39	93.59	82.94	80.76	91.05	91.87	82.38	79.93
Ling'ao Unit 2 . . .	990	7,734	7,474	7,261	3,638	94.05	91.25	88.58	89.38	93.12	89.70	87.28	88.33
Lingdong Unit 1 . .	1,087	6,328	7,721	7,942	3,660	72.06	88.45	90.11	82.60	71.14	86.30	88.78	82.64
Lingdong Unit 2 . .	1,087	3,550	7,010	7,870	3,529	99.59	80.60	88.95	80.47	98.78	78.52	88.18	79.76
Yangjiang Unit 1 . .	1,086	–	–	–	2,384	–	–	–	100.09	–	–	–	99.97
Ningde Nuclear's units													
Ningde Unit 1 . . .	1,089	–	–	6,272	847	–	–	99.95	19.55	–	–	98.51	19.48
Ningde Unit 2 . . .	1,089	–	–	–	1,344	–	–	–	99.93	–	–	–	99.11
Hongyanhe Nuclear's units													
Hongyanhe Unit 1. .	1,119	–	–	4,982	2,389	–	–	99.90	54.04	–	–	96.32	53.22
Hongyanhe Unit 2. .	1,119	–	–	–	1,193	–	–	–	98.27	–	–	–	97.99

We and the companies in which we own equity interests have a number of nuclear power stations and units under construction. The following table sets forth the status of the nuclear power generating units that were under construction as of June 30, 2014:

Nuclear Power Generating Units	Major Completed Milestones: Civil Construction, with Scheduled Duration* of 23 months(1)	Equipment Installation, with Scheduled Duration of 26 months(2)	Commissioning, with Scheduled Duration of 11 months(3)	Grid Connection, with Scheduled Duration of 5 months(4)	Expected date of commencement of operation**
From Subsidiaries					
Yangjiang Unit 2 . . .			√		Second half 2015
Yangjiang Unit 3 . . .			√		First half 2016
Yangjiang Unit 4 . . .	√				Second half 2017
Yangjiang Unit 5 . . .	√				Second half 2018
Yangjiang Unit 6 . . .	√				Second half 2019
From Ningde Nuclear					
Ningde Unit 3			√		Second half 2015
Ningde Unit 4		√			Second half 2016
From Hongyanhe Nuclear					
Hongyanhe Unit 3 . .			√		First half 2015
Hongyanhe Unit 4 . .			√		Second half 2015
From Taishan Nuclear					
Taishan Unit 1		√			First half 2016
Taishan Unit 2		√			Second half 2016

* *"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. We will provide updated information to investors from time to time through announcements, interim reports and annual reports according to rules and regulations governing listed companies on the Stock Exchange.*

(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 position and equipment integrating during the construction phase.

(3) "Commissioning" refers to the process of operating the installed systems and equipment and confirming whether their performance fulfills the requirements of their design and the applicable standards. This stage includes both tests without nuclear reactions and those with nuclear reactions.

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

OUR NUCLEAR POWER BUSINESS

Our Technology

All of the nuclear power generating units that we operate and manage use technology derived from the proven M310 reactor technology, which is a gigawatt-level PWR technology developed in France. Since we first imported this technology to construct Daya Bay Nuclear Power Station in the 1980s, under the guiding principles of "Introduction, Digestion, Assimilation and Innovation" ("引進, 消化, 吸收, 創新"), we have consistently improved our research and development capabilities. We and the CGN Group have implemented a series of technical improvements on the basis of the original M310 reactor technology used by the Daya Bay Nuclear Power Station to create the CPR1000 technology, an upgraded second-generation nuclear power technology, and the ACPR1000 technology, which has the principal technological and safety features of the third-generation nuclear power technology. We also actively participate in the research and development of Hualong I, a third-generation nuclear power technology jointly developed by the CGN Group (including us) and CNNC. In our research and development efforts, we focus on addressing major technical problems in nuclear power operations, extending refueling cycle length, shortening the time of key processes for refueling and repairs, reducing waste discharge and adverse environmental impact, thereby continuously making our nuclear power generating units safer, more reliable and economical.

Sales of Electricity

We sell electricity generated by the nuclear power stations we operate and manage to PRC grid companies and a Hong Kong electric power company. Our electricity sales are conducted according to the power purchase agreements, related grid connection agreements and/or grid connection and dispatch agreements entered into with these grid companies.

Pursuant to the Joint Venture Contract entered into between GNIC and HKNIC on January 18, 1985 under which GNPJVC was established, Daya Bay Nuclear Power Station (wholly owned by GNPJVC) has agreed to supply to HKNIC and GNIC the electricity it sent out in a ratio of 70% and 30%, respectively. On December 31, 2013, an agreement was reached among GNPJVC, GNIC and HKNIC to sell to HKNIC approximately an additional 10% of the annual electricity sent out by Daya Bay Nuclear Power Station from the fourth quarter of 2014 (only approximately an additional 1% in 2014) to 2018. Our Ling'ao Nuclear Power Station, Lingdong Nuclear Power Station and Yangjiang Nuclear Power Station sell all electricity they generate to Guangdong Power Grid Corporation. Hongyanhe Nuclear Power Station and Ningde Nuclear Power Station sell all their electricity to their respective provincial grid companies.

The on-grid tariffs of electricity sold by the nuclear power stations we operate and manage to grid companies in China are approved or fixed by the relevant pricing authorities in the PRC based on various factors. With respect to nuclear power stations that began operations before 2013, the PRC national pricing policy was to set the on-grid tariff separately for each nuclear power station and allow for a reasonable profit, taking into account costs incurred by such nuclear power stations, including those related to construction and operation. On June 15, 2013, the NDRC set a national nuclear benchmark on-grid tariff of RMB0.43 per kWh for nuclear power generating units commencing operations after January 1, 2013. The applicable tariff for power stations that we operate and manage and commenced operations after January 1, 2013 is based on this benchmark tariff, which can be adjusted depending on the local benchmark on-grid tariff for coal-fired generating units. For further details on our electricity sales, related power purchase agreements and on-grid tariffs, please refer to "Business – Our Nuclear Power Business – Sales and Distribution."

Procurement of Nuclear Fuel and Related Services

Our nuclear power stations use fuel assemblies manufactured by assembling fuel rods that contain enriched uranium, which is processed from natural uranium.

The sale and supply of uranium are highly regulated in the PRC and worldwide. The Chinese government has imposed stringent regulations on uranium trading and fuel import. Only companies with operational permits and licenses approved by the relevant PRC authorities can import and trade uranium and provide nuclear fuel related services. There are currently two entities, namely CGN Uranium and China Nuclear Energy Industry Co., Ltd., or CNEIC, a subsidiary of one of our major competitors, CNNC, in the PRC that have been awarded operational permits and licenses enabling them to import and trade natural uranium and provide nuclear related services. Under the circumstance, we mainly procure nuclear fuel and related services through CGN Uranium, our connected person. Through CGN Uranium, our nuclear power stations procure natural uranium from overseas and domestic markets, as well as from uranium mines in which CGN Uranium may have equity interests. We also purchase, through CGN Uranium, natural uranium from CNNC's affiliates.

Only a handful of entities of CNNC in the PRC, including CNEIC and CNNC Jianzhong Nuclear Fuel Co., Ltd., or CNNC Jianzhong, are authorized to provide commercial uranium conversion, enrichment and fuel assembly processing services. Therefore, we procure uranium conversion, enrichment, fuel assembly processing and other related services primarily through CGN Uranium, who enters into long-term contracts with CNEIC and CNNC Jianzhong on our behalf. The relevant PRC government authorities have granted specific approvals which allow Daya Bay Nuclear Power Station to purchase a portion of its enriched uranium or enrichment services, and Taishan Nuclear Power Station to purchase a specified amount of fuel assemblies directly from outside the PRC.

Nuclear Safety

We uphold "Safety First" as our guiding principle for safety management. In order to ensure nuclear safety, we have devised comprehensive nuclear safety management systems, including a safety oversight system, an incident reporting system, a top-down nuclear safety culture, a safety management methodology, and an emergency response mechanism, and have established a safety performance system to ensure the strict implementation of every safety measure. In the operation and management of our nuclear power stations, we always endeavor to strictly abide by all applicable PRC laws, regulations, guidelines and standards, and strive to fulfill all commitments to ensure the safe and reliable operation of our nuclear power stations. As of June 30, 2014, unit 1 at Daya Bay Nuclear Power Station had recorded 4,203 consecutive days of safe operations without unplanned reactor shutdowns, the longest among nuclear power generating units in the PRC. As of the Latest Practicable Date, no nuclear events at or above level 2 on the INES (i.e., incidents with significant failure in safety provisions but sufficient defense-in-depth to cope with additional failures) had ever occurred in any nuclear power generating unit that we operate and manage. None of our nuclear power generating units in operation experienced any nuclear event at or above level 1 during the Track Record Period.

Treatment of Radioactive Waste

Certain waste produced by nuclear power stations is radioactive, and therefore requires special procedures to ensure proper management and safe disposal. Radioactive waste produced from our power generation process is primarily composed of spent fuel and low- and medium-level radioactive waste. We store and dispose of radioactive waste and make provisions for the relevant costs to disposal funds in compliance with applicable rules and regulations. The amounts of all types of radioactive waste discharges from all of our nuclear power stations have been consistently below PRC statutory limits. Please refer to "Business – Treatment of Radioactive Waste" for various types of radioactive waste discharged by our nuclear power stations as a percentage of the national standards during the Track Record Period.

Insurance

As of the Latest Practicable Date, we had, among others, the following insurance coverage: (i) nuclear insurance (including physical losses, such as machinery breakdown insurance, and third-party liability insurance), (ii) construction all risk insurance, and (iii) other insurance policies which are customary for our industry and/or required by law. We purchase our insurance coverage from a number of domestic and international insurers and review our insurance program with a third-party insurance adviser with reference to international best practices. As of the Latest Practicable Date, we believe that our nuclear power stations and projects maintained insurance coverage at a level consistent with market practice in the PRC nuclear power generation industry.

Major Customers and Suppliers

Our major customers are Guangdong Power Grid Corporation and HKNIC. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, total sales to our five largest customers represented 95.8%, 95.3%, 95.8% and 96.7% of our total revenue. During the same periods, sales to our largest customer represented 67.4%, 70.2%, 70.5% and 73.0% of our total revenue.

Our major suppliers include nuclear fuel and related services suppliers, project construction service providers and technical services providers. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our purchases from our five largest suppliers represented 41.6%, 44.4%, 42.7% and 43.9%, respectively, of our total cost of sales and services (excluding depreciation), and our purchases from the largest supplier represented 31.7%, 27.4%, 25.4% and 25.4% of our total cost of sales and services (excluding depreciation), respectively.

PROPOSED ACQUISITIONS

CGNPC is currently constructing Taishan Nuclear Power Station which has two nuclear power generating units with an aggregate installed capacity of approximately 3,500 MW. Following the completion of the Global Offering, we plan to use RMB9,700.2 million (or HK$12,252.4 million) of the proceeds to acquire additional equity interests in Taishan Nuclear. Pursuant to an equity transfer agreement, dated October 30, 2014, between us and CGNPC, after the Global Offering, we will acquire from CGNPC a 12.5% equity interest in Taishan Nuclear and a 60% equity interest in Taishan Investment, one of Taishan Nuclear's existing shareholders, which in aggregate represent a 41% equity interest in Taishan Nuclear ("Subject Equity Interest"). Both parties agree and acknowledge that the purchase price of the Subject Equity Interest will be RMB9,700.2 million (or HK$12,252.4 million), determined on the basis of the evaluation performed by CEA. Under the Taishan Equity Transfer Agreement, we will pay the purchase price for the Subject Equity Interest within certain time limits after the completion of the relevant procedures for settling and remitting the proceeds from the Global Offering as stipulated in the Taishan Equity Transfer Agreement to CGNPC. The effectiveness of this Taishan Equity Transfer Agreement is conditional upon the listing of our H Shares on the Hong Kong Stock Exchange and subsequently receiving the relevant approvals from the MOFCOM. Upon completion of the acquisition of the Subject Equity Interest and together with the 10% equity interest currently held by us, we will beneficially own a total of 51% equity interest in Taishan Nuclear.

OUR COMPETITIVE STRENGTHS AND STRATEGIES

We believe that our leading market position, strong operating results and our capacity for sustainable development are largely attributable to the following principal competitive strengths:

- Leading player in China's nuclear power industry with large-scale operations and strategically located assets;
- Operating in growing nuclear power industry in China, supported by favorable government policies and significant barriers to entry;
- World-class operations rooted in proven technology and management systems and continuous improvement;
- Comprehensive nuclear safety management systems and an excellent safety track record;
- Outstanding self-reliant research and development platform focused on operational improvements and new reactor technology;
- Experienced and dedicated management team and high-caliber professionals; and
- Undertakings and support from our Controlling Shareholder driving sustainable growth.

Our objective is to develop our nuclear power business safely and efficiently. In order to achieve this objective, we intend to implement the following strategies:

- Maintain and improve safety management based on our principle of "Safety First, Quality Foremost, Pursuit of Excellence;"
- Strengthen our leading position in the domestic market and pursue international expansion;
- Continue to control costs and improve profitability; and
- Focus on people to achieve collaborative development.

SHAREHOLDING STRUCTURE AND RELATIONSHIP WITH THE CONTROLLING SHAREHOLDER

Immediately following the completion of the Global Offering, CGNPC, our Controlling Shareholder, will own approximately 66.38% of our share capital, assuming no Over-allotment Option is exercised, and will continue to be our Controlling Shareholder. Apart from certain parts of the nuclear power business that have not been included in our Company, CGNPC and its subsidiaries (other than our Company) are also engaged in the following businesses: (i) non-nuclear power businesses in wind, hydro, solar power and other energies; (ii) development of uranium resources, natural uranium trade and all nuclear fuel related business; (iii) finance-related business within the CGN Group; (iv) applications of nuclear technology other than nuclear power generation; (v) general services; and (vi) investment holding in other businesses. In order to avoid any possible future competition between our Company and our Controlling Shareholder, CGNPC has entered into a Non-competition Deed in favor of our Company and has undertaken that it will use its best endeavors to prevent potential competition between our Company and CGNPC. We have also adopted adequate corporate governance measures to manage conflicts of interest arising from potential competing business and to safeguard the interests of our Shareholders. Please refer to "Relationship with Controlling Shareholder – Delineation of Business and Competition" and "Relationship with Controlling Shareholder – Non-Competition Deed and Undertakings" for further details.

We have entered into a suite of agreements with CGNPC, including the Custodian Service Framework Agreement (委託管理框架協議), the Trademark License Agreement (商標許可協議), the General Services Framework Agreement (綜合服務框架協議), the Technical Support and Maintenance Services Framework Agreement (技術支持與維修服務框架協議), the Engineering Services Framework Agreement (工程服務框架協議), the Financial Services Framework Agreement (金融服務框架協議) and the Nuclear Fuel Supply and Services Framework Agreement (核燃料物資供應與服務框架協議) (as defined in the section headed "Connected Transactions"). The transactions contemplated under these agreements will constitute continuing connected transactions under the Listing Rules. In respect of those non-exempt continuing connected transactions, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under Rule 14A.105 of the Listing Rules from strict compliance with the announcement, circular and/or shareholders' approval requirements; and the duration of each of (i) the Engineering Services Framework Agreement (six-year term ending on December 31, 2019), (ii) the Nuclear Fuel Supply and Services Framework Agreement (ten-year term ending on December 31, 2023); and (iii) the Electricity Supply Arrangement under the Joint Venture Contract (20-year term ending on May 6, 2034) will exceed three years and is not subject to Rule 14A.52 of the Listing Rules. We have also applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14A.53 of the Listing Rules so as to allow the annual caps for the Electricity Supply Arrangement under the Joint Venture Contract to be expressed as fixed quota rather than in terms of monetary value.

We possess sufficient capital, property, equipment, operating facilities, technology, credit facilities and human resources to operate our business independently with full capacity and corporate power to make operational and financial decisions and implement such decisions. In addition, we have access to independent suppliers and customers, as well as third-party financing that can be made available to us without guarantees or security provided by CGNPC, save for (i) the aggregate amount of approximately RMB248.0 million due to related parties as of September 30, 2014, details of which are set out in "Financial Information – Liquidity and Capital Resources – Net Current Liabilities"; (ii) loans totalling approximately RMB8,344.2 million extended to us from CGNPC and CGN Finance, which accounted for approximately 10.2% of our Group's aggregate outstanding borrowings as of September 30, 2014; and (iii) an outstanding guarantee provided by CGNPC over a RMB3.0 billion loan extended to GNIC at the time when it was a subsidiary of CGNPC prior to the establishment of our Company, which we do not intend to discharge prior to the Listing, as referred to in "Relationship with Controlling Shareholder – Independence from Our Controlling Shareholder – Financial Independence." Notwithstanding the above, we believe that we can conduct our businesses independently from CGNPC and its associates after the completion of the Global Offering. We do not plan to settle the loan amount owing to the CGN Group or settle the outstanding amounts due to related parties before the Listing. There are valid and sound reasons for us to continue to engage the CGN Group and CGNPC and its associates to provide certain goods or services to us, including the procurement of nuclear fuel and related services, engineering services and financial services, having regard to the nature of the services involved, the prevailing industry practice in the PRC, our established working relationships with the relevant parties, and the benefits of utilising such services, which our Directors believe to be in the interests of our Company and our Shareholders as a whole. We have also established a set of internal control procedures to foster and maintain our independence from managerial, operational and financial perspectives and have taken steps to adhere to high standards of risk control and corporate governance to ensure our transactions with the CGN Group are conducted on normal commercial terms. Please refer to "Connected Transactions" and "Relationship with Controlling Shareholder – Independence from Our Controlling Shareholder" for further details.

SUMMARY HISTORICAL FINANCIAL INFORMATION

Our Company

The table below sets forth selected items from our consolidated statements of profit and loss and comprehensive income for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
			RMB'000		
Revenue from sale of electricity	14,971,657	16,514,174	16,267,803	7,784,219	9,079,849
Total revenue	**15,881,005**	**17,575,078**	**17,365,016**	**8,171,088**	**9,754,173**
Less: Tax surcharge	(220,816)	(250,153)	(255,384)	(103,278)	(121,286)
Cost of sales and services:					
Cost of nuclear fuel	(2,098,557)	(2,785,059)	(2,657,564)	(1,235,741)	(1,350,067)
Depreciation of property, plant and equipment	(2,234,346)	(2,412,676)	(2,240,128)	(1,004,330)	(1,189,272)
Spent fuel disposal fund	(796,877)	(786,961)	(731,817)	(357,715)	(394,963)
Staff costs	(1,260,004)	(1,311,150)	(1,454,639)	(733,543)	(931,243)
Operating maintenance fee	(1,049,560)	(1,117,620)	(1,203,639)	(522,514)	(381,789)
Others	(547,278)	(741,043)	(673,360)	(137,525)	(248,872)
Total cost of sales and services	(7,986,622)	(9,154,509)	(8,961,147)	(3,991,368)	(4,496,206)
Gross profit	**7,673,567**	**8,170,416**	**8,148,485**	**4,076,442**	**5,136,681**
Finance costs	(2,114,183)	(3,117,505)	(2,803,588)	(1,414,421)	(1,515,168)
Profit before taxation	**6,332,394**	**5,867,806**	**6,069,732**	**3,679,166**	**3,626,086**
Taxation	(936,009)	(890,453)	(998,335)	(531,691)	(536,512)
Profit for the year/period	**5,396,385**	**4,977,353**	**5,071,397**	**3,147,475**	**3,089,574**
Profit for the year/period attributable to:					
Owners of the Company	4,727,489	4,144,645	4,194,547	2,652,512	2,571,559
Non-controlling interests	668,896	832,708	876,850	494,963	518,015
	5,396,385	4,977,353	5,071,397	3,147,475	3,089,574

The table below sets forth selected items from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
		RMB'000		
Total non-current assets	87,420,952	95,167,248	105,914,380	109,668,635
Total current assets	26,286,598	27,095,962	21,760,791	22,254,838
Total current liabilities	40,545,794	39,887,271	26,462,447	17,048,261
Total non-current liabilities	49,618,982	58,226,282	69,520,891	76,163,453
Net current (liabilities)/assets	**(14,259,196)**	**(12,791,309)**	**(4,701,656)**	**5,206,577**
Total equity	**23,542,774**	**24,149,657**	**31,691,833**	**38,711,759**

The table below sets forth selected items from our consolidated statements of cash flows for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
			RMB'000		
Net cash generated from operating activities	10,218,488	8,660,384	9,493,459	3,391,996	3,620,017
Net cash generated from (used in) investing activities	(11,818,133)	(14,979,326)	(4,481,686)	2,606,473	(5,391,653)
Net cash generated from (used in) financing activities	5,692,077	1,300,552	(3,936,981)	(7,778,163)	2,991,816
Cash and cash equivalents at the beginning of the year	6,194,951	10,452,704	5,434,243	5,434,243	6,640,318
Cash and cash equivalents at the end of the year/period	10,452,704	5,434,243	6,640,318	3,707,925	7,828,048

The table below sets forth certain of our key financial ratios as of the dates and for the periods indicated:

	As of, or Year Ended, December 31,			As of, or Six Months Ended, June 30,
	2011	2012	2013	2014
Current ratio(1)	0.65	0.68	0.82	1.31
Gearing ratio (%)(2)	247.92	326.80	250.38	208.82
Debt to equity ratio (%)(3)	195.54	294.83	220.74	187.60
Interest coverage(4)	2.74	2.04	1.69	2.11
Return on equity (%)(5)	26.78	20.87	18.16	17.55*
Return on total assets (%)(6)	5.22	4.22	4.06	4.76*

* *Six-month data multiplied by 2 so as to be comparable with annual data, which are not necessarily indicative of such ratio for the full year.*

(1) Current assets divided by current liabilities.
(2) Total debt (the total amount of bank and other borrowings) divided by total equity and multiplied by 100%.
(3) Net debt (the total amount of bank and other borrowings less cash and cash equivalents and other deposits over three months) divided by total equity and multiplied by 100%.
(4) Profit before interest and tax divided by interest expense.
(5) Profit divided by average equity (the arithmetic mean of the opening and closing balance of equity) and multiplied by 100%.
(6) Profit divided by average assets (the arithmetic mean of the opening and closing balance of total assets) and multiplied by 100%.

Tax and Government Incentives

Our business has benefited from various tax incentives, primarily in the form of preferential EIT rates and VAT refunds. We also receive government grants from time to time in connection with our technology advancement and research and development.

Pro Forma Financial Information

The following table presents our unaudited pro forma combined statement of financial position as of June 30, 2014 as if (i) the completion of the Proposed Acquisitions, and (ii) the completion of the Global Offering had taken place on June 30, 2014.

Assumption at High-End Offer Price

	As of June 30, 2014					
	Group(1)	Taishan Nuclear(2)	Taishan Investment(3)	Estimated Net Proceeds from Global Offering(4)	Elimination	Pro Forma Enlarged
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	109,668,635	60,639,207	10,559,784	–	(13,022,172)(5)	167,845,454
Current assets	22,254,838	1,328,133	575	18,961,958	(9,704,561)(5)	32,840,943
Current liabilities	17,048,261	4,138,222	9,809	–	(4,365)(5)	21,191,927
Non-current liabilities	76,163,453	36,856,016	–	–	(99,803)	112,919,666
Net assets	**38,711,759**	**20,973,102**	**10,550,550**	**18,961,958**	**(22,622,565)**	**66,574,804**

(1) The balances are extracted from the audited consolidated financial information of our Group as of June 30, 2014 presented as set out in Appendix IA to this Prospectus.
(2) The balances are extracted from the audited financial information of Taishan Nuclear as of June 30, 2014 presented as set out in Appendix IB to this Prospectus.
(3) The balances are extracted from the audited financial information of Taishan Investment as of June 30, 2014 presented as set out in Appendix IC to this Prospectus.
(4) The estimated net proceeds from the Global Offering are based on 8,825,000,000 H Shares at the Offer Price of HK$2.78, the high-end of the stated offer price range, per Offer Share, in the Global Offering.
(5) Proposed Acquisitions of Taishan Nuclear and Taishan Investment are considered as a business combination involving entities under common control because our Group and Taishan Nuclear as well as Taishan Investment are ultimately controlled by CGNPC both before and after the acquisition, and that control is not transitory. As a result, the acquisitions are to be accounted for using merger accounting. In addition, the adjustment includes the recognition of the aggregate acquisition consideration of RMB9,700.2 million in cash and such consideration reduces the owner's equity in the enlarged group.

Assumption at Low-End Offer Price

	As of June 30, 2014					
	Group(1)	Taishan Nuclear(2)	Taishan Investment(3)	Estimated Net Proceeds from Global Offering(4)	Elimination	Pro Forma Enlarged
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	109,668,635	60,639,207	10,559,784	–	(13,022,172)(5)	167,845,454
Current assets	22,254,838	1,328,133	575	16,565,690	(9,704,561)(5)	30,444,675
Current liabilities	17,048,261	4,138,222	9,809	–	(4,365)(5)	21,191,927
Non-current liabilities	76,163,453	36,856,016	–	–	(99,803)	112,919,666
Net assets	**38,711,759**	**20,973,102**	**10,550,550**	**16,565,690**	**(22,622,565)**	**64,178,536**

(1) The balances are extracted from the audited consolidated financial information of our Group as of June 30, 2014 presented as set out in Appendix IA to this Prospectus.
(2) The balances are extracted from the audited financial information of Taishan Nuclear as of June 30, 2014 presented as set out in Appendix IB to this Prospectus.
(3) The balances are extracted from the audited financial information of Taishan Investment as of June 30, 2014 presented as set out in Appendix IC to this Prospectus.
(4) The estimated net proceeds from the Global Offering are based on 8,825,000,000 H Shares at the Offer Price of HK$2.43, the low-end of the stated offer price range, per Offer Share, in the Global Offering.
(5) Proposed Acquisitions of Taishan Nuclear and Taishan Investment are considered as a business combination involving entities under common control because our Group, Taishan Nuclear and Taishan Investment are ultimately controlled by CGNPC both before and after the acquisition, and that control is not transitory. As a result, the acquisitions are to be accounted for using merger accounting. The adjustment represents the recognition of the aggregate acquisition consideration of RMB9,700.2 million in cash and such consideration reduces the owner's equity of the enlarged group.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2014

Forecast consolidated net profit attributable to equity holders of our Company[(1)]	not less than RMB5,468.1 million (approximately HK$6,906.8 million)
Unaudited pro forma forecast earnings per Share[(2)]	RMB0.13 (approximately HK$0.17)
Unaudited pro forma forecast earnings per Share[(3)]	RMB0.12 (approximately HK$0.16)

(1) The forecast consolidated profit attributable to equity holders of our Company for the year ending December 31, 2014 is extracted from the section headed "Financial Information – Profit Forecast for the Year Ending December 31, 2014" in this Prospectus. The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III to this Prospectus.

(2) The calculation of the unaudited pro forma forecast earnings per Share for the year ending December 31, 2014 is based on the above forecast consolidated net profit attributable to our equity holders for the year ending December 31, 2014 assuming that a weighted average of approximately 41,562 million Shares were in issue during the entire year, without taking into account any H Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

(3) The calculation of the unaudited pro forma forecast earnings per Share for the year ending December 31, 2014 is based on the above forecast consolidated net profit attributable to our equity holders for the year ending December 31, 2014 assuming that 44,125 million Shares are issued and outstanding following completion of the Global Offering, without taking into account any H Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

DIVIDEND POLICY AND SPECIAL DISTRIBUTION

Our subsidiaries declared dividends to their respective shareholders in total amounts of RMB2,768.5 million, RMB9,845.6 million and RMB1,652.9 million for the years ended December 31, 2011, 2012 and 2013, respectively. In the future, we expect to distribute no less than 33% of our distributable net profit for a given year as cash dividend. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other things, our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association, the PRC Company Law and any other applicable PRC law and regulations and other factors that our Directors may consider relevant. In addition, in accordance with the Reorganization in March 2014, CGNPC is entitled to the profit we generated between (and excluding) March 31, 2013 and March 25, 2014. In the six months ended June 30, 2014, we declared and paid a special distribution to CGNPC in an amount of RMB4,174.5 million. During the same period, we paid dividends to non-controlling shareholders in an amount of RMB729.1 million.

We passed shareholders' resolutions on September 17, 2014 approving a special dividend (the "Special Dividend"), in an amount equal to our retained earnings accrued during the period from March 25, 2014, the date of our incorporation, to the Listing Date, to our existing shareholders including CGNPC, CNNC and Hengjian Investment. The actual amount of the Special Dividend will be determined after a special review by an independent accounting firm in the PRC to be conducted after the Global Offering. We will pay the Special Dividend after the completion of the special review, following which we will publish an announcement of the actual amount of the Special Dividend pursuant to the applicable requirements of the Hong Kong Stock Exchange. The special dividend will be paid out of cash generated from our daily operations, and the Company will not make payment of the Special Dividend until our Directors are satisfied that the Company has sufficient cash or cash alternatives and that such payment will have no adverse impact on our financial and cash position. In particular, we will not use the proceeds from the Global Offering to pay the Special Dividend.

For further details, please refer to "Financial Information – Dividend Policy" and "Financial Information – Special Distribution."

USE OF PROCEEDS

Assuming an Offer Price of HK$2.61 per H Share (being the midpoint of the stated Offer Price range), we estimate that we will receive net proceeds of approximately HK$22,455.6 million from the Global Offering after deducting the underwriting commissions and other estimated expenses (excluding any discretionary incentive fee which may be payable by us), if the Over-allotment Option is not exercised.

We intend to use the net proceeds from the Global Offering for the purposes and in the amounts set out below:

Intended Use of Net Proceeds	% of The Total Estimated Net Proceeds	Amount (HK$ in Million)
Acquire 41% of the equity in Taishan Nuclear	54.6%	12,252.4
Capital expenditure related payments in nuclear power stations under construction	27.5%	6,175.3
Support research and development activities	5.0%	1,122.8
Repay debts and supplement our working capital	7.5%	1,684.2
Expand into overseas markets and enhance our competitiveness globally	5.4%	1,221.0

The allocation of the net proceeds described above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated Offer Price. For details of our future plans and use of proceeds, please refer to "Future Plans and Use of Proceeds."

LISTING EXPENSES

We have incurred legal, accounting and other professional fees in preparation for the Listing. In accordance with the relevant accounting standards, listing related fees that are directly attributable to the Global Offering are deducted from equity upon the Listing. By the time the Global Offering is completed, we expect to incur listing expenses of approximately RMB457.3 million (based on the midpoint of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised and excluding any discretionary incentive fee which may be payable by us), of which an estimated amount of approximately RMB414.4 million will be deducted from equity. The remaining RMB42.9 million have been/will be charged to our consolidated statement of profit and loss and comprehensive income for the year ending December 31, 2014.

GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that: (i) the Global Offering has been completed and 8,825,000,000 H shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised, and (iii) 44,125,000,000 Shares are issued and outstanding following completion of the Global Offering.

	Based on an Offer Price of HK$2.43	Based on an Offer Price of HK$2.78
Market capitalization of our Shares(1)	HK$107,224 million	HK$122,668 million
Unaudited pro forma adjusted net tangible asset value per Share(2)	HK$1.31	HK$1.38

(1) The calculation of market capitalization is based on 8,825,000,000 H Shares expected to be issued under the Global Offering, and assuming that 44,125,000,000 Shares are issued and outstanding following the Global Offering (before exercise of the Over-allotment Option.)

(2) The unaudited pro forma adjusted net tangible asset per Share is calculated after making the adjustments referred to in Appendix IIA to this Prospectus and on the basis that 44,125,000,000 Shares are in issue following the Global Offering (before exercise of the Over-allotment Option.)

RECENT DEVELOPMENTS

As of the Latest Practicable date, we operated and managed 11 nuclear power generating units with a total installed capacity of 11,624 MW, including seven nuclear power generating units in which we have controlling interests, two units owned by Ningde Nuclear and another two owned by Hongyanhe Nuclear. As of the Latest Practicable Date, we managed the construction of a total of nine nuclear power generating units, with a total installed capacity of 9,846 MW, including two at Hongyanhe Nuclear Power Station, two at Ningde Nuclear Power Station and five at Yangjiang Nuclear Power Station. We are in the process of obtaining governmental approvals for the construction of Hongyanhe Units 5 and 6, or Phase 2 of Hongyanhe Nuclear Power Station with a total installed capacity of 2,238 MW upon completion of the construction. The actual approval time is subject to uncertainties. We will update the status of development of these units in our announcements, interim or annual reports to be published after Listing.

Based on our unaudited management accounts, for the nine months ended September 30, 2014, we continued to experience growth in the net power generation of the nuclear power stations in which we have controlling interests, our revenue from the sales of electricity and our gross profit.

Our Directors confirm that, since June 30, 2014 and up to the date of this Prospectus, there had been no material adverse change in our business operations, results of operations and financial condition or trading conditions.

RISK FACTORS

We and the investors in the Offer Shares are subject to risks relating to our business and industry, and investors are also subject to risks relating to the Global Offering and the Offer Shares. These risks can be categorized into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the Global Offering. For a description of these and other risk factors, please refer to "Risk Factors."

We believe that the following are some of the major risks that we face:

- We are exposed to substantial potential risks and liabilities associated with our nuclear power generation business;
- Development and acquisition of, or investment in, new power projects requires substantial capital. If we fail to obtain capital on reasonable commercial terms or at all, our business may be materially and adversely affected and we may not be able to expand our business as planned;
- We have substantial indebtedness and have historically incurred net current liabilities, and may incur substantial additional indebtedness and continue to incur net current liabilities in the future, which could adversely affect our financial condition and plans for future expansion;
- We are subject to extensive laws and regulations and significant compliance risks;
- Accidents at nuclear power generation facilities in any country or region, regardless of the causes of such accidents, may lead the competent authorities to substantially tighten nuclear power station operating requirements or to refuse to authorize the construction or commencement of operations of new stations or to reject proposed extensions of the operating life of existing stations;
- We derive substantially all of our revenue from the sale of electricity and have a limited number of customers. We may experience limitations on the dispatch of electricity output due to grid congestion or other grid constraints;
- Any fluctuation or reduction in the demand of our customers for electricity could affect our results of operations;
- Any reduction in our on-grid tariffs or preferential policies for us could materially and adversely affect our revenue and profitability; and
- Our nuclear power projects under construction may not be completed on time or on budget.

As different investors may have different interpretations and standards for determining materiality of a specific risk, you are cautioned that you should carefully read the section headed "Risk Factors" in this Prospectus.

In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings.

"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with a specified person or persons
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s) or, where the context so requires, any of them that is (are) in relation to the application of the Hong Kong Public Offering
"application lists"	the application lists for the Hong Kong Public Offering
"Areva"	Areva NP, a company limited by shares and organized on September 3, 2001 and existing under the laws of France with a registered office at 1 Place Jean Millier Tour AREVA, 92400 Courbevoie, France and its Companies Registration No. 712 054 923 R.C.S. NANTERRE, which holds 49% equity interest in Beijing Ric Nuclear Instrument, and a connected person to our Company at the subsidiary level
"Articles of Association"	the articles of association of our Company adopted on April 15, 2014, which shall take effect on the Listing Date, and as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"associate company"	an entity over which our Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not to control or jointly control those policies
"Audit Committee"	the audit committee of our Board of Directors
"Beijing Ric Nuclear Instrument"	Beijing Ric Nuclear Instrument Joint Venture Co., Ltd. (北京中法瑞克核儀器有限公司), a limited liability company established in the PRC on December 9, 2010 with 51% of its equity interest held by China Nuclear Power Technology Research Institute and 49% by Areva, and a company accounted for as a joint venture using the equity accounting method
"Board" or "Board of Directors"	the board of directors of our Company
"BP"	BP PLC, a British multinational oil and gas company
"business day"	a day that is not a Saturday, Sunday or public holiday in Hong Kong on which banks in Hong Kong are generally open

"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"CEA"	Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司), an independent third party appraiser
"CGN Engineering"	China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司), a limited liability company established in the PRC on November 11, 1997, a wholly owned subsidiary of CGNPC and thus a connected person of our Company
"CGN Finance"	CGN Finance Co., Ltd. (中廣核財務有限責任公司), a limited liability company established in the PRC on July 22, 1997 with 66.66% of its equity interest held by CGNPC, 30% by CGN Engineering, and 3.34% by CGN Services Group Co., Ltd. (中廣核服務集團有限公司) (a wholly owned subsidiary of CGNPC), and thus a connected person to our Company
"CGN Fund Phase I"	CGN Industry Investment Fund Phase I Co., Ltd. (中廣核一期產業投資基金有限公司), a limited liability company and an affiliate to our Company, established in the PRC on June 30, 2010 with approximately 31.43% of its equity interests held by our Company, approximately 28.57% by China Three Gorges Corporation (中國長江三峽集團公司), 20% by BOC Investment Asset Management Co., Ltd. (中銀投資資產管理有限公司), approximately 7.39% by China Development Bank Jingcheng (Beijing) Investment Fund Co., Ltd. (國開精誠(北京)投資基金有限公司), approximately 7.14% by China Development Bank Capital Corporation Ltd. (國開金融有限責任公司), and approximately 5.47% by China Development Bank Siyuan (Beijing) Investment Fund Co., Ltd. (國開思遠 (北京)投資基金有限公司), each an Independent Third Party to our Company

"CGN Group"	collectively, CGNPC and its subsidiaries (unless otherwise indicated, excluding our Company) (for purposes of the connected transactions, the CGN Group shall include CGNPC and its associates)
"CGN Inspection Technology"	CGN Inspection Technology Co., Ltd. (中廣核檢測技術有限公司), a subsidiary of our Company and a limited liability company established in the PRC on October 23, 2007 with 75% of its equity interest held by Suzhou Nuclear Power Research Institute and 25% by Tecnatom, S.A. (a connected person of our Company at the subsidiary level)
"CGN Investment"	CGN Nuclear Power Investment Co., Ltd. (中廣核核電投資有限公司), a subsidiary of our Company and a limited liability company established in the PRC on October 11, 2011 with 77.78% of its equity interest held by our Company and 22.22% by CGN Fund Phase I
"CGN Operations"	China Nuclear Power Operations Co., Ltd. (中廣核核電運營有限公司), a limited liability company established in the PRC on August 3, 2012 and a wholly owned subsidiary of our Company
"CGN Simulation Technology"	China Nuclear Power (Beijing) Simulation Technology Corporation Ltd. (中廣核(北京)仿真技術有限公司), a subsidiary of our Company and a limited liability company established in the PRC on May 9, 2008 with 75% of its equity interest held by CNPRI and 25% by Western Service Corporation-China LLC (a connected person of our Company at the subsidiary level)
"CGN Uranium"	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 August 15, 2006, a wholly owned subsidiary of CGNPC, and thus a connected person of our Company
"CGNPC"	China General Nuclear Power Corporation (中國廣核集團有限公司), formerly known as China Guangdong Nuclear Power Corporation Limited (中國廣東核電集團有限公司), a state-owned enterprise established in the PRC on September 29,1994 and our Controlling Shareholder and Promoter, and thus a connected person of our Company, with 90% of its equity interest held by SASAC and 10% by Hengjian Investment
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this Prospectus, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
"CIETAC"	the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會)

"CNEA"	China Nuclear Energy Association, a national non-profit non-governmental organization established on April 18, 2007 with the consent of the State Council and the approval of the Ministry of Civil Affairs
"CNEA Report"	an industry report commissioned by us and independently prepared by CNEA in connection with the Global Offering
"CNNC"	China National Nuclear Corporation (中國核工業集團公司), a state-owned enterprise established in the PRC on June 29, 1999 and our Shareholder and Promoter
"CNPRI"	China Nuclear Power Technology Research Institute (中科華核電技術研究院有限公司), a limited liability company established in the PRC on November 8, 2006 and a wholly owned subsidiary of our Company
"Company," "our Company," "we" or "us"	CGN Power Co., Ltd. (中國廣核電力股份有限公司), a joint stock company with limited liability incorporated in the PRC on March 25, 2014, and except where the context indicates otherwise, includes (i) all of its subsidiaries and (ii) with respect to the period before our Company became the holding company of its present subsidiaries, the business operated by it and its present subsidiaries or (as the case may be) their predecessors
"Company Law" or "PRC Company Law"	Company Law of the PRC as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006, as amended, supplemented and otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed under the Listing Rules and, in this context, refers to CGNPC
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Daya Bay base area" or "Daya Bay base"	the location at Daya Bay, Guangdong Province, where six of our nuclear power generating units (including 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 Environment Protection"	Guangdong Daya Bay Nuclear Power Environment Protection Co., Ltd. (廣東大亞灣核電環保有限公司), a limited liability company established in the PRC on January 7, 2002 and a wholly owned subsidiary of our Company

"Daya Bay Research Institute"	China Daya Bay Nuclear Power Technology Research Institute Co., Ltd. (中國大亞灣核電技術研究院有限公司), a limited liability company established in the PRC on May 9, 1988 and a wholly owned subsidiary of our Company
"Daya Bay Station" or "Daya Bay Nuclear Power Station"	two generating units, located at our Daya Bay base area and controlled by Guangdong Nuclear Power Joint Venture Co., Ltd.
"Director(s)"	director(s) of our Company
"DNMC"	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 subsidiary of our Company and a limited liability company established in the PRC on March 12, 2003 with 87.5% of its equity interests held by GNIC and 12.5% by CLP Nuclear Power Operations & Management (China) Limited (中電核電運營管理(中國)有限公司), and a connected person to our Company at the subsidiary level
"Domestic Shares"	ordinary shares in our capital, with the nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"EDF"	Electricite De France, a company limited by shares organized on April 9, 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 its Paris Trade and Companies Registered No. 552 081 317, which will become a connected person to our Company at the subsidiary level upon completion of the Proposed Acquisitions
"EDF International"	EDF International, a company limited by simplified shares organized on October 22, 2001 and existing under the laws of France, whose registered office is at 20 Place De La Defense Tour Edf-92050 Paris La Defense, France, and its Paris Trade and Companies Registered No. 380 415 125, which will become a connected person to our Company at the subsidiary level upon completion of the Proposed Acquisitions
"EIT Law"	PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) adopted by the National People's Congress on March 16, 2007, and effective on January 1, 2008
"Fangchenggang Nuclear"	Guangxi Fangchenggang Nuclear Power Co., Ltd. (廣西防城港核電有限公司), a limited liability company established in the PRC on September 3, 2008 with 61% of its equity interest held by CGNPC and 39% by Guangxi Investment Group Co., Ltd. (廣西投資集團有限公司), and a connected person of our Company
"GDP"	gross domestic product (all references to GDP growth rates are to real as opposed to nominal growth rates of GDP)

"Global Offering"	the Hong Kong Public Offering and the International Offering
"GNIC"	Guangdong Nuclear Investment Co., Ltd. (廣東核電投資有限公司), a limited liability company established in the PRC on August 18, 1983 and a wholly owned subsidiary of our Company
"GNPJVC"	Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司), a subsidiary of our Company and a limited liability company established in the PRC on January 26, 1985 with 75% of its equity interest held by GNIC and 25% by HKNIC
"Green Application Form(s)"	the application form(s) to be completed by **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group," "our Group," "we" or "us"	our Company and its subsidiaries, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries could be viewed as if they were the subsidiaries of the Company at the time
"Guangdong Grid"	the grid system controlled by Guangdong Power Grid Corporation
"H Share(s)"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hengjian Investment"	Guangdong Hengjian Investment Holdings Co., Ltd. (廣東恒健投資控股有限公司), a Guangdong Provincial Government owned enterprise established in the PRC on March 16, 2006 and our Shareholder and Promoter
"HKAS"	Hong Kong Accounting Standards and Interpretations
"HKIAC"	Hong Kong International Arbitration Centre
"HKNIC"	Hong Kong Nuclear Investment Company Limited (香港核電投資有限公司), a limited liability company incorporated in Hong Kong in 1983 which holds 25% equity interest in GNPJVC, a subsidiary of our Company, and thus a connected person of our Company at the subsidiary level
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong"	Hong Kong Special Administrative Region of the PRC

"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on March 3, 2014 as amended, supplemented or otherwise modified from time to time
"Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance"	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
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 441,250,000 H Shares initially offered by us for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed "Structure of the Global Offering" in this Prospectus
"Hong Kong Public Offering"	the offering by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering") for cash at the Offer Price on the terms and conditions described in this Prospectus and the Application Forms
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting – Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated on or around November 26, 2014 relating to the Hong Kong Public Offering entered into between, among others, the Hong Kong Underwriters and the Joint Representatives and us, as further described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement"
"Hongyanhe Nuclear"	Liaoning Hongyanhe Nuclear Power Co., Ltd. (遼寧紅沿河核電有限公司), our associate company and a limited liability company established in the PRC on August 28, 2006 with 45% of its equity interest held by CGN Investment, 45% by CPI Investment Nuclear Power Co., Ltd. (中電投核電有限公司) (an Independent Third Party), and 10% by Dalian Construction Investment Co., Ltd. (大連市建設投資集團有限公司) (an Independent Third Party)
"Hongyanhe Nuclear Power Station"	the four generating units of Hongyanhe Nuclear
"IAEA"	International Atomic Energy Agency, which serves as an intergovernmental forum for scientific and technical cooperation in the peaceful uses of nuclear technology and nuclear power worldwide
"IFRS"	International Financial Reporting Standards

"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate owner(s), which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, are independent of the Company or are not its connected person(s)
"International Offer Shares"	the 8,383,750,000 H Shares initially offered by our Company for subscription under the International Offering, subject to the Over-allotment Option and adjustment as described in the section headed "Structure of the Global Offering"
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters with professional and institutional investors for cash at the Offer Price, as further described in the section headed "Structure of the Global Offering"
"International Underwriters"	the group of international underwriters expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the international underwriting agreement dated on or around December 3, 2014 relating to the International Offering to be entered into among us, the International Underwriters and the Joint Representatives on or around the Price Determination Date, as further described in the section headed "Underwriting – The International Offering"
"Joint Bookrunners"	China International Capital Corporation Hong Kong Securities Limited, Merrill Lynch International, ABCI Capital Limited, Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering only), Morgan Stanley & Co. International plc (in relation to the International Offering only), CLSA Limited, Goldman Sachs (Asia) L.L.C., BNP Paribas Securities (Asia) Limited, ICBC International Capital Limited, BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited, Guotai Junan Securities (Hong Kong) Limited, China Merchants Securities (HK) Co., Limited, J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering only), J.P. Morgan Securities plc (in relation to the International Offering only), Credit Suisse (Hong Kong) Limited and CCB International Capital Limited
"Joint Global Coordinators"	China International Capital Corporation Hong Kong Securities Limited, Merrill Lynch International, ABCI Capital Limited, Morgan Stanley Asia Limited, CLSA Limited, Goldman Sachs (Asia) L.L.C., BNP Paribas Securities (Asia) Limited and ICBC International Capital Limited

"Joint Lead Managers"	China International Capital Corporation Hong Kong Securities Limited, Merrill Lynch Far East Limited (in relation to the Hong Kong Public Offering only), Merrill Lynch International (in relation to the International Offering only), ABCI Securities Company Limited, Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering only), Morgan Stanley & Co. International plc (in relation to the International Offering only), CLSA Limited, Goldman Sachs (Asia) L.L.C., BNP Paribas Securities (Asia) Limited, ICBC International Securities Limited, BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited, Guotai Junan Securities (Hong Kong) Limited, China Merchants Securities (HK) Co., Limited, J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering only), J.P. Morgan Securities plc (in relation to the International Offering only), Credit Suisse (Hong Kong) Limited and CCB International Capital Limited
"Joint Representatives"	China International Capital Corporation Hong Kong Securities Limited, Merrill Lynch International and ABCI Capital Limited
"Joint Sponsors"	China International Capital Corporation Hong Kong Securities Limited, Merrill Lynch Far East Limited and ABCI Capital Limited
"Joint Venture Contract"	the contract entered into by GNIC and HKNIC on January 18, 1985 in respect of the establishment of a joint venture, namely, GNPJVC
"Latest Practicable Date"	November 19, 2014, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained in this Prospectus
"Ling'ao Nuclear"	Ling Ao Nuclear Power Co., Ltd. (嶺澳核電有限公司), a wholly owned subsidiary of our Company and a limited liability company established in the PRC on October 4, 1995 with 70% of its equity interest held by our Company, and 30% by GNIC
"Ling'ao Nuclear Power Station"	the two nuclear power generating units of Ling'ao Nuclear at Daya Bay base area
"Lingdong Nuclear"	Ling Dong Nuclear Power Co., Ltd. (嶺東核電有限公司), a subsidiary of our Company and a limited liability company established in the PRC on September 15, 2004 with 45% of its equity interest held by GNIC, 30% by CGN Investment, and 25% by our Company
"Lingdong Nuclear Power Station"	the two nuclear power generating units of Lingdong Nuclear at Daya Bay base area
"Listing"	listing of our H Shares on the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange

"Listing Date"	the date, expected to be on or around December 10, 2014, on which dealings in the Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Main Board"	the Main Board of the Stock Exchange
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Commission and other PRC government departments on August 27, 1994, as amended, supplemented or otherwise modified from time to time
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOEP"	Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"National Gencos"	the five national power generation groups in the PRC, namely China Huaneng Group, China Guodian Corporation, China Datang Corporation, China Huadian Corporation and China Power Investment Corporation
"NBSC"	National Bureau of Statistics of the PRC (中華人民共和國國家統計局)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NEA"	National Energy Administration of the PRC (中華人民共和國國家能源局)
"Ningde Nuclear"	Fujian Ningde Nuclear Power Co., Ltd. (福建寧德核電有限公司), our joint venture company and a limited liability company established in the PRC on March 23, 2006 with 46% of its equity interest held by Ninghe Investment, 44% by Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) (an Independent Third Party), and 10% by Fujian Energy Group Co., Ltd. (福建省能源集團有限責任公司) (an Independent Third Party)

"Ningde Nuclear Power Station"	the four generating units of Ningde Nuclear also known as Qingchuan Nuclear Power Station
"Ninghe Investment"	CGN Ninghe Investment Co., Ltd. (中廣核寧核投資有限公司), a subsidiary of our Company and a limited liability company established in the PRC on October 11, 2011 with 56.52% of its equity interests held by our Company, and 43.48% by CGN Fund Phase I
"NNSA"	National Nuclear Safety Administration of the PRC (中華人民共和國國家核安全局)
"Nomination Committee"	the nomination committee of our Board of Directors
"Non-competition Deed"	the non-competition deed dated November 21, 2014 entered into between CGNPC and our Company, as referred to in the section headed "Relationship with Controlling Shareholder"
"Non-PRC Resident Enterprise"	as defined under the EIT Law, enterprises established pursuant to non-PRC law with their de facto management conducted outside of the PRC, but which have established organizations or premises in the PRC, or which have generated income within the PRC without having established organizations or premises in the PRC
"NSSF"	National Council for Social Security Fund of the PRC (中華人民共和國全國社會保障基金理事會)
"Offer Price"	the final Hong Kong dollar price per Share (exclusive of brokerage fee, Stock Exchange trading fee and SFC transaction levy) at which the Offer Shares are to be subscribed for
"Offer Shares"	the Hong Kong Offer Shares and the International Offering Shares together, where relevant, with any additional H Shares issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by us to the International Underwriters exercisable by Joint Representatives under the International Underwriting Agreement pursuant to which we may be required by the Joint Representatives to issue up to an aggregate of 1,323,750,000 additional H Shares, representing in aggregate 15% of the initial number of Offer Shares, at the Offer Price, to cover over-allocations in the International Offering, if any
"PBOC"	the People's Bank of China (中國人民銀行)
"People's Congress"	the PRC's legislative apparatus, including the National People's Congress and all the local people's congresses (including provincial, municipal and other regional or local people's congresses), as the context may require, or any of them

"PRC GAAP"	generally accepted accounting principles in the PRC
"Price Determination Agreement"	the agreement to be entered into by the Joint Representatives on behalf of the Underwriters and our Company on the Price Determination Date to fix and record the Offer Price
"Price Determination Date"	the date, expected to be on or around Wednesday, December 3, 2014 but no later than Tuesday, December 9, 2014, on which the Offer Price is fixed for the purposes of the Global Offering
"Promoter(s)"	the promoters of our Company, namely, CGNPC, CNNC and Hengjian Investment
"Proposed Acquisitions"	the proposed acquisitions of a 12.5% equity interest in Taishan Nuclear and 60% equity interest in Taishan Investment under Taishan Equity Transfer Agreement, details of which are set out in the section headed "Business – Our Nuclear Power Business – Proposed Acquisitions"
"Prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board of Directors
"Reorganization"	the reorganization undergone by our Group in preparation for Listing as described in the section headed "History, Reorganization and Corporate Structure – Reorganization"
"Reorganization Agreement"	the agreement dated March 28, 2014 entered into between CGNPC and us in respect of the Reorganization
"Restricted Business"	any business or activity conducted by the CGN Group in the PRC or overseas that is in competition with, or is likely to be in competition with, the businesses carried on by our Group, currently, being the nuclear power business
"Retained Business"	certain nuclear power business that has not been included in our Group and in which CGNPC has interests. Please refer to "Relationship with Controlling Shareholder – Delineation of Business and Competition"
"RMB" or "Renminbi"	the lawful currency of the PRC
"Rule 144A"	Rule 144A under U.S. Securities Act

"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
"SASTIND"	State Administration of Science, Technology and Industry for National Defense (中華人民共和國國家國防科技工業局)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SAWS"	State Administration of Work Safety of the PRC (中華人民共和國國家安全生產監督管理總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"SERC"	(former) State Electricity Regulatory Commission of the PRC (原中華人民共和國國家電力監督管理委員會)
"Share(s)"	ordinary share(s) with nominal value of RMB1.00 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994, as amended, supplemented or otherwise modified from time to time
"Stabilizing Manager"	Merrill Lynch Far East Limited or its affiliates or any person acting for it
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	one (or all) of our Company's supervisors
"Supervisory Committee"	the Supervisory Committee of our Company

"Suzhou Nuclear Power Research Institute"	Suzhou Nuclear Power Research Institute (蘇州熱工研究院有限公司), a company formerly established in the PRC on May 13, 1978 and restructured to a limited liability company on July 7, 2003, and a wholly owned subsidiary of our Company
"Taishan Equity Transfer Agreement"	an equity transfer agreement entered into between CGNPC as the transferor and our Company as the transferee on October 30, 2014 for the acquisition of a 12.5% equity interest in Taishan Nuclear and a 60% equity interest in Taishan Investment, details of which are set out in "Business – Our Nuclear Power Business – Proposed Acquisitions"
"Taishan Investment"	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 December 8, 2011 with 60% of its equity interests being held by CGNPC, and 40% by Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司), a connected person of our Company
"Taishan Nuclear"	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 July 5, 2007 with 47.5% of its equity interests being held by Taishan Investment, 30% by EDF International, 12.5% by CGNPC, and 10% by GNIC, a connected person of our Company
"Taishan Nuclear Power Station"	the two nuclear power generating units of Taishan Nuclear
"Takeovers Codes"	the Code on Takeovers and Mergers and Share Buy-backs, as published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"VAT"	value-added tax

"WANO"	World Association of Nuclear Operators, a non-profit and non-governmental organization formed with the objective of improving safe operation and management levels at nuclear power stations through activities such as peer review, information exchange and dissemination of good practices
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"WNA"	World Nuclear Association
"Xinsu Thermoelectricity"	Nanjing Xinsu Thermoelectricity Co., Ltd. (南京新蘇熱電有限公司), a subsidiary of our Company and a limited liability company established in the PRC on September 11, 2001 with 90% of its equity interests held by Suzhou Nuclear Power Research Institute and 10% by Nanjing Jiangning State-owned Asset Operation Group Co., Ltd. (南京江寧國有資產經營集團有限公司) (an Independent Third Party)
"Yangjiang Nuclear"	Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司), a subsidiary of our Company and a limited liability company established in the PRC on February 23, 2005 with 46% of its equity interests held by our Company, 30% by GNIC, 17% by Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司), a connected person to our Company at the subsidiary level, and 7% by CGN Fund Phase I
"Yangjiang Nuclear Power Station"	generating units controlled by Yangjiang Nuclear, including generating units 1 to 6
"Yangjiang Site Development"	Yangjiang Nuclear Power Site Development Co., Ltd. (陽江核電基地開發有限公司), a limited liability company established in the PRC on July 12, 2007, a wholly owned subsidiary of CGNPC, and thus a connected person to our Company
"%"	per cent

In this Prospectus:

– The English names of the PRC nationals, enterprises, entities, departments, facilities, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of inconsistency between the Chinese names and their English translations, the Chinese names shall prevail; and

– "We," "us" and "our" refer to our Company or our Group (as the case may be).

This glossary of technical terms contains explanations of certain technical terms used in this Prospectus in connection with our Group and our business. These terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"ACPR1000"	a gigawatt-level pressurized water reactor nuclear power technology developed by the CGN Group (including us) 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
"attributable net power generation"	net power generation of a power station or project multiplied by the percentage ownership of an equity owner
"background"	the environmental background value, in the case of lack of pollution, the stable radiation level formed by the environmental elements such as air, water, rocks, soil, plants, crops, aquatic life and human tissues
"benchmark tariff" or "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 factor"	the ratio of the available generating capacity in a given time period and the rated generating capacity in the same period, expressed as a percentage
"consolidated installed capacity"	the aggregate installed capacity (as the case may be) of our project companies that we fully consolidate in our consolidated financial statements. It is calculated by including 100% of the installed capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed to be our controlled subsidiaries. Consolidated installed capacity does not include the installed capacity of Ningde Nuclear or Hongyanhe Nuclear
"consolidated net power generation"	the aggregate amount of net power generation (as the case may be) of our project companies that we fully consolidate in our financial statements for a specified period

"conventional island"	collectively, the steam turbine generator unit and its ancillary facilities in a nuclear power station together with the buildings in which they are located
"CPR1000"	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 schedule of production for all the generation units on a power system. As a verb, to direct the station to operate
"dispatch priority"	the ranking or preference of one producer or source of electricity generation capacity over other available producers or sources of electricity generation capacity
"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
"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
"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
"Fukushima accident"	an INES Level 7 serious nuclear accident caused by the tsunami which was induced by the level 9.0 earthquake at the Fukushima Daiichi Nuclear Power Station in Japan on March 11, 2011
"gross installed capacity"	total rated active power of generation units actually installed, which is denominated in kW, MW or GW, as the case may be
"GW"	unit of energy (power). 1 GW (gigawatt) = 1,000 MW
"GWh"	unit of energy (power). 1 GWh = 1,000,000 kWh. GWh is typically used as a measure for the annual energy production of large power stations

"Hualong I"	a third-generation gigawatt-level pressurized water reactor nuclear power technology, which is being jointly developed by the CGN Group (including us) and CNNC. It is known in Chinese as "華龍一號"
"INES"	International Nuclear and Radiological Event Scale, a tool for promptly and consistently communicating to the public the safety significance of events associated with radioactive sources or ionizing radiation
"kW"	unit of energy (power). 1 kW (kilowatt) = 1,000 watts
"kWh"	unit of energy (power). The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"load factor"	the ratio of the actual generating capacity of the units in a specified time period and the rated generating capacity in the same period, expressed as a percentage
"M310"	a French gigawatt-level nuclear power technology which improved on the basis of CPY reactor model. It uses a three-loop pressurized water reactor
"MW"	unit of energy (power). 1 MW (megawatt) = 1,000 kW. The installed capacity of a power station is generally expressed in MW
"MWh"	unit of energy (power). 1 MWh = 1,000 kWh
"natural uranium"	the uranium existing in the natural world, of which U-235 represents 0.7%, and U-238 represents 99.3%
"net power generation"	for a specified period, the total amount of electricity sold to the relevant local grid company by a power station
"nuclear fission" or "fission"	the process in which the nucleus of a heavy nucleus atom is split into two or more lighter nuclei, releasing two to three secondary neutrons and enormous thermal energy during the split
"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
"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

"operating units"	nuclear power units which have commenced commercial operations, until their decommissioning
"power purchase agreement"	a power purchase agreement entered into between a power producer and a power grid company
"projects 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
"PWR"	Pressurized Water Reactor
"spent fuel"	the nuclear fuel that has been burned in the reactor, and its burnup level has reached design discharge burnup limit and the nuclear fuel (i.e. the spent fuel assembly) discharged from the reactor and no longer in use
"TWh"	unit of energy (power). 1 TWh (terawatt hour) = 1 billion kWh
"utilization hours"	the generation output divided by the installed capacity in a given time period

This Prospectus contains forward-looking statements that are not historical facts, but relate to our plans, intentions, beliefs, expectations and predictions for the future, particularly under the sections headed "Summary," "Risk Factors," "Industry Overview," "History, Reorganization and Corporate Structure," "Business," "Regulatory Environment," "Relationship with Controlling Shareholder," "Connected Transactions," "Financial Information" and "Future Plans and Use of Proceeds." By their nature, these forward-looking statements are subject to risks and uncertainties.

The forward-looking statements in this Prospectus include, without limitation, statements relating to:

- the competition in the market or industry in which we operate and their potential impact on our business;
- our operations and business strategies;
- general domestic and global economic conditions, including those related specifically to China;
- changes in the regulatory policies of the PRC government and other relevant government authorities relating to the industries discussed herein and their potential impact on our business;
- changes in on-grid tariffs and nuclear fuel prices;
- changes in the availability of, or requirements for, financing;
- our ability to expand and manage our business;
- our financial condition and performance;
- our ability to implement our development strategy, plans, objectives and goals;
- our expansion and capital expenditure plans;
- our dividend policy;
- future development, trends and conditions in the industry in which we operate;
- changes in political, economic, legal and social conditions in the PRC, including specifically, the PRC government's policies with respect to economic growth, inflation and foreign exchange;
- macroeconomic measures taken by the PRC government to manage economic growth;
- changes in restrictions on foreign currency convertibility and remittance abroad;
- fluctuations in exchange rates and interest rates;
- certain statements in the sections headed "Business" and "Financial Information" with respect to installed capacity, operations, overall market trends, risk management and exchange rates; and
- other statements in this Prospectus that are not historical facts.

In addition, statements regarding our future financial position, strategy, projected costs and the plans and the objectives of our management for future operations are forward-looking statements. In some cases, we use words such as "aim," "continue," "predict," "propose," "believe," "seek," "intend," "anticipate," "estimate," "project," "target," "plan," "potential," "will," "would," "may," "could," "should" and "expect," and the negatives of these words and other similar expressions, to identify forward-looking statements.

These forward-looking statements reflect our current views on future events but are not an assurance of future performance, and will be affected by certain risks, uncertainties and assumptions, including the risk factors mentioned in this Prospectus. The possible occurrence of one or more relevant risk factors or uncertainties, or the potential inaccuracy of the relevant assumptions, may cause actual results, performance or effects to differ materially from any future results, performance or presentation indicated expressly or implicitly in the forward-looking statements.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. We undertake no obligation to update or revise any forward-looking statements contained in this Prospectus, whether as a result of new information, future events or otherwise, except as required by law and the Listing Rules. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus may not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this Prospectus are qualified by reference to these cautionary statements.

You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below before making an investment in our H Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of the risks mentioned in this section. The trading price of our H Shares could decline due to any of these risks, and you may lose all or part of your investment. You should pay particular attention to the fact that we are a company incorporated in the PRC, our business is primarily conducted in China and we are governed by a legal and regulatory environment which may differ from that prevails in other countries and jurisdictions. For more information about China and certain related matters discussed below, please refer to "Regulatory Environment," "Appendix V – Summary of Principal Legal and Regulatory Provisions" and "Appendix VI – Summary of Articles of Association" in this Prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We are exposed to substantial potential risks and liabilities associated with our nuclear power generation business.

We engage in nuclear power generation activities. Unlike in other industries, including the non-nuclear power generation industry, a significant quantity of radioactive substances is contained in the nuclear reactors of a nuclear power station, which could present a possible radioactive threat to humans, the environment and society under certain circumstances. In addition, as an important part of our business operations, we need to handle, store, transport and dispose of radioactive materials, such as low- and medium-level radioactive waste and spent fuel, and other hazardous materials, including a small amount of explosive or flammable materials used in our electricity generating activities. Therefore, our business involves certain significant potential risks.

We are also exposed to other substantial potential risks and liabilities associated with nuclear power generation, including the risks and liabilities which may be caused by one or several of the following factors: (i) aging, defects, malfunctioning, inappropriate installation, control or operation of various equipment, systems and facilities, (ii) human errors or misconduct, strikes or disputes with our labor force, (iii) external attacks, such as terrorist attacks and other third-party malicious acts, and (iv) natural disasters. Any of the above factors, if occurring individually or collectively, could cause significant disruptions or interruptions to our operations, materially and adversely affect our power generation activities or cause significant extra costs or expenses. These and other factors may also lead to nuclear accidents and other serious consequences, such as deaths or long-term illnesses to humans, including our employees and the general public in a large geographic area, and long-term contamination of the environment, which could expose us to significant compensation and damages, clean-up costs, legal proceedings and other liabilities.

We have taken steps to adhere to high standards of risk control procedures applicable to the preparatory phase, construction phase, operation phase and decommissioning phase of our nuclear power stations, in order to protect the public, the environment and society from the threat of radiation, ensuring the smooth operation of the nuclear power stations, and reducing the possibility of accidents. However, there can be no assurance that these measures will be effective under any circumstances. We, in conjunction with the public authorities, have also implemented safety measures aimed at countering all forms of attacks. However, we cannot assure you that the above risks and uncertainties will not affect the safe and reliable operation of our nuclear power stations or lead to any nuclear accident, thus causing harm to humans, the environment and society, and leading to partial or total closure of our nuclear power stations for an extended period of time or resulting in significant liabilities. If any of these risks materializes, it could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Development and acquisition of, or investment in, new nuclear power projects requires substantial capital. If we fail to obtain capital on reasonable commercial terms or at all, our business may be materially and adversely affected and we may not be able to expand our business as planned.

We operate in a capital-intensive industry. Developing, acquiring or investing in new nuclear power projects, and developing or expanding existing nuclear power stations require substantial capital. In 2011, 2012 and 2013 and the six months ended June 30, 2014, our capital expenditure, including investment on property, plant and equipment, interests in associates, interests in joint ventures and available for sale investments, amounted to RMB17,217.1 million, RMB13,522.1 million, RMB12,428.6 million and RMB4,083.5 million, respectively. Our net cash used in investing activities was RMB11,818.1 million, RMB14,979.3 million, RMB4,481.7 million and RMB5,391.7 million in 2011, 2012 and 2013 and the six months ended June 30, 2014, respectively. We estimate that our capital expenditure for the six months ending December 31, 2014 and the year ending December 31, 2015 will amount to RMB7,462.4 million and RMB28,450.4 million, respectively. As is the case with other nuclear power generation companies, it usually takes a long period of time for us to recoup our investment in nuclear power projects. As a result, the cash generated from operations may not be sufficient to meet all of our capital needs and we may rely on substantial debt financing, within the limits set by the government, for the expansion of our business. As of December 31, 2011, 2012 and 2013, June 30, 2014 and September 30, 2014, the balance of our interest-bearing debt, including bank borrowings, notes payable, borrowings from a financial institution, loans from CGNPC and a fellow subsidiary and payables to CGNPC, amounted to RMB58,366.9 million, RMB78,921.3 million, RMB79,349.0 million, RMB80,836.6 million and RMB81,524.3 million, respectively. In 2011, 2012 and 2013 and the six months ended June 30, 2014, our finance costs were RMB2,114.2 million, RMB3,117.5 million, RMB2,803.6 million and RMB1,515.2 million, respectively. In addition to using the proceeds from the Global Offering and cash generated from our operating activities, we expect to continue to borrow substantial additional funds to meet our capital expenditure requirements.

Our ability to acquire financing and the related finance costs are subject to various factors, including macroeconomic and capital market conditions, government policies and regulations (especially those related to currencies) and the continuous success of our business. Unfavorable global market conditions may adversely affect our ability to acquire financing. Although we mainly rely on domestic funding sources, any decline in the liquidity of the global capital markets may adversely affect the markets in Hong Kong or the PRC, and limit our ability to obtain funds. We cannot assure you that the banks that lend to us will not breach their contractual obligations or will extend to us the entire amounts of credit that they committed in a timely manner, nor can we assure you that we can obtain any international or domestic financing for future nuclear power stations or project development and acquisitions or the expansion of our existing nuclear power stations or projects on terms favorable to us, or at all. If we fail to obtain debt financing on commercial terms acceptable to us, we may have to obtain financing through offering our shares, which will dilute the equity interests of our existing shareholders. If we are unable to obtain financing on favorable terms or at all, we may be forced to delay, reduce or abandon our growth strategies and/or increase our financing costs, and our business, financial condition and results of operations may be materially and adversely affected.

We have substantial indebtedness and have historically incurred net current liabilities, and may incur substantial additional indebtedness and continue to incur net current liabilities in the future, which could adversely affect our financial condition and plans for future expansion.

We had during the Track Record Period, and will continue to have in the future, a substantial amount of indebtedness. As of June 30, 2014 and September 30, 2014, our interest-bearing debt, including bank borrowings, notes payable, borrowings from a financial institution, loans from CGNPC and a fellow subsidiary and payables to CGNPC, amounted to RMB80,836.6 million and RMB81,524.3 million, respectively. We recorded net current liabilities of RMB14,259.2 million, RMB12,791.3 million and RMB4,701.7 million as of December 31, 2011, 2012 and 2013, respectively. Although we had net current assets of RMB5,206.6 million as of June 30, 2014, we may have net current liabilities again in the near future.

Our substantial indebtedness and high level of net current liabilities could have certain consequences for our business, including (i) limiting our ability to repay our outstanding debt; (ii) making us more vulnerable to adverse general economic and industry conditions; (iii) forcing us to dedicate a substantial portion of cash flow from our operations to service and repay our indebtedness, thereby reducing our cash flow available for working capital, capital expenditures and other general corporate purposes; (iv) limiting our flexibility in planning for or reacting to the changes in our businesses and the industry; (v) causing us to be less competitive as compared to our competitors that have less debt; and (vi) limiting our ability to borrow more funds in future and/or increasing our financing costs.

Additionally, as we rely on borrowings to meet a substantial part of our capital expenditure requirements, we are exposed to interest rate risk. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our interest expenses before considering capitalization amounted to RMB3,083.1 million, RMB4,402.4 million, RMB5,257.7 million and RMB2,436.2 million, respectively. The interest rates on our loans may be affected by various factors, including market factors and changes in national economic policies. Any significant increase in interest rates will result in a substantial increase in our interest expenses, which may materially and adversely affect our business, financial condition, results of operations and expansion plans.

In the future, we may continue to incur substantial indebtedness to finance our business expansion. In incurring indebtedness in the future, we may create security interests over our assets or receivables in favor of creditors. If we incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage ratio could intensify.

Furthermore, although there are no restrictive covenants in our existing debt documents, if we are unable to comply with the restrictions (including restrictions on our future investments) and covenants in our future debt obligations, a default under the terms of such agreements may occur. In the event of a default under such agreements, holders of debt could terminate their commitments to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements. Some of the financing arrangements to be entered into by us in the future may contain cross-acceleration or cross-default provisions. As a result, a default 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 occurs, there can be no assurance that our assets and cash flow will be sufficient to repay in full all of our debts as they become due, or that we will be able to obtain alternative financing. Even if we are able to obtain alternative financing, there can be no assurance that it will be on terms that are favorable or acceptable to us.

We are subject to extensive laws and regulations and significant compliance risks.

Our nuclear power generation business is subject to extensive laws and regulations of the PRC government, and provincial and local government departments. These laws and regulations regulate many aspects of our operations, including the construction of nuclear power stations, permissions for electric power business, grid connection and dispatch, determination of on-grid tariffs, compliance with power grid control and dispatch directives, control of nuclear fuel and radioactive waste and environmental, safety and health standards. We believe that our nuclear power station operations, as well as all of our planned projects and projects under construction, are in compliance with the requirements of existing laws and regulations in all material respects. However, there can be no assurance that we, at all times, will possess adequate certificates, authorizations, licenses, orders, consents, approvals or permits required by all applicable laws and regulations in the PRC for the operation of our businesses. A breach of laws or regulations to which we are subject may result in serious consequences including the imposition of fines and penalties or the suspension of the relevant power station's operations or its closure. New or more stringent rules and requirements relating to the construction, operation, management and other aspects of nuclear power stations or the nuclear power industry may be formulated by regulators in the future. Complying with new or more stringent rules and requirements may require us to make a substantial amount of additional investments, suspending the operation of our existing nuclear power stations to transform the nuclear power generating units, or experiencing delays in the construction of new nuclear power stations, any of which could materially and adversely affect our business, financial condition and results of operations. In addition, if we expand our business into overseas markets in the future, we may also be subject to the similar policies of other countries and the changes thereof.

In addition, the PRC power generation industry has undergone and will continue to undergo regulatory and structural transformation. According to "Improving the Mechanism of Market-driven Pricing" and "Promoting the Price Reform in the Fields of Water, Oil, Natural Gas, Electricity, Transportation and Communication to Form a Competitive Pricing Mechanism" in the "Decision of the Central Committee of the Communist Party of China on Several Major Issues Relating to Comprehensively Deepening the Reform," which was passed on the Third Plenary Session of the Eighteenth Central Committee of the Communist Party of China on November 12, 2013, reform of the electricity system is being strengthened, which may lead to changes to on-grid tariffs and net power generation. As the PRC power sector reform is expected to be a long and evolving process, we are not in a position at this time to predict what impact the reform will have on our business and prospects. There can be no assurance that future regulatory reforms will not have a material and adverse effect on our business, financial condition or results of operations.

The PRC government has set specific targets for the growth of nuclear energy in China. According to the "Work Plan for Strengthening the Prevention and Amelioration of Atmospheric Pollution" ("能源行業加強大氣污染防治工作方案") issued in March 2014 by the NDRC, NEA and MOEP, the installed capacity of the nuclear power generating units in operation in China is expected to reach 40 GW by 2015 and 50 GW by the end of 2017. If future installed capacity of nuclear power generating units in operation in China does not grow as expected or the PRC government reduces its targets for the growth of nuclear energy in China in the future, our financial condition, results of operations and business may be adversely affected.

Moreover, the PRC government's policies relating to the storage and disposal of spent fuel may change. If any policy changes result in higher than expected expenditure, our business, financial condition, results of operations and prospects may be materially and adversely affected. Please refer to "– The provisions we make for radioactive waste disposal may be inadequate."

Accidents at nuclear power generation facilities in any country or region, regardless of the causes of such accidents, may lead the competent authorities to substantially tighten nuclear power station operating requirements or to refuse to authorize the construction or commencement of operations of new stations or to reject proposed extensions of the operating life of existing stations.

Accidents at nuclear power generation facilities (whether our facilities or any other nuclear power generation facilities in other countries or regions), especially those that result in serious radioactive contamination or irradiation, regardless of the causes of such accidents, may turn public opinion or the opinion of specific interest groups against nuclear power or lead the competent authorities to take various actions, including but not limited to: (i) substantially tightening power station operating requirements (such as requirements for more extensive or more expensive insurance coverage or more stringent safety standards) or requesting modification of power generating facilities or operational procedures, (ii) ordering a temporary suspension or permanent termination or decommissioning of nuclear facilities in operation ahead of schedule, (iii) suspending or cancelling all the ongoing nuclear power station development projects, (iv) refusing to approve the construction or entering into operations of new power stations, (v) rejecting proposals for extending the operating life of existing power stations, (vi) contemplating a full cessation of the use of nuclear power to generate electricity or (vii) amending the relevant laws or regulations. The relevant authorities in the PRC may take such or similar decisions in the future, which may have a material and adverse effect on our operations and/or our ability to obtain financing or expand our nuclear power business. If the public in other countries or regions is against nuclear power generation, or if their governments take such or similar measures, our overseas expansion plan may be affected.

We derive substantially all of our revenue from the sale of electricity and have a limited number of customers. We may experience limitations on the dispatch of electricity output due to grid congestion or other grid constraints.

We derive substantially all of our revenue from the sale of electricity generated by the nuclear power stations in which we have controlling interests. The nuclear power stations that we operate and manage sell electricity in China and rely on local grid companies for connection with local power grids, for construction and maintenance of grid infrastructure for electricity transmission and dispatch services. Each of our nuclear power stations is currently only able to connect with just one local power grid company. Please refer to "Business – Our Nuclear Power Business – Sales and Distribution – Contracts for the Purchase and Sale of Electricity and Grid Connection Arrangements" for details.

Other than HKNIC, to which our Daya Bay Nuclear Power Station sells electricity, all the other companies that purchase power from nuclear power stations we operate and manage are ultimately owned by two state-owned enterprises, namely, State Grid Corporation of China and China Southern Power Grid. Currently, the nuclear power stations that we operate and manage do not sell electricity to any other companies or individual end users. Therefore, our revenue and results of operations are substantially influenced by local grid companies in the PRC. There can be no assurance that they will always perform their obligations under the relevant power purchase agreements, which include purchase of electricity, grid connection and dispatch, and make full payments for the electricity sold to them in a timely manner. If the local grid companies in the PRC fail to perform their obligations under the relevant contracts or in the event of their insolvency or liquidation, we may not have alternative customers readily available to us and our business, financial condition and results of operations would thus be materially and adversely affected.

The nuclear power stations that we operate, like most power stations, are unable to store electricity and must transmit electricity once it is generated. We may be forced to shut down or reduce generation of some of the generating units if we are unable to transmit electricity due to grid congestion or other grid constraints. In addition, the demand of the customers of the grid companies for electricity may decrease, which could reduce the net power generation delivered to the grid. Moreover, 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 our control. Any reduction in dispatched output due to grid restriction or breaches in performance of the applicable power purchase agreements could materially and adversely affect the sales of electricity, our business, financial condition and results of operations.

Any fluctuation or reduction in the demand for electricity could affect our results of operations.

The power generation industry in the PRC experienced continuous growth over the last decade as a result of rapid industrialization and rising residential power demand. However, the level of demand for power in the PRC will not necessarily continue to increase or be sustained in the future. A slowdown in certain industries, or in the PRC economy generally, could result in an overall lower demand for power and have a material and adverse effect on our business, financial condition and results of operations.

The amount of our net power generation is also subject to local demand for electricity and the amount of generation capacity available to the applicable grids. There can be no assurance that the supply of electricity from other power stations and projects in regions in which we operate will not increase in the future. Any such increase in the supply of electricity in the regions where we operate could result in an imbalance between the supply of and demand for electricity in the local market, which could affect the utilization rate and power generation of the nuclear power generating units that we operate. If our net power generation decreases due to any of these factors, our revenue will decrease accordingly, which could have a material and adverse effect on our business, financial condition and results of operations.

Any reduction in our on-grid tariffs or preferential policies for us could materially and adversely affect our revenue and profitability.

Our on-grid tariffs for sale of electricity to grid companies in the PRC are approved or fixed by the relevant pricing authorities and may change. Currently, the on-grid tariffs for sale of electricity to grid companies in the PRC by our nuclear power stations commencing operations after January 1, 2013 are subject to the NDRC's "benchmark tariff" policy, and are therefore generally likely to be consistent throughout the country. 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 profit, determined by taking into account the costs related to the nuclear power stations, including those related to construction and operation. If our on-grid tariffs decrease due to future changes in policies and we are unable to mitigate such decrease with enhanced operational efficiency of our power stations or lower construction or acquisition costs for new power generating capacity, our revenue and financial performance may be materially and adversely affected. Please refer to "Business – Our Nuclear Power Business – Sales and Distribution – On-grid Tariffs" for further details on applicable on-grid tariffs, the recent change in policy with respect to such tariffs issued by the NDRC, including the Notice on Issues Related to Improvement of the Nuclear Power On-Grid Tariff Mechanism issued on June 15, 2013, and the ways in which the benchmark tariff may be adjusted for particular reactors.

In addition, electricity generated using nuclear power generally enjoys grid dispatch priority over electricity generated using fossil fuels. However, government policies with respect to grid dispatch priority could change, and if this were to happen, it could materially and adversely affect the sales of electricity generated from our power stations, which would materially and adversely affect our business, financial condition and results of operations.

Our nuclear power projects under construction may not be completed on time or on budget.

When constructing nuclear power projects, we strive to obtain the necessary permits and approvals, sufficient financing, adequate rights in land via leasing or purchase of rights, reasonably-priced equipment and construction contracts. Several factors may lead to material construction delay or cost over-run, such as:

- Delivery delays caused by shortages of key equipment, materials or labor;
- Increases in the cost of key equipment, materials or labor;
- Quality problems with equipment;
- Unexpected engineering, design, environmental or geological problems;
- Failure to receive various regulatory approvals, licenses or permits from government agencies when anticipated; and
- Failure to obtain sufficient bank loans or other financing on favorable terms or at all.

In addition, due to public perceptions of nuclear energy and its risks especially after the Fukushima accident, local residents and environmental activists have elected to protest the development and construction of a nuclear power facility and may continue to do so. Moreover, local government authorities may also choose not to support the development of nuclear power facilities to protect local environment and community from potential risks. We cannot assure you that we or our affiliates will not fail to manage community relationships appropriately. Opposition from local community, political or environmental groups, as well as local government authorities with respect to the construction of nuclear power facilities at a particular site could cause delays, interruptions or even cancelations of our or our affiliates' development plans, adversely affect our reputation and hamper our ability to acquire or construct new nuclear power projects to grow our business.

We cannot assure you that the construction of our nuclear power projects can be completed on time or on budget. Any failure or delay in project construction or any unexpected cost or cost overrun could have a material and adverse effect on our business, financial condition and results of operations.

We cannot assure you that our Proposed Acquisitions of equity interest in Taishan Nuclear can be completed within the expected timeframe or at all.

We intend to purchase, directly or indirectly, 41% of the equity interest in Taishan Nuclear, which owns two nuclear power generating units under construction with a total installed capacity of approximately 3,500 MW. To this end, we entered into an equity transfer agreement with CGNPC on October 30, 2014. Please refer to "Business – Our Nuclear Power Business – Details of Existing Nuclear Power Generating Units and Nuclear Power Generating Units We Intend to Acquire – Proposed Acquisitions." Prerequisites to effectiveness of this agreement are that we obtain approval from the relevant Chinese government agencies and our H shares are listed on the Hong Kong Stock Exchange. According to the best estimate that our directors believe we can make at present, we expect to receive relevant government approvals within four months after the Listing Date. However, there can be no assurance that we will receive all approvals from relevant government agencies for the proposed transaction in a timely manner. Additionally, we cannot assure you that there will not be any changes in regulations or other unforeseen conditions that prevent these Proposed Acquisitions from being completed as expected or at all. If these Proposed Acquisitions cannot be completed within the expected timeframe or at all, we will have to adjust our business expansion plans, which could materially and adversely affect our prospects.

The assumptions used by us to make acquisition or investment decisions may not be appropriate or accurate.

Investments and acquisitions are important strategies for our future business expansion. In deciding whether to invest in or acquire a particular asset or business in a particular location, we consider multiple factors, including the growth of the demand for electricity and related services in the place where the relevant asset or business is located; the increase in the supply of electricity or related services in that area, including the addition of new generation capacity; the competition and detailed information on local competitors; sources of fuel supply and the location of the local load center; and connection to the local power grid. However, there can be no assurance that these factors and the assumptions used and considered by us in performing our analysis are appropriate or accurate. For example, there may be new power stations and projects being developed or which have been built in the markets where the projects we intend to acquire or invest in are located, but we do not have complete or accurate information on these power stations, which may affect the accuracy of the assumptions we rely on. Such factors, including any other uncertainty in the assumptions used by us to make our investment and acquisition decisions, may affect our projections for the projects we intend to acquire or invest in. If the projections we make for the projects we intend to acquire or invest in are significantly different from actual results, our prospects, financial condition and results of operations may be materially and adversely affected.

Our plans for overseas business development and investment may be subject to unforeseen risks.

In accordance with our business development strategy, we are considering acquiring or investing in projects in foreign countries. As we expand into other regions, we will be subject to additional risks that could materially and adversely affect our results of operations. These risks include, but are not limited to:

- unsettled political conditions, war, civil unrest and hostilities in countries and regions where we operate or intend to invest;
- breach of contract by the central or local government or our main business partners in the countries and regions where our overseas business is located or we intend to invest;
- undeveloped legal systems or changes in government policies;
- political and economic instability in foreign markets;
- natural disasters;
- fluctuations in market demand;
- fluctuations and changes in foreign exchange rates;
- PRC regulations and approval processes related to overseas investments; and

- governmental actions such as expropriation of assets, changes in general legislative or regulatory environment, exchange controls, cancellation of contract rights, and changes in global trade policies such as trade restrictions and embargoes imposed by any country.

We cannot predict the effect that current conditions affecting various foreign economies or future changes in economic or political conditions abroad could have on the feasibility and costs of the projects we intend to invest in or acquire. Any of the above factors may have a material and adverse effect on our overseas expansion plans and, consequently, our business, prospects, financial condition and results of operations.

The businesses or projects we develop, acquire or invest in in the future may not be as profitable as we expect, or at all, and may subject us to additional risks and liabilities.

The businesses that we develop, acquire or invest in may not be as profitable as we expect, or at all. Acquisitions or investments that we carry out in the future may cause us to incur liabilities, or result in the impairment of goodwill or other intangible assets or other related expenses. Business expansion carried out through acquisitions and investments could also expose us to successor liability and litigation resulting from the actions of the company we have acquired or in which we made an investment before or after the acquisition or investment. The due diligence that we conduct in connection with an acquisition or investment may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that we receive from the sellers of the companies we have acquired or invested in may not be sufficient to protect us from, or compensate us for, actual liabilities. Any material liability associated with an acquisition and investment could adversely affect our reputation and reduce the benefits of the acquisition and investment. Any of the events mentioned above could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We are subject to risks relating to procurement of nuclear fuel and related services.

A significant component of our operating costs is the cost of nuclear fuel, which in turn consists of costs for the purchase of natural uranium, uranium conversion and enrichment services, fuel assembly processing services and other related services. Approximately half of the cost of nuclear fuel generally consists of the cost of natural uranium. We mainly engage our connected person CGN Uranium with the procurement of nuclear fuel and related services.

The importation and trading of natural uranium is strictly regulated in China. There are currently two entities, namely, CGN Uranium and China Nuclear Energy Industry Co., Ltd., or CNEIC, a subsidiary of one of our major competitors, CNNC, in the PRC that have been awarded operational permits and licenses enabling them to import and trade natural uranium and provide nuclear related services. It has been a customary domestic practice that we procure nuclear fuel and related services from CGN Uranium while the nuclear power stations of CNNC procure such services from CNEIC. Under the circumstances, through CGN Uranium, we procure natural uranium from overseas and domestic 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., or CNNC Jianzhong, are authorized to provide commercial uranium conversion and enrichment services and fuel assembly processing services. We will continue to engage CGN Uranium to enter into long-term contracts with CNEIC and CNNC Jianzhong to procure uranium conversion and enrichment services, fuel assembly processing services and other related services for us. For more information on our principal suppliers of nuclear fuel, please refer to "Business – Major Customers and Suppliers – Major Suppliers."

Prices and availability of nuclear fuel are subject to fluctuations due to both domestic and international political and economic considerations which are beyond our control. Factors that might impact the prices and availability of such products and services include: increased demand due to worldwide and domestic growth of the nuclear energy sector, product shortages associated with an operating accident in a uranium mine, an internal or external event leading to political instability in a uranium-producing country and increased regulatory oversight of the production of uranium or the provision of the services mentioned above.

Over the past several years, the price of natural uranium in the international market has experienced substantial fluctuations. For instance, according to the International Monetary Fund, the spot price of natural uranium reached a high point of US$135 per pound in 2007, dropped to US$45 per pound in 2010, increased to US$73 per pound at the beginning of 2011, and dropped to US$35 per pound in 2014. The price of natural uranium was approximately US$28 per pound at the end of July 2014. Because we generally purchase uranium subject to long-term contracts, the prices of the natural uranium in the fuel assemblies that CGN Uranium provided to us during the Track Record Period remained relatively stable, and were largely not affected by such fluctuations. However, there can be no assurance that the fluctuations in the market price of natural uranium will not adversely affect our purchase prices for the natural uranium needed for our fuel assemblies in the future, and, ultimately, our operating expenses and results of operations.

We and CGN Uranium have taken steps to ensure the stable supply of natural uranium, uranium conversion and enrichment services, fuel assembly processing services and other related services. These measures include: the investment of CGN Uranium in various uranium mines both domestically and abroad, and CGN Uranium entering into long-term contracts with international suppliers of natural uranium and with the non-affiliated entities that provide us with uranium conversion services, uranium enrichment services, assembly processing services and other related services. However, we cannot assure you that such measures will protect us from the risks arising from the fluctuations in the prices of and the timeliness of the supply of nuclear fuel. These risks could have an adverse effect on our business, results of operations and financial condition.

If we are unable to secure a stable supply of nuclear fuel, the operations of our nuclear power stations may be interrupted or delayed, which may adversely affect our business, operating results and financial position. Please refer to "Business – Our Nuclear Power Business – Procurement of Nuclear Fuel and Related Services" and "Connected Transactions – Continuing Connected Transactions – 10. Nuclear Fuel Supply and Services Framework Agreement."

Competition from nuclear power producers and other power producers could have a material and adverse effect on our business expansion and results of operations.

We believe that we mainly compete with the power generation companies focused on the nuclear power business, including the nuclear power generation companies in the PRC and worldwide. The competition we currently face mainly relates to the preparatory phase and construction phase of nuclear power project development, and mainly includes acquiring quality resources and sites, obtaining government approvals, making timely delivery and installation of the key equipment, connecting to the local grid, and obtaining the latest technological research and development results. Although the entry barriers to the nuclear power industry are relatively high, the favorable incentive policies and regulations applicable to the nuclear power industry, along with the relatively stable operating results of existing nuclear power businesses, may attract more new participants to enter this market. If it becomes easier to obtain the necessary qualification to hold controlling stakes in nuclear power stations or projects in the future, new investors will likely enter the nuclear power market, and we may face challenges in obtaining desirable sites for project development and in attracting talent, which may expose us to the risks of losing market share and important talent. Some of the competitors we face now or may face in the future may receive more government support or have better facilities, greater access to financing or other resources than us, which may give them competitive strengths over us in certain respects, thereby having an adverse effect on our business, financial condition and results of operations.

In addition, we also face potential competition from power producers that generate their electricity using non-nuclear energy sources. Under relevant PRC laws and regulations, power generating units that use renewable energy enjoy higher priority on grid connection than nuclear power generating units. If the PRC government enhances its support for other energy, or electricity generated using other energy sources becomes cheaper, the competition from such power producers may intensify. If we are unable to maintain or enhance our competitiveness, our market share, revenue and profitability may be impaired, which may have a material and adverse effect on our business, financial condition and results of operations.

The provisions we make for radioactive waste disposal may be inadequate.

Under relevant laws and regulations, we are responsible for the proper storage and disposal of nuclear waste, including spent fuel and low- and medium-level radioactive waste. For more information about the nature of and our disposal mechanisms for the radioactive waste, please refer to "Business – Our Nuclear Power Business – Treatment of Radioactive Waste."

Pursuant to the Interim Measures on the Collection and Use of Funds for the Treatment and Disposal of Nuclear Power Station Spent Fuel (《核電站乏燃料處理處置基金徵收使用管理暫行辦法》) (the "Interim Measures on Spent Fuel"), we currently make provisions for spent fuel disposal and pay into a spent fuel disposal fund, based on the volume of power actually sold, at the rate of RMB0.026 per kWh. We also make a provision for low- and medium-level radioactive waste management that covers future expenses for removal and storage of such radioactive waste on the basis of our management's estimates of the volume of such radioactive waste that may be produced in the future. The provision policies and standards mentioned above may change. For instance, the provision standards stipulated in the Interim Measures on Spent Fuel may become higher in the future. If the requirements set out in industry policies or new regulations in the future are higher than we currently expect, we will have to make provisions in accordance with these new higher standards, which will affect our results of operations. If our provisions for radioactive waste turn out to be inadequate to cover our actual radioactive waste disposal cost, we may have to use part of the funds budgeted for business operation and expansion for the purpose of radioactive waste management and disposal, which may adversely affect our business, results of operations and financial condition.

Decommissioning of our nuclear facilities may present unforeseen difficulties, be much more costly than expected, or take place earlier than anticipated.

Decommissioning of nuclear power stations refers to actions we take, after fully considering the health and safety of our staff and the public as well as environmental protection, for the decommissioning of nuclear power stations after the expiration of their useful life. The ultimate goal of decommissioning is to open and use the site without restrictions, which may take substantial time to achieve. In accordance with the NNSA's "Safety Regulations on Civil Nuclear Fuel Cycle Facilities," operators of nuclear facilities must assume full responsibility for the safety of their nuclear fuel cycle facilities until the facilities have been decommissioned or until their responsibility has been legally transferred. Please refer to "Business – Our Nuclear Power Business – Four Main Phases of the Nuclear Power Project Life Cycle – Decommissioning Phase" for relevant regulations on decommissioning of nuclear power stations and our decommissioning plans and preparations.

Although we have made plans and preparations for the decommissioning of nuclear power stations, we have not actually undertaken a decommissioning process before. Therefore, there can be no assurance that all the plans and preparations will go smoothly; neither can we assure you that radioactive accidents affecting human health and environment will not occur in the process of decommissioning.

Sufficient decommissioning funds are an important prerequisite to decommissioning nuclear power stations. Factors which may directly affect decommissioning expenses include reactor type, phase selection and waste disposal programs. There may be a substantial difference between the decommissioning expenses of various nuclear power stations and between different countries. Currently, our nuclear power generating units in operation usually make decommissioning provisions based on 10% of the book value of the fixed assets upon the completion of the nuclear power station, and are recorded in fixed assets based on the present value. However, due to the lack of experience in decommissioning of nuclear power stations, we have relied on various assumptions in formulating our decommissioning model and estimating the decommissioning costs. We cannot assure you that various assumptions in the model are fully reasonable or will not change in the future, nor can we assure you that presently made provisions cover all the relevant factors. In addition, we may be forced to decommission certain nuclear power generating units early due to nuclear accidents, equipment malfunction, changes in policies and other factors. If any of the above circumstances occurs in a way that we have not anticipated, we may have to set aside part of our working capital or financing from other sources as decommissioning expenses, which may have a material and adverse effect on our business, financial condition and results of operations.

Rapid growth in our business will substantially increase demands on our management and other resources.

Our business development strategy includes selective development, acquisition of or investment in new nuclear power assets or businesses, entering into new strategic alliances and joint ventures and investing in the development of new business areas. Our ability to implement and benefit from such strategy will depend upon a number of factors, many of which are beyond our control. These factors include, but are not limited to our ability to: identify appropriate assets, projects or new markets for development, acquisition, investments, joint ventures or alliances; execute the development, acquisition, investment, alliance or joint venture within the expected timeframe or budget; maintain, expand or develop relationships with customers; obtain the necessary regulatory permits, licenses and approvals; develop close relationships with local governments and communities; and train and retain qualified personnel to manage and operate our growing business and any new business areas. There can be no assurance that all or any of the proposed developments, acquisitions, investments, joint ventures or alliances will be consummated on commercially acceptable terms, if at all.

In addition, business growth could divert our human resources, the management's attention and other resources, and will require us to continuously improve our risk management ability and optimize related systems, which may place a significant strain on our managerial, operational and financial resources. Integrating new assets or businesses into our operational framework and ensuring their proper management may involve unanticipated delays, costs and operational problems, in particular with respect to new business areas with which we have not had extensive experience. We may encounter unexpected problems or difficulties in realizing anticipated synergies or have disagreements or conflicting interests with our joint venture or alliance partners or the other shareholders of the projects we acquire or invest in.

We may not have adequate insurance to cover all potential liabilities or losses.

We purchase insurance coverage, which is consistent with the market practice in the PRC nuclear power industry and in amounts that we believe to be adequate. However, we face various risks in connection with our businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. For more details on our insurance coverage, please refer to "Business – Insurance." There can be no assurance that the insurance maintained by us will provide adequate coverage in all circumstances. Although each of our nuclear power stations and projects has a track record of safe operation and none of them has suffered any material hazards during the Track Record Period, there can be no assurance that the incidents, accidents or disasters discussed elsewhere in this section will not occur in the future. The occurrence of any such incident, accident or disaster for which we are uninsured or inadequately insured may materially and adversely affect our business, financial condition and results of operations.

The derivative financial instruments used by us to lower our currency and interest rate risks may expose us to risks and adversely affect our profitability.

We are exposed to currency risks relating to bank balances denominated in foreign currencies, trade receivables, trade and other payables and bank borrowings. These risks result from the power sales by us to HKNIC, a non-controlling shareholder of GNPJVC, and our procurement of certain equipment, fuel, spare parts and services from overseas. We use derivative financial instruments such as foreign currency forward contracts, currency swap contracts and interest rate swap contracts to lower such currency and interest rate risks. We use these derivative financial instruments for the purpose of risk management rather than speculation. However, these derivative financial instruments may not be able to effectively reduce the relevant risks at all times. Under certain circumstances, including the following, the usage of derivative financial instruments may cause adverse effects:

- the financial instruments used by us may not completely and directly correspond to the risks we intend to protect ourselves from;

- the term and amounts of the financial instruments may not be in line with the term and amounts of the relevant debt;

- the counterparty of the financial instruments may not perform its obligations and its credit rating may be lowered accordingly, which could prejudice our ability to sell or transfer such financial instruments; and

- the prices of the derivative financial instruments used by us may be adjusted based on changes in their fair value in accordance with applicable accounting standards from time to time, which may cause us to incur losses.

In addition, the transaction cost of derivative financial instruments may increase in line with the increase in and the fluctuation of the interest rates during the period covered by them. Any substantial fluctuation in the market may render derivative financial instruments not commercially meaningful or commensurate with their high transaction costs, which could, in turn, increase our corresponding financial risks. Any of the above factors may adversely affect our financial condition and results of operations.

We depend on key management personnel and professional technicians.

Our success is built substantially upon the continuous efforts and service of our experienced management team and specialized technical personnel. There can be no assurance that we will be able to retain our key management personnel or technical staff. If any of our key management personnel stops working in his or her present position, or if any of them fails to perform their obligations under their employment agreements, we may not be able to find a suitable replacement. In addition, since the operation of a nuclear power station is very complicated, we are greatly dependent on the specialized services provided by our operation team that have been specially trained for a long time, especially the operation teams in key positions. If we fail to retain our senior management or operation team, our business may be adversely affected. Our future growth and success will also depend to a large extent on our ability to retain or recruit suitable and qualified individuals to strengthen our management, operational, technical and research teams. There can be no assurance that we will be able to cultivate, recruit and retain the key personnel that we need to achieve our business objectives, and if we are unable to do so it may lead to material and adverse impacts on our business, financial condition and results of operations.

Natural disasters and other factors may result in accidents or business interruption, which may materially and adversely affect our business, results of operations and financial condition.

Our business operations are subject to risks arising from natural disasters, such as typhoons, floods and earthquakes. We take precautions in the design, construction and operation of nuclear power stations, but there can be no assurance that natural disasters or other circumstances such as system failure, equipment malfunction, risks currently unknown or human errors, will not result in any accident or business interruption. Safety measures were incorporated into the design of our facilities and sites, and we have taken protective measures. Nonetheless, like any safety measures intended to counter an external threat, there can be no assurance that these will prove fully effective in all cases.

If an accident were to occur at one or more of our facilities, whether caused by natural disaster or other reason, our business may be interrupted, and we may also be liable for casualties, property loss, environmental contamination or other damages caused or may be subject to investigations, legal proceedings and claims in relation to such accident. Accidents caused by any factor or natural disasters may result in various serious damages, and other parties may attempt to make us liable for such events for the reason that the protective measures taken by us are not sufficient, which may have a material and adverse effect on our business, results of operations and financial condition.

We are subject to risks relating to the relative geographic concentration of our nuclear power assets.

Seven of the 11 nuclear power generating units we currently operate and manage are located in Guangdong Province, and the majority of our revenue is derived from electricity sales to Guangdong Power Grid Corporation. Therefore, our business operations may be subject to the risks peculiar to Guangdong Province and nearby areas. If any event that affects our business were to occur in this region, whether related to local policies, weather, natural disasters, infrastructure facilities and other matters, our business, financial condition and results of operation may be materially and adversely affected.

We are subject to risks associated with changes in preferential tax treatment and other government incentives.

Under the PRC EIT Law, a uniform 25% EIT rate is generally applied to all types of enterprises, except where a specific preferential rate applies. PRC tax laws and regulations provide certain preferential tax treatments to different enterprises, industries and locations. Some of our subsidiaries enjoyed, or are currently enjoying, preferential tax treatments applicable to enterprises that are (i) located in Shenzhen Special Economic Zone, (ii) High-New Technology Enterprises and (iii) engaged in public infrastructure projects. Some of our subsidiaries are entitled to VAT refunds for their revenue from the sale of electricity, at a rate that gradually decreased over a 15-year-period starting from the date of each nuclear power generating unit's commencement of commercial operation, which was 75% for the first five years, 70% for the second five years and 55% for the third five years. These preferential tax treatments will expire in accordance with the applicable PRC laws and regulations and are also subject to changes as may be required by PRC laws and regulations. We also receive government grants and subsidies for our research activities. Please refer to "Financial Information – Major Factors Affecting Our Results of Operations – Tax Incentives" and "Financial Information – Description of Major Components of Our Results of Operations – Other Income – Government grants."

Our effective income tax rate fluctuates as the preferential tax treatment for our various subsidiaries commences and expires at different times. Any change or elimination of such preferential tax treatments may materially and adversely affect our results of operations and financial condition.

There can be no assurance that the current favorable policies or the various incentives available to us will not be withdrawn or revoked by the PRC government. If the favorable government policies and incentives are reduced or are no longer available in the future, our results of operations in the future may be materially and adversely affected.

Changes in policies and regulations on land and environmental protection could have an adverse effect on our business, expansion and results of operation.

We cannot rule out the possibility that the previously government-allocated land may have to be converted into commercially granted land (which requires the grantee to pay land premiums) as a result of changes in land allocation policy. Meanwhile, we are uncertain whether we can continue to obtain land use rights by way of allocation for new nuclear power projects beyond what we already have for nuclear power stations in operation or under construction. As a result, our land use costs may increase in the future. If the PRC government reforms such land policies, it could have a material and adverse effect on our business, results of operations and financial position.

In addition, we may be required to invest more with respect to environmental protection if the relevant environment protection policies are strengthened, which may materially and adversely affect our profitability.

Certain properties we own or lease lack title certificates.

As of the Latest Practicable Date, our subsidiaries or Ningde Nuclear, Hongyanhe Nuclear or Taishan Nuclear had not obtained relevant building ownership certificates for 65 self-owned properties, accounting for 18.0% of the total floor area of our self-owned properties. Of these 65 buildings, 23 buildings, with a total floor area of 93,429 square meters and accounting for 6.9% of all of our owned buildings, are used for operational purposes. The remaining 42 of these 65 buildings are used for non-operational purposes. In addition, the landlords of 11 properties leased by our subsidiaries or by Ningde Nuclear, Hongyanhe Nuclear or Taishan Nuclear, substantially all of which are used for auxiliary purposes (such as offices and temporary dormitories), had not presented the proper building ownership certificates. Please refer to "Business – Property" for further details. Although the abovementioned properties that have title defects only represent a small portion of the total area of the properties we own and lease for operational purposes, if we fail to obtain the building ownership certificates for such self-owned properties in a timely manner or our leased properties are subject to disputes or third-party claims, causing our legal right to use or occupy the relevant properties to be challenged, our operations in the affected properties could be interrupted, which, in turn, could have an adverse effect on our business, financial condition and results of operations.

We may encounter difficulties in exercising unilateral control over some of the power assets in which we do not have a controlling stake, and our ability to protect our interests in a nuclear power station may be limited.

A portion of our power generating units are operated by entities in which we do not have a controlling stake, including Ningde Nuclear and Hongyanhe Nuclear. In accordance with PRC laws and regulations, the articles of association of Ningde Nuclear and Hongyanhe Nuclear require board approval or shareholders' consent for certain fundamental corporate decisions such as amendments to the articles of association, change in registered capital, mergers and consolidations. In addition, unanimous board approval is required for certain fundamental decisions. As a result, we may encounter difficulty in exercising unilateral control over power assets in which we do not hold controlling interest. There can be no assurance that there will not be any conflict of interest between us and shareholders of such companies and when there is such conflict of interest, there may be a deadlock on such decisions and we may not be able to fully protect our interests in such companies. In case of disagreements with our partners, management may be required to divert attention away from other aspects of our businesses to focus on addressing these disagreements, which could have a material and adverse effect on our business, financial condition and results of operations.

Our employees could engage in corrupt practices or other improper conduct that could harm our reputation and business.

In conducting our business, we are subject to the PRC laws and regulations. We are subject to risks in relation to actions taken by us or our employees that constitute violations of the PRC anti-corruption and other related laws. Our failure to comply with such laws, or effectively manage our employees and affiliates in this regard, could have a material and adverse effect on our reputation, results of operations and prospects.

In the nuclear energy production industry, corrupt practices may include, among others, acceptance of kickbacks, bribes or other illegal benefits or gains by suppliers, distributors, service providers or other industry participants. We cannot assure you that our internal control system will be effective in preventing the occurrence of corruption, bribery or other illegal activities. Any consequences resulting from corrupt practices by us or our employees could materially and adversely affect our business, financial condition and results of operations. The interpretation of the PRC laws and regulations by the PRC regulatory authorities or the courts may differ from ours and such regulatory authorities may even adopt additional anti-corruption laws and regulations and we may need to make changes to our operations, which may increase our operation costs. Our reputation, results of operations and prospects could be adversely affected if we become the subject of any negative publicity as a result of actions taken by us or our employees.

We procure nuclear fuel and related services, and certain engineering services from a limited number of suppliers, including our Controlling Shareholder, and our Controlling Shareholder is able to exert significant influence over our business operation.

We have been procuring, and will continue to procure nuclear fuel and related services, and certain engineering services from the CGN Group in our ordinary and usual course of business, and we depend on a limited number of suppliers, including the CGN Group. Please refer to the sections headed "Relationship with Controlling Shareholder – Independence from Our Controlling Shareholder – Operational Independence" and "Connected Transactions" in this Prospectus for further details on our relationship with the CGN Group in this regard. Although we have had an uninterrupted business relationship with the CGN Group and the CGN Group has undertaken to us that it will not prejudice the interests of our Company or our other Shareholders by taking advantage of its position as our Controlling Shareholder, it has substantial influence over our operation as one of the limited providers for nuclear fuel and related services, and certain engineering services. There is no assurance that our Controlling Shareholder will, through its controlling rights, continue to provide us with such services on commercially reasonable terms, or at all. In the event that our Controlling Shareholder terminates or does not renew supply agreements with us, we may not be able to recoup our costs and expenses or realize our anticipated profits. In addition, in the event we do not continue to have access to the supply of nuclear fuel and related services and certain engineering services from our Controlling Shareholder, due to a deterioration of our relationship or otherwise, our business, financial condition and results of operations may be materially and adversely affected.

Our Controlling Shareholder's interests may differ from those of our other shareholders.

Upon the completion of the Global Offering, CGNPC will own directly an aggregate of approximately 66.38% of our issued shares assuming no exercise of the Over-allotment Option or approximately 64.20% if the Over-allotment Option is exercised in full. Subject to our Articles of Association and applicable laws and regulations, CGNPC will, through its representatives on our Board or by voting at the general meetings of shareholders, be able to influence us substantially, including on the composition of our senior management team, business strategies and policies, the timing and amount of dividend distributions, any plans relating to material transactions, major overseas investments, mergers and acquisitions, issuances of securities and adjustments to our capital structure, amendment to our Articles of Association and other actions that require the approval of our Board of Directors and shareholders. The interests of CGNPC may differ from those of our other shareholders. We cannot assure you that CGNPC will consistently put its decisions to vote or appoint its nominee directors to act in the best interests of our minority shareholders.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

PRC economic, political and social conditions, as well as government policies, could adversely affect our business, financial condition, results of operations and prospects.

Since most of our revenue comes from electricity sales in the PRC, our financial condition, results of operations and prospects can be substantially affected by developments in PRC economic, political and legal conditions. The PRC government exerts substantial control over the growth of the domestic economy by the means of resource allocation, setting policy on foreign exchange and payment of debts denominated in foreign currencies, setting monetary policy and giving preferential treatment to specific industries or companies. In recent years, the PRC government has implemented market-oriented reforms. Such economic reform measures could be adjusted or revised and may differ between industries or various regions in the PRC. As such, we may not benefit from such measures.

As calculated by GDP, China is one of the fastest growing economies in the world in recent years. However, China may fail to sustain its growth rate. In order to maintain economic growth in China, the PRC government has taken and may continue to implement a range of monetary policies and other economic measures to expand the investment in infrastructure projects, increase the liquidity of credit market and encourage employment. But there can be no assurance that such monetary or economic measures will be successful. If there is slow growth or even a recession in the PRC economy, there may be fewer projects that we can acquire or invest in, the growth of power demand in the regions where we are located may be lower than expected or the demand may even decrease, our interest expenses may increase, or we may face reduced access to credit. Such changes in the PRC economy and relevant markets in future may adversely affect our business, financial condition and results of operations.

The interpretation and enforcement of PRC laws and regulations involves significant uncertainties and PRC laws differ from the laws of common law jurisdictions.

We are formed and exist 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 many of these laws and regulations are relatively new, and due to the limited number of published cases and judicial interpretations 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 our business such as the determination of power generation, grid connection and on-grid tariffs are subject to PRC laws and regulations. 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 and adverse effect on our business operations.

Furthermore, certain important aspects of PRC corporate law are different from the corporate laws of common law jurisdictions such as Hong Kong and the United States, particularly with respect to investor protection, such as shareholder class-action suits and measures protecting the non-controlling shareholders, restrictions on directors, disclosure requirements, different rights of classified shareholders, general meeting procedure and disbursement of dividends. These aspects of PRC corporate law can, to some extent, be mitigated through the application of mandatory provisions and certain other provisions of the Listing Rules, including the inclusion of mandatory provisions in the listing company's articles of association. This process decreases the discrepancies between Hong Kong and PRC corporate and strengthens investor protection. Our Articles of Association include the provisions required under the Listing Rules. Although such provisions have been included, we cannot assure you that no discrepancy exists between the protections given to our investors and those given to investors in companies formed in common law jurisdictions.

The PRC government's control over foreign currency conversion may limit our foreign exchange transactions, including dividend payment to holders of our H Shares.

Currently, RMB still cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. There is no assurance that we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the requisite licenses to conduct foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE.

Under the existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy other foreign exchange requirements. If we fail to obtain approval from SAFE to convert RMB into any foreign exchange for any of the above purposes, our capital expenditure plans and our business, operating results and financial condition, may be materially and adversely affected.

Investors may be subject to PRC income tax.

Under the applicable PRC tax laws, dividends paid to, and gains realized through the sale or transfer by other means of shares in a PRC resident enterprise by, a non-PRC resident individual are both subject to PRC individual income tax at a rate of 20%. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax following the Repeal of Guo Shui Fa [1993]045 (《國家稅務局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) dated 28 June 2011 issued by the SAT, dividends paid by H Share issuers to a non-PRC resident individual holder of H Shares are subject to PRC individual income tax at the rates determined in accordance with applicable tax treaties or arrangements between the PRC and the jurisdiction in which the shareholder resides. Such tax rates range from 5% to 20%. This circular further provides that, in general, the tax rate applicable to dividend income as stipulated in relevant tax treaties or arrangements is 10%; therefore, H Share issuers can withhold 10% of the dividend without seeking prior consent from competent tax authorities.

Any shareholder residing in a jurisdiction where the applicable tax rate for such dividends, as stipulated in the relevant tax treaties or arrangements, is lower than 10% shall be entitled to a refund of the excess tax withheld by H Share issuers; however, such refund shall be applied for by the shareholder directly or through a tax agent and will be subject to the approval of the competent tax authority. For a shareholder residing in a jurisdiction where the applicable tax rate for such dividends, as stipulated in the relevant tax treaties or arrangements, is more than 10% but less than 20%, H Share issuers shall withhold the individual income tax at the actual tax rate, as stipulated in the relevant tax treaties or arrangements, without seeking prior consent from competent tax authorities. For a shareholder residing in a jurisdiction where the applicable tax rate for such dividends, as stipulated in the relevant tax treaties or arrangements, is 20% or where there is no relevant tax treaty or arrangement with the PRC, H Share issuers shall withhold the individual income tax at the rate of 20%.

Despite these arrangements, there are significant uncertainties as to the interpretation and application of applicable PRC tax laws and rules due to several factors, including the relatively short history of such laws and rules, and whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders of H Shares will be subject to PRC individual income tax at a flat rate of 20%.

According to the PRC Enterprise Income Tax Law and the rules relating to the implementation thereof, non-PRC resident enterprises that do not have any establishment or premises within the PRC are subject to enterprise income tax at a rate of 10% on any income generated within the PRC. Furthermore, pursuant to the Notice of Withholding and Payment of Enterprise Income Tax for PRC Resident Enterprises Paying Dividends to Overseas Non-resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT on 6 November 2008, PRC resident enterprises are required to withhold enterprise income tax at a flat rate of 10% on distributions of dividends to overseas non-PRC resident enterprise holders of H Shares for the year 2008 and thereafter.

According to relevant PRC tax laws, non-PRC resident enterprise holders of H Shares are subject to enterprise income tax at a rate of 10% on profit from the sale or transfer of H Shares as well as dividends received from H Shares.

According to the Interim Measures for Source-based Withholding of Enterprise Income Tax on Nonresident Enterprises (《非居民企業所得稅源泉扣繳管理暫行辦法》) issued by the SAT, in offshore H Share transfers between non-PRC resident enterprises, the selling party is required to, personally or through proxy, file enterprise income taxes with the competent PRC tax authorities in the local jurisdiction where the issuer of such H Shares is registered.

In addition, it is also unclear whether and how the PRC individual income tax and enterprise income tax on gains realized by non-PRC resident holders of H Shares through the sale, or transfer by other means, of H Shares will be collected by the PRC tax authorities in the future. Considering these uncertainties, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on gains realized through the sale, or transfer by other means of our H Shares.

Any force majeure event could materially and adversely affect our business and results of operations.

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 overall business sentiment and environment in the PRC, particularly if such outbreak is inadequately controlled. Some regions in the PRC are subject to earthquake, fire, bad weather, or other natural disaster. This, in turn, could materially and adversely affect domestic consumption, labor supply and, possibly, the overall rate of growth of the gross domestic product of the PRC. Our income is currently derived entirely from our PRC operations, and any labor shortages on contraction or slowdown in the growth of domestic consumption in the PRC could materially and adversely affect our business, financial condition and results of operations. In addition, if any of our employees are affected by any severe communicable disease, it could adversely affect or disrupt production levels and operations at the relevant stations or potentially require a closure of our facilities to prevent the spread of the disease. Any of these outcomes could materially and adversely affect our business, financial condition and results of operations. The spread of any severe communicable disease in the PRC may also affect the operations of our customers and suppliers, which could materially and adversely affect our business, financial condition, and results of operations.

Fluctuations in exchange rates may have an adverse effect on our business, financial condition and results of operations.

Exchange rates between the RMB and the U.S. dollars and other currencies may fluctuate significantly, and are affected by factors including domestic and international economies, political conditions and supply and demand for currencies. Although the RMB is no longer pegged only to the U.S. dollars, its value in international markets is determined by reference to a basket of currencies as part of a floating exchange rate policy. We cannot predict the future fluctuations of the RMB. The Chinese government may adopt a more flexible currency policy, which could lead to the RMB experiencing more substantial revaluation against U.S. dollars, Euro or other currencies. Some of our loans are denominated in currencies other than RMB, some imported raw materials and equipment are paid for in currencies other than RMB, and our revenue from electricity sales to HKNIC is invoiced in U.S. dollars and collected in U.S. dollars or Hong Kong dollars. Although we use foreign currency forward contracts, currency swap contracts and interest rate swap contracts and other financial instruments to lower the currency risk, but any fluctuation of RMB against the relevant currencies could materially and adversely affect our business, financial condition and results of operations.

It may be difficult to enforce judgments rendered by courts other than PRC courts against us or the Directors, Supervisors or senior management residing in China.

We are a company incorporated under the laws of the PRC and substantially all of our assets and all of our subsidiaries are located in the PRC. Most of our Directors, Supervisors and senior management reside within the PRC. Most of the assets of these Directors, Supervisors and senior management may also be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of our Directors, Supervisors and senior management. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the United States, the United Kingdom, Japan or most other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, in the PRC or Hong Kong, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible in relation to any matter that is not subject to a binding arbitration provision. On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Under this arrangement, where any designated People's Court of the PRC or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court of the PRC or Hong Kong court for recognition and enforcement of the judgment. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the arrangement remain uncertain.

Our Articles of Association provide that disputes between holders of our H Shares and our Company, our Directors, Supervisors or senior management, arising out of our Articles of Association, the PRC Company Law and related regulations, concerning the affairs of our Company, are to be resolved through arbitration by the CIETAC or the HKIAC. Awards made by PRC arbitral authorities recognised under the Hong Kong Arbitration Ordinance can be enforced in Hong Kong. Hong Kong arbitral awards are also enforceable in the PRC, subject to the satisfaction of certain PRC legal requirements. However, we are uncertain whether any action brought in the PRC to enforce an arbitral award made in favour of holders of H Shares would succeed.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares and their liquidity and market price may be volatile. If the price of the Shares declines or fluctuates, this could result in substantial losses for investors purchasing Shares in the Global Offering.

Prior to the Global Offering, there has been no public market of our H Shares. The initial Offer Price for our H Shares to the public will be agreed by us and the Underwriters, and the Offer Price may differ significantly from the market price of the H Shares following this Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the H Shares will develop, or if it does develop, that it will be sustained. In addition, the trading price and trading volume of the H Shares may be subject to significant volatility as a result of various factors, including:

- variations in our operating results or differences between our operating results and those expected by investors and analysts;
- changes in securities analysts' estimates of our financial performance;
- announcements made by us or our competitors;
- regulatory developments or market changes in the PRC affecting us or our industry;
- any business interruptions resulting from natural disasters or accidents;
- investors' perception of us and of the investment environment in Asia, including Hong Kong and the PRC;
- announcements of or completions of acquisitions, strategic alliances, or joint ventures by us or our competitors;
- addition or departure of our key personnel;
- release or expiration of lock-up or other transfer restrictions on our Shares;
- liability claims brought against us;
- involvement in litigation; and
- general political, economic, financial, social development and stock market conditions and other factors.

Moreover, in recent years, stock markets in general, and the H shares issued by other issuers in the PRC and listed on the Hong Kong Stock Exchange both have experienced price and volume fluctuations, some of which were unrelated or did not fully correspond to the operating performance of related companies. These broad market and industry fluctuations may adversely affect the market price of our H Shares in a similar manner.

Future sales, or market perception of sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares.

Any future sale or availability for sale of the Shares could have an adverse effect on the Share price. The sale of a significant amount of Shares in the public market after the Global Offering, or the perception that such sales may occur, could adversely affect the market price of the Shares. Except as otherwise described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering" in this Prospectus, there are no restrictions imposed on the disposition by the Controlling Shareholders of their shareholdings.

Future sale of a significant amounts of our H Shares or other related securities in the public market, or issuance of new H Shares or other related securities in the public market, or the perception that such sales or issuance may occur, after the expiration of relevant restrictions, could make the market price of our Shares decline. In addition, such sales may make it more difficult for us to issue new Shares in the future at a time and price we deem appropriate, thereby limiting our ability to raise capital.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the listing of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. This could further increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted Shares may adversely affect the trading price of H Shares.

There can be no assurance of the accuracy or comparability of facts and statistics contained in this Prospectus with respect to the PRC, its economy or its power generation industry.

Facts and statistics in this Prospectus relating to the PRC, its economy and its power generation industry, including its market share information, are derived from various official and other publicly available sources which are generally believed by us to be reliable. However, there can be no assurance as to the quality and reliability of such official source materials. In addition, these facts and statistics have not been independently verified by the us, the Joint Global Coordinators, the Joint Lead Managers and Bookrunners or their respective advisers and therefore none of us, the Joint Global Coordinators, the Joint Lead Managers and Bookrunners, the Trustee, the Agents or their respective advisers makes any representation as to the accuracy or fairness of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up to date. We have taken reasonable care in reproducing or extracting the information from such sources. However, because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practice and other problems, these facts and other statistics may be inaccurate or may not be comparable from period to period or be comparable to facts or statistics produced for other economies and should not be unduly relied upon by investors.

There will be a time gap of several business days between pricing and trading of our H Shares offered under the Global Offering.

The Offer Price of our H Shares sold to the public under the Global Offering will be determined on the Price Determination Date. However, trading of our H Shares on the Hong Kong Stock Exchange will not commence until they are delivered, which is expected to be several business days after the

Price Determination Date. During that period, investors of our H shares may not be able to sell or otherwise deal in our H Shares. Accordingly, holders of our H Shares may be subject to the risk that our H Share trading price could fall before trading begins as a result of adverse market conditions or other unfavorable circumstances that may arise during the period between the Price Determination Date and the date on which the dealing begins.

Investors of our H Shares will experience immediate dilution because the Offer Price is higher than our net tangible asset value per H Share.

Because the Offer Price of our Offer Shares is higher than the net tangible assets per Share immediately prior to the Global Offering, investors of our Offer Shares in the Global Offering will experience an immediate dilution in pro forma adjusted net tangible assets of HK$1.31 per Share (assuming an Offer Price of HK$2.43 per Share), or HK$1.38 per Share (assuming an Offer Price of HK$2.78 per Share). If we issue additional Shares in the future, investors of our Shares may experience further dilution in their ownership percentage.

There can be no assurance if and when we will pay dividends in the future. Dividends declared in the past may not be indicative of our dividend policy in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be formulated by our Board of Directors at their discretion and will be subject to our Shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, regulatory restrictions and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. Any profits available for distribution in a year can be retained for distribution in subsequent years. Please refer to "Financial Information – Dividend Policy" for more details of our dividend policy. In addition, dividends paid in prior periods may not be indicative of future dividend payments. We cannot assure you when, if and in what form dividends will be paid in the future.

We strongly caution investors not to place any reliance on any information contained in press or media reports regarding us and the Global Offering.

Prior or subsequent to the publication of this Prospectus, there has been or may be press and media coverage regarding us and the Global Offering, in addition to marketing materials published by us in compliance with the Listing Rules. We have not authorized any such press and media reports, and the financial information, financial projections, valuations and other information about us contained in such unauthorized press and media coverage may not truly reflect what is disclosed in this Prospectus or the actual circumstances. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication, and accordingly do not accept any responsibility for any such press or media coverage or the inappropriateness, inaccuracy, incompleteness or unreliability of any such information. To the extent that any such information appearing in the press or media is inconsistent or conflicts with the information contained in this Prospectus or the actual circumstances, we shall not be liable on the same. Accordingly, investors should not rely on any such information in making a decision as to whether to purchase our H Shares, and should rely only on the information included in this Prospectus.

In preparation for the Listing, we have applied to the Stock Exchange for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong, and this normally means that at least two of our executive Directors must ordinarily reside in Hong Kong. Given that our business operations are principally located, managed and conducted in the PRC and the Group's head office is situated in, and substantially all of the Directors currently reside in, the PRC, we consider that it would be unduly burdensome for us to maintain sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules, subject to the following conditions to maintain regular and effective communication between the Stock Exchange and us:

1. **Authorized Representatives:** We have appointed Mr. Gao Ligang (our executive Director and President) and Ms. Yung Mei Yee (our joint company secretary) as our authorized representatives ("Authorized Representatives") for the purpose of Rule 3.05 of the Listing Rules. They will act as our principal channel of communication with the Stock Exchange. Although Mr. Gao Ligang resides in the PRC, he possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. The Authorized Representatives will also provide their usual contact details, and each of the Authorized Representatives has confirmed that he/she will be readily contactable by the Stock Exchange and will be available to meet with the Stock Exchange to discuss any matters within a reasonable period of time upon request of the Stock Exchange;

2. **Directors:** When the Stock Exchange wishes to contact the Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. To enhance communication between the Stock Exchange, our Authorized Representatives and our Directors, we have implemented the following measures: (a) each Director must provide his mobile number, office number, e-mail address and facsimile number to the Authorized Representatives; (b) in the event that a Director expects to travel and/or otherwise be out of office, he will provide the phone number of the place of his accommodation to the Authorized Representatives; and (c) we have provided the mobile number, office number, e-mail address and facsimile number of each Director to the Stock Exchange.

   We have one independent non-executive Director (namely Mr. Francis Siu Wai Keung) who has the right of abode in Hong Kong and will act as an additional channel of communication between the Stock Exchange and us.

   Each of the Directors who does not ordinarily reside in Hong Kong possesses valid travel documents and can apply for a visa to visit Hong Kong within a reasonably short period of time. Accordingly, each of the Directors will be able to meet with the Stock Exchange within a reasonable period of time;

3. **Compliance Adviser**: We have appointed China International Capital Corporation Hong Kong Securities Limited as our compliance adviser ("Compliance Adviser") in compliance with Rule 3A.19 of the Listing Rules, who will provide us with professional advice on continuing obligations under the Listing Rules and act as our additional channel of communication with the Stock Exchange during the period from the Listing Date to the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the Listing. The Compliance Adviser will be available to answer enquiries from the Stock Exchange and will act as our principal channel of communication with the Stock Exchange when the Authorized Representatives are not available.

   We have provided the Stock Exchange with the names, mobile and office telephone numbers, facsimile numbers and e-mail addresses of at least two of the Compliance Adviser's officers who will act as the Compliance Adviser's contact persons between the Stock Exchange and the Company pursuant to Rule 19A.06(4) of the Listing Rules.

   Pursuant to Rule 19A.05(2) of the Listing Rules, we shall ensure that the Compliance Adviser retained by us will have access at all times to our Authorized Representatives, our Directors and other officers. We shall also ensure that such persons will provide promptly such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A and Rule 19A.06 of the Listing Rules. We shall ensure that there are adequate and efficient means of communication between our Company, our Authorized Representatives, our Directors and other officers and the Compliance Adviser, and will keep the Compliance Adviser informed of all communications and dealings between us and the Stock Exchange.

COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note (1) to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

i. a member of the Hong Kong Institute of Chartered Secretaries;

ii. a solicitor or a barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

iii. a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

In assessing the "relevant experience," the Stock Exchange will consider the individual's (i) length of employment with the issuer and other issuers and the roles he/she played, (ii) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Hong Kong Companies Ordinance, the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code, (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules, and (iv) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Fang Chunfa as one of the joint company secretaries, who has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing rules. Therefore, we have appointed Ms. Yung Mei Yee, a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom, who fully complies with the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Fang Chunfa for an initial period of three years from the Listing Date to enable Mr. Fang Chunfa to acquire the "relevant experience" under Note (2) to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Ms. Yung Mei Yee will work closely with Mr. Fang Chunfa to jointly discharge the duties and responsibilities as company secretary and assist Mr. Fang Chunfa to acquire the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. In addition, Mr. Fang Chunfa will endeavor to attend relevant training and familiarize himself with the Listing Rules and duties required for a company secretary of a PRC issuer listed on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that we engage Ms. Yung Mei Yee, who possesses all the requisite qualifications required under Rule 3.28 of the Listing Rules, to assist Mr. Fang Chunfa in discharging his duties as a joint company secretary and in gaining the "relevant experience" as required under Note (2) to Rule 3.28 of the Listing Rules. Upon the expiration of the initial three-year period, the qualifications of Mr. Fang Chunfa will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for on-going assistance will continue. In the event Mr. Fang Chunfa fulfills all the requirements stipulated at the end of the initial three-year period, the above joint company secretary arrangement would no longer be necessary for our Company.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, continuing connected transactions on normal commercial terms where each or all of the percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules, is/are on an annual basis 5% or more are subject to the announcement and annual review requirements as set out in Rules 14A.35 and Rules 14A.55 to 14A.59, circular requirements as set out in Rules 14A.46 to 14A.48, annual reporting requirements as set out in Rule 14A.49, and shareholders' approval requirements as set out in Rules 14A.36 to 14A.45 of the Listing Rules.

We have entered into, or will enter into, certain transactions which are expected to continue after the Listing and which will constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under Rule 14A.105 of the Listing Rules from strict compliance with the announcement, circular and/or shareholders' approval requirements in respect of such non-exempt continuing connected transactions.

Pursuant to Rule 14A.52 of the Listing Rules, the term of an agreement must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with such requirement so as to allow the duration of each of (i) the Engineering Services Framework Agreement (six-year term ending on December 31, 2019), (ii) the Nuclear Fuel Supply and Services Framework Agreement (ten-year term ending on December 31, 2023); and (iii) the Electricity Supply Arrangement under the Joint Venture Contract (20-year term ending on May 6, 2034) to exceed three years.

Pursuant to Rule 14A.53 of the Listing Rules, annual caps must be expressed in monetary terms for continuing connected transactions. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with such requirement so as to allow the annual caps for the Electricity Supply Arrangement under the Joint Venture Contract to be expressed as fixed quotas rather than in terms of monetary values.

Further details of the continuing connected transactions we have entered into, or will enter to, are set out in the section headed "Connected Transactions" in this Prospectus.

PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) and (b) of Listing Rules require that there shall be an open market in the securities for which listing is sought and that a sufficient public float of an issuer's listed securities shall be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total securities of the issuer held by public (listed on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital and must have an expected market capitalization at the time of listing of not less than HK$50 million.

Based on the enlarged issued capital of 44,125,000,000 shares and the offer price of HK$2.61 (being the approximate midpoint of the Offer Price range), and assuming the Over-allotment Option is not exercised, our Company expects that our market capitalization will be approximately HK$115.2 billion.

Our Company has applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1) of the Listing Rules, and the Stock Exchange has granted our Company a waiver from strict compliance with the requirements of Rule 8.08(1)(d) of the Listing Rules, pursuant to which, the public float of the Company may fall below 25% of the issued share capital of the Company.

In support of such application, our Company has confirmed to the Stock Exchange that:

(a) the minimum public float shall be the highest of: (a) 21.63%; (b) such percentage of H Shares to be held by the public immediately after the completion of the Global Offering (but before the exercise of the Over-allotment Option); and (c) such percentage after the exercise of the Over-allotment Option;

(b) our Company will make appropriate disclosure of the lower percentage of public float required by the Stock Exchange in this prospectus;

(c) our Company will as soon as practicable announce the percentage of Shares held by the public immediately after completion of the Global Offering (but before the exercise of the Over-allotment Option), such that the public will be informed of the minimum public float requirement applicable to the Company;

(d) our Company will confirm sufficiency of public float in its successive annual reports after the Listing;

(e) our Company will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Stock Exchange; and

(f) our Company will continue to comply with Rules 8.08(2) and 8.08(3) of the Listing Rules.

CORNERSTONE INVESTMENT BY A CORE CONNECTED PERSON

Pursuant to Rule 9.09(b) of the Listing Rules, there must be no dealing in the securities for which listing is sought by any core connected person of the issuer from four clear business days before the expected hearing date until listing is granted.

One of the cornerstone investors is CLP Nuclear Power Company Limited ("CLP Nuclear"), which is wholly owned by CLP Holdings Limited, a company listed on the Stock Exchange with stock code 00002. CLP Holdings Limited, through its wholly owned subsidiary HKNIC, is a 25% shareholder of GNPJVC. GNPJVC is owned as to 75% by the Company through GNIC and a subsidiary of the Company. In addition, CLP Holdings, through its wholly owned subsidiary CLP Nuclear Power Operations & Management (China) Limited (中電核電運營管理(中國)有限公司) ("CLPNPO"), is a 12.5% shareholder of DNMC. DNMC is owned as to 87.5% by the Company through GNIC and a subsidiary of the Company. (GNPJVC and DNMC are collectively referred to as the "Subsidiaries"). As such, CLP Holdings Limited is a core connected person and a connected person at the subsidiary level (as defined under Rule 14A.06(9) of the Listing Rules) and CLP Nuclear is a core connected person of the Company.

The terms of the cornerstone investment by CLP Nuclear are substantially the same as those of other cornerstone investors, and no preferential treatment or any direct/indirect benefits have been given to the CLP Nuclear.

Notwithstanding the cornerstone investment by CLP Nuclear, CLP Holdings Limited will not become a substantial shareholder of the Company (at the issuer level) and will remain a core connected person and a connected person at subsidiary level upon the Listing. The H Shares to be held by CLP Nuclear will not be counted as part of the public float of our Company for the purpose of Rule 8.08 of the Listing Rules.

Our Company has applied to the Stock Exchange, and the Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Listing Rules so that CLP Nuclear may participate in the Global Offering as a cornerstone investor. For further information of CLP Nuclear's investment in the H Shares, please refer to the section headed "Cornerstone Investors" in this Prospectus.

CORNERSTONE INVESTMENT BY GIC

Paragraph 5(1) of Appendix 6 of the Listing Rules (the "**Placing Guidelines**") states that, without the prior written consent of the Exchange, no allocations will be permitted to "connected clients" of the lead broker or of any distributors.

One of the cornerstone investors is GIC Private Limited ("**GIC**"). GIC is a global investment management company established to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. GIC is amongst the world's largest fund management companies. As part of GIC's businesses, GIC has invested in the holding company of one of the Joint Sponsors. As such, GIC is, prima facie, a connected client of the lead broker or distributors pursuant to paragraph 5(1) of the Placing Guidelines.

Subject to certain conditions imposed, GIC may participate in the Global Offering as a cornerstone investor. The terms of the cornerstone investment by GIC are substantially the same as those of other cornerstone investors, and no preferential treatment or any direct/indirect benefits have been given to the GIC. For further information of GIC's investment in the H Shares, please refer to the section headed "Cornerstone Investors" in this Prospectus.

CLAWBACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels with respect to the Hong Kong Public Offering are reached. An application has been made for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules.

Please refer to the section headed "Structure of the Global Offering – Hong Kong Public Offering – Reallocation" in this Prospectus for further details.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Companies Ordinance, the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in this Prospectus materially misleading.

CSRC APPROVAL

We obtained approval from the CSRC on November 3, 2014 for the Global Offering and the making of the application to list the H Shares on the Hong Kong Stock Exchange. In granting such approval, the CSRC accepts no responsibility for the financial soundness of us or for the accuracy of any of the statements made or opinions expressed in this Prospectus or in the Application Forms.

INFORMATION OF THE GLOBAL OFFERING AND UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. Neither the delivery of this Prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Prospectus or that the information in it is correct subsequent to the date of such information.

For applicants under the Hong Kong Public Offering, this Prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The listing of our H Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. The Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters listed in "Underwriting," subject to agreement on the offer price between us and the Joint Representatives (on behalf of the Underwriters). The International Offering is expected to be fully underwritten by the International Underwriters. For further details about the Underwriters and the underwriting arrangements, please refer to "Underwriting."

The Offer Shares are offered for subscription or sale solely on the basis of the information contained and representations made in this Prospectus and related Application Forms, and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information, or to make any representation, not contained in this Prospectus, and any information or representation not contained in this Prospectus must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors, officers, employees, advisers, agents or representatives or any other persons or parties involved in the Global Offering. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, please refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" and the relevant Application Forms.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or by his/her acquisition of Hong Kong Offer Shares be deemed to confirm, that he/she is aware of the restrictions on offers and sales of the Offer Shares described in this Prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this Prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this Prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and/or the related Application Forms and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, (i) our H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the H Shares which will be converted from state-owned Domestic Shares and to be held by the NSSF pursuant to the relevant PRC regulations relating to reduction of State-owned shares.

Save as disclosed in this Prospectus, no part of our shares is listed or dealt in on any other stock exchange or authorized trading facility such listing or permission to list is being or is proposed to be sought in the near future.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, or dealing in our H Shares or exercising any rights attached to them, you should consult an expert. It is emphasized that none of us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, advisers, agents or representatives nor any other person involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposing of, or dealing in our H Shares or exercising any rights attached to them.

STABILIZATION

In connection with the Global Offering, the Stabilizing Manager or any person acting for them, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market. Please refer to "Structure of the Global Offering – The International Offering – Stabilization."

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" of this Prospectus and in the Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Particulars of the structure of the Global Offering, including its conditions, are set out in the section of this Prospectus headed "Structure of the Global Offering."

REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our H Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Company Law, the Special Regulations and our Articles of Association;

- agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we acting for ourselves and for each of our Directors, Supervisors, managers and officers agrees with each of our Shareholders to refer all disputes and claims concerning our affairs and arising from any rights or obligations conferred or imposed by the Articles of Association, the Company Law or other relevant laws or other relevant laws and administrative regulations to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and

- authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for the H Shares to be admitted into CCASS.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in RMB have been translated, for the purpose of illustration only, into Hong Kong dollars and U.S. dollars in this Prospectus at the following rates, being the rates set by the PBOC for foreign exchange transactions prevailing on the Latest Practicable Date:

HK$1.00: RMB0.79170; and

US$1.00: RMB6.1397

No representation is made that any amounts in RMB, U.S. dollars or Hong Kong dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between this Prospectus and the Chinese translation of this Prospectus, this Prospectus shall prevail.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Residential Address	Nationality
Directors		
Zhang Shanming (張善明)	B1003, Block 8 Changcheng Building Futian District, Shenzhen Guangdong, PRC	Chinese
Gao Ligang (高立剛)	7D, Block 2 Shuixie Huadu Mingcuiju Residence No. 1063 Xiangmei Road Futian District, Shenzhen Guangdong, PRC	Chinese
Zhang Weiqing (張煒清)	Block 1, Changcheng Building Futian District, Shenzhen Guangdong, PRC	Chinese
Shi Bing (施兵)	21C2, Block 2, Guocheng Garden Baihuayi Road Futian District, Shenzhen Guangdong, PRC	Chinese
Xiao Xue (肖學)	801, Building 3 Courtyard 376 Beijing Road Yuexiu District, Guangzhou Guangdong, PRC	Chinese
Zhuo Yuyun (卓宇雲)	1 Nansan Lane San Li He Xicheng District Beijing, PRC	Chinese

Name	Residential Address	Nationality
Independent Non-executive Directors		
Na Xizhi (那希志)	801, Door 1, Building 3 East Baizhifang Street Xuanwu District, Beijing PRC	Chinese
Hu Yiguang (胡裔光)	602, Door 2, Building 121 Block 1, Nan Hu Zhong Garden Chaoyang District, Beijing PRC	Chinese
Francis Siu Wai Keung (蕭偉強)	11 E, One Wanchai 1 Wanchai Road Wan Chai Hong Kong	Chinese

SUPERVISORS

Name	Residential Address	Nationality
Li Yourong (李有榮)	701, Building 1 37 Nan Xian Ge Street Xuanwu District, Beijing PRC	Chinese
Chen Sui (陳遂)	703, Door 2, Building 8 Chongwenmen Dongda Street Chongwen District, Beijing PRC	Chinese
Shi Weiqi (時偉奇)	15-2708, Changcheng Building Futian District, Shenzhen Guangdong PRC	Chinese

Please refer to "Directors, Supervisors, Senior Management and Employees" for further details of our Directors and Supervisors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

China International Capital Corporation
Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Merrill Lynch Far East Limited
55/F, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

ABCI Capital Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Joint Global Coordinators

China International Capital Corporation
Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

ABCI Capital Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

	Goldman Sachs (Asia) L.L.C. 68th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
	BNP Paribas Securities (Asia) Limited 59/F-63/F, Two International Finance Centre 8 Finance Street Central Hong Kong
	ICBC International Capital Limited 37/F ICBC Tower 3 Garden Road Hong Kong
Joint Bookrunners and Joint Lead Managers	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Merrill Lynch International (as to Joint Bookrunner and Joint Lead Manager in relation to the International Offering only) 2 King Edward Street London EC1A 1HQ United Kingdom
	Merrill Lynch Far East Limited (as to Joint Lead Manager in relation to the Hong Kong Public Offering only) 55/F, Cheung Kong Center 2 Queen's Road Central Central Hong Kong
	ABCI Capital Limited (as to Joint Bookrunner) 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	ABCI Securities Company Limited (as to Joint Lead Manager) 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong

Morgan Stanley Asia Limited
(in relation to the Hong Kong
Public Offering only)
46/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Morgan Stanley & Co. International plc
(in relation to the International Offering only)
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

BNP Paribas Securities (Asia) Limited
59/F-63/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

ICBC International Capital Limited
(as to Joint Bookrunner)
37/F, ICBC Tower
3 Garden Road
Central
Hong Kong

ICBC International Securities Limited
(as to Joint Lead Manager)
37/F, ICBC Tower
3 Garden Road
Central
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
(in relation to the Hong Kong
Public Offering only)
28/F Chater House
8 Connaught Road
Central
Hong Kong

J.P. Morgan Securities plc
(in relation to the International Offering only)
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Centre
One Austin Road West, Kowloon
Hong Kong

CCB International Capital Limited
12/F, CCB Tower
3 Connaught Road Central
Hong Kong

Legal Advisers to the Company

as to Hong Kong and United States laws:
Shearman & Sterling
12/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

as to PRC law:
King & Wood Mallesons
28/F
Landmark 4028 Jintian Road
Futian District
Shenzhen, PRC

Legal Advisers to the Joint Sponsors and the Underwriters

as to Hong Kong and United States laws:
Clifford Chance
27/F, Jardine House
1 Connaught Place
Central
Hong Kong

as to PRC law:
Grandall Law Firm (Shenzhen)
24 Floor, Shenzhen Special Zone Press Tower
6008 Shennan Blvd.
Shenzhen, PRC

Reporting Accountants

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F
One Pacific Place
88 Queensway
Hong Kong

Industry Consultant

China Nuclear Energy Association
No. 12, Chegongzhuang Street
Xicheng District, Beijing, 100037
China

Compliance Adviser

China International Capital Corporation
Hong Kong Securities Limited
29 Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Receiving Banks

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

Industrial and Commercial Bank of
China (Asia) Limited
33/F
ICBC Tower
3 Garden Road
Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
15/F
Standard Chartered Tower
388 Kwun Tong Road
Kowloon
Hong Kong

Registered Office	Science & Technology Building No. 1001 Shangbuzhong Road Shenzhen, Guangdong Province PRC
Headquarters in the PRC	Science & Technology Building No. 1001 Shangbuzhong Road Shenzhen, Guangdong Province PRC
Principal Place of Business in Hong Kong	36/F Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	**www.cgnp.com.cn** *(contents of this website do not form part of this Prospectus)*
Joint Company Secretaries	Mr. Fang Chunfa Science & Technology Building No. 1001 Shangbuzhong Road Shenzhen, Guangdong Province PRC Ms. Yung Mei Yee (FCIS, FCS) 36/F Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Mr. Gao Ligang Science & Technology Building No. 1001 Shangbuzhong Road Shenzhen, Guangdong Province PRC Ms. Yung Mei Yee (FCIS, FCS) 36/F Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit Committee	Mr. Francis Siu Wai Keung *(Chairman)* Mr. Na Xizhi Mr. Zhuo Yuyun

Remuneration Committee	Mr. Hu Yiguang *(Chairman)* Mr. Francis Siu Wai Keung Mr. Xiao Xue
Nomination Committee	Mr. Na Xizhi *(Chairman)* Mr. Zhang Shanming Mr. Hu Yiguang
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Bankers	China Development Bank Corporation (Shenzhen Branch) 11/F-15/F, Citic Building 1093 Shennan Zhong Road Futian District, Shenzhen Guangdong Province PRC Bank of China Limited (Shenzhen Branch) International Finance Building 2022 Jianshe Road Luohu District, Shenzhen Guangdong Province PRC Industrial and Commercial Bank of China Limited (Shenzhen Branch) 1/F, North Tower, World Financial Centre 4003 Shennan East Road Luohu District, Shenzhen Guangdong Province PRC Agricultural Bank of China Limited (Shenzhen Branch) 5008 Shennan East Road Luohu District, Shenzhen Guangdong Province PRC Postal Savings Bank of China Co., Ltd. (Shenzhen Branch) 43/F, Postal Information Complex Building 5055 Yitian Road Futian District, Shenzhen Guangdong Province PRC

The information and statistics set forth in this section and elsewhere in this Prospectus have been derived from an industry report commissioned by us and independently prepared by the China Nuclear Energy Association, or the CNEA, in connection with the Global Offering, or the CNEA Report. In addition, certain information is based on, or derived or extracted from, among other sources, publications of government authorities and internal organizations, market data providers, communications with various PRC government agencies or other independent third party sources unless otherwise indicated. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect or that any fact has been omitted that would render such information and statistics false or misleading. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in market information since the date of the CNEA Report which may qualify, contradict or adversely impact the quality of the information in this section. None of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters or any other party involved in the Global Offering or their respective directors, advisers and affiliates have independently verified such information and statistics and no representation has been given as to their accuracy. Accordingly, such information should not be unduly relied upon.

SOURCES OF INFORMATION

We have commissioned the CNEA to analyze and report on the current state of and forecasts for the nuclear power generation market in China and globally. We agreed to pay the CNEA a fee of RMB600,000 for the preparation and use of the CNEA Report. Unless otherwise indicated, market estimates or forecasts in this section represent the CNEA's view on the future development of the nuclear power markets in China and worldwide. Established on April 18, 2007 with the consent of the State Council and the approval of the Ministry of Civil Affairs, the CNEA is a national non-profit non-governmental organization that currently has 374 members. The CNEA aims to implement PRC national policies on nuclear energy development, promote industry innovation and technical advancements, provide support for improving the safety, reliability and cost effectiveness of nuclear energy utilization and enhance the development of the nuclear power industry. In February 2010, the Ministry of Civil Affairs awarded the CNEA a 5A rating, the highest rating available, and recognized it as a "National Advanced Social Organization." This section also cites materials prepared by the IAEA, BP, the International Monetary Fund, the NEA, the NBSC, the China Electricity Council (中國電力企業聯合會), the SERC, WNA, OECD, World Bank, CIA World Factbook and filings and websites of certain electrical power companies in the PRC.

NUCLEAR POWER GENERATING PRINCIPLES AND MAIN REACTOR TYPES

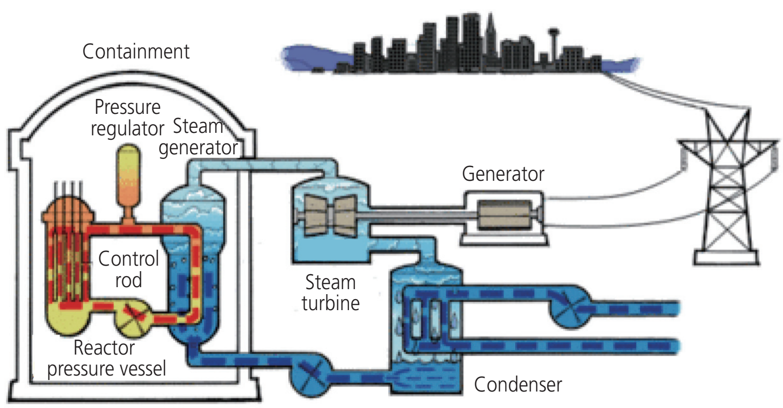
Nuclear power is thermal energy released from the nuclear fission of uranium. During nuclear fission, thermal energy is generated as neutron particles strike the nucleus of a uranium atom to trigger a controlled chain reaction. As a result of the reaction, steam is produced, which drives the steam turbine, generating electricity.

The nuclear reactor is the most critical device in a nuclear power station. It is loaded with nuclear fuel for large, controlled fission chain reactions. Reactor coolants transfer heat from the nuclear reactor core to electrical generators and the environment. Neutron moderators reduce the speed of fast neutrons to create thermal neutrons capable of sustaining a nuclear chain reaction.

Commercial nuclear power reactors are classified based on the reactor coolant/moderator and neutron energy. Depending on the coolant/moderator, reactors can be classified as light-water, heavy-water and gas-cooled reactors. Depending on the neutron energy used, reactors are classified as slow-neutron (thermal-neutron) or fast-neutron reactors.

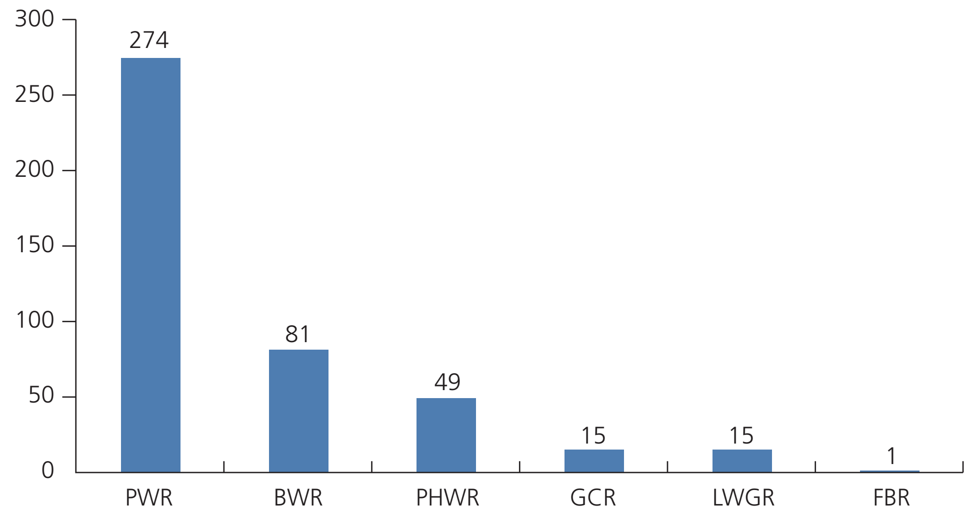
Most power-generating nuclear reactors in operation and under construction in the world use PWR technology. PWR technology uses light water (i.e., ordinary water), which does not boil in the reactor, as the coolant and moderator, and uses enriched uranium as fuel.

The following diagram sets forth major components of a nuclear power station using PWR technology (including nuclear island and conventional island).



As of June 30, 2014, 274 of the 435 nuclear power generating units in operation in the world were PWR generating units, accounting for approximately 63.0% of the total nuclear power generating units in operation in the world.

The following diagram sets forth a breakdown of nuclear power reactors in operation in the world as of June 30, 2014 by number and type:



Data source: IAEA-PRIS

"PWR" refers to pressurized water reactors, which are moderated and cooled by pressurized light water.

"BWR" refers to boiling water reactors, which are moderated and cooled by boiling light water.

"PHWR" refers to pressurized heavy-water reactors, which are moderated and cooled by pressurized heavy water.

"GCR" refers to gas-cooled reactors.

"LWGR" refers to light water graphite reactors.

"FBR" refers to fast breeder reactors.

HISTORY OF NUCLEAR POWER TECHNOLOGIES

Nuclear reactor technology is the core of nuclear power technology. According to the CNEA Report, there are currently four generations of nuclear power technology. No clear-cut boundary exists between each generation, because subsequent generations of technologies are developed based on preceding generations and include many technical elements of the preceding generation. New generations of technology do not replace previous generations. When deciding whether to adopt new technology, nuclear power operators seek to balance nuclear safety and economics.

The following table sets forth the main features and reactor types of the four generations of nuclear power technology.

Generation	Starting Time	Main Features	Main Reactor Types
First Generation	1950s	These nuclear power stations were research prototypes built in the developmental stages of nuclear power, and proved that nuclear power generation was technically feasible.	U.S. Shipping Port nuclear power station, Dresden nuclear power station; British Calder Hall graphite gas-cooled dual-use production and power generation reactor; former Soviet Union APS-1 pressure tube type graphite water-cooled reactor nuclear power station; and Canadian NPD natural uranium heavy-water reactor nuclear power station
Second-Generation	1960s	Manufactured based on first-generation research prototypes, further proving the technical and economic feasibility of nuclear power generation. Most of the nuclear power units in operation in the world use second-generation technologies. Second-generation nuclear power units are safer, more reliable and cost-effective than the first-generation units.	PWR; BWR; PHWR; GCR; and LWGR
Third-Generation	1980s	After the Three Mile Island and Chernobyl nuclear power station accidents, organizations in the United States and Europe separately issued user requirements to help prevent and mitigate severe accidents. Nuclear power units meeting either of the two standards were classified as third-generation. These units were designed to further reduce the risk of reactor core meltdown and the release of radiation into the environment, thereby improving public confidence in the safety of nuclear power.	ABWR; Advanced Passive PWR (AP600/AP1000); EPR; and Hualong I
Fourth-Generation	2000s	This generation is still being studied for feasibility, with the goal of developing a next-generation nuclear power system with improved safety, economics and sustainability and improved safeguards against nuclear proliferation and terrorist attacks.	N.A.

Source: CNEA

All nuclear power generating units in operation in China currently use second-generation technology. Since adopting PWR nuclear power technology in 1983, China has laid the foundation for large-scale PWR nuclear power stations. Companies in China currently have the ability to design, engineer, construct, operate and manage PWR nuclear power stations, as well as manufacture major equipment for the stations. According to the CNEA report, for second-generation gigawatt-level PWR nuclear power stations, equipment in nuclear islands, conventional islands and BOP systems in China (including the pressure vessel, steam generator, reactor components, and control rod driving mechanism and nuclear-class pump valve) can be provided by domestic Chinese suppliers. The localization ratio of most second-generation gigawatt-level PWR nuclear power stations built after 2007 is over 60%, and of certain projects exceeds 80%.

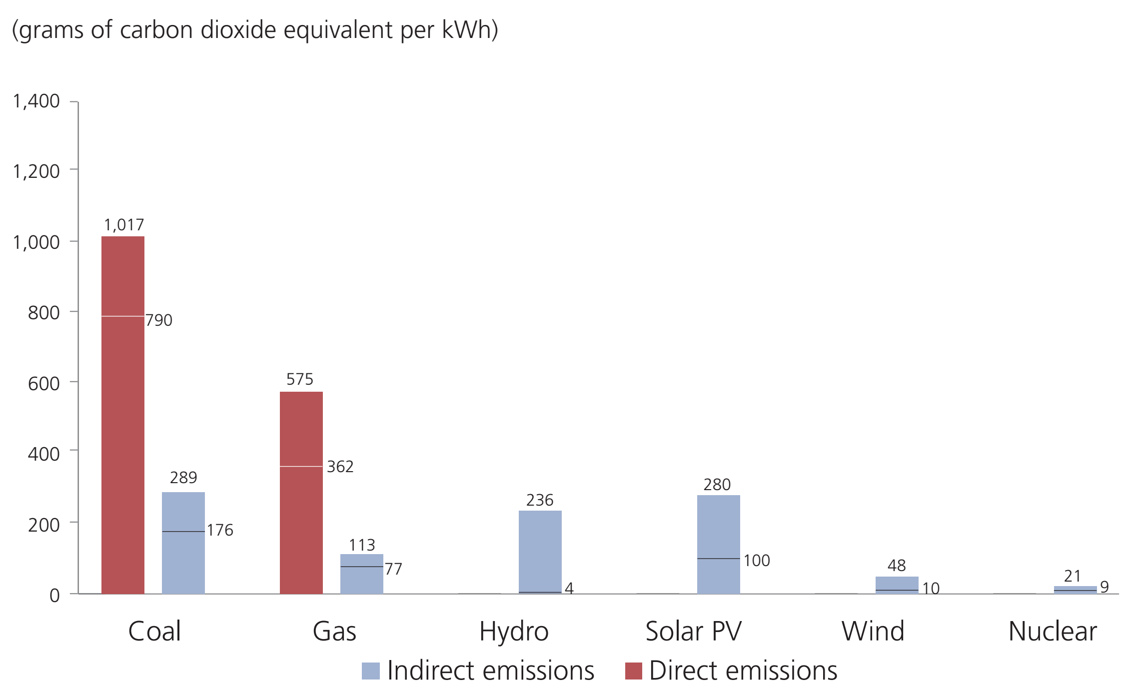
GLOBAL NUCLEAR POWER INDUSTRY OVERVIEW

Advantages of Nuclear Power

Nuclear power is characterized by its environmental friendliness, economic reliability and efficiency, compared with other energy sources.

Nuclear power is a low-carbon clean energy source with reduced greenhouse gas emissions. The growth of nuclear power has been driven by growing global electricity demands, increasing environmental awareness and fluctuations in the price and supply of fossil fuels. Nuclear power is an important and competitive energy option globally, especially for rapidly growing countries that lack conventional fossil fuel resources. Unlike coal-fired or natural gas power stations, nuclear power stations do not pollute the air or directly emit sulfur dioxide, nitrogen oxide or greenhouse gases. According to the CNEA Report, nuclear power stations produce a lower radiation dosage for nearby residents than coal-fired power stations with comparable power generation capacities.

The following diagram sets forth the range of different greenhouse gas emissions of the principal methods of electricity generation:



Source: *IAEA*

Nuclear power is more stable than hydropower, wind, solar and other renewable energy sources, making it a viable choice as base load power stations. Nuclear power stations are less affected by weather, seasonality or other environmental conditions. Unlike other renewable energy stations, nuclear power stations can have a large capacity and low cost in power generation and, as a result, can satisfy demand for large amounts of power. A nuclear station can also operate for an extended period of time at its designed capacity. Compared with conventional energy sources, such as thermal power, nuclear power stations are less affected by energy price fluctuations, due to the low cost of fuel in production. Base load nuclear power stations are more cost-effective than power plants generating electricity from fossil fuels. In addition, nuclear power is very efficient; according to the statistics published by European Nuclear Society, 1,000 grams of standard coal, mineral oil and uranium generates approximately 8 kWh, 12 kWh and 24 million kWh of electricity, respectively.

The following table sets forth the average number of hours of generation for various types of energy generating units with a capacity of 6,000 kW and above in China from 2011 to 2013:

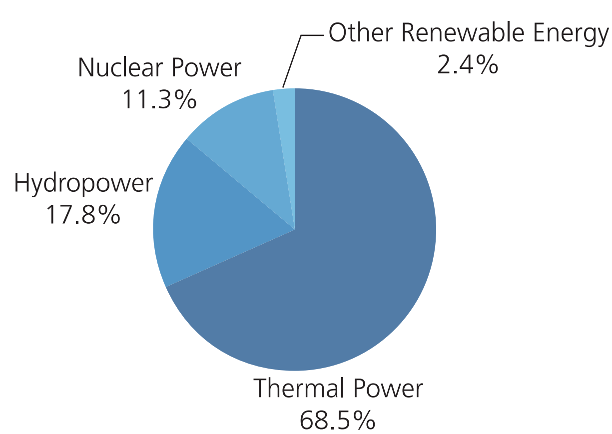
Year	Weighted Average	Nuclear	Hydro	Wind	Fossil-fuel
2011	4,730	7,759	3,019	1,890	5,303
2012	4,579	7,855	3,591	1,929	4,982
2013	4,511	7,893	3,318	2,080	5,012

Source: 2013 Electrical Power Industry Consolidated Statistics Express (《中國電力企業聯合會2013年電力工業統計快報》).

Nuclear Power Generation Globally

According to data from BP, the world's total power generation was 23,127 TWh in 2013. According to IAEA data, nuclear power generation accounted for 11.3% of total global generation in 2013. According to data from the IAEA, in 2013, nuclear power generation accounted for more than 20% of total generation in 13 countries and regions, and 73.3% of power generation in France. In comparison, China's nuclear power generation only accounted for 2.1% of its total power generation. China's nuclear power generation capacity ranked number six worldwide as of June 30, 2014.

The following chart sets forth various electricity sources in 2013 as a percentage of total electricity generated globally:



Source: IAEA

As of June 30, 2014, there were 435 nuclear power generating units in operation worldwide with a total installed capacity of 394.8 GW.

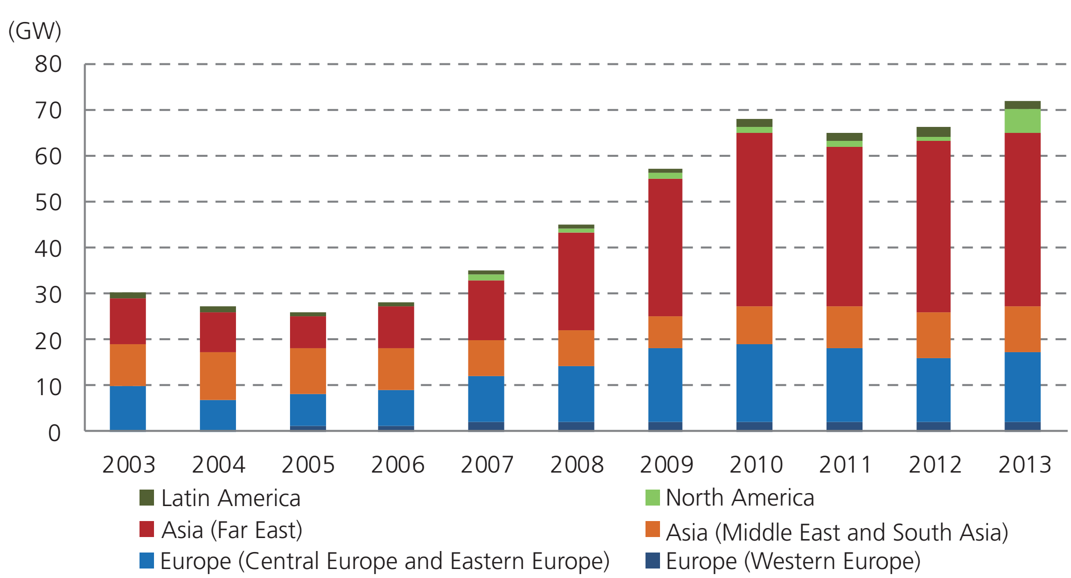
The following table sets forth information on the top 10 countries with the largest nuclear power installed capacity globally as of June 30, 2014.

Country	Number of Units in Operation	Total Installed Capacity (MW)
United States	100	104,543
France	58	66,342
Japan	48	44,198
Russia	33	25,242
Korea	23	21,678
China	**20**	**18,130**
Canada	19	14,385
Ukraine	15	13,835
Germany	9	12,696
United Kingdom	16	10,902
Total	**341**	**331,951**

Source: IAEA, CNEA

According to IAEA statistics, as of June 30, 2014, there were 71 reactors under construction worldwide with a total installed capacity of 75 GW. China has the largest installed capacity under construction, accounting for 41.1% of the world's nuclear generating capacity under construction. From the 1960s to the 1970s, newly-built nuclear power generating units were mainly located in Europe and North America. Since the late 1980s, Asia, Central and Eastern Europe have become major locations for newly built nuclear power generating units. According to IAEA estimates, use of nuclear power will continue to increase over the next twenty years, and future growth in nuclear installed capacity is expected to come largely from countries such as China, Russia and India.

The following diagram sets forth the nuclear generation capacity under construction in various regions of the world from 2003 to 2013:



Source: IAEA and CNEA

The following table sets forth information on the nuclear power generating units of the top 10 countries and regions with the largest nuclear generating capacity under construction globally as of June 30, 2014:

Country	Number of Units Under Construction	Total Installed Capacity (MW)
China	**28**	**30,748**
Russia	10	9,066
Korea	5	6,600
United States	5	6,218
India	6	4,300
United Arab Emirates	2	2,800
Japan	2	2,756
Taiwan	2	2,700
Ukraine	2	2,000
Finland	1	1,720
Other	8	5,845
World total	**71**	**74,753**

Source: IAEA, CNEA

PRC POWER INDUSTRY OVERVIEW

Background and Restructuring of the PRC Power Industry

In December 1996, the State Power Corporation was established to take ownership of state owned power generation assets and virtually all of the high voltage power transmission grids and local electricity distribution networks in the PRC. The State Power Corporation was responsible for the investment, development, construction, management, operation and ownership of power projects, the inter-connections of interprovincial and interregional electricity grids and the transmission of electricity across regions.

In March 1998, the State Economic and Trade Commission of the PRC (the "SETC") was established to assume the governmental and administrative functions relating to the power industry. The Electric Power Bureau was established within the SETC and given the responsibility of promoting reform policies and regulations, formulating development strategies, specifying technical requirements and industry practice and supervising the operation of the power industry.

As a result of further restructuring of the PRC power industry, in December 2002, the State Power Corporation was reorganized into two power grid companies and five nationwide power generation groups, (the "National Gencos"). The two power grid companies are the State Grid Corporation of China (the "State Grid") and the China Southern Power Grid Company (the "Southern Grid").

Competitive Landscape in PRC Power Industry

As of December 31, 2013, the National Gencos owned and managed nearly half of the total installed electricity generation capacity available in the PRC. The remainder was primarily owned by provincial, local and other power companies. As of December 31, 2013, our total installed capacity accounted for approximately 0.7% of China's total installed capacity.

The table below sets out the approximate installed electricity generation capacity in the PRC controlled by large independent power generation groups including the National Gencos:

Power Generation Groups[1]	**2013 Total Installed Capacity (GW)**
China Huaneng Group[2]	143
China Guodian Corporation[2]	123
China Datang Corporation[3]	115
China Huadian Corporation[3]	113
China Power Investment Corporation[3]	90
China Resources Power Holdings Company Limited[4]	27
Others	636
Total	**1,247**

Source: Filings and websites of the relevant companies and the NEA

Notes:

(1) Installed capacity of the IPPs may include the capacity of their projects outside the PRC

(2) Total consolidated installed capacity

(3) It is not specified whether it is total or consolidated or attributable installed capacity

(4) Attributable installed capacity; includes capacity of China Resources Power Holdings Company Limited only; does not include capacity of other members of the China Resources group

Competitive Landscape in Guangdong Province Power Industry

In 2013, electricity purchased in Guangdong Province totaled 497,792 GWh, of which 376,837 GWh of electricity were generated in Guangdong Province and 120,955 GWh of electricity were purchased from outside the province, accounting for 75.7% and 24.3% of total electricity consumption in Guangdong Province, respectively.

The table below sets out the approximate installed electricity generation capacity in Guangdong Province controlled by large independent power generation groups including the National Gencos and Provincial Power Companies:

Power Generation Groups[1]	**2013 Total Installed Capacity (MW)**
Guangdong Electric Power Development Co., Ltd	17,870
CGN Group[2]	10,691
China Huaneng Group[3]	5,344
China Resources Power Holdings Company Limited	3,233
Others	46,392
Total	**83,530**

Source: Filings and websites of the relevant companies and the NEA

Notes:

(1) Total installed capacity

(2) Includes power generating capacity in our company, Meiya Power Holdings Co., Ltd and other wind and solar capacity under the CGN Group

(3) Represents total installed capacity under Huaneng Power International Inc where provincial breakdown is publicly available

As of December 31, 2013, we had a total installed capacity of 6,122 MW located in Guangdong Province, representing approximately 7.3% of total installed capacity in Guangdong Province power industry and all of the nuclear power installed capacity in Guangdong Province.

PRC NUCLEAR POWER INDUSTRY OVERVIEW

Drivers for PRC Nuclear Power Industry Growth

Continuing Economic Growth Driving Increased Demand for Electricity

China experienced significant economic growth between 2000 and 2013 with its GDP increasing by approximately five times from RMB9,921.4 billion to RMB56,884.5 billion during the period, making China one of the fastest growing economies in the world. According to the 12th Five-Year Plan for National Economic and Social Development (the "12th Five-Year Plan") published in 2011, the PRC government expects GDP to grow at an average annual growth rate of 7.0% between 2011 and 2015. The rising GDP is expected to continue to drive the demand for electricity.

According to the CNEA Report, between 2006 and 2013, the amount of electricity used in China increased from 2,836 TWh to 5,322 TWh, at a CAGR of approximately 9.5%. In 2013, the amount of electricity used in China increased by almost 10% from 2012, in line with that year's GDP growth rate.

There is significant room for the future development of the electricity industry in China. Although China's economic growth rate was higher than many developed regions in Asia and globally, its electricity consumption per capita was lower.

The following table sets forth information on electricity consumption and economic growth for the countries indicated:

Country/Region	Energy Consumption Per Capita (kWh)	GDP Growth Rate			
		2010	2011	2012	2013
United States	12,563 (for 2010)	2.5	1.8	2.8	1.9
South Korea	9,907 (for 2010)	6.3	3.7	2.0	2.8
Singapore	8,007 (for 2013)	15.1	6.0	1.9	4.1
Japan	6,739 (for 2012)	4.7	(0.5)	1.4	1.5
Hong Kong	6,151 (for 2013)	6.8	4.8	1.6	2.9
China	3,921 (for 2013)	10.4	9.3	7.7	7.7

Source: International Monetary Fund, The World Bank, CIA World Factbook and the National Bureau of Statistics

Since 2005, total installed electricity generating capacity in China and total electricity generated have both grown dramatically, while total utilization rate has not fluctuated significantly.

Year	Total Installed Capacity (GW)	Total Electricity Generation (TWh)
2005	508.4	2,500.2
2006	623.7	2,849.9
2007	718.2	3,266.4
2008	792.7	3,451.0
2009	874.1	3,681.2
2010	966.4	4,227.8
2011	1,062.5	4,730.6
2012	1,144.2	4,973.3
2013	1,247.4	5,347.4

Sources: China Electric Power Year Book; State Electricity Regulatory Commission; China Electricity Council; BP Statistical Review of World Energy June 2013

Nuclear Power in China's Energy Mix

The characteristics of nuclear power make it a viable alternative to fossil fuels and an important option for improving China's energy mix. Nuclear power is particularly attractive as base load power stations, compared with other energy sources, due to its environmental friendliness, ability to generate large amounts of electricity, low production costs, economic reliability and efficiency. Nonetheless, China's nuclear power generation remains low relative to other countries, accounting for only 2.1% of its total power generation in 2013.

The following table sets forth the percentage of total installed electricity generation capacity in China by energy source as of December 31, 2013:

	Thermal(1)(2)	Hydro(2)	Wind(2)	Nuclear	Others	Total
			(%)			
As of December 31, 2013						
Installed Capacity by Energy Source	69.1	22.4	6.1	1.2	1.2	100.0

Source: the NEA

Notes:

(1) Thermal includes coal-fired, oil-fired and gas fired power projects

(2) Grid connected installed capacity

As a result, the Chinese government has recently encouraged the adoption of nuclear energy. "The Work Plan on Strengthening the Prevention and Control of Air Pollution for the Energy Industry" (《能源行業加強大氣污染防治工作方案》), published by the PRC government in 2014, demonstrated the PRC government's commitment to develop clean energy and to significantly reduce pollution. The work plan sets forth a goal of increasing the proportion of non-fossil energy consumption to 11.4% by 2015, and to 13% by 2017.

Government and Policy Support

The PRC government actively encourages nuclear power companies to develop new projects, and plans to increase China's nuclear power generation capacity over the coming years. In recent years, government support has been reflected in a number of official development goals, policy documents, official statements of support from the country's top leaders, as well as preferential tax treatment.

The PRC government's 2014 work report indicated that China will commence work on a number of additional nuclear power projects. In April 2014, Chinese Premier Li Keqiang presided over the opening of the first meeting of the new session of the National Energy Commission, noting the government's intention to construct new nuclear power stations in its coastal regions using the highest international safety standards with safety ensured. In June 2014, Chinese President Xi Jinping, re-emphasized the importance of these projects in the eastern coastal regions at the sixth central finance and economy leadership group meeting.

In China, electricity generated by nuclear power stations generally enjoys priority on grid connection over electricity generated using fossil fuels. In August 2007, the State Electricity Regulatory Commission (國家電力監管委員會) published the "Notice on the (Provisional) Measures for Energy Conserving Electricity Dispatch issued by the NDRC and other departments and circulated by the General Office of the State Council" ("國務院辦公廳關於轉發發展改革委等部門節能發電調度辦法(試行)的通知"). Pursuant to the notice, nuclear power's dispatch priority ranks behind renewable energy such as wind, solar, marine energy and hydropower, as well as waste-based energy that complies with environmental requirements, but generally ahead of electricity generated using fossil fuels. In May 2014, the NDRC promulgated the "Guiding Opinion on Strengthening and Improving the Adjustment and Management of Power Generation Operation" (《國家發展改革委關於加強和改進發電運行調節管理的指導意見》"), which reiterated that priority on grid connection should first be given to renewable energies, including hydro, nuclear, co-generation units and comprehensive resource utilization power generation units, and various levels of government authorities should actively promote the replacement of coal-fired power generating units with clean energy generating units.

China has preferential tax policies on VAT imposed on nuclear power. Specifically, a policy of "refund-after-collection" ("先徵後退") is in place for the first 15 years of a nuclear power generating unit's operations. 75% of the VAT collected is refundable in the first five years, 70% of the VAT collected is refundable in the following five years, and 55% of the VAT collected is refundable in the final five years. After that period, there is no applicable refund policy with respect to the VAT collected.

The PRC government has set specific targets for the growth of nuclear energy in China. On March 24, 2014, the NDRC, NEA and MOEP issued the "Work Plan for Strengthening the Prevention and Amelioration of Atmospheric Pollution" ("能源行業加強大氣污染防治工作方案"). According to this work plan, in 2015, the installed capacity of the nuclear power generating units in operation and capacity under construction in China should reach 40 GW and 18 GW, respectively, and annual power generation in China should reach over 200 TWh; in 2017, the installed capacity of the nuclear power generating units in operation and capacity under construction is targeted to reach 50 GW and 30 GW, respectively, and annual power generation in China is targeted to reach 280 TWh. If future installed capacity does not grow as expected or the PRC government reduces its targets for the growth of nuclear energy in China in the future, our financial condition, results of operation and business may be adversely affected. See "Risk Factors – Risks Relating to Our Business and Industry – We are subject to extensive laws and regulations and significant compliance risks."

Principal Participants

Due to high entry barriers, a small number of participants in the nuclear power industry in China hold a relatively large market share. As of June 30, 2014, only three groups in China have been authorized to have controlling stakes in nuclear power stations, the CGN Group, CNNC and China

Power Investment Corporation (中國電力投資集團公司). As of June 30, 2014, the CGN Group operated and managed 11 nuclear power generating units with a total installed capacity of 11,624 MW and had 13 nuclear power generating units under construction with a total installed capacity of 15,506 MW, among which, we have controlling interests in seven of the units in operation with a total installed capacity of 7,208 MW and non-controlling interests in four of the units in operation with a total installed capacity of 4,416 MW. According to the CNEA Report, we ranked number one in terms of both total installed capacity in operation and attributable installed capacity in operation in China, as of June 30, 2014, with market shares of 64.1% and 43.5%, respectively. CNNC operated and managed nine nuclear power generating units with a total installed capacity of 6,506 MW, and had 12 nuclear power generating units under construction with a total installed capacity of 12,532 MW. China Power Investment Corporation (中國電力投資集團公司) has 45% equity interests in two nuclear power generating units in operation with an installed capacity of 2,238 MW and an attributable capacity of 1,007 MW, and controlling interests in two nuclear power generating units under construction with a total installed capacity of 2,500 MW.

The following table sets out the basic information of the nuclear power generating units operated and managed by the principal market participants in China as of June 30, 2014:

Company Name	Units in Operation	Installed Capacity (MW)	Reactor Type
CGN Group	11*	11,624	PWR
CNNC	9	6,506	PWR/PHWR
China Power Investment Corporation	2**	2,238	PWR

* *Including the two units of Hongyanhe Nuclear in operation, in which we hold 45% equity interest.*

** *The two units of Hongyanhe Nuclear in operation, in which China Power Investment Corporation holds 45% equity interest.*

While the CGN Group, CNNC and China Power Investment Corporation are the major players with regards to managing nuclear power stations in China, State Nuclear Power Technology Corporation is the Chinese importer of AP1000 third-generation technologies, China Nuclear Engineering Group Corporation is a leading nuclear power project construction firm and China Huaneng Group is a leading investor in experimental high temperature gas-cooled nuclear power stations.

Barriers to Entry

The nuclear power industry in China has substantial barriers to entry, including barriers related to government approvals, technology, human capital and financing.

The PRC government approves nuclear power projects or grants permits and licenses based on overall energy planning and complex environmental, technical and safety concerns. The NNSA reviews and supervises safety efforts at the various stages of the nuclear power station development, including site selection, construction, first loading, operation and decommissioning. The NNSA also issues permits and approvals. The MOEP reviews the Environmental Impact Report and monitors radiation levels of nuclear power stations in operation. For further details on the regulatory approval process related to nuclear projects, please refer to the "Regulatory Environment."

The nuclear power industry consistently utilizes advanced technology in the construction, operation, maintenance, testing and pollution and radiation monitoring of nuclear power stations. The construction of nuclear power stations must account for challenges in safety, technology, economics and project feasibility. Construction must satisfy project requirements, legal and safety requirements, the "economics of the technology" (技術經濟性) principle, cost targets and project schedules.

In addition, the nuclear power industry relies on high-quality professionals. There is significant demand for the limited number of technicians qualified to operate or manage nuclear power stations. Employee training is expensive and time-consuming. The requirements for Reactor Operator Licenses (操縱員執照) or Senior Reactor Operator Licenses (高級操縱員執照) are particularly stringent.

Nuclear power is a capital-intensive industry. Construction, operation and management of power stations involve a range of complex and extensive steps and therefore require large amounts of capital investment. In addition to the strict safety requirements already in place after the Fukushima accident, the PRC government continues to increase its scrutiny on nuclear safety, further increasing barriers to entry.

On-Grid Tariffs of Nuclear Power Projects

The on-grid tariffs of nuclear power projects that commenced operations before 2013 have been determined by the fixed cost and operating cost set forth in the tariff determination plan based on the principle of having "a specific price for each generating unit" for each of the power projects. On June 15, 2013, the NDRC promulgated the Circular on Relevant Issues Concerning Improving the On-grid Tariff Mechanism for Nuclear Power ("On-Grid Tariffs Notice"). According to the On-Grid Tariffs Notice, for generating units that commence operations after January 1, 2013, the national benchmark on-grid tariffs are set at RMB0.43 per kWh. Please refer to "Regulatory Environment – Laws and Regulations on PRC Power Industry – On-Grid Tariff Administration" for more details.

NUCLEAR FUEL SUPPLY AND DEMAND

Global Uranium Supply and Demand

Natural uranium is principally used as the main raw material in the operation of nuclear power stations. Demand for natural uranium is fundamentally driven by installed nuclear capacity and therefore is much more predictable than the demand for many other mineral commodities. A gigawatt-level nuclear power generating unit uses approximately 25 tonnes of nuclear fuel per year, which requires approximately 185 tonnes of natural uranium. As at April 2014, according to WNA, nuclear reactors operating worldwide required approximately 65,908 tonnes of natural uranium annually. For more information about nuclear energy capacity in China and other specific countries, see "– Nuclear Power Generation Globally."

Nuclear power generation companies generally need to procure uranium three to five years prior to use due to the time required for conversion, enrichment and related processing services. As a result, changes in the spot price of uranium do not necessarily affect the current costs of nuclear power companies. According to the CNEA Report and the 2011 report of Uranium: Resources, Production and Demand (The Red Book), natural uranium in the international and China markets is expected to be readily available for the future, as uranium continues to be discovered and certain uranium locations remain unexplored due to the relatively low price of uranium recently. However, contracts signed between nuclear power generation companies and fuel suppliers in the future will reflect increases or fluctuations in uranium prices.

Availability of uranium resources is an important factor in the long term viability of the nuclear power industry. Uranium is not a rare element and co-exists with other mineral resources. Exploration for uranium is continuing and may continue to increase the reserves available. However, as is the case for other metals and minerals, total world reserves are not known with an absolute degree of certainty.

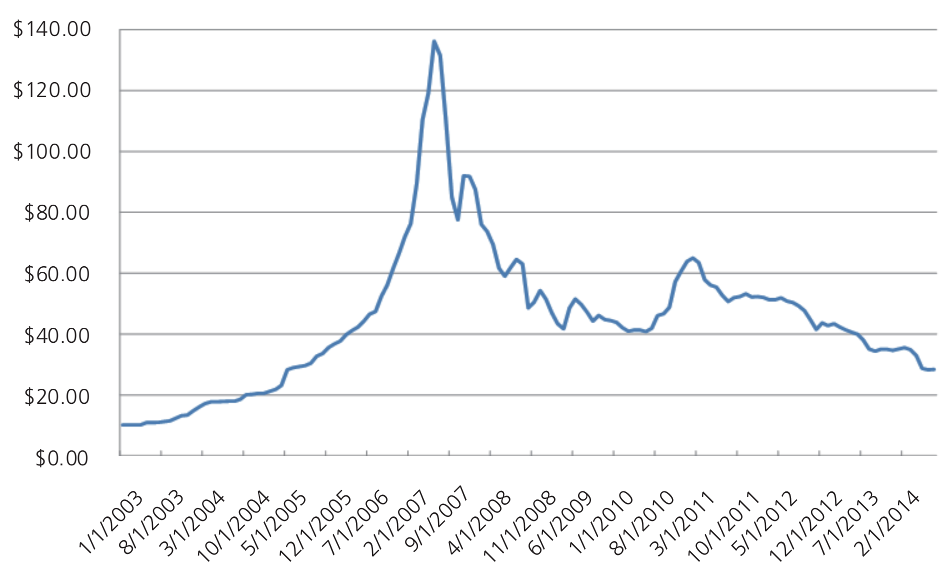
The following table summarises the top 10 countries with the largest known recoverable resources of uranium (reasonably assured resources plus inferred resources) based on price up to approximately US$59 per pound of uranium as of 2011:

	Tonnes uranium	**% of the world**
Australia	1,661,000	31%
The Republic of Kazakhstan	629,000	12%
Russia	487,200	9%
Canada	468,700	9%
Niger	421,000	8%
South Africa	279,100	5%
Brazil	276,700	5%
Namibia	261,000	5%
USA	207,400	4%
China	166,100	3%
Rest of the world	470,000	9%
World total	**5,327,200**	**100%**

Source: WNA

During the past decade, the spot price of natural uranium in the international market experienced several substantial fluctuations. After 2003, due to the acceleration of nuclear power development, particularly in China, India and Russia, as well as inventory reductions and market speculation, the price of natural uranium increased significantly, with the spot price reaching US$135 per pound in 2007. During the financial crisis in 2008, the price of natural uranium began to drop and reached US$45 per pound in 2010. Since 2010, uranium price began to increase slowly, rising to US$73 per pound in early 2011. However, after the Fukushima accident in 2011, the price of uranium again decreased and reached US$35 per pound in 2014. The price of natural uranium was US$28 per pound at the end of July 2014. As the price of natural uranium has decreased recently, exploration and mining of uranium has also slowed.

The following graph sets forth the changes in the global natural uranium spot price (US$/pound) from 2003 to July 2014:



Source: IMF

China and many other countries are forging ahead with construction of new nuclear power plants with the goal of steadily increasing nuclear generating capacity in the next 20 years. As a result, WNA estimates that global uranium demand is expected to increase by 48% during the period from 2013 to 2023.

PRC Uranium Industry Overview

Uranium Exploration and Mine Development

At the beginning of 1990s, when China initiated its nuclear energy development, the demand for uranium from China's nuclear power plants was not so crucial. Since the mid-1990s, the pace of construction of nuclear power plants in coastal areas increased, and the demand of uranium increased steadily. Since 2000, investment in uranium exploration has steadily increased.

Domestic uranium prospecting and exploration have increased due to additional financial input in recent years. According to the 2014 report of Uranium: Resource, Production and Demand, or The Red Book 2014, the exploration, including regional uranium potential assessment and further works on previously discovered mineralization, and deposits in northern China has principally been focused on the Yili, Turpan-Hami, Junggar and Tarim basins of the Xinjiang Autonomous Region, the Erdos, Erlian, Songliao, Badanjili and Bayingebi basins of Inner Mongolia, the Caidaum basin in Qinghai province and the Jiuquan basin in Gansu province.

Uranium Resources/Supply

According to The Red Book 2014, as of January 1, 2013, the identified conventional resources (reasonably assured and inferred resources) in China totaled 265,500 tonnes Uranium, as listed in the following table.

No.	Province	Name	tonnes Uranium
1	Jiangxi	Xiangshan	32,000
		Ganzhou	12,000
		Taoshan	12,500
2	Guangdong	Xiazhuang	15,000
		Zhuguangnanbu	25,000
		Heyuan	4,000
3	Hunan	Lujin	9,000
4	Guangxi	Ziyuan	11,000
5	Xinjiang	Yili	33,000
		Tuha	10,000
6	Inner Mongolia	Erdos	35,000
		Erlian	40,000
		Tongliao	4,000
7	Hebei	Qinglong	8,000
8	Yunnan	Tengchong	6,000
9	Shaanxi	Lantian	2,000
10	Zhejiang	Dazhou	5,000
11	Liaoning	Benxi	2,000
Total			**265,500**

Source: The Red Book 2014

According to The Red Book 2014, China has great reserve of uranium resources. There are 2 million tonnes of potential uranium resources that are predicted with favorable areas in the Erlian basin of the Inner Mongolia Autonomous Region and other areas.

Uranium Production

As uranium demand from nuclear power plants is expected to increase rapidly in the coming decade, China has accelerated the domestic uranium exploitation. Several uranium production centers such as Fuzhou and Yining are being developed and put into construction to keep pace with the uranium mining production in those regions. According to The Red Book 2014, there are currently a total of six production centers in China and the natural uranium production amounted to 1,400 tonnes Uranium in 2011 and 1,450 tonnes Uranium in 2012, and is expected to remain steady in 2013. In China, only certain entities of CNNC may engage in natural uranium mining. All of these production centers are owned by entities of CNNC and all of the natural uranium these production centers produce are sold to CNEIC.

According to the Red Book 2014, as of January 1, 2013, the total nominal production capacity of the operating uranium production centers in China was 1,450 tonnes Uranium per year. The following table sets forth information of the operating uranium production centers in China.

Mine	**Province**	**Nominal production Capacity (tonnes Uranium per year)**	**Planned capacity expansion (tonnes Uranium per year)**
Fuzhou	Jiangxi	350	Up to 500
Chongyi	Jiangxi	200	Up to 300
Yining	Xinjiang	380	Up to 500
Lantian	Shaanxi	100	N/A
Benxi	Liaoning	120	N/A
Qinglong	Liaoning	100	Up to 200
Shaoguan	Guangdong	200	Up to 300
Total		**1,450**	**Up to 1,800**

Source: The Red Book 2014

Uranium Demands and Procurement Strategy

According to the Red Book 2014, in 2012, the annual nature uranium demands of China amount to approximately 4,200 tonnes. According to the government's nuclear power program, the total capacity of nuclear power plants is expected to reach between 40 GW and 58 GW by the end of 2020. The demands for natural uranium is expected to increase substantially as below:

(tonnes Uranium)

2011	2012	2013		2015		2020		2025		2030		2035	
3,900*	4,200*	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
		4,600*	5,000*	6,450	8,200	6,450	8,200	12,300	16,200	12,300	16,200	14,400	20,500

Source: The Red Book 2014

* *Joint NEA-IAEA Secretariat estimate.*

In order to meet the demand of nuclear power plants pursuant to the development program approved by the government, according to the Red Book 2014, the policy "Facing Two Markets and Using of Two Kinds of Resources" has been adopted, which provides that China will actively develop domestic uranium resources and make full use of non-domestic resources and mine development in advance. Uranium supply will be guaranteed through a combination of domestic production, development of non-domestic resources and international trade.

Uranium Trading and Import

The sale and supply of uranium is highly regulated in the PRC and worldwide. The Chinese government has imposed stringent regulations on uranium trading and fuel import. Only companies with operational permits and licenses approved by the relevant PRC authorities can import and trade uranium and provide nuclear fuel related services. There are currently two entities, namely, CGN Uranium and China Nuclear Energy Industry Co., Ltd., or CNEIC, a subsidiary of one of our major competitors, CNNC, in the PRC that have been awarded operational permits and licenses enabling them to import and trade natural uranium and provide nuclear related services.

As to uranium conversion and enrichment services, fuel assembly processing services and other related services, only certain entities of CNNC in the PRC, including CNEIC and CNNC Jianzhong, are authorized with operational permits and licenses to engage in such businesses.

NUCLEAR FUEL CYCLE

Uranium mined from the earth must be processed extensively to concentrate the fissile isotope Uranium-235 (with a half-life of 700 million years) before electricity generation. Other major types of radioactive elements used as nuclear fuel include I-131 (with a half-life of 8.04 days), Xe-133 (with a half-life of 5.29 days), Kr-85 (with a half-life of 10.73 years), I-133 (with a half-life of 21 hours) and H-3 (with a half-life of 12.3 years). Uranium, unlike coal and gas, progresses through a series of distinctive and complicated stages, called the nuclear fuel cycle. The nuclear fuel cycle is divided into "front end" and "back end" stages.

The "front end" of the cycle includes:

- mining and milling;
- conversion of yellow cake into uranium hexafluoride (UF_6);
- enrichment of UF_6 to increase the concentration of Uranium-235, from a concentration level of approximately 0.7% to approximately between 3% and 5%; and
- fuel assembly fabrication, i.e., sintering of UO_2 into hardened pellets which are sealed inside zirconium alloy tubes for arrangement into fuel assemblies.

Once uranium becomes "spent fuel" (after being used to produce electricity), it progresses through the "back end" of the cycle, which includes:

- temporary storage in pools filled with cool water;
- reprocessing and recycling to extract unused uranium for fresh reactor usage; and
- waste handling and disposal.

Disposal of Spent Fuel

According to the Interim Measures on Spent Fuel promulgated by the MOF, the NDRC and the MIIT, any nuclear power station with a pressurized water reactor that has been in operation for more than five years shall contribute to a fund for treating and disposing of spent fuel at the standard rate of RMB0.026 per kWh of electricity sold by the station. The fund is mainly used to pay for expenses incurred during the transportation, AFR storage and post-treatment of spent fuel as well as the disposal of high radioactivity waste. For more information about spent fuel provisions and relevant risks, please refer to "Financial Information – Significant Accounting Policies and Estimates – Provisions," "Risk Factors – Risks Relating to Our Business and Industry – The provisions we make for radioactive waste disposal may be inadequate."

NUCLEAR SAFETY

International Nuclear and Radiological Event Scale

Nuclear events are classified in accordance to the INES adopted by the IAEA and the NEA, the nuclear energy agency of the OECD. The INES evaluates the impact of nuclear accidents on safety. Nuclear events are classified into seven levels in the INES according to their impact on (i) people and the environment, (ii) radiological barriers and control, and (iii) defense-in-depth. Level 1 to Level 3 nuclear events are referred to as "issues," while Level 4 to Level 7 nuclear events are referred to as "accidents."

The following table sets forth the main features of each level of nuclear event:

INES Level	People and Environment	Radiological Barriers and Control	Defense-in-Depth
Major Accident Level 7	• Major release of radioactive material with widespread health and environmental effects requiring implementation of planned and extended countermeasures		
Serious Accident Level 6	• Significant release of radioactive material likely to require implementation of planned countermeasures		
Accident with Wider Consequences Level 5	• Limited release of radioactive material likely to require implementation of some planned countermeasures • Several deaths from radiation	• Severe damage to reactor core • Release of large quantities of radioactive material within an installation with a high probability of significant public exposure, potentially arising from a major uncontrolled nuclear chain reaction or fire	
Accident with Local Consequences Level 4	• Minor release of radioactive material unlikely to result in implementation of planned countermeasures other than local food controls • At least one death from radiation	• Fuel melt or damage to fuel resulting in more than 0.1% release of core inventory • Release of significant quantities of radioactive material within an installation with a high probability of significant public exposure	
Serious Incident Level 3	• Exposure in excess of ten times the statutory annual limit for workers • Non-lethal deterministic health effect (e.g., burns) from radiation	• Exposure rates of more than 1 Sv/h in an operating area • Severe contamination in an area not expected by design, with a low probability of significant public exposure	• Near accident at a nuclear power plant with no safety provisions remaining • Lost or stolen highly radioactive sealed source • Misdelivered highly radioactive sealed source without adequate procedures in place to handle it
Incident Level 2	• Exposure of a member of the public in excess of 10 mSv • Exposure of a worker in excess of the statutory annual limits	• Radiation levels in an operating area of more than 50 mSv/h • Significant contamination within the facility into an area not expected by design	• Significant failures in safety provisions but with no actual consequences • Found highly radioactive sealed orphan source, device or transport package with safety provisions intact • Inadequate packaging of a highly radioactive sealed source
Anomaly Level 1			• Overexposure of a member of the public in excess of statutory annual limits • Minor problems with safety components with significant defense-in-depth remaining • Low activity lost or stolen radioactive source, device or transport package
Below Scale Level 0		NO SAFETY SIGNIFICANCE	

Nuclear Safety Regulation and Oversight in the PRC

In October 1986, the State Council issued the "Regulations on Civil Nuclear Facility Safety Supervision and Administration," and released a series of implementation rules to regulate nuclear safety. Before the construction of a nuclear facility, an operator must submit a "Nuclear Facility Construction Application," a "Preliminary Safety Analysis Report" and other relevant materials to the NNSA for review and approval. No construction can be commenced before a Nuclear Facility Construction Permit has been obtained.

The NNSA is responsible for implementing nuclear safety regulations through the issuance of licenses and permits at different stages of a nuclear power station's development, including site selection, design, construction, operation and decommissioning. The NNSA supervises the entire construction process, including civil engineering, manufacture, installation and commissioning of key equipment. A nuclear facility can load fuel and commence operations only after obtaining NNSA approval. The NNSA has established six nuclear and radiation safety supervision stations in China to perform daily and ad hoc nuclear safety inspections on construction quality, equipment quality, personnel qualifications and operation safety. The NNSA also provides on-site supervision at all important stages of design, construction and operation of nuclear power stations, and assigns safety supervision personnel to nuclear power stations and key equipment manufacturers for on-site inspections.

According to the CNEA Report, no nuclear event of INES level 2 or above has occurred in China.

PRC Government Countermeasures in the Wake of the Fukushima Accident

After the Fukushima accident in March 2011, the PRC government temporarily suspended approvals of new nuclear power stations and conducted a detailed safety review of nuclear power stations in operation.

In response to the accident, the PRC government has taken a series of countermeasures, including the following:

- The NNSA, the NEA and the China Earthquake Administration jointly conducted comprehensive safety inspections and safety evaluations on all nuclear power stations in operation and under construction in China, including all of our nuclear power generating units in operation and under construction. It was concluded that all nuclear power stations in operation and under construction in China had the capability of preventing and alleviating serious nuclear incidents and safety risks were under control.

- In October 2012, the State Council approved the "12^{th} Five-year Plan Program for Nuclear Safety and Radioactivity Pollution Prevention and Long Term Goals for 2020," and took the following actions:

  - The PRC government strengthened government oversight of nuclear safety with respect to emergency response protocols and nuclear power industry administration, and strengthened national nuclear and radiation safety technology R&D capabilities.

  - The PRC government required that nuclear power companies establish a common emergency response platform, thereby enhancing inter-company abilities to cope with severe nuclear accidents.

- The PRC government proposed 10 improvement requirements for nuclear power stations in operation and 14 improvement requirements for nuclear power stations under construction, and divided improvement actions into short-term, medium-term and long-term projects for operating nuclear power stations, which are required to be completed by the end of 2011, 2013 and 2015, respectively. The improvement actions for nuclear power stations under construction are divided into projects to be completed before first loading and projects to be completed by the end of 2015.

This program also proposed nuclear safety targets and requires the new projects in the PRC to adopt the third-generation reactors. We believe all of our nuclear power generating units in operation and under construction are in compliance with this proposal. As all of our nuclear power projects in operation and under construction had obtained the relevant governmental approvals prior to the issuance of this proposal, we believe that none of our nuclear power generating units currently in operation or under construction are subject to the requirement that new projects in the PRC have to adopt the third generation reactors.

- The PRC government formulated and issued the "General Technical Requirements for Improvement Actions of Nuclear Power Stations after the Fukushima accident," requiring that all the nuclear power stations improve safety, and imposing specific improvement requirements.

- In September 2013, the NNSA conducted comprehensive inspections of the improvement actions completed after the Fukushima accident and found all such improvements were in compliance with the "General Technical Requirements for Improvement Actions of Nuclear Power Stations after the Fukushima accident."

NUCLEAR INSURANCE FOR NUCLEAR POWER STATIONS

Nuclear insurance coverage includes property insurance and third party liability insurance for nuclear power stations, nuclear fuel plants and all other civil nuclear facilities. Claims may arise over property loss due to nuclear radiation.

Insurance providers offer the following types of insurance:

- Nuclear materials damage and loss insurance, which covers the loss of nuclear facilities caused by natural disasters and nuclear radiation and the breakdown of infrastructure and equipment.

- Third party liability for nuclear damage, which covers the insurance amount nuclear facilities operators required under regulatory requirements . According to the Official Reply of the State Council concerning Nuclear Damage Compensation Issues (Letter No. 64 [2007]) (《國務院關於核事故損害賠償責任問題的批覆》(國函[2007]64號)), for operators of nuclear power stations and entities engaged in the storage, transportation or reprocessing of spent fuel, the maximum amount of compensation payable per nuclear incident is RMB300 million. Hence, the upper limit of this type of insurance is generally RMB300 million. Our PRC legal adviser, King & Wood Mallesons, is of the view that, according to the material insurance agreements provided by us and our confirmation, our subsidiaries which are the operators of the nuclear power stations have purchased the relevant insurance for our nuclear power stations currently in operation, which comply with such upper limit stipulated by the State Council.

- Transportation liability insurance that covers liability arising during the transportation of nuclear substances.

China Nuclear Insurance Pool

China Nuclear Insurance Pool is an insurance consortium incorporated in 1999 by four promoters, including the China Reinsurance (Group) Corporation, People's Insurance Company of China, the China Pacific Insurance (Group) Co., Ltd. and Ping An Insurance (Group) Company of China, Ltd. Member companies currently include 25 domestic property insurance companies and reinsurance companies, representing 90% of the underwriting capacity of the domestic property insurance market. China Nuclear Insurance Pool offers nuclear property insurance and third party nuclear liability insurance to all nuclear power stations in operation in China. According to the CNEA Report, in 2014, the underwriting capacity of China Nuclear Insurance Pool reached US$898 million for domestic direct insurance and US$367 million for overseas insurance. The domestic direct insurance amount was only less than those in the nuclear insurance pools in Japan, the United Kingdom and Switzerland.

International Nuclear Insurance Pool

The international nuclear insurance pool is an international nuclear insurance cooperation system formed by various countries and regions on a voluntary basis. The international nuclear insurance pool is governed by the General Purpose Committee (GPC), which is composed of experienced professionals responsible for making decisions on key issues in the pool. Zuo Huiqiang, the general manager of China Nuclear Insurance Pool, is a GPC committee member. Through this risk sharing mechanism, the risk of nuclear catastrophe can be shared among more than 400 qualified insurance companies and reinsurance companies worldwide.

OUR HISTORY AND DEVELOPMENT

We are the largest nuclear power producer in the PRC as measured by both total installed nuclear power generating capacity and attributable installed capacity, according to the CNEA Report, with nearly 30 years of operating history. Our Company is a subsidiary of CGNPC and CGNPC's sole platform for nuclear power generation.

Our history and development are divided into three phases:

I. Pioneering Phase (1979 – 2004)

We commenced our nuclear power business in 1979 through the establishment of Daya Bay Nuclear Power Station, the first large commercial nuclear power station in the PRC. Through GNPJVC, one of our subsidiaries, we started, from a high standpoint, the construction of Daya Bay Nuclear Power Station in August 1987, which included two pressurized water reactors, (with an installed capacity of 984 MW each) which began commercial operation in the first half of 1994. Daya Bay Nuclear Power Station is the first nuclear power station with gigawatt capacity for commercial use in the PRC, providing experience in technology, engineering and operational management for our subsequent nuclear power construction projects, thus narrowing the nuclear power technology gap between us and the rest of the world.

During this phase, we implemented the national guideline of "Moderate Development of Nuclear Power." In October 1995, Ling'ao Nuclear was established to construct and operate Ling'ao Nuclear Power Station, which included two reactors, with an installed capacity of 990 MW each, which began commercial operation in May 2002. Multiple significant technical improvements were achieved during the construction and operation process of Ling'ao Nuclear Power Station, laying a solid foundation for the design, manufacture, construction and operation of a nuclear power station with gigawatt capacity in a self-reliant manner. In November 2002, most of the operational indicators of Ling'ao Nuclear Power Station received highly positive evaluation from International Atomic Energy Agency (IAEA).

II. Mass Construction of Nuclear Power Stations Phase (2004 – 2012)

In 2003, the State Council held the national nuclear power construction working meeting in Hangzhou at which the guideline of "Active Development of Nuclear Power" was formulated. In October 2007, the State Council established and issued *Nuclear Power Mid- and Long-term Development Planning (2005-2020)*, and reaffirmed the guideline of "Active Development of Nuclear Power." We capitalized on the active development of nuclear power in the PRC, and reached the rapid development phase of mass construction of nuclear power stations involving multiple sites.

In September 2004, Lingdong Nuclear was established to construct and operate two nuclear power generating units with gigawatt capacity at Lingdong Nuclear Power Station (with an installed capacity of 1,087 MW per unit), which began commercial operation in September 2010. It is the first nuclear power station with gigawatt capacity in the PRC that is designed, manufactured, constructed and operated in a self-reliant manner, demonstrating China's improved pressurized water reactors, CPR1000, with China's self-reliant nuclear power brand. Building on Daya Bay Nuclear Power Station and Ling'ao Nuclear Power Station's experience, CPR1000 adopted "Second Generation Plus" technology with multiple technical improvements. As a result, the unit construction cost per kilowatt has been substantially reduced and the nuclear power stations subsequently achieved mass construction.

In August 2007, the construction of Phase I of Hongyanhe Nuclear Power Station commenced, which included four nuclear power generating units with gigawatt capacity (with an installed capacity of 1,119 MW per unit). In February 2008, the construction of Phase I of Ningde Nuclear Power Station commenced, which included four nuclear power generating units with gigawatt capacity (with an installed capacity of 1,089 MW per unit). In December 2008, the construction of Yangjiang Nuclear Power Station commenced, which included six nuclear power generating units with gigawatt capacity (with an installed capacity of 1,086 MW per unit). All of the above mentioned nuclear power stations were designed, manufactured, constructed and operated, in a self-reliant way.

In the wake of the Fukushima accident in March 2011, we initiated in-depth studies of the lessons learned from the Fukushima accident, in full compliance with the guideline of "Safety First, Quality Foremost." We performed comprehensive safety checks on all nuclear power projects under construction and in operation, and took multiple actions to cover all the aspects of design, equipment, engineering and operations of nuclear power stations to ensure safe construction and operations of our nuclear power projects in operation and under construction, as required by the NNSA, to satisfy the national requirements for newly-built nuclear power stations in the PRC.

In October 2012, the State Council decided to steadily resume construction of nuclear power generating units. In November 2012, construction of unit 4 of Yangjiang Nuclear Power Station commenced.

By the end of 2012, we had a total of six nuclear power generating units in operation with total installed capacity of approximately 6,120 MW under our management, the operation results of which had reached the international advanced level, and a total of 12 nuclear power generating units under construction with installed capacity of approximately 13,176 MW.

III. Multi-site and Multi-station Management Phase (2013 – present)

During this phase, we thoroughly carried out the national guideline of "Development of Nuclear Power with Safety and Efficiency," and entered the achievement stage of mass construction and multi-site and multi-station management phase. Units 1 and 2 of Hongyanhe Nuclear Power Station began commercial operations in June 2013 and May 2014, respectively. Units 1 and 2 of Ningde Nuclear Power Station began commercial operations in April 2013 and May 2014, respectively. Unit 1 of Yangjiang Nuclear Power Station began commercial operations in March 2014.

In 2013, the CGN Group fully absorbed the 30-year successful experience and innovation of Daya Bay Nuclear Power Station, and participated in the research and development of Hualong I, a third-generation nuclear power technology jointly developed by the CGN Group (including us) and CNNC. Our subsequent nuclear power projects may use Hualong I for construction.

As of June 30, 2014, we operated and managed 11 nuclear power generating units with a total installed capacity of 11,624 MW, including seven nuclear power generating units in which we have controlling interests, two units owned by Ningde Nuclear and another two owned by Hongyanhe Nuclear. As of June 30, 2014, we managed the construction of a total of nine nuclear power generating units, including two at Hongyanhe Nuclear Power Station, two at Ningde Nuclear Power Station and another five at Yangjiang Nuclear Power Station. These units under construction are expected to increase the total installed capacity we operate and manage by a total of approximately 9,846 MW to approximately 21,470 MW upon their completion.

We underwent the Reorganization and established a joint stock company in 2014 in preparation for the Global Offering. For details of the Reorganization, please refer to "– Reorganization."

Key Milestones of Our Company

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.
1982	The executive meeting of State Council approved the construction of the Daya Bay Nuclear Power Station on December 13, 1982.
1983	On June 1, 1983, General Office of Guangdong Province issued a notice for establishing GNIC. On August 18, 1983, GNIC was formally incorporated.
1985	On January 26, 1985, Guangdong Nuclear Power Joint Venture Co., Ltd. was established jointly by GNIC (with 75% contribution) and HKNIC (with 25% contribution), which is responsible for the construction and operations of Daya Bay Nuclear Power Station.
1987	FCD of Daya Bay Nuclear Power Station was on August 7, 1987 and its two nuclear power generating units started commercial operation on February 1, and May 6, 1994, respectively. Daya Bay Nuclear Power Station was the first large commercial nuclear power station in the PRC. 70% of the annual generation of Daya Bay Nuclear Power Station is transmitted to Hong Kong, accounting for approximately 25% of Hong Kong's current electricity consumption.
1994	On February 5, 1994, the State Council held a Premier's Working Meeting in Shenzhen at which a decision was made that China Guangdong Nuclear Power Corporation Limited was to be established, responsible for the centralized construction and operation of nuclear power stations in Guangdong. Our Controlling Shareholder, CGNPC, formerly known as China Guangdong Nuclear Power Corporation Limited, was established on September 29, 1994 as the 56^{th} enterprise approved by the State Council and was placed under separate central planning of the country.
1997	In May 1997, the construction of Ling'ao Nuclear Power Station commenced, referencing Daya Bay Power Station. Its two nuclear power generating units were put into commercial operation on May 28, 2002 and January 8, 2003, respectively, 48 days and 66 days ahead of schedule, respectively. The construction quality, progress and cost control had all reached an advanced level.
2003	On March 12, 2003, the first specialized nuclear power operating company in China, DNMC, was formally established. DNMC, entrusted by GNPJVC, Ling'ao Nuclear and the later-commissioned Lingdong Nuclear, is in charge of operations and management of six gigawatt-level nuclear power generating units, including those of Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station.

2005	In December 2005, the construction of Lingdong Nuclear Power Station commenced. Lingdong Nuclear Power Station was the sole nuclear power project launched during the 10^{th} Five-Year Plan period and was also the first nuclear power project implemented after China adopted its "Actively Developing Nuclear Power" policy. The localization ratio of the whole equipment of Lingdong Nuclear Power Station rose to 64% following the commercial operations of units 1 and 2 of Lingdong Nuclear Power Station on September 20, 2010 and August 7, 2011, respectively.
2009	On September 29, 2009, GNIC, our subsidiary and HKNIC entered into a contract to extend the joint venture term of Daya Bay Nuclear Power Station for another 20 years to May 6, 2034 and the proportion of the existing power supply arrangements by Daya Bay Nuclear Power Station remained unchanged, i.e., 70% to HKNIC and 30% to GNIC.
2013	Since 1999, the nuclear power generating units in operation at Daya Bay base (two nuclear power generating units at Daya Bay Power Station and two nuclear power generating units at Ling'ao Nuclear Power Station since 2003) have been participating in the annual EDF safety challenge contest among operating nuclear power generating units of a similar design for 16 years consecutively. As of the end of 2013, a total of 31 first prizes had been awarded.
2013	On December 23, 2013, the construction of unit 6 of Yangjiang Nuclear Power Station commenced. Yangjiang nuclear power base was the largest nuclear power site in terms of total installed capacity under construction in the PRC.
2014	Our Company was incorporated in the PRC on March 25, 2014.

REORGANIZATION

On December 23, 2013, the promoters' agreement ("Promoters' Agreement") was entered into among CGNPC, Hengjian Investment and CNNC, pursuant to which CGNPC contributed RMB43,017,097,508 in assets (including cash), Hengjian Investment contributed RMB5,054,888,074 in cash and CNNC contributed RMB2,476,895,156 in cash to the total investment of our Company, respectively.

Certain particulars of our Shareholders are set forth as follows:

- CGNPC is located at Science & Technology Building, No. 1001 Shangbuzhong Road, Shenzhen, Guangdong Province, the PRC. Its principal business is organizing and implementing the construction and management of the engineering projects for nuclear power stations; organizing the operation, repair and related activities for nuclear power stations; organizing design development and scientific research activities for nuclear power stations.

- Hengjian Investment is located at 16/F, Tianlun Building, No. 45 Tianhe Road, Tianhe District, Guangzhou, Guangdong Province, the PRC. Its principal business is investment holding.

- CNNC is located at No. 1, Lane 3, Sanlihe South, Xicheng District, Beijing, the PRC. Its principal business is research and development, construction and operations of nuclear industry, nuclear power, nuclear fuel cycle and nuclear technology applications, nuclear engineering of environmental protection, as well as foreign economic cooperation and export business.

Establishment of our Company on March 25, 2014

Pursuant to the Reply Concerning Approval of the Establishment of CGN Power Co., Ltd. (關於設立中國廣核電力股份有限公司的批覆) issued by SASAC on March 14, 2014 and the Promoters' Agreement in respect of the establishment of our Company as a joint stock limited liability company entered into by CGNPC, Hengjian Investment and CNNC on December 23, 2013, our Company was established in the PRC as a joint stock limited liability company on March 25, 2014 to act as the listing vehicle of our Group. As of the date of its establishment, our Company had a total of 35,300,000,000 issued Domestic Shares with a nominal value of RMB1.00 each. CGNPC held 30,040,300,000 Domestic Shares, representing 85.10% of our total issued shares; Hengjian Investment held 3,530,000,000 Domestic Shares, representing 10.0% of our total issued shares; and CNNC held 1,729,700,000 Domestic Shares, representing 4.9% of our total issued shares. In connection with the Reorganization, we entered into the Reorganization Agreement with CGNPC on March 28, 2014.

Pursuant to the Promoters' Agreement and the Reorganization Agreement, CGNPC, among other things, injected its equity interest in the following 11 companies to our Company through Reorganization:

- the entire equity interest held by CGNPC in GNIC;
- 70% equity interest held by CGNPC in Ling'ao Nuclear;
- 25% equity interest held by CGNPC in Lingdong Nuclear;
- 46% equity interest held by CGNPC in Yangjiang Nuclear;
- 77.78% equity interest held by CGNPC in CGN Investment;
- 56.52% equity interest held by CGNPC in Ninghe Investment;
- the entire equity interest held by CGNPC in CGN Operations;
- the entire equity interest held by CGNPC in Daya Bay Environment Protection;
- the entire equity interest held by CGNPC in CNPRI;
- the entire equity interest held by CGNPC in Suzhou Nuclear Power Research Institute; and
- 31.43% equity interest held by CGNPC in CGN Fund Phase I.

Disposal of Yangjiang Site Development

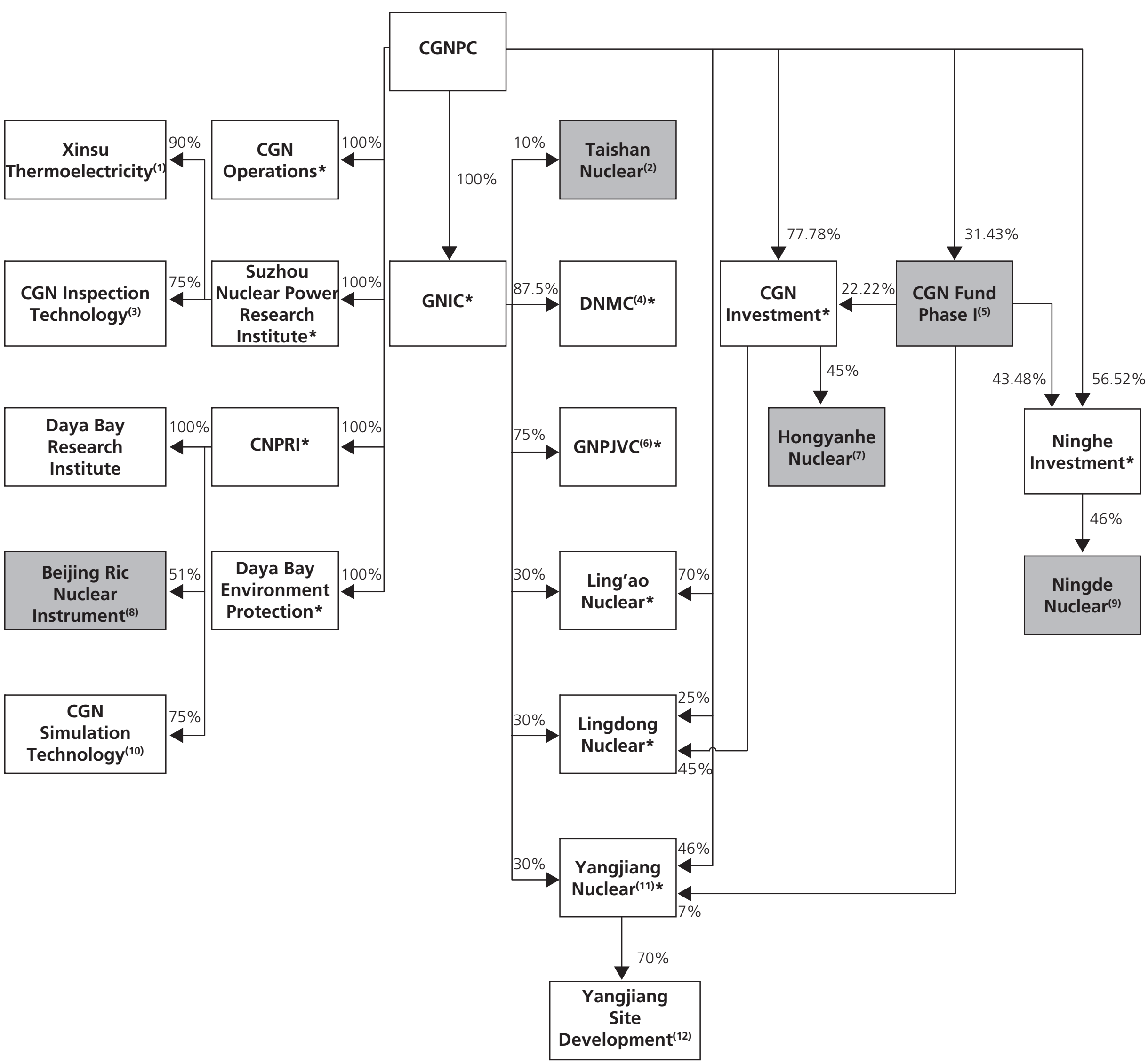
Prior to the Reorganization, Yangjiang Site Development was held as to 70% by Yangjiang Nuclear and 30% by CGN Services Group Co., Ltd. (中廣核服務集團有限公司), which is ultimately 100% owned by CGNPC, our Controlling Shareholder.

Yangjiang Site Development is principally engaged in property development, while our Group is primarily engaged in the operation and management of nuclear power stations, the sale of electricity generated thereby, the management and oversight of the construction process for under-construction nuclear power stations, and the provision of associated technical, research and development and support services with a focus on nuclear power operations. Given that the principal business of Yangjiang Site Development is different from that of our Group in nature, following the establishment of our Company and in line with our strategy to maintain and focus on our core business, we disposed of our interest in Yangjiang Site Development to CGN Services Group Co., Ltd. (中廣核服務集團有限公司) for a consideration of RMB311,919,768.2, which was determined with reference to the valuation of Yangjiang Site Development as of December 31, 2013, as appraised by Shenzhen Gongpingheng Asset Valuation Co., Ltd. (深圳市公平衡資產評估有限公司), an independent valuer. Following the completion of such disposal, Yangjiang Site Development ceased to be a subsidiary of our Company on August 8, 2014. Our PRC legal adviser, King & Wood Mallesons, is of the view that the disposal of Yangjiang Site Development has been duly completed, and all procedures of such disposal are in compliance with relevant PRC laws and regulations.

Assignment of Corporate Bond

The Assignment Agreement of Corporate Bond was entered into between CGNPC as assignor and our Company as assignee on March 28, 2014, pursuant to which our Company agreed to adhere to and be bound by all the duties and obligations of CGNPC imposed under (i) the issue of a corporate bond in the amount of RMB4,000,000,000 on November 11, 2002 for a term of 15 years; (ii) the issue of a corporate bond in the amount of RMB2,000,000,000 on December 20, 2007 for a term of 15 years; and (iii) the issue of a corporate bond in the amount of RMB2,500,000,000 on May 12, 2010 for a term of 15 years. For details of the corporate bond, please refer to Note 36 to "Appendix IA – Accountants' Report of Our Company" in this Prospectus.

The following chart sets out the shareholding of the 11 companies injected to our Company prior to Reorganization:



(1) The remaining 10% equity interest in Xinsu Thermoelectricity is held by Nanjing Jiangning State-owned Asset Operation Group Co., Ltd. (南京江寧國有資產經營集團有限公司), an external shareholder, and, other than its shareholding in Xinsu Thermoelectricity, an independent third party.

(2) The remaining 90% equity interest in Taishan Nuclear is held as to 47.5% by Taishan Investment, 30% by EDF International and 12.5% by CGNPC.

(3) The remaining 25% equity interest in CGN Inspection Technology is held by Tecnatom, S.A., an external shareholder, and, other than its shareholding in CGN Inspection Technology, an independent third party.

(4) The remaining 12.5% equity interest in DNMC is held by CLPNPO, which is wholly owned by CLP Holdings Limited, our core connected person and connected person at the subsidiary level under Rule 14A.07(1) of the Listing Rules, the details of which are set out in the section headed "Connected Transactions – Overview and Connected Persons" in this Prospectus.

(5) The remaining 68.57% equity interest in CGN Fund Phase I is held as to approximately 28.57% by China Three Gorges Corporation (中國長江三峽集團公司), approximately 20% by BOC Investment Asset Management Co., Ltd. (中銀投資資產管理有限公司), approximately 7.39% by China Development Bank Jingcheng (Beijing) Investment Fund Co., Ltd. (國開精誠(北京)投資基金有限公司), approximately 7.14% by China Development Bank Capital Corporation Ltd. (國開金融有限責任公司), and approximately 5.47% by China Development Bank Siyuan (Beijing) Investment Fund Co., Ltd. (國開思遠(北京)投資基金有限公司), respectively, all of which are external shareholders, and, other than their shareholding in CGN Fund Phase I, independent third parties. China Development Bank Jingcheng (Beijing) Investment Fund Co., Ltd. (國開精誠 (北京)投資基金有限公司), China Development Bank Capital Corporation Ltd. (國開金融有限責任公司) and China Development Bank Siyuan (Beijing) Investment Fund Co., Ltd. (國開思遠(北京)投資基金有限公司) are all subsidiaries of China Development Bank.

(6) The remaining 25% equity interest in GNPJVC is held by HKNIC, which is wholly owned by CLP Holdings Limited, our core connected person and connected person at the subsidiary level under Rule 14A.07(1) of the Listing Rules, the details of which are set out in the section headed "Connected Transactions – Overview and Connected Persons" in this Prospectus.

(7) The remaining 55% equity interest in Hongyanhe Nuclear is held as to 45% by China Power Investment Nuclear Power Co., Ltd. (中電投核電有限公司) and 10% by Dalian Construction Investment Group Co., Ltd. (大連市建設投資集團有限公司), both of which are external shareholders, and, other than their shareholdings in Hongyanhe Nuclear, independent third parties.

(8) The remaining 49% equity interest in Beijing Ric Nuclear Instrument is held by Areva, an external shareholder, and, other than its shareholding in Beijing Ric Nuclear Instrument, an independent third party. Beijing Ric Nuclear Instrument is accounted for as a joint venture using the equity accounting method.

(9) The remaining 54% equity interest in Ningde Nuclear is held as to 44% by Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) and 10% by Fujian Energy Group Co., Ltd. (福建省能源集團有限責任公司), both of which are external shareholders, and, other than their shareholdings in Ningde Nuclear, independent third parties.

(10) The remaining 25% equity interest in CGN Simulation Technology is held by Western Service Corporation-China LLC., an external shareholder, and, other than its shareholding in CGN Simulation Technology, an independent third party.

(11) The remaining 17% equity interest in Yangjiang Nuclear is held by Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司), an external shareholder, and, other than its shareholding in Yangjiang Nuclear, an independent third party.

(12) The remaining 30% equity interest in Yangjiang Site Development is held by CGN Services Group Co., Ltd. (中廣核服務集團有限公司), which is ultimately 100% owned by CGNPC, our Controlling Shareholder. We have disposed of our 70% equity interest in Yangjiang Site Development to CGN Services Group Co., Ltd. (中廣核服務集團有限公司). Details of the disposal are set out in the section headed "History – Reorganization – Disposal of Yangjiang Site Development" in this Prospectus.

(13) Those entities with "*" are our principal subsidiaries disclosed in the "Principal Subsidiaries" section above.

(14) Those entities shaded in gray are accounted for as affiliated companies, which are not our subsidiaries.

Representations and Warranties

Pursuant to the Reorganization Agreement, CGNPC, as our Company's principal Promoter, has provided certain representations and warranties in favor of our Company, which mainly include:

1. all the assets and interests injected by CGNPC to us were lawfully and beneficially owned and operated by CGNPC under the PRC laws;
2. all relevant government approvals, licenses, authorization, third party consents, confirmations, exemptions and registrations required for the assets and interests transfers have been obtained and remain valid;
3. audit report truly and fairly indicated the operation results and financial status of the assets injected and equities transferred for the reporting period;
4. other than those liabilities disclosed in the audit report and the asset valuation report incurred during its ordinary course of business from the valuation date, there are no debts (either significant or contingent) against any of the assets injected or equities transferred;
5. CGNPC has not committed any offense or any other acts that could cause significant financial loss to our Company;
6. there were no infringements on intellectual property rights of third parties by CGNPC, which could result in any significant financial loss to our Company;
7. the information contained in the Reorganization Agreement is true, accurate and complete; and
8. if the breach of the above representations and warranties by CGNPC has caused any losses to our Company, CGNPC has agreed to indemnify our Company against such losses.

Indemnities

Pursuant to the Reorganization Agreement, CGNPC has agreed to indemnify us against, among other things:

1. all losses and claims in connection with taxes, capital contributions and equity transfers by CGNPC;
2. tax liabilities and related claims arising from the assets injection and the equity interests transferred by CGNPC to us;
3. tax liabilities due to the increase in asset value arising from the valuation of the asset transferred to us pursuant to the Reorganization Agreement;
4. any claims arising from any negligence or mistake on the part of CGNPC in connection with the performance of any contract on behalf of our Company on or after the date of our establishment;
5. before, on or after the date of our establishment, any claims arising from or in connection with CGNPC's failure to inject capital or transfer assets into our Company pursuant to the Reorganization Agreement, accountants' report and other reorganization documents;
6. before, on or after the date of the Reorganization Agreement, any claims arising from or in connection with the capital, equity rights or debts retained by CGNPC;
7. before, on or after the date of the Reorganization Agreement, any claims arising from the assets injection or the transfer of equity interests; and
8. any losses caused by CGNPC to our Company in connection with any breach of the Reorganization Agreement.

Approvals

The Reorganization has been legally and duly completed and has been duly approved by the relevant PRC governmental authorities, including SASAC. We obtained SASAC's approval on December 4, 2013. Our PRC legal adviser, King & Wood Mallesons, is of the view that the Reorganization was legally and duly completed and that we have obtained all the necessary approvals from the relevant PRC governmental authorities with respect to the Reorganization.

Retained Business and Non-competition

After the completion of the Reorganization, CGNPC has certain retained nuclear power business and it is also engaged in certain other businesses. Please refer to the section headed "Relationship with Controlling Shareholder – Delineation of Business and Competition" for further details. Please also refer to "Relationship with Controlling Shareholder – Non-competition Deed and Undertakings" for details of the measures to prevent any possible future competition between our Group and the other members of the CGN Group.

PROPOSED ACQUISITIONS

To achieve our strategy of integrating the retained nuclear power business of our Controlling Shareholder, CGNPC, as disclosed in the sections headed "Business – Our Competitive Strengths" and "Future Plans and Use of Proceeds," we intend to use part of the net proceeds raised from our Global Offering to acquire a 12.5% equity interest in Taishan Nuclear and a 60% equity interest in Taishan Investment held by CGNPC. After the completion of the Proposed Acquisitions, we will, directly or indirectly, hold an aggregate 51% equity interest in Taishan Nuclear. As of the Latest Practicable Date, Taishan Nuclear Power Station is still under construction and unit 1 is expected to commence operations in 2016. Details of the Proposed Acquisitions are set out in the section headed "Business – Our Nuclear Power Business – Details of Existing Nuclear Power Generating Units and Nuclear Power Generating Units That We Intend to Acquire – Proposed Acquisitions." in this Prospectus.

PRINCIPAL SUBSIDIARIES

Our Company currently holds the following principal subsidiaries, details of which are set out below:

1. *GNIC*

The predecessor of GNIC was established on August 18, 1983 in the PRC and converted into a limited liability company on March 20, 2014. After the Reorganization, GNIC is a wholly-owned subsidiary of our Company. The registered capital of GNIC is RMB16,000,000,000 and GNIC is primarily engaged in the business of constructing and operating nuclear power stations.

2. *GNPJVC*

GNPJVC is a Sino-foreign joint venture company established on January 26,1985 in the PRC. After the Reorganization, GNPJVC is held as to 75% by GNIC, a wholly-owned subsidiary of our Company, and 25% by HKNIC, which is wholly owned by CLP Holdings Limited, respectively. The registered capital of GNPJVC is USD400,000,000 and GNPJVC is primarily engaged in the business of constructing and operating the Daya Bay Nuclear Power Station.

3. *Ling'ao Nuclear*

Ling'ao Nuclear is a limited liability company established on October 4, 1995 in the PRC. After the Reorganization, Ling'ao Nuclear is held as to 70% by our Company and 30% by GNIC, a wholly-owned subsidiary of our Company, respectively. The registered capital of Ling'ao Nuclear is RMB3,323,224,000 and Ling'ao Nuclear is primarily engaged in the business of constructing and operating the Ling'ao Nuclear Power Station.

4. *Lingdong Nuclear*

Lingdong Nuclear is a limited liability company established on September 15, 2004 in the PRC. After the Reorganization, Lingdong Nuclear is held as to 45% by CGN Investment, 30% by GNIC and 25% by our Company, respectively. The registered capital of Lingdong Nuclear is RMB5,348,000,000 and Lingdong Nuclear is primarily engaged in the business of constructing and operating the Lingdong Nuclear Power Station.

5. *Yangjiang Nuclear*

Yangjiang Nuclear is a limited liability company established on February 23, 2005 in the PRC. After the Reorganization, Yangjiang Nuclear is held as to 46% by our Company, 30% by GNIC, 17% by Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司) and 7% by CGN Fund Phase I, respectively. Yangjiang Nuclear's registered capital is RMB11,522,000,000 and Yangjiang Nuclear is primarily engaged in the business of constructing and operating the Yangjiang Nuclear Power Station.

6. *CGN Operations*

CGN Operations is a limited liability company established on August 3, 2012 in the PRC. After the Reorganization, CGN Operations is a wholly-owned subsidiary of our Company. The registered capital of CGN Operations is RMB100,000,000 and CGN Operations is primarily engaged in the business of provision of management, technical and advisory services to nuclear power companies and general power companies.

7. *DNMC*

DNMC is a limited liability company established on March 12, 2003 in the PRC. After the Reorganization, DNMC is held as to 87.5% in equity interest by GNIC, a wholly-owned subsidiary of our Company, and 12.5% by CLPNPO, which is wholly owned by CLP Holdings Limited respectively. The registered capital of DNMC is RMB250,000,000 and DNMC is primarily engaged in the business of operations and management of nuclear power stations.

8. *CNPRI*

CNPRI is a limited liability company established on November 8, 2006 in the PRC. After the Reorganization, CNPRI is a wholly-owned subsidiary of our Company. The registered capital of CNPRI is RMB845,550,000 and CNPRI is primarily engaged in the research and development of nuclear power technologies.

9. *Suzhou Nuclear Power Research Institute*

The predecessor of Suzhou Nuclear Power Research Institute was established on May 13, 1978 in the PRC and converted into a limited liability company on July 7, 2003. After the Reorganization, Suzhou Nuclear Power Research Institute is a wholly-owned subsidiary of our Company. The registered capital of Suzhou Nuclear Power Research Institute is RMB393,500,000 and Suzhou Nuclear Power Research Institute is primarily engaged in the research and development applications of operations technologies of nuclear power stations, nuclear engineering technologies, thermal engineering technologies, environmental engineering technologies and new energy technologies.

10. *Daya Bay Environment Protection*

Daya Bay Environment Protection is a limited liability company established on January 7, 2002 in the PRC. After the Reorganization, Daya Bay Environment Protection is a wholly-owned subsidiary of our Company. The registered capital of Daya Bay Environment Protection is RMB30,000,000 and Daya Bay Environment Protection is primarily engaged in the business of disposal of low- and medium-level radioactive waste.

11. *CGN Investment*

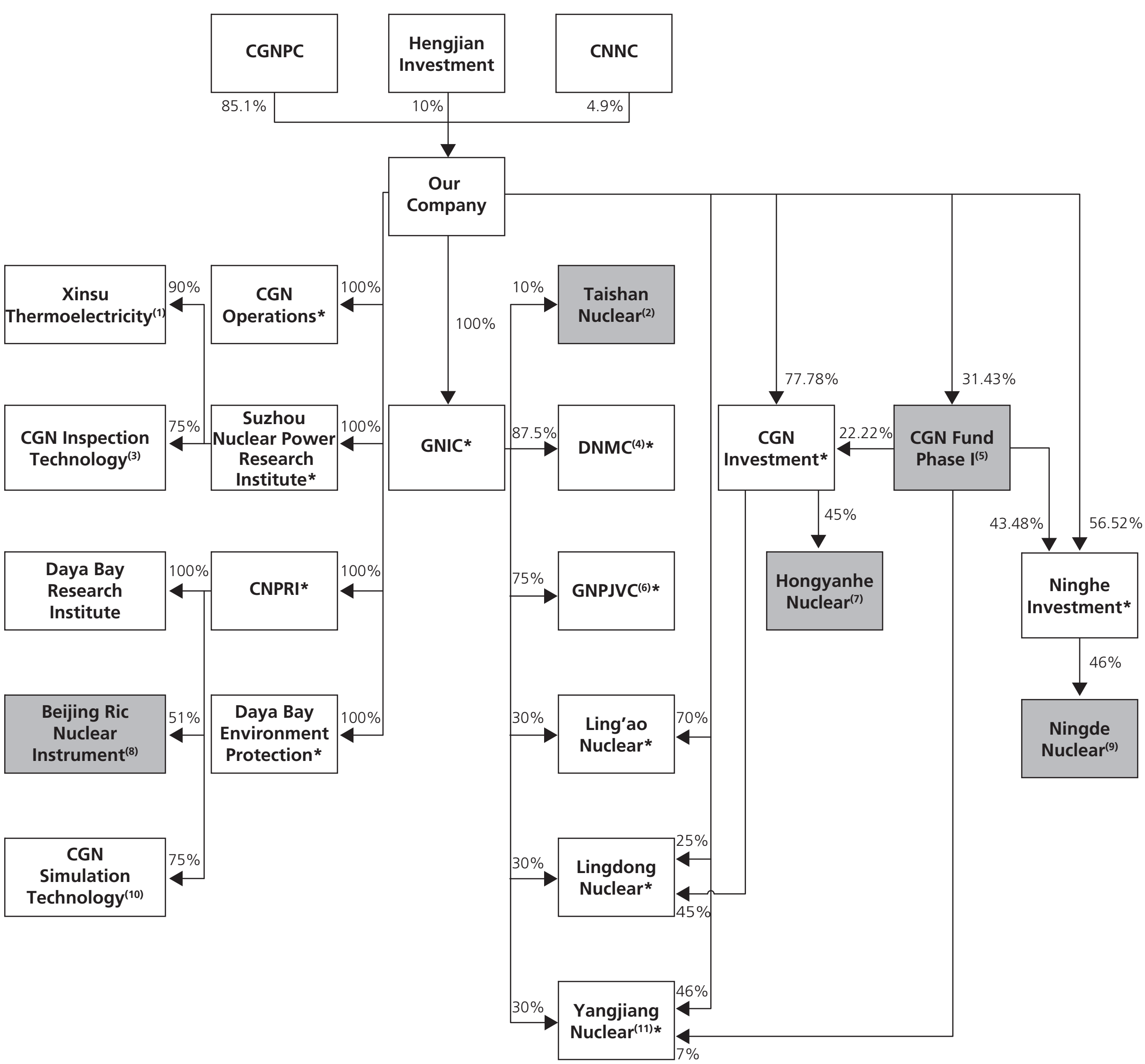
CGN Investment is a limited liability company established on October 11, 2011 in the PRC. After the Reorganization, CGN Investment is held as to 77.78% by our Company, and 22.22% by CGN Fund Phase I, which is in held as to 31.43% by our Company, respectively. The registered capital of CGN Investment is RMB100,000,000 and CGN Investment is primarily engaged in investment holding of nuclear power business.

12. *Ninghe Investment*

Ninghe Investment is a limited liability company established on October 11, 2011 in the PRC. After the Reorganization, Ninghe Investment is held as to 56.52% by our Company and 43.48% by CGN Fund Phase I, which is in held as to 31.43% by our Company, respectively. The registered capital of Ninghe Investment is RMB100,000,000 and Ninghe Investment is primarily engaged in investment holding of nuclear power business.

CORPORATE STRUCTURE

The following chart sets out our corporate structure immediately after the completion of Reorganization and as of the Latest Practicable Date:



(1) The remaining 10% equity interest in Xinsu Thermoelectricity is held by Nanjing Jiangning State-owned Asset Operation Group Co., Ltd. (南京江寧國有資產經營集團有限公司), an external shareholder, and, other than its shareholding in Xinsu Thermoelectricity, an independent third party.

(2) The remaining 90% equity interest in Taishan Nuclear is held as to 47.5% by Taishan Investment, 30% by EDF International and 12.5% by CGNPC.

(3) The remaining 25% equity interest in CGN Inspection Technology is held by Tecnatom, S.A., an external shareholder, and, other than its shareholding in CGN Inspection Technology, an independent third party.

(4) The remaining 12.5% equity interest in DNMC is held by CLPNPO, which is wholly owned by CLP Holdings Limited, our core connected person and connected person at the subsidiary level under Rule 14A.07(1) of the Listing Rules, the details of which are set out in the section headed "Connected Transactions – Overview and Connected Persons" in this Prospectus.

(5) The remaining 68.57% equity interest in CGN Fund Phase I is held as to approximately 28.57% by China Three Gorges Corporation (中國長江三峽集團公司), approximately 20% by BOC Investment Asset Management Co., Ltd. (中銀投資資產管理有限公司), approximately 7.39% by China Development Bank Jingcheng (Beijing) Investment Fund Co., Ltd. (國開精誠(北京)投資基金有限公司), approximately 7.14% by China Development Bank Capital Corporation Ltd. (國開金融有限責任公司), and approximately 5.47% by China Development Bank Siyuan (Beijing) Investment Fund Co., Ltd. (國開思遠(北京)投資基金有限公司), respectively, all of which are external shareholders, and, other than their shareholding in CGN Fund Phase I, independent third parties. China Development Bank Jingcheng (Beijing) Investment Fund Co., Ltd. (國開精誠(北京)投資基金有限公司), China Development Bank Capital Corporation Ltd. (國開金融有限責任公司) and China Development Bank Siyuan (Beijing) Investment Fund Co., Ltd. (國開思遠(北京)投資基金有限公司) are all subsidiaries of China Development Bank.

(6) The remaining 25% equity interest in GNPJVC is held by HKNIC, which is wholly owned by CLP Holdings Limited, our core connected person and connected person at the subsidiary level under Rule 14A.07(1) of the Listing Rules, the details of which are set out in the section headed "Connected Transactions – Overview and Connected Persons" in this Prospectus.

(7) The remaining 55% equity interest in Hongyanhe Nuclear is held as to 45% by China Power Investment Nuclear Power Co., Ltd. (中電投核電有限公司) and 10% by Dalian Construction Investment Group Co., Ltd. (大連市建設投資集團有限公司), both of which are external shareholders, and, other than their shareholdings in Hongyanhe Nuclear, independent third parties.

(8) The remaining 49% equity interest in Beijing Ric Nuclear Instrument is held by Areva, an external shareholder, and, other than its shareholding in Beijing Ric Nuclear Instrument, an independent third party. Beijing Ric Nuclear Instrument is accounted for as a joint venture using the equity accounting method.

(9) The remaining 54% equity interest in Ningde Nuclear is held as to 44% by Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) and 10% by Fujian Energy Group Co., Ltd. (福建省能源集團有限責任公司), both of which are external shareholders, and, other than their shareholdings in Ningde Nuclear, independent third parties.

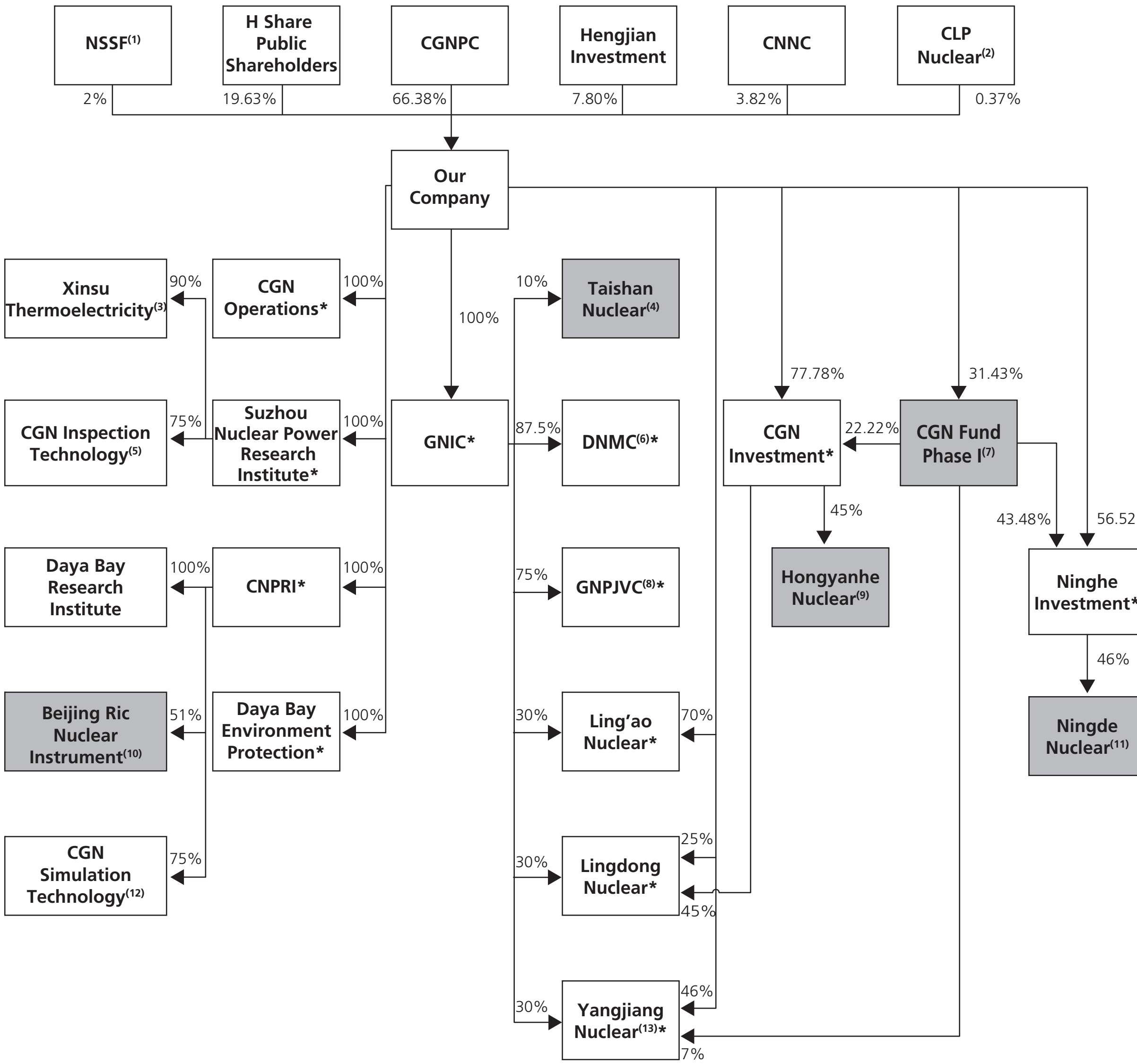
(10) The remaining 25% equity interest in CGN Simulation Technology is held by Western Service Corporation-China LLC., an external shareholder, and, other than its shareholding in CGN Simulation Technology, an independent third party.

(11) The remaining 17% equity interest in Yangjiang Nuclear is held by Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司), an external shareholder, and, other than its shareholding in Yangjiang Nuclear, an independent third party.

(12) Those entities with "*" are our principal subsidiaries disclosed in the "Principal Subsidiaries" section above.

(13) Those entities shaded in gray are accounted for as affiliated companies, which are not our subsidiaries.

The following chart sets out our corporate structure immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised:



(1) Pursuant to relevant PRC regulations regarding the disposal of state-owned shares, each of CGNPC, Hengjian Investment and CNNC is required to transfer to the NSSF such number of Domestic Shares in an aggregate equivalent to 10% of the number of the Offer Shares (i.e. 882,500,000 H Shares assuming the Over-allotment Option is not exercised, and 1,014,875,000 H Shares assuming the Over-allotment Option is exercised in full). At the time of Listing, such Domestic Shares will be converted into H Shares on an one-for-one basis.

(2) CLP Nuclear, our connected person at the subsidiary level, is one of our cornerstone investors and will become our Shareholder upon the Listing, details of which are set out in the section headed "Cornerstone Investors" in this Prospectus. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that CLP Nuclear would subscribe for would represent approximately 0.37% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

(3) The remaining 10% equity interest in Xinsu Thermoelectricity is held by Nanjing Jiangning State-owned Asset Operation Group Co., Ltd. (南京江寧國有資產經營集團有限公司), an external shareholder, and, other than its shareholding in Xinsu Thermoelectricity, an independent third party.

(4) The remaining 90% equity interest in Taishan Nuclear is held as to 47.5% by Taishan Investment, 30% by EDF International and 12.5% by CGNPC.

(5) The remaining 25% equity interest in CGN Inspection Technology is held by Tecnatom, S.A., an external shareholder, and, other than its shareholding in CGN Inspection Technology, an independent third party.

(6) The remaining 12.5% equity interest in DNMC is held by CLPNPO, which is wholly owned by CLP Holdings Limited, our core connected person and connected person at the subsidiary level under Rule 14A.07(1) of the Listing Rules, the details of which are set out in the section headed "Connected Transactions – Overview and Connected Persons" in this Prospectus.

(7) The remaining 68.57% equity interest in CGN Fund Phase I is held as to approximately 28.57% by China Three Gorges Corporation (中國長江三峽集團公司), approximately 20% by BOC Investment Asset Management Co., Ltd. (中銀投資資產管理有限公司), approximately 7.39% by China Development Bank Jingcheng (Beijing) Investment Fund Co., Ltd. (國開精誠(北京)投資基金有限公司), approximately 7.14% by China Development Bank Capital Corporation Ltd. (國開金融有限責任公司), and approximately 5.47% by China Development Bank Siyuan (Beijing) Investment Fund Co., Ltd. (國開思遠(北京)投資基金有限公司), respectively, all of which are external shareholders, and, other than their shareholding in CGN Fund Phase I, independent third parties. China Development Bank Jingcheng (Beijing) Investment Fund Co., Ltd. (國開精誠 (北京)投資基金有限公司), China Development Bank Capital Corporation Ltd. (國開金融有限責任公司) and China Development Bank Siyuan (Beijing) Investment Fund Co., Ltd. (國開思遠(北京)投資基金有限公司) are all subsidiaries of China Development Bank.

(8) The remaining 25% equity interest in GNPJVC is held by HKNIC, which is wholly owned by CLP Holdings Limited, our core connected person and connected person at the subsidiary level under Rule 14A.07(1) of the Listing Rules, the details of which are set out in the section headed "Connected Transactions – Overview and Connected Persons" in this Prospectus.

(9) The remaining 55% equity interest in Hongyanhe Nuclear is held as to 45% by China Power Investment Nuclear Power Co., Ltd. (中電投核電有限公司) and 10% by Dalian Construction Investment Group Co., Ltd. (大連市建設投資集團有限公司), both of which are external shareholders, and, other than their shareholdings in Hongyanhe Nuclear, independent third parties.

(10) The remaining 49% equity interest in Beijing Ric Nuclear Instrument is held by Areva, an external shareholder, and, other than its shareholding in Beijing Ric Nuclear Instrument, an independent third party. Beijing Ric Nuclear Instrument is accounted for as a joint venture using the equity accounting method.

(11) The remaining 54% equity interest in Ningde Nuclear is held as to 44% by Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) and 10% by Fujian Energy Group Co., Ltd. (福建省能源集團有限責任公司), both of which are external shareholders, and, other than their shareholdings in Ningde Nuclear, independent third parties.

(12) The remaining 25% equity interest in CGN Simulation Technology is held by Western Service Corporation-China LLC., an external shareholder, and, other than its shareholding in CGN Simulation Technology, an independent third party.

(13) The remaining 17% equity interest in Yangjiang Nuclear is held by Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司), an external shareholder, and, other than its shareholding in Yangjiang Nuclear, an independent third party.

(14) Those entities with "*" are our principal subsidiaries disclosed in the "Principal Subsidiaries" section above.

(15) Those entities shaded in gray are accounted for as affiliated companies, which are not our subsidiaries.

OVERVIEW

We are the largest nuclear power producer in China, as measured by both total installed nuclear power generating capacity and attributable installed capacity, according to the CNEA Report. We operate and manage nuclear power stations, sell electricity generated by these stations, manage and oversee the construction of nuclear power stations and provide related technical research and development and support services. All of our current installed capacity is attributable to nuclear power stations in China.

As of June 30, 2014, we operated and managed 11 nuclear power generating units with a total installed capacity of 11,624 MW, consisting of seven units in which we have controlling interests, two owned by Ningde Nuclear, a joint venture in which we indirectly held a 46% equity interest, and another two owned by Hongyanhe Nuclear, an associate company in which we indirectly held a 45% equity interest. Six of the units in which we have controlling interests are located in Shenzhen, Guangdong Province, consisting of two units in each of our Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station, and Lingdong Nuclear Power Station. The other unit in which we have a controlling interest is located at our Yangjiang Nuclear Power Station in Yangjiang City, Guangdong Province. The units owned by Ningde Nuclear are located at the Ningde Nuclear Power Station in Fuding City, Fujian Province, and the units owned by Hongyanhe Nuclear are located at the Hongyanhe Nuclear Power Station in Dalian City, Liaoning Province. According to the CNEA Report, as of June 30, 2014, the total installed capacity of the 11 units we operated and managed accounted for 64.1% of the total installed nuclear power generating capacity in the PRC, and our attributable installed capacity from these units accounted for 43.5% of the total installed nuclear power generating capacity in the PRC.

We experienced rapid growth in our business operations during the Track Record Period. The number of the nuclear power generating units that we operated and managed increased from five as of January 1, 2011 to 11 as of June 30, 2014. During this period, the total installed capacity of the units that we operated and managed increased from 5,035 MW to 11,624 MW, and our attributable installed capacity increased from 4,469 MW to 7,888 MW.

We derive substantially all of our revenue from selling electricity generated by the nuclear power stations in which we have controlling interests under long-term contracts with terms ranging from one year to 20 years. In 2011, 2012, 2013 and the six months ended June 30, 2014, nuclear power stations in which we held majority stakes sold 40,519 GWh, 45,113 GWh, 44,157 GWh and 24,753 GWh of electricity, respectively, and generated revenue of RMB14,971.7 million, RMB16,514.2 million, RMB16,267.8 million and RMB9,079.8 million, respectively, from sales of electricity, accounting for 94.3%, 94.0%, 93.7%, and 93.1%, respectively, of our total revenue for the same periods.

We plan to further expand our installed operating capacity by having more nuclear power generating units within our Group commencing operation, increasing the number of nuclear power generating units at Ningde Nuclear and Hongyanhe Nuclear, and acquiring new nuclear power projects developed by our affiliates. As of June 30, 2014, we were managing the construction of nine units, consisting of two at the Hongyanhe Nuclear Power Station, two at the Ningde Nuclear Power Station and another five at the Yangjiang Nuclear Power Station. These units are expected to increase the total installed capacity we operate and manage by approximately 9,846 MW for a total of approximately 21,470 MW upon completion.

In addition, we have entered into an agreement with CGNPC to acquire additional equity interest in Taishan Nuclear Power Station, which is currently being constructed by the CGN Group and has two nuclear power generating units with an expected total installed capacity of 3,500 MW upon completion. After the completion of the Global Offering, we plan to spend a total of RMB9,700.2 million (or HK$12,252.4 million) of the proceeds to purchase a 41% equity interest in Taishan Nuclear, and will thereafter hold, directly or indirectly, 51% equity interest in Taishan Nuclear. Moreover, with the right to acquire the Retained Business we enjoy in accordance with the Non-competition Deed entered into by CGNPC, we are entitled to acquire or invest in the nuclear power projects that are being planned or constructed by the CGN Group. For instance, the CGN Group is currently constructing two nuclear power generating units with a total installed capacity of 2,160 MW for a nuclear power station in Fangchenggang, Guangxi Province. We will have a right to acquire these nuclear power generating units from CGNPC after they are substantially completed or ready for commercial operation. We believe that acquisition of or investment in these or similar projects will lay a solid foundation for future growth.

OUR COMPETITIVE STRENGTHS

We believe that our leading market position, strong operating results and capacity for sustainable development are largely attributable to the following principal competitive strengths:

Leading Player in China's Nuclear Power Industry with Large-Scale Operations and Strategically Located Assets

We are a leading nuclear power producer in China according to the CNEA Report. Our Daya Bay Nuclear Power Station is the first nuclear power station to commence commercial operation in China. According to the CNEA Report, we ranked number one in terms of both total installed capacity and attributable installed capacity in China, as of June 30, 2014, with market shares of 64.1% and 43.5%, respectively.

We have been managing the construction of nine nuclear power generating units, which are expected to add 9,846 MW to our total installed capacity upon completion. We intend to use a portion of the proceeds from the Global Offering to acquire additional equity interests in Taishan Nuclear, which has two nuclear power generating units under construction with an expected total installed capacity of 3,500 MW upon completion. According to the CNEA Report, we ranked number one in China in terms of installed capacity under construction and to be acquired, with a market share of 43.4% as of June 30, 2014. According to the CNEA Report, we were among the top five nuclear power companies in the world in terms of total installed capacity in operation and under construction as of June 30, 2014. In addition, we have the right to acquire additional power stations under construction by the CGN Group under the Non-competition Deed entered into by CGNPC, which we believe will significantly increase our opportunities for business expansion.

All of our nuclear power stations are strategically located in economically developed regions in China that have a strong demand for electricity. We sell electricity to both China and Hong Kong. As of June 30, 2014, a significant number of our nuclear power generating units were located in Guangdong Province, including seven of the units in operation, five of the units under construction and the two units that we propose to acquire that are under construction at the Taishan Nuclear Power Station. Guangdong has a high GDP and high benchmark tariff and is experiencing power shortages. According to publicly available data, in 2013, Guangdong had the highest GDP and highest benchmark tariff for desulfurized and denitrated coal-fired units among provinces in China; approximately 24% of electricity used was purchased outside the province. In addition, during the Track Record Period, approximately 70% of the electricity generated by our Daya Bay Nuclear Power Station was sold to Hong Kong and we expect 80% will be sold to Hong Kong from 2015 to 2018. We expect that the long-term, stable sale of electricity to Hong Kong will help sustain our profitability. In addition, we have nuclear power generating units in Fujian and Liaoning Provinces, both of which are promoting the growth of clean energy in order to optimize energy mix.

Our large scale and leading position in the PRC nuclear power industry provide us with economies of scale, a broad base of experience and resources, a large pool of talented employees, bargaining power with suppliers, significant industry and regulatory relationships and opportunities to lead technological innovation. We believe that our leading market position and extensive experience in the PRC nuclear power industry give us the opportunity to participate in nuclear energy policy discussions and the development of industry standards.

Operating in Growing Nuclear Power Industry in China, Supported by Favorable Government Policies and Significant Barriers to Entry

Our nuclear power business has benefitted, and is expected to continue to benefit, from the PRC government's policy support. As both the government and the public increase their environmental awareness and focus on sustainable economic development, the PRC government has promulgated a range of laws, regulations and policies aiming to optimize the energy mix and promote the use of non-fossil energy in China.

Nuclear power stations are not affected by seasonality or weather and can operate at their designed capacity for a long period of time. A single nuclear power generating unit can generate a large volume of electricity. As such, nuclear power has become an important energy source in China. As stated in its 2014 work report, the PRC government plans to resume the construction of a number of nuclear power projects.

According to the Work Plan on Strengthening the Prevention and Control of Air Pollution for the Energy Industry (《能源行業加強大氣污染防治工作方案》) promulgated in March 2014, the PRC government will invest substantially in the construction of nuclear power stations while maintaining high safety standards. The work plan sets aggressive targets for nuclear power units for 2017 – 50 GW installed capacity, 30 GW under construction and 280 TWh annual power generation. To achieve these targets, the installed capacity and annual generation of nuclear power generating units in operation must maintain CAGRs of 35.5% and 26.1%, respectively, from 2014 to 2017.

The PRC government has rolled out a number of measures to support the development of nuclear power, including:

- **Priority on grid connection and dispatch:** According to PRC laws and regulations, nuclear power enjoys priority over coal-fired, oil-fired and natural gas-fired generating units in grid connection and dispatch. Please refer to "Regulatory Environment – Laws and Regulations Relating to the PRC Nuclear Power Industry – Dispatch Sequence of Energy Conserving Power Generation" in this prospectus;

- **Benchmark on-grid tariff:** The benchmark on-grid tariff for nuclear power in China is RMB0.43 per kWh, which is applicable to nuclear power generating units commencing operations after January 1, 2013. The on-grid tariff for the first group of nuclear power generating units using technical improvements or upgrades, innovation or domestically manufactured key equipment may be adjusted upward. For details on the on-grid tariff, please refer to "– Sales and Distribution – On-Grid Tariffs;"

- **Preferential tax treatment:** 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. In addition, nuclear power projects approved on or after January 1, 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% reduction in PRC corporate income tax for the subsequent three years.

The nuclear power industry in the PRC remains highly concentrated largely due to its high barriers to entry, including regulatory requirements, technological requirements, access to financing and access to highly trained personnel. Due to security and safety concerns, the PRC government has tight control over approval of nuclear power projects. According to the CNEA Report, all nuclear power stations in operation and under construction (other than nuclear reactors for research and demonstration purposes) are majority-owned by either the CGN Group (including us), CNNC or China Power Investment Corporation (中國電力投資集團公司). Nuclear power projects are subject to continued scrutiny and inspection by the NDRC and approval by the State Council. In addition to their ability to meet these regulatory requirements, operators and managers of nuclear power stations must have access to significant capital and highly trained and specialized construction, technical, management, safety and other professional personnel.

As a leading nuclear power producer in China, we believe that we are well-positioned to leverage government support, barriers to entry and the rapid development of China's nuclear power industry, to grow our business, strengthen our leading position and generate long-term, stable cash flows and returns to our shareholders.

World-Class Operations Rooted in Proven Technology and Management Systems with Continuous Improvement

We have world-class operations rooted in advanced technology. According to the WANO's performance indicators, in 2013, 36 out of the 54, or 67%, of the WANO indicators of our six nuclear power generating units at the Daya Bay base ranked in the top quartile (which is considered to be at an "advanced" level) and 28 out of the 54, or 52%, of the WANO Indicators ranked in the top decile (which is considered to be at an "excellent" level). Capacity factor, one of the major WANO indicators, is a key benchmark that measures a generating unit's electricity production capacity and reliability and reflects its operating performance and maintenance quality. In 2013, the average capacity factor of our six nuclear power generating units in the Daya Bay base was 87.2%, compared to WANO's reported global average of 83.4% for PWR nuclear power generating units in operation. Leveraging on the experiences acquired from CGN Operations regarding past outage and other incidents, our Daya Bay base has been able to significantly reduce the time required for outage repairs and significantly improve on nuclear safety and operations approximately every five years.

We believe that our strong and constantly improving operating performance is primarily attributable to our strong technological foundation, efficient business management model and benchmarking against best practices.

- **High starting point:** Since the early planning stage of Daya Bay Nuclear Power Station, we have persisted in "starting from a high level." Consistent with international industry practices, all of the nuclear power generating units that we operate and manage use technology derived from the mature M310 reactor technology, which is a gigawatt-level PWR technology developed in France. Since we first imported this technology to construct Daya Bay Station in the 1980s, under the guiding principles of "Introduction, Digestion, Assimilation and Innovation" ("引進, 消化, 吸收, 創新"), and have consistently improved our research and development capabilities. We and the CGN Group have implemented a series of technical improvements on the basis of the original M310 reactor technology used by the Daya Bay Nuclear Power Station to create the CPR1000 technology, an upgraded second-generation nuclear power technology and the ACPR1000 technology, which has the principal technological and safety features of the third-generation nuclear power technology. With respect to the two nuclear power generating units under construction at Taishan Nuclear Power Station, we have adopted third-generation EPR technology developed by France and Germany, which features larger capacity, greater safety and greater resource efficiency than second-generation technologies. We have also adopted nuclear power operational standards and management systems from the IAEA and modern enterprise systems in line with international practices. The experience we gained from constructing and operating the Daya Bay Nuclear Power Station helps us train our first team of experts in nuclear power construction management, commissioning and operation, and established a solid foundation for our advanced management systems, international perspective and independent R&D capabilities.

- **Specialized, centralized and standardized management model:** We have established specialized teams to manage our operations, conduct repair and maintenance, provide operational support and conduct research and development. Our centralized (or "intensified") platform manages nuclear island outage repairs, trains operational personnel, supplies spare parts and provides technical support. We adopted a series of standardized technology and management documents for preparing and managing nuclear power stations using CPR1000 technology, which can be easily applied to other nuclear power stations and localized as necessary. By implementing this management model, we believe that we became a leader in a number of technical fields. We have accumulated our technical and practical experience and applied it to the operation and management of all of our nuclear power stations. In addition, we have built a shared technology and services platform, a unified professional technical team and a unified inventory management system for spare parts and materials, thereby increasing our resource efficiency, accelerating our learning and improving our overall operations.

- **Benchmarking against best practices:** Through peer assessments organized by international organizations such as the WANO and the IAEA and benchmarking against domestic and international peers, we maintain industry-leading practices and gather the experience of our international and domestic peers. Leveraging the experience and expertise of operating and managing six nuclear power generating units at our Daya Bay base, we adopt the best practices for our operating units.

Comprehensive Nuclear Safety Management Systems and Excellent Safety Track Record

We have an excellent safety track record consistently in line with advanced international standards. As of the Latest Practicable Date, we have not experienced incidents at or above level 2 on the INES (i.e., incidents involving significant failure in safety provisions but with sufficient defense-in-depth to cope with additional failures). Since 1999 and through June 30, 2014, our nuclear power generating units at Daya Bay Station and Ling'ao Nuclear Power Station received a total of 31 first prizes in a number of categories at EDF safety challenge contests, competing with more than 60 similar generating units from countries such as France, China, Germany and South Africa. As of June 30, 2014, unit 1 at our Daya Bay Station had recorded 4,203 consecutive days of safe operations without unplanned reactor shutdowns, the longest among nuclear power generating units in the PRC.

Nuclear safety is the bedrock of the nuclear industry. We believe that "Only a safe nuclear power station can be economical" and have always upheld "Safety First" as our highest priority. By importing and implementing the world's advanced safety management experience, we have established and applied the following safety management systems and standards to all of our nuclear power stations.

- **Defense-in-depth nuclear safety management system:** We follow 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:** We have established a top-down nuclear safety culture and foster a safety philosophy that emphasizes "Doing Things Right in One Go" and "Everyone is a Safety Barrier." In order to develop a culture focused on safety precautions, 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:** We have a nuclear safety supervision and assessment department at our corporate headquarters supervising and assessing the safety of all nuclear power stations that we operate and manage. We also have an Independent Nuclear Safety Supervision and Evaluation Center, which reports directly to our President, and is separate and independent from our operational teams. In addition, we work with each of the nuclear power stations that we operate and manage to formulate and implement safety improvements. We also have systems at each nuclear power station to promote nuclear safety, quality control and occupational safety.

- **Experience feedback system:** We have 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. We centrally manage all feedback on operation incidents, analyze the reasons for each incident and deviation, take corresponding remedial measures and consolidate and promote best practices across our nuclear power stations.

- **Nuclear emergency response and management system:** We have 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. We also conduct frequent emergency response drills.

We believe that our full commitment to safety helps us ensure our long-term, stable development and continuous improvement of our operating results.

Outstanding Self-Reliant Research and Development Platform Focused on Operational Improvements and New Reactor Technology

To enhance our competitiveness and growth, we focus on the research and development of technologies that improve nuclear power plant performance. Our specialized R&D organizations, CNPRI and Suzhou Nuclear Power Research Institute, and four national R&D centers are a platform for developing nuclear reactor technologies. As of June 30, 2014, we had over 1,600 R&D employees focused on the development of new types of nuclear reactors and other improvements in nuclear power technology. We have developed and implemented several key technologies that have improved the safety and economics of our nuclear power generating units, facilitating our expansion into the domestic and international markets and strengthening our long-term growth.

- **Innovation based on technology R&D:** Our self-reliant research and development have followed the guiding principles of "Introduction, Digestion, Assimilation and Innovation." Building on PWR technology imported from France, we and the CGN Group have jointly made a series of technical improvements and developed the CPR1000 technology (an upgraded second-generation nuclear power technology) and the ACPR1000 technology (which has the principal technological and safety features of third-generation nuclear power technology). Our research and development efforts have improved domestic manufacturing of nuclear power equipment and enhanced our competitiveness as a result.

- **Improving operating performance through key technology R&D:** Through continuous technical improvements, we focus on addressing major technical problems related to operations, extending refueling cycle length, shortening the time required for refueling and repairs and reducing waste discharge and environmental impact, thereby continuously improving the safety, reliability and economics of our nuclear power generating units. We have developed a series of technologies, such as probability safety assessment technology, guidelines for severe accident management, long-cycle refueling technology, capacity enhancement technology and an advanced nuclear fuel transport and storage system, which have enabled us to improve production safety and operating performance of our nuclear power stations.

- **Business expansion through research and development of new types of reactors:** We are building an open R&D platform and our capability which would facilitate our expansion into the international nuclear technology market. We have been actively involved in the CGN Group and CNNC's joint research and development of Hualong I, a third-generation nuclear power technology. We have also focused on the research and design of Small Modular Reactors. We believe that our cutting-edge R&D will help us develop new business opportunities and maintain our competitiveness.

Experienced and Dedicated Management Team and High-Caliber Professionals

Our management team has extensive experience and a deep understanding of the history and future trends of the nuclear power industry. Each of our key senior management, including our Chairman and President, has more than 20 years of experience in the nuclear power industry and extensive practical experience managing nuclear power stations. They have fostered a dedicated, pragmatic and prudent corporate culture which we believe is highly suitable for the nuclear power industry. Since before we even imported our first gigawatt-level nuclear power generating unit, our management team has communicated regularly and worked closely with leading international nuclear power companies and experts, gaining a broad international perspective.

We have a high quality and stable team of professionals. As of June 30, 2014, 5,028 of 6,046, or 83.2%, of our employees had a bachelor's or higher degree, 228 held Reactor Operator Licenses (操縱員執照) and 205 held Senior Reactor Operator Licenses (高級操縱員執照).

Our comprehensive training system helps ensure a supply of competent personnel to meet our rapid growth. We have established a specialized, central operations training center at CGN Operations and several local training platforms at various nuclear power stations. Our large-scale training center has a wide range of nuclear operating and training facilities, more than 100 full-time lecturers, research and development engineers and supporting personnel and more than 200 experts in various fields of nuclear power operation acting as part-time lecturers. We closely adhere to the "systematic approach to training" advocated by the IAEA and implement procedural management over our training activities. We have formulated training courses and assessment processes in nuclear power station operations for new recruits, trainee reactor operators, reactor operators, senior reactor operators, deputy shift supervisors and shift supervisors. We have prepared nuclear power station maintenance training manuals for each category and grade. In addition, we offer training programs to management personnel at all levels through CGN University (中廣核大學), and have established joint training programs with certain PRC universities renowned for their nuclear energy and power generation curricula to ensure a steady supply of competent personnel to meet our growing needs.

Undertakings and Support from Controlling Shareholder Driving Sustainable Growth

We have a right to purchase nuclear power stations constructed by CGNPC, our Controlling Shareholder. Please refer to the section headed "Relationship with Controlling Shareholder." The planned injection of nuclear power assets is expected to further expand the scale and revenue of our business. In addition, we believe that CGNPC's excellent working relationship with provincial governments with nuclear power projects provides us with favorable opportunities to develop new projects and obtain relevant approvals. Moreover, CGNPC is engaged in the uranium development and trading business in Namibia, Kazakhstan and Australia, which we believe improves our access to natural uranium. Furthermore, CGNPC provides us with technical and operational support in various forms, including project construction and fuel supply.

CGN Engineering, a subsidiary of CGNPC, provides us with construction, operations and other services. CGN Engineering is, so far as we know, one of the few companies in China that are fully qualified to construct nuclear power stations. It has a demonstrated track record for managing construction on schedule and within costs. According to a leading international consulting firm's report, as of December 31, 2013, the average construction duration recorded by CGN Engineering was 61.9 months, compared to the global average of 63 months for second generation pressurized water reactors. The budgeted cost for the nuclear power generating units constructed by CGN Engineering was also competitive in the world. Leveraging its capabilities in design, R&D and technical integration, CGN Engineering has been able to provide modification and decommissioning services to power stations in operation.

We believe that various businesses in which the Controlling Shareholder is engaged across the nuclear power value chain will support the development of our nuclear power business.

OUR STRATEGIES

We aim to develop our nuclear power business safely and efficiently. In order to achieve this objective, we intend to implement the following strategies:

Maintain and improve safety management based on our principle of "Safety First, Quality Foremost, Pursuit of Excellence"

With respect to operating nuclear power stations...

Nuclear safety is the bedrock of our survival and development, safeguards shareholders' interests, and constitutes our fundamental responsibility towards the society, the environment and the country.

We will continue to adhere to the principle of "Safety First, Quality Foremost, Pursuit of Excellence" and position nuclear safety as the core of our corporate culture in every aspect of our operations, with an emphasis on top-down safety accountability, prudence, vigilance and caution. We will continue to implement our core value of "Doing Things Right in One Go" and strictly follow workplace procedures, maintain transparency to quickly identify discrepancies, encourage learning based on both internal and external experiences, analyze the root causes of any issues, and seek independent oversight and domestic and international peer review.

Specifically, we will continue to:

- collaborate with international organizations (including the WANO) and domestic and foreign peers to evaluate our performance against those of our peers and exchange ideas on improving nuclear safety and operational performance;

- focus on improving the reliability of equipment and preventing human error;
- improve occupational health and safety management and reduce the rate of industrial accidents and collective dosage levels;
- reduce the discharge of radioactive wastes and environmental pollutants from nuclear power stations through improved management and technical advances in line with the national emissions standards;
- share our focus on nuclear safety with our suppliers and contractors;
- build safety assurance systems and monitor and assess our safety culture; and
- create a productive working environment and train our workforce.

With respect to building nuclear power projects...

We recognize that focusing on the quality of nuclear power stations currently under construction is vital to ensuring their safe and efficient operations.

We adhere to the principle of "Safety First, Quality Foremost, Pursuit of Excellence" in nuclear power construction. In accordance with relevant international standards and domestic regulatory requirements, we have established a project quality assurance system, which is continuously upgraded to improve its effectiveness, enabling us to achieve excellence and accomplish our goals in the six core areas of nuclear power projects: safety, quality, schedule, investment, technology and environment (also known as the "Six Controls").

In order to promote excellence in the Six Controls, we have taken the following measures for our projects under construction:

- Our nuclear power projects are primarily being constructed by CGN Engineering, which is wholly owned by our Controlling Shareholder. We have entered into a Custodian Services Framework Agreement with the Controlling Shareholder to manage the equity interest held by the Controlling Shareholder in CGN Engineering. Leveraging the support of the Controlling Shareholder, we manage CGN Engineering's construction business, and ensure that it completes construction in compliance with our requirements.
- We formulate a set of project quality assurance standards before the construction of each project commences. These standards are reviewed and approved by the national nuclear safety regulatory authorities. The standards cover organizational responsibility, engineering design, supplier management, procurement, construction, installation, commissioning, handover, record keeping and supervision. We sign a commissioning contract with CGN Engineering and formulate annual planning and assessment programs.
- We will continue to reinforce and enhance our projects with respect to safety, quality and the environment. We will continue to standardize our safety, quality and environmental management procedures and develop evaluation systems in line with international benchmarks with support from leading international authoritative certification bodies.
- Through CGN Engineering, we will continue to spread our nuclear safety culture and quality requirements to our equipment suppliers and construction contractors to ensure that the construction of projects is carried out in accordance with our requirements and methods.

- We will also continue to use our quality assurance and supervision system, independent from CGN Engineering, to monitor and evaluate the overall quality of construction.

With respect to technical innovation and the improvement of core competencies...

Continuous innovation and the improvement of core competencies is critical to achieving our principle of "Safety First, Quality Foremost, Pursuit of Excellence." We are committed to continuously improving the safety and economics of nuclear power generating units through R&D and will take specific measures that include the following:

- We will strive to increase the reliability and useful life of equipment by continuing to excel at and improve our nuclear power equipment commissioning, testing and maintenance;

- We will leverage the experiences of domestic and foreign companies in the same industry, especially those drawn from the Fukushima accident, and enhance operational safety and reliability through engineering modifications;

- We will continue to reduce the volume and disposal costs of low- and medium-level radioactive wastes, by developing and deploying management and disposal technologies;

- We will continue to research, develop and implement life extension and decommissioning technologies; and

- We and the Controlling Shareholder will remain committed to the R&D of advanced reactor types to gain the initiative in the selection of nuclear power reactor types in the future.

In order to strengthen our core competency, we will continue to invest in R&D. We will establish national and company-level R&D centers, through which we plan to further cooperate with the domestic and overseas research institutions, industry experts, equipment suppliers and engineering service providers, so as to promote innovation and fuel the development of the industry. We will continue to, through both in-house training and recruitment, assemble elite teams of specialists led by top experts and to nurture talent in the area of nuclear power and related fields through our various R&D initiatives and professional trainings.

Strengthen Leading Position in Domestic Market and Pursue International Expansion

Further strengthen our leading market position in the PRC

The PRC government has set a goal of 40 GW for nuclear power installed capacity in operation by the end of 2015, representing a CAGR of 64.2% from the end of 2013. China's nuclear power industry is expected to continue to grow in the next few decades. We plan to continue to expand our nuclear power generating capacity along with China's nuclear power growth. We expect that the total installed capacity we operate and manage will account for approximately 60% of the total nuclear power installed capacity in operation in the PRC by the end of 2015. Our target is to become one of the top five nuclear power enterprises in the world in terms of installed capacity by the end of 2015.

We believe that our competitive strengths will help us achieve this goal. We plan to invest HK$6,175.3 million in nuclear power projects that are under construction and use approximately RMB9,700.2 million (or HK$12,252.4 million) to acquire an 41% equity interest in, and eventually control, Taishan Nuclear. We believe our right to acquire the Retained Business under the Non-competition Deed entered into by CGNPC, our Controlling Shareholder, will also enable us to further drive our capacity expansion. We plan to further strengthen our efforts in market development, feasibility analysis, government communications, industry ties and public relations. We also intend to construct new nuclear power projects when appropriate.

Prudently pursue international expansion opportunities

According to CNEA's forecast, the global nuclear power industry is expected to experience growth in the decades to come. We are assessing potential market opportunities in various countries while formulating our international expansion strategies.

Taking into account the long construction cycle, the complexity of technologies and the difficulties in managing the risks and costs associated with nuclear power projects, we will exercise great prudence before entering international markets. We will pay particular attention to (i) government policies and political-economic environments, (ii) legal systems, (iii) general business practices, (iv) electricity demand, growth trend and on-grid tariffs, (v) technical conditions for the construction of nuclear power projects, (vi) expected returns of projects; and (vii) whether we can source sufficient funds and maintain robust risk management in the local market.

In exploring international expansion opportunities, we may selectively establish strategic alliances with a range of industry players to enhance our competitiveness and control risks, including strategic investors, equipment suppliers, technology contractors, construction contractors and nuclear power operators. As of the Latest Practicable Date, we have not identified any specific target market or project, nor have we entered into any legally binding agreement, in connection with our international expansion plan.

Continue to Control Costs and Improve Profitability

Nuclear power operations feature high utilization and low variable unit costs. As such, we plan to enhance our operating efficiency and maintain high utilization of our generating units, so as to improve our overall profitability. Specifically, we plan to:

- ***Improve cost control over key aspects of operations.*** We intend to enhance our cost controls by developing and introducing safe and economical nuclear power technologies, efficiently managing construction and the overall project development and operations, securing the nuclear fuel supply and extending the life of nuclear power units. To achieve this goal, we will rely on our self-reliant research and development efforts as well as strategic cooperation with our suppliers.

- ***Further enhance "multi-station management" (群廠管理).*** With the nine nuclear power generating units at Ningde Nuclear Power Station, Hongyanhe Nuclear Power Station and Yangjiang Nuclear Power Station commencing operations in the next few years, we intend to continuously enhance and implement our "multi-station management" model. We will apply our extensive experience accumulated from our Daya Bay base to the other nuclear power stations we operate and manage. Through our integrated service platform, we plan to further enhance the internal sharing of competent personnel, information, experience, spare parts and service supporting systems among our nuclear power stations, and strive to achieve synergies and economies of scale.

- ***Strengthen financial control.*** As we grow rapidly, we intend to strengthen our annual financial budgeting and financing strategies and maintain optimal financial leverage ratios. We will closely monitor and assess various financing alternatives available in domestic and overseas markets that may help us lower our finance costs. We will also continue using low-risk financial products, including derivative financial instruments, to mitigate our financial risks. In addition, we plan to further improve our internal procedures to better allocate our financial resources.

Focus on People to Achieve Collaborative Development

Build a team to align with our corporate objectives

Considering the technology-intensive nature of nuclear power operations, our ability to attract and retain highly-qualified professionals will be key to our success. We have established a "People First" strategy that emphasizes the significance of talent that will serve as a driving force for enterprise growth. In an effort to build a collaborative, efficient, responsible and professional team, we promote a culture of "pursuing enterprise, innovation and excellence" and promoting values with an emphasis on honesty, transparency, professionalism, execution and teamwork. We plan to continuously strengthen our occupational health management and implement a staff support program. We intend to build a compensation and incentive scheme that aligns rewards with employee contributions and encourages them to create greater value. We will continue to improve our career planning and training programs to enhance our employees' overall qualifications, proficiency, morale, initiatives and creativity to improve overall development. We will also endeavor to integrate staff development into our overall business plan and align their career development with our sustainable development in order to truly realize collaborative development.

Fulfill our corporate social responsibilities to achieve collaborative development with society

In an effort to promote harmony with the communities and achieve collaborative development, we intend to vigorously fulfill our corporate social responsibilities, contribute to public welfare and raise our social brand awareness by continuing our efforts in the following major aspects: (i) cultivating a harmonious relationship with neighboring communities by improving the environment, providing job opportunities and stimulating local economies; (ii) strengthening communication with the public, including maintaining timely, transparent and open disclosures of nuclear power operations and safety, encouraging public supervision, enhancing the public's scientific literacy and confidence in nuclear power and establishing a cordial relationship with the public; and (iii) supporting public welfare through philanthropy and charity to alleviate poverty, promote education, encourage technological development and provide natural disaster relief.

OUR NUCLEAR POWER BUSINESS

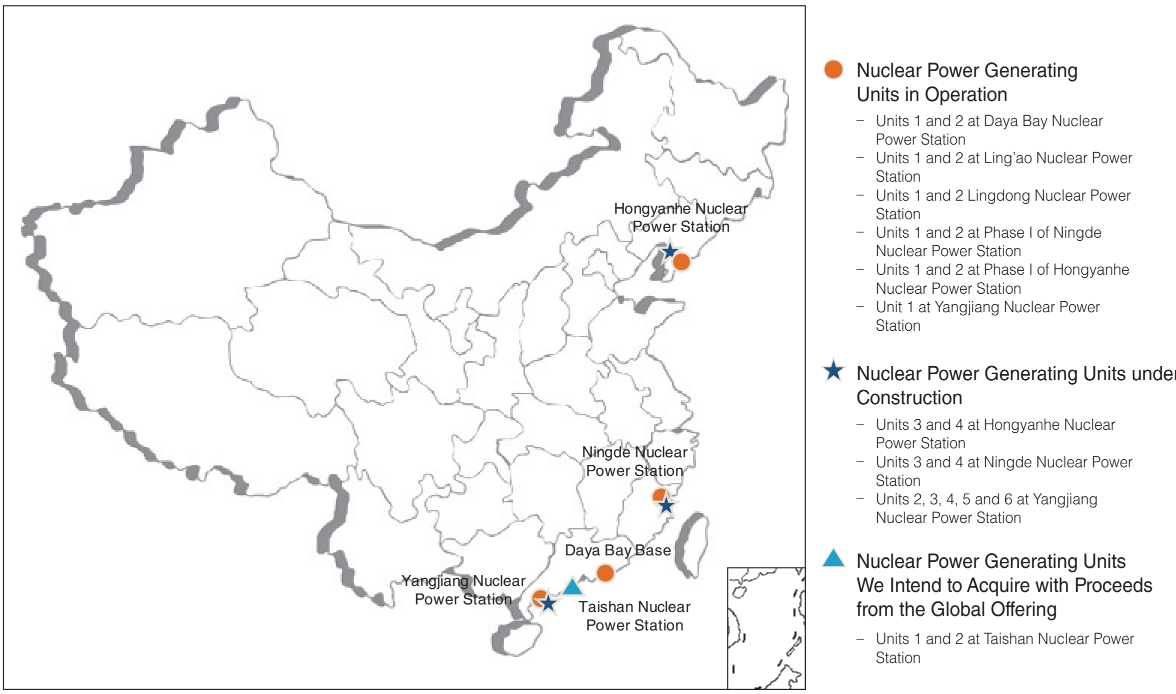
Basic Information on Our Nuclear Power Generating Units in Operation and Under Construction

As of June 30, 2014, we operated and managed 11 nuclear power generating units in which we had equity interests. These 11 nuclear power generating units are located at the following six distinct nuclear power stations with a total installed capacity of 11,624 MW:

- Daya Bay Nuclear Power Station, located at Daya Bay base in Guangdong Province, with two nuclear power generating units in operation;
- Ling'ao Nuclear Power Station, located at Daya Bay base in Guangdong Province, with two nuclear power generating units in operation;
- Lingdong Nuclear Power Station, located at Daya Bay base in Guangdong Province, with two nuclear power generating units in operation;
- Yangjiang Nuclear Power Station, located in Guangdong Province, with one nuclear power generating unit in operation;
- Ningde Nuclear Power Station, located in Fujian Province, with two nuclear power generating units in operation; and

- Hongyanhe Nuclear Power Station, located in Liaoning Province, with two nuclear power generating units in operation.

The following map shows the geographic locations of the nuclear power generating units we (i) operated and managed and (ii) intended to acquire as of the Latest Practicable Date:



The following table sets forth the nuclear power stations and nuclear power generating units in which we have equity interests, including those owned by our consolidated subsidiaries, and those owned by Ningde Nuclear, Hongyanhe Nuclear and Taishan Nuclear. For further details on the status mentioned in the table below, please refer to "– Four Main Phases of the Nuclear Power Project Life Cycle."

Entity	Beneficial Ownership by Us (Directly and Indirectly) as of June 30, 2014	Nuclear Power Generating Unit	Model[3]	FCD	Date of Commencement of Commercial Operation[4]	Total Installed Capacity on Completion (Current or Anticipated, in MW)	Status of the Unit as of June 30, 2014
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.	78.20%	Yangjiang Unit 1	CPR1000	December 2008	March 2014	1,086	In Operation
		Yangjiang Unit 2	CPR1000	June 2009	–	1,086	Under Construction[5]
		Yangjiang Unit 3	CPR1000	November 2010	–	1,086	Under Construction[5]
		Yangjiang Unit 4	CPR1000	November 2012	–	1,086	Under Construction[5]
		Yangjiang Unit 5	ACPR1000	September 2013	–	1,086	Under Construction[5]
		Yangjiang Unit 6	ACPR1000	December 2013	–	1,086	Under Construction[5]
Joint Venture Company							
Fujian Ningde Nuclear Power Co., Ltd.	32.29%[2]	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	–	1,089	Under Construction[5]
		Ningde Unit 4	CPR1000	September 2010	–	1,089	Under Construction[5]
Associate Company							
Liaoning Hongyanhe Nuclear Power Co., Ltd.	38.15%[2]	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	–	1,119	Under Construction[5]
		Hongyanhe Unit 4	CPR1000	August 2009	–	1,119	Under Construction[5]
Investment Target and Company to be Acquired							
Taishan Nuclear Power Joint Venture Co., Ltd.[1]	10.00%	Taishan Unit 1	EPR	October 2009	–	1,750	Under Construction[5]
		Taishan Unit 2	EPR	April 2010	–	1,750	Under Construction[5]

(1) After the completion of the Global Offering, we will use a total of RMB9,700.2 million (or HK$12,252.4 million) of the proceeds from the Global Offering to purchase 41% of the equity of Taishan Nuclear, and will thereafter hold (directly or indirectly) a total of 51% of the equity of Taishan Nuclear.

(2) Representing beneficial ownership. For details of the equity interest held by us through our subsidiaries, please refer to "History, Reorganization and Corporate Structure – Corporate Structure."

(3) For a description of these technologies, please refer to "– Technology of Our Nuclear Power Generating Units." We believe all of our 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 our nuclear power generating projects in operation or under construction had obtained the relevant governmental approvals prior to the issuance of this proposal, we believe that none of our 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.

(4) All of the nuclear power generating units which we operate and manage have a 40-year design life.

(5) For the respective stage of developments and expected operation commencement dates of each nuclear power generating unit, please refer to "– Details of Existing Nuclear Power Generating Units and Nuclear Power Generating Units We Intend to Acquire – Nuclear Power Generating Units Under Construction."

Technology of Our Nuclear Power Generating Units

All of the nuclear power generating units that we operate and manage 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. Please refer to "Industry Overview – Nuclear Power Generating Principles and Main Reactor Types" in this Prospectus. 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 we operate and manage use technologies derived from mature French gigawatt-level PWR reactor technology. The following table sets forth the main features of these technologies and our respective technical and safety improvements:

Type of Technology	Main Features of Technology	Generation of Technology	Time We Commenced Use	Our Technical and Safety-related Improvements
M310	• A gigawatt-level PWR technology developed in France, which was improved on the basis of CPY reactor model • Safe and mature technology widely adopted in the United States and France • Among the 58 nuclear power generating units in operation in France, 34 adopt the same M310 model as the units at our Daya Bay Nuclear Power Station and Ling'ao Nuclear Power Station	Second	1984	• We made a series of major technical improvements and 16 safety-related improvements in M310 to create the CPR 1000 technology.
CPR1000	• An improved Chinese gigawatt-level PWR technology developed based on the M310 technology • Designed, manufactured, constructed and operated by the CGN Group and us in a self-reliant manner • Safe and mature technology, and the prevailing nuclear power technology in the PRC • Greater safety and reliability compared to M310	Second (improved)	2005	• We further enhanced the safety, reliability and cost-effectiveness of the CPR1000 technology to create the ACPR1000 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 • Designed, manufactured, constructed and operated by the CGN Group and us in a self-reliant manner • Greater safety and reliability compared to CPR1000	Second (improved with the principal technological and safety features of the third generation)	2013	• We made 31 technical improvements on CPR1000 to create the ACPR1000 technology.
EPR	• A nuclear power technology jointly developed by France and Germany • Larger capacity, greater safety and greater resource efficiency compared to second-generation technologies	Third	2009	

Through our ongoing technical improvements, we have been able to:

- extend the length of refueling cycle and shorten the time required for refueling and outage repairs. We have extended the length of refueling cycle of our nuclear power generating units from approximately 280 days to over 430 days. In addition, we have extended the outage repair intervals of the two units at our Daya Bay Nuclear Power Station from 12 months to 18 months and are 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% to 4.45%; and
- reduce the discharge of radioactive waste and adverse environmental impact by significantly reducing the activity and concentration levels of radioactive waste discharged.

Through our ongoing safety improvements, we have 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 our operation of nuclear power generating units. We have maintained our nuclear safety levels for our nuclear power generating units in operation in line with the international safety standards; and
- improve our emergency response and management capability.

Four Main Phases of the Nuclear Power Project Life Cycle

The life cycle of nuclear power projects can be divided into four phases: (i) preparatory phase, (ii) construction phase, (iii) operation phase and (iv) decommissioning phase.

Preparatory Phase

During the preparatory phase, we aim to obtain approvals for the proposed nuclear power project from relevant government authorities. We research project feasibility, select the site, survey the land, obtain permits and approvals for project commencement, prepare and submit application reports for project approval and construction permits, formulate technical plans and implement financing plans. We also negotiate and sign letters of intent with principal equipment suppliers and construction contractors (generally through our affiliate, CGN Engineering). Based on past experience, the duration of this phase varies substantially prior to the NEA's approval of the commencement of preparatory work and lasts two to three years after the NEA's approval of preparatory work until construction begins.

Construction Phase

Construction begins after obtaining government approval and the "Permit for Nuclear Power Station Construction" (核電廠建造許可證) from the NNSA. The official starting date will be the first concrete date (FCD) of the nuclear island. The primary work of this phase includes construction of pre-production facilities, equipment purchase, installation and commissioning, as well as operations preparation before the nuclear power generating units officially commence commercial operations. Equipment that takes a relatively long time to manufacture is generally purchased before the FCD. Late in the construction phase, the NNSA will issue an "Approval for Initial Fuel Loading," which allows the first fuel loading of a nuclear power generating unit, commissioning involving nuclear reactions and a pilot run to check its performance. Generally speaking, the construction phase lasts about five years.

CGN Engineering is our principal contractor responsible for the development and construction of nuclear power projects for which we are responsible. CGN Engineering constructed or participated in the construction of all nuclear power generating units that we operate and manage. It has accumulated substantial experience in engineering and construction related to power stations using CPR1000, EPR and other technologies. On November 21, 2014, we entered into an engineering framework agreement with CGN Engineering, effective for six years from the date of the Global Offering. For information about the background of CGN Engineering, our historical cooperation with it and this engineering framework agreement, please refer to "Connected Transactions – Continuing Connected Transaction – 8. Engineering Services Framework Agreement." We supervise and manage six core aspects of construction, i.e., the schedule, technology, quality, safety, environment and investment aspects, so as to ensure that the current and future projects under construction comply with various regulatory requirements and with the objective of ensuring the safe, steady and economical operation of nuclear power generating units after the commencement of commercial operations.

Ningde Nuclear, CGN Engineering and China Nuclear Power Design Co., Ltd. (Shenzhen) signed an engineering and construction contract in December 2009 with the objective of completing the construction and operation of a nuclear power station. Under this contract and three related contracts covering design and technical support, equipment supply, construction and installation, CGN Engineering is responsible for all aspects of the engineering and construction of the Ningde Nuclear Power Station, including preparatory phase arrangements, design and technical services, procurement, equipment manufacture supervision, construction management and commissioning.

Yangjiang Nuclear, CGN Engineering and China Nuclear Power Design Co., Ltd. (Shenzhen) signed a General Contracting Agreement in August 2009. Under this contract, and three related contracts covering design and technical support, equipment supply, and construction and installation, CGN Engineering is responsible for the management and construction of the Yangjiang Nuclear Power Station, including aspects related to safety, quality, timeliness, financial control, technical aspects and environmental impact.

Hongyanhe Nuclear and CGN Engineering signed the Project Construction Assignment Contract for the construction of generating units 1 to 4 of the Hongyanhe Nuclear Power Station in November 2007. Under this contract, CGN Engineering is responsible for preparatory phase arrangements and managing the engineering and construction of the Hongyanhe Nuclear Power Station, including design, purchase, construction, commissioning, transfer of operational responsibilities to Hongyanhe Nuclear and other work related to the completion of a fully-authorized and functional nuclear power station.

Taishan Nuclear, Areva, CGN Engineering and China Nuclear Power Design Co., Ltd. (Shenzhen) signed a Nuclear Island Engineering and Supply Contract in November 2007. Under this contract, Areva, CGN Engineering and China Nuclear Power Design Co., Ltd. (Shenzhen) are responsible for the design, engineering and construction of nuclear islands at Taishan Nuclear Power Station. In July 2008, Taishan Nuclear signed an Engineering and Procurement Contract for Conventional Islands with CGN Engineering, China Nuclear Power Design Co., Ltd. (Shenzhen), Guangdong Electric Power Design Institute, Alstom Power Turbomachines and Alstom (Wuhan) Engineering & Technology Co., Ltd., who are responsible for the design, engineering and construction of conventional islands at Taishan Nuclear Power Station. In September 2009, Taishan Nuclear signed a Design and Supply Contract for BOP at Taishan Nuclear Power Station with CGN Engineering and China Nuclear Power Design Co., Ltd. (Shenzhen). Under this contract, CGN Engineering and China Nuclear Power Design Co., Ltd. (Shenzhen) are responsible for the design, engineering and construction of the BOP at Taishan Nuclear Power Station. Additionally, Taishan Nuclear signed a General Technical Support and Service Contract with CGN Engineering and China Nuclear Power Design Co., Ltd. (Shenzhen), who are responsible for the necessary and indispensable technical support and services related to the construction of Taishan Nuclear Power Station which are not included in the three contracts mentioned above, including equipment manufacture supervision, procurement, technical support and services, design-related work, licensing support, technical support and other mutually agreed services.

Operation Phase

Nuclear power generating units enter the operation phase and begin official operations after they obtain approvals from relevant national agencies. The daily operation and management work of the nuclear power station mainly includes:

- Establishing and improving the overall organization and efficiency of various nuclear power generating activities, including operation planning, safety and quality assurance, operating generating units, chemical control and environmental protection, equipment system maintenance, technical support, radiation protection, emergency response, documentation management and information technology, all with the objective of ensuring safety during commercial operations;

- Recruiting and training qualified operations personnel in operations, equipment, engineering, installation, commissioning and other fields;

- Establishing and documenting standardized operating procedures, including technical and management procedures;

- Operating equipment and coordinating, planning and controlling operations, maintenance and other activities; ensuring equipment and operations conform with relevant nuclear safety regulations and technical specifications; and managing and monitoring technical parameters and equipment to ensure reliable operation;

- Implementing relevant safety requirements put in place by the PRC, we, or the applicable nuclear power operating companies and ensuring the safety of personnel and equipment through radiation protection, emergency management, environmental protection, occupational health and other related control measures;

- Standardizing the handling, storage and disposal of radioactive waste to minimize the production of radioactive wastes, prevent its discharge and protect staff, the public and the environment from excessive radiation;

- Establishing a specialized security and anti-terrorism team; and

- Taking all reasonable measures to prevent unauthorized activities that could endanger the safe operations of the nuclear power station.

Among the 11 nuclear power generating units we operate and manage, the six units owned by Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station are operated by DNMC, and the remaining five units are operated by the respective nuclear power owner companies to which they belong.

Decommissioning Phase

Under HAF No. 401, "Supervision and Management Regulations on Radioactive Waste Safety" (《放射性廢物安全監督管理規定》), decommissioning of nuclear power stations refers to the actions taken for their retirement at the end of nuclear power stations' useful lives after fully taking into account the health and safety of workers and the public and environmental protection. Under the "Safety Regulations on Civil Nuclear Fuel Cycle Facilities" (《民用核燃料循環設施安全規定》) promulgated by the NNSA, operators of nuclear facilities must assume full responsibility for the safety of their nuclear fuel cycle facilities until the facilities have been decommissioned or until their responsibility has been legally transferred.

Decommissioning nuclear power stations primarily requires dismantling the radioactive facilities and lowering the level of radiation, with the ultimate goal of releasing the site for unrestricted use and restoring it to green field status. The international nuclear industry generally divides decommissioning into three stages: (i) the power station is shut down and permanently closed; (ii) the decontamination and demolition or safe storage of the equipment and the structures; and (iii) the demolition of the remaining reactor buildings and containment shells and the treatment and landscaping of the site area to restore it to green field status.

All the decommissioning activities of our nuclear power stations are in conformity with current PRC laws and regulations. When the PRC does not have relevant or explicit requirements on an issue, we refer to the generally-accepted rules of the IAEA and other authoritative international organizations.

We have prepared for the decommissioning of nuclear power stations. During the operation of nuclear power stations, we maintain relevant records and data required for decommissioning. We record the condition of the structures, systems and components of nuclear power stations which are decontaminated or irradiated during engineering modifications and maintenance. Within the timeframe required by national regulations, we will prepare safety analysis reports on decommissioning of nuclear power stations in order to provide a basis for safety assessment for different decommissioning stages.

Except for the two units under construction at Taishan Nuclear Power Station which have a 60-year design life, all of our other nuclear power generating units in operation and under construction have a design life of 40 years. We budget and make operational plans on the assumption that they will be decommissioned 40 years after the start of their operations. We expect that our Daya Bay Station, our first station to begin operation, will be the first to be decommissioned. As the design lives of units 1 and 2 at Daya Bay Station are both 40 years, we may decommission the Daya Bay Station as early as 2034. Currently, we are conducting technical research on extending the lives of these units, and the dates of their decommissioning may be extended. If we can successfully extend the life span of these units, it could significantly reduce our costs and substantially improve our results of operations.

We make provisions for decommissioning, and record these as costs in our accounting statements. Please refer to "Financial Information – Significant Accounting Policies and Estimates – Provisions – Provision for nuclear power station decommissioning" and "Risk Factors – Risks Relating to Our Business and Industry – Decommissioning of our nuclear facilities may present unforeseen difficulties, be much more costly than expected, or take place earlier than anticipated."

Details of Existing Nuclear Power Generating Units and Nuclear Power Generating Units We Intend to Acquire

Nuclear Power Generating Units in Operation

Installed Capacity

The table below sets forth the installed capacity of nuclear power generating units operated and managed by us as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	(MW)			
Gross Installed Capacity:				
From Subsidiaries	6,122	6,122	6,122	7,208
From Ningde Nuclear and Hongyanhe Nuclear	–	–	2,208	4,416
Total	6,122	6,122	8,330	11,624
Consolidated Installed Capacity	6,122	6,122	6,122	7,208
Attributable Installed Capacity:				
From Subsidiaries	5,482	5,482	5,482	6,331
From Ningde Nuclear and Hongyanhe Nuclear	–	–	779	1,557
Total	5,482	5,482	6,261	7,888

Net Power Generation

The table below sets forth the net power generation of nuclear power generating units operated and managed by us for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
	(GWh)			
Total Net Power Generation:				
From Subsidiaries	40,519	45,113	44,157	24,753
From Ningde Nuclear and Hongyanhe Nuclear*	–	–	11,254	5,775
Total	40,519	45,113	55,411	30,528
Consolidated Net Power Generation	40,519	45,113	44,157	24,753
Attributable Net Power Generation:				
From Subsidiaries	35,840	40,298	39,521	21,681
From Ningde Nuclear and Hongyanhe Nuclear*	–	–	3,925	2,074
Total	35,840	40,298	43,446	23,755

* *Since they are not our consolidated subsidiaries, their net power generation is not reflected in our revenue.*

Milestones and Key Information Regarding Nuclear Power Generating Units in Operation

Daya Bay Nuclear Power Station

The first nuclear power generating unit at our Daya Bay Nuclear Power Station, located at our Daya Bay base in Guangdong Province, began commercial operations on February 1, 1994, making our 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.

Ling'ao Nuclear Power Station

The first nuclear power generating unit at our Ling'ao Nuclear Power Station, which is also located at our Daya Bay base, began commercial operations on May 28, 2002. The station currently has two nuclear power generating units and a total installed capacity of 1,980 MW. Leveraging our experience gained in the construction of the Daya Bay 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.

Lingdong Nuclear Power Station

The first nuclear power generating unit at our Lingdong Nuclear Power Station, which is also located at our Daya Bay base, began commercial operations on September 20, 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.

Yangjiang Nuclear Power Station

The first nuclear power generating unit at our Yangjiang Nuclear Power Station, located in Yangjiang City in Guangdong Province, began commercial operations on March 25, 2014. As of June 30, 2014, the station had one nuclear power generating unit in operation with an installed capacity of 1,086 MW and five nuclear power generating units that are currently under construction. During the construction of Yangjiang Nuclear Power Station, we use CGN Engineering's quality control measures 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.

Ningde Nuclear Power Station

The first nuclear power generating unit at our Ningde Nuclear Power Station, located in Fuding City in Fujian Province, began commercial operations on April 15, 2013, making it the first nuclear power station to begin commercial operations in Fujian Province. As of June 30, 2014, the station had two nuclear power generating units in operation with a total installed capacity of 2,178 MW and two nuclear power generating units that are currently under construction. Ningde Nuclear Power Station's nuclear power generating units in operation and under construction use CPR1000 technology.

Hongyanhe Nuclear Power Station

The first nuclear power generating unit at our Hongyanhe Nuclear Power Station, located in Dalian City in Liaoning Province, began commercial operations on June 6, 2013, making it the first nuclear power station that was built and commenced operations in Northeastern China. As of June 30, 2014, the station had two nuclear power generating units in operation with a total installed capacity of 2,238 MW and two nuclear power generating units that are currently under construction. Hongyanhe Nuclear Power Station's nuclear power generating units in operation and under construction use CPR1000 technology.

The following table sets forth the net power generation, capacity factor and load factor of each of the nuclear power generating units which we operated and managed during the Track Record Period. These factors are primarily affected by the number and total length of outage repair sessions scheduled and deloading of our nuclear power generating capacity during the relevant period. Please refer to "Financial Information – Major Factors Affecting Our Results of Operations – Utilization of Power Generation Assets" in this Prospectus. As a result, capacity factor and load factor figures for individual nuclear power generating units during an interim period do not necessarily indicate their respective annual performance.

	Net Power Generation (GWh)				**Capacity Factor (%)**				**Load Factor (%)**			
Nuclear Power Generating Units	**Year Ended December 31,**			**Six Months Ended June 30,**	**Year Ended December 31,**			**Six Months Ended June 30,**	**Year Ended December 31,**			**Six Months Ended June 30,**
	2011	**2012**	**2013**	**2014**	**2011**	**2012**	**2013**	**2014**	**2011**	**2012**	**2013**	**2014**
Subsidiaries' units												
Daya Bay Unit 1.	8,223	6,946	7,150	4,130	99.98	83.94	86.83	99.95	99.67	83.86	86.76	100.71
Daya Bay Unit 2.	7,113	8,305	7,091	4,123	86.56	99.97	85.93	99.95	86.17	100.45	86.04	100.55
Ling'ao Unit 1	7,571	7,657	6,842	3,289	91.39	93.59	82.94	80.76	91.05	91.87	82.38	79.93
Ling'ao Unit 2	7,734	7,474	7,261	3,638	94.05	91.25	88.58	89.38	93.12	89.70	87.28	88.33
Lingdong Unit 1.	6,328	7,721	7,942	3,660	72.06	88.45	90.11	82.60	71.14	86.30	88.78	82.64
Lingdong Unit 2.	3,550	7,010	7,870	3,529	99.59	80.60	88.95	80.47	98.78	78.52	88.18	79.76
Yangjiang Unit 1	–	–	–	2,384	–	–	–	100.09	–	–	–	99.97
Ningde Nuclear's units												
Ningde Unit 1.	–	–	6,272	847	–	–	99.95	19.55*	–	–	98.51	19.48*
Ningde Unit 2.	–	–	–	1,344	–	–	–	99.93	–	–	–	99.11
Hongyanhe Nuclear's units												
Hongyanhe Unit 1. . . .	–	–	4,982	2,389	–	–	99.90	54.04*	–	–	96.32	53.22*
Hongyanhe Unit 2. . . .	–	–	–	1,193	–	–	–	98.27	–	–	–	97.99

* *The decreases in capacity factor and load factor in the six months ended June 30, 2014 were primarily because Ningde Unit 1 and Hongyanhe Unit 1 began commercial operation in April 2013 and June 2013, respectively, and therefore did not schedule any outage repair session in 2013, whereas a 91-day and 81-day outage repair session was scheduled for these units during the six months ended June 30, 2014, respectively.*

Nuclear Power Generating Units Under Construction

We and the companies in which we own 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 were under construction as of June 30, 2014.

	Major Completed Milestones				
Nuclear Power Generating Units	**Civil Construction, with Scheduled Duration* of 23 months(1)**	**Equipment Installation, with Scheduled Duration of 26 months(2)**	**Commissioning, with Scheduled Duration of 11 months(3)**	**Grid Connection, with Scheduled Duration of 5 months(4)**	**Expected date of commencement of operation****
From Subsidiaries					
Yangjiang Unit 2			√		Second half 2015
Yangjiang Unit 3			√		First half 2016
Yangjiang Unit 4	√				Second half 2017
Yangjiang Unit 5	√				Second half 2018
Yangjiang Unit 6	√				Second half 2019
From Ningde Nuclear					
Ningde Unit 3			√		Second half 2015
Ningde Unit 4		√			Second half 2016
From Hongyanhe Nuclear					
Hongyanhe Unit 3			√		First half 2015
Hongyanhe Unit 4			√		Second half 2015
From Taishan Nuclear					
Taishan Unit 1		√			First half 2016
Taishan Unit 2		√			Second half 2016

* *"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. We will provide updated information to investors from time to time through announcements, interim reports and annual reports according to rules and regulations governing listed companies on the Stock Exchange.*

(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 fulfills the requirements of their design and the applicable standards. This stage includes both tests without nuclear reactions and those with nuclear reactions.

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

Ningde Nuclear Power Station and Hongyanhe Nuclear Power Station are planning on building two more units each, in addition to the four units at each station that are either in operation or under construction, subject to relevant approvals for these additional units from the relevant PRC government authorities.

For details of capital expenditure (for the construction of the above nuclear power generating units and other purposes) we have budgeted for 2014 and 2015, please refer to "Financial Information – Capital Expenditure and Commitments – Capital Expenditure."

Proposed Acquisitions

We have historically expanded our nuclear power business primarily through investment in nuclear power generating units. In the future, while continuing to manage the construction of the nuclear power generating units and stations owned by our subsidiaries, we also plan to acquire nuclear power generating units which are under construction or being planned by our affiliates.

Target of the Proposed Acquisitions

CGNPC is currently constructing Taishan Nuclear Power Station which will have two nuclear power generating units with a total capacity of approximately 3,500 MW. Following the completion of the Global Offering, we plan to use RMB9,700.2 million (or HK$12,252.4 million) of the proceeds to acquire an additional equity interest in Taishan Nuclear. Pursuant to an equity transfer agreement, dated October 30, 2014, between us and CGNPC, after the Global Offering, we will acquire from CGNPC a 12.5% equity interest in Taishan Nuclear and a 60% equity interest in Taishan Investment, one of Taishan Nuclear's existing shareholders (collectively, the "Subject Equity Interest"). Upon the completion of such acquisitions and together with the 10% equity interest currently held by us, we will beneficially own a 51% equity interest in Taishan Nuclear.

Determination and Payment of the Price

Both parties agree and acknowledge that the purchase price of the Subject Equity Interest will be RMB9,700.2 million (or HK$12,252.4 million), determined on the basis of the evaluation as of March 31, 2014 performed by Beijing China Enterprise Appraisals Co., Ltd using the asset-based approach. If the Equity Transfer Agreement has not become effective by March 30, 2015, the Subject Equity Interest will be reevaluated and the new purchase price will be based on the new approved evaluation.

Under the Equity Transfer Agreement, we will pay the purchase price in full within 30 business days from the later of (i) the settlement and remittance of the proceeds from the Global Offering into the CGNPC designated onshore RMB account and the obtaining of SAFE approval; and (ii) the obtaining of the relevant governmental approval of the Proposed Acquisition.

Effectiveness of the Proposed Acquisitions

The effectiveness of this Taishan Equity Transfer Agreement is conditional upon the listing of our H Shares on the Hong Kong Stock Exchange and subsequently receiving the relevant approvals from the MOFCOM. Each of EDF International and GNIC, the other shareholders of Taishan Nuclear, has waived their right of first refusal in connection with the proposed transfer of equity interest to us by CGNPC.

Breach of Contract and Dispute Resolution

The Taishan Equity Transfer Agreement also provides that if any party fails to fulfill its obligations and causes any loss to the other party, the breaching party shall be liable for the economic losses of the non-breaching party. The Taishan Equity Transfer Agreement is governed by PRC law. Any dispute arising therefrom will be resolved by arbitration before the South China International Economic and Trade Arbitration Commission, and the arbitral award will be final and binding upon both parties.

Other Information on the Proposed Acquisitions

The following table sets forth certain detailed information on Taishan Nuclear's two nuclear powering generating units under construction as of June 30, 2014:

Entity	Percentage Owned by Us (Directly and Indirectly)	Nuclear Power Generating Unit	Model	FCD	Total Installed Capacity on Completion (MW)
Taishan Nuclear Power Joint Venture Co., Ltd.	10.00%	Taishan Unit 1	EPR	October 2009	1,750
		Taishan Unit 2	EPR	April 2010	1,750

The two units under construction at Taishan Nuclear Power Station both have a 60-year designed life span. As of June 30, 2014, both units were at the equipment installation stage. We expect to enter into power purchase agreements with grid companies when these units are closer to commencement of commercial operations. For details of the design, engineering and construction of these two units, please refer to "– Four Main Phases of the Nuclear Power Project Life Cycle – Construction Phase" above. For details on Taishan Nuclear's procurement of nuclear fuel and related services, please refer to "– Procurement of Nuclear Fuel and Related Services – Taishan Nuclear Power Station's Procurement of Nuclear Fuel and Related Services" below. For more details on Taishan Nuclear's results of operations and financial position, please refer to "Financial Information – Financial Information of the Proposed Acquisitions."

Procurement of Nuclear Fuel and Related Services

Our nuclear power stations use fuel assemblies which are manufactured by assembling fuel rods that contain enriched uranium, which is processed from natural uranium. We mainly engage our connected person CGN Uranium for the procurement of nuclear fuel and related services. Our cooperation with CGN Uranium started in 2006, and we have 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 our major competitors, CNNC. It has been a customary domestic practice that we procure nuclear fuel and related services from CGN Uranium while the nuclear power stations of CNNC procure such services from CNEIC. Through CGN Uranium, we procure natural uranium from overseas and Chinese 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., or CNNC Jianzhong, are authorized to provide commercial uranium conversion and enrichment services and fuel assembly processing services. Therefore, we procure 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 our behalf. We also purchase, through CGN Uranium, natural uranium from CNNC's affiliates. For a discussion of the risks relating to our supply and procurement of fuel and related services, please refer to "Risk Factors – Risks Relating to Our Business and Industry – We are subject to risks relating to procurement of nuclear fuel and related services."

Under the nuclear fuel procurement and supply services agreements between our 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, our 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 we operate and manage and CGN Uranium generally have a term of ten years and are renewable by mutual agreement before expiration. Under our agreements with CGN Uranium, we are required to pay, in connection with the contracts we entrusted CGN Uranium to enter into, the ultimate suppliers in accordance with terms thereunder; in connection with our agreements with CGN Uranium, we are generally required to pay CGN Uranium within 25 days of receipt of the relevant invoice, payment notice and CGN Uranium's confirmation of fulfillment of the relevant contractual obligations. On November 21, 2014, we and CGN Uranium entered into a Nuclear Fuel Supply and Service Framework Agreement. This agreement has a term of ten years starting from the Listing Date. For more on CGN Uranium's background, our transactions with CGN Uranium in the Track Record Period and details of the Nuclear Fuel Supply and Service Framework Agreement, please refer to "Connected Transactions – Continuing Connected Transactions – 10. Nuclear Fuel Supply and Services Framework Agreement."

For most of our nuclear power stations, CGN Uranium has entered into a contract with CNEIC for a term of ten years on our behalf to procure uranium conversion, enrichment and transport services. Under the contract terms, we are 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 us with enriched uranium and relevant transport and storage services. During the Track Record Period, the price of the related services that we procured under these contracts remained stable. As our nuclear power stations generally refuel once every 12 to 18 months, we take delivery from CNEIC of enriched uranium once or twice each month on average. For Daya Bay Nuclear Power Station and Ling'ao Nuclear Power Station, we have a long-term contract for uranium conversion and enrichment services directly with CNEIC. The contract will expire in December 2015. Upon the expiration of this contract, CGN Uranium will enter into long-term contracts on our behalf with CNEIC for these two nuclear power stations. For details of our inventory control measures and provisioning policy, please refer to "Financial Information – Liquidity and Capital Resources – Net Current Liabilities – Inventories."

In addition, CGN Uranium has entered into, on our behalf, a long-term contract with a term of ten years with CNNC Jianzhong for fuel assembly processing and transport services. Under this contract, we are 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 our 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 our fuel suppliers and us, our nuclear fuel cost was not significantly affected by price fluctuations in the spot market, nor did our nuclear fuel cost experience any significant changes, during the Track Record Period. 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 our supply contracts with our fuel suppliers, which will in turn affect our cost and results of operations.

During the Track Record Period, the prices of nuclear fuel we purchased remained stable, and we did not experience any shortage or delay in fuel supply or related services. We believe that we can continue to obtain nuclear fuel at stable prices in the foreseeable future. For more information on our principal suppliers of nuclear fuel, please refer to "– Major Customers and Suppliers – Major Suppliers."

SASTIND maintains a policy under which, regardless of the geographic origin of the natural uranium in fuel assemblies, nuclear power producers in the PRC are encouraged to purchase conversion and enrichment services and fuel assemblies manufacturing services from Chinese domestic service providers and, in principle, SASTIND does not approve purchases of such services or fuel assemblies from outside China. The procurement of nuclear fuel assemblies used in our operating nuclear power stations, most of which are purchased by CGN Uranium through domestic channels, is largely in line with this policy. However, (i) a portion of the enriched uranium or enrichment services of Daya Bay Nuclear Power Station (the first to commence commercial operations among our generating units) and (ii) the fuel assemblies of Taishan Nuclear Power Station (which has not yet commenced commercial operations) are exceptions to this practice (our first nuclear power station to commence operations). Taishan Nuclear Power Station purchases a specified amount of its fuel assemblies directly from overseas, as discussed in greater detail below. The Daya Bay Station purchases a portion of its enriched uranium or enrichment services from overseas. The above-described exceptions to SASTIND's general principle have been approved by the relevant governmental authorities.

Except for the above arrangements of Daya Bay Nuclear Power Station and Taishan Nuclear Power Station, we plan to continue to engage CGN Uranium to procure nuclear fuel on our behalf in a centralized manner.

Daya Bay Nuclear Power Station's Overseas Procurement of Nuclear Fuel and Related Services

During the Track Record Period, in addition to entrusting CGN Uranium with nuclear fuel procurement, Daya Bay Nuclear Power Station also procured enriched uranium from CNEIC (the relevant contract will expire in 2015) and nuclear fuel from overseas. Under the Overseas Procurement (from Urenco) Management Agreement in Relation to the Daya Bay Nuclear Power Station Enriched Uranium Supply Contract (大亞灣核電站濃縮鈾供應合同國外採購(Urenco)合同管理協議書), entered into between GNPJVC and CNEIC on July 8, 2009, GNPJVC entrusted CNEIC to procure enriched uranium from overseas markets, and CNEIC entered into an enriched uranium and separative work units supply contract with Urenco on June 12, 2009 for the supply of enriched uranium or enrichment services to Daya Bay Nuclear Power Station from 2009 to 2022.

Taishan Nuclear Power Station's Procurement of Nuclear Fuel and Related Services

Under the Natural Uranium Supply, Enrichment and Processing Services Agreement entered into by Taishan Nuclear and Areva in November 2007, Taishan Nuclear will purchase the fuel assemblies required for its first loading of fuel and for the 14 subsequent refuelings directly from abroad. Under the agreement, Areva will also provide related services, including procurement of natural uranium required for fuel assemblies, uranium conversion and enrichment services, fuel assemblies processing, various aspects of procurement management and related ancillary services (including transportation) related to assemblies and equipment manufacturing. The agreement requires that the parties determine the delivery schedule in writing 22 months before the scheduled unloading date of the first loading. It also requires that Taishan Nuclear send a written notice to Areva specifying its estimates of specific quantity and specifications of various types of assemblies required in refueling 18 months before the scheduled unloading date of each refueling. According to the agreement, Taishan Nuclear will pay Areva in phases the price for the natural uranium and related services. On April 5, 2012, Taishan Nuclear and CGN Uranium signed a Nuclear Fuel Project Services Agreement. Under this agreement, CGN Uranium agreed to provide services with respect to importation of fuel assemblies, supervision of fuel assemblies, manufacturing and shipping of the fuel assemblies inside the PRC.

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. We derive substantially all of our revenue from selling electricity generated by our nuclear power stations to grid companies and a Hong Kong electric power company. Our electricity sales are conducted according to the power purchase agreements and related grid connection agreements and/or grid connection and dispatch agreements that we have entered into with grid companies.

The following table sets forth the on-grid tariffs for the electricity sales of nuclear power generating units in which we have equity interests:

		Tariff(1)			
		Year Ended December 31,			Six Months Ended June 30,
Nuclear Power Generating Units	Customer	2011	2012	2013	2014
		(RMB/kWh)			
Consolidated Subsidiaries' Units					
Daya Bay Unit 1	Guangdong Power Grid Corporation	0.42	0.42	0.42	0.42
Daya Bay Unit 2	Guangdong Power Grid Corporation	0.42	0.42	0.42	0.42
Ling'ao Unit 1	Guangdong Power Grid Corporation	0.429	0.429	0.429	0.429
Ling'ao Unit 2	Guangdong Power Grid Corporation	0.429	0.429	0.429	0.429
Lingdong Unit 1	Guangdong Power Grid Corporation	0.43	0.43	0.43	0.43
Lingdong Unit 2	Guangdong Power Grid Corporation	0.43	0.43	0.43	0.43
Yangjiang Unit 1	Guangdong Power Grid Corporation	–	–	–	0.43
Ningde Nuclear's Units					
Ningde Unit 1(2)	State Grid Fujian Electric Power Co., Ltd.	–	–	0.43	0.43
Ningde Unit 2(2)	State Grid Fujian Electric Power Co., Ltd.	–	–	–	0.43
Hongyanhe Nuclear's Units					
Hongyanhe Unit 1(2)	State Grid Liaoning Electric Power Co., Ltd.	–	–	0.4142	0.4142
Hongyanhe Unit 2(2)	State Grid Liaoning Electric Power Co., Ltd.	–	–	–	0.4142

(1) Includes VAT.

(2) It is not owned by our subsidiaries. Thus, its revenue is not accounted for as our revenue. Please refer to "Financial Information – Major Factors Affecting Our Results of Operations – Equity Investment."

Contracts for the Purchase and Sale of Electricity and Grid Connection Arrangements

Contracts Entered into with Grid Companies in China

Our Ling'ao Nuclear Power Station, Lingdong Nuclear Power Station and Yangjiang Nuclear Power Station sell all electricity they generate to Guangdong Power Grid Corporation. Hongyanhe Nuclear Power Station and Ningde Nuclear Power Station sell all electricity they generate to their respective provincial grid companies. Daya Bay Station sells a portion of electricity it generates to Hong Kong as described in greater details below.

With the exception of the Daya Bay Station, the electricity sales of the nuclear power stations we operate and manage are subject to the terms of the related power purchase agreements and grid connection agreements. Under these agreements:

- The quantity of electricity sold is generally determined on the basis of the targets set by provincial-level government authorities, as adjusted in accordance with the actual operational situation and demand of the relevant power grids;
- The on-grid tariffs are fixed by government pricing authorities, as adjusted in accordance with policy changes implemented by such authorities or local pricing conditions;
- Payments for on-grid electricity are settled on a monthly basis: 50% of the amount due for the current period is paid within five business days of confirmation by both parties, and the remaining 50% is paid off within 15 days of confirmation by both parties;
- If a party fails to perform its obligations it will be liable for breach of contract, and the other party has the right to seek damages for the party in breach for losses and damages arising from such breach; and
- The electricity sale agreements for Ling'ao Nuclear and Lingdong Nuclear have remaining terms of approximately six months and 18 months, respectively and can be renewed annually upon expiry. The electricity sale agreements for Yangjiang Nuclear, Ningde Nuclear and Hongyanhe Nuclear have remaining terms of 18 months, two years and ten years, respectively. These electricity sale agreements can be renewed with both parties' consent.

Daya Bay Nuclear Power Station Contract

GNIC and HKNIC entered into the Joint Venture Contract on January 18, 1985 and established GNPJVC, pursuant to which Daya Bay Nuclear Power Station (wholly owned by GNPJVC) has agreed to supply to HKNIC and GNIC the electricity it generates in the ratio of 70% and 30%, respectively. The contract was signed with the support of both the PRC government and the Hong Kong Government, for the supply of economical and reliable electricity to Guangdong Province (through the sale with GNIC) and Hong Kong (through the sale with HKNIC). The initial term of this contract expired on May 6, 2014. The term has been extended to May 6, 2034 following the agreement among the contracting parties, and the approval granted by relevant government authorities.

On December 31, 2013, an agreement was reached among GNPJVC, GNIC and HKNIC to sell to HKNIC approximately additional 10% of the annual electricity sent out by Daya Bay Nuclear Power Station from the fourth quarter of 2014 (only approximately an additional 1% in 2014) to 2018.

The price of electricity sold to HKNIC is based on the number of units sold pursuant to the contract multiplied by an arm's length tariff negotiated between the parties. The tariff is determined after taking into account the generating capability of the power station, available market information and the relevant cost. The price at which GNIC sells electricity to the Guangdong Grid is based on the price approved by the relevant authorities, which is based on the benchmark tariff for nuclear power.

The quantity of the electricity supplied to HKNIC for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 was approximately 10,736 GWh, 10,676 GWh, 9,970 GWh and 5,100 GWh, respectively.

On-Grid Tariffs

The on-grid tariffs of our nuclear power stations are approved or fixed by the relevant pricing authorities in the PRC based on various factors. As such, our business depends on the PRC pricing policy for nuclear power. Please refer to "Regulatory Environment" for details of the PRC pricing policy for nuclear power that applies to our business.

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 June 15, 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 January 1, 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 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. For on-grid tariffs of the nuclear power stations in which we have equity interests, please refer to "– Sales and Distribution" above.

Research and Development

We have two independent research and development institutions, namely CNPRI and Suzhou Nuclear Power Research Institute, which include four national research and development centers, namely the National Energy NPP Nuclear Classified Equipment R&D (Experiment) Center, the National Energy Advanced Nuclear Fuel Component R&D (Experiment) Center, the National Energy NPP Life Evaluation and Management R&D Center and the National Energy NP Engineering Construction Technology R&D Center, and we also own the CGN Comprehensive Thermal Hydraulics and Safety Experimental Center. CNPRI is a national-level technology center that aims to further self-reliant nuclear power technology development and build a high-level, national research institute that integrates basic technology research, applied technology research and technical support services related to nuclear power. Suzhou Nuclear Power Research Institute also aims to promote innovation of nuclear power operation technology and solve problems related to the application of nuclear power. As of June 30, 2014, we had over 1,600 R&D staff, most of whom held at least a bachelor's degree and mainly work on the formulation of and research on a standard system for management of the life span of nuclear power stations, performance improvements of operating power stations and research on advanced reactor types.

In September 1986, we imported the second generation M310 technology from Framatome S.A., a multinational manufacturer specialized in nuclear power generation equipment, through an agreement to acquire a nuclear island which adopted the M310 technology, and its related systems, construction design and services, for our Daya Bay Nuclear Power Station. Based on the M310 technology, we and the CGN Group researched and implemented a series of technical improvements, and created the upgraded second-generation CPR1000 technology and ACPR1000 technology (which has the main safety features of third-generation nuclear power technology.) The two nuclear power generating units at Taishan Nuclear adopt the third-generation EPR technology, which was acquired from Areva pursuant to the nuclear island technology transfer contracts between the CGN Group and Areva. We have focused our efforts on solutions to the key technical problems that occur in the course of nuclear power operations, including probability safety assessment technology, comprehensive guidelines on management of serious nuclear power accidents, long-cycle refueling technology, capacity enhancement technology, and an advanced nuclear fuel transportation and storage system. We strive to continuously improve the safety, reliability and cost efficiency of operating generating units through research and development of key technologies. We actively participate in the research and development of new reactor types, and participate in the R&D of Hualong I, a third-generation nuclear power technology jointly developed by the CGN Group (including us) and CNNC, and are focusing on the research and design of small modular reactors. To keep up with our high safety standards, Hualong I is designed to incorporate additional safety measures in response to the Fukushima accident and to introduce preventive technology and procedures to avoid and mitigate severe accidents. Pursuant to the framework cooperation agreement between the CGN Group and CNNC, Hualong I has been developed with proprietary intellectual property rights and the CGN Group (including us) is free to use Hualong I in future construction projects. We have successfully developed a number of technical innovations, including a complete gigawatt-level model nuclear power generating unit; specialized robots for operating nuclear reactors; a nuclear power station fuel transportation and storage system; a system for reducing nuclear waste; and emergency diesel generating units.

Our research and development expenses mainly include employee compensation, technical support, depreciation of property, plant and equipment and office expenses related to our R&D projects. Research and development expenses are capitalized when the relevant research and development projects enter the development stage after the research stage.

Nuclear Safety

Nuclear safety is a critical part of the nuclear industry. Nuclear power stations face special safety challenges because while generating electricity, nuclear power stations also produce radioactive by-products, which carry with them risks including personal injuries, property damages and environmental contamination. We believe our nuclear safety policy comprises a myriad of measures to protect personnel, environment and society from possible radioactive hazards throughout the life cycle of a nuclear power generating unit. We uphold "Safety First" as our guiding principle for all of our decisions and actions, with no room for compromise of this principle due to production schedules or economic considerations. In the operation and management of our nuclear power stations, we always endeavor to strictly abide by all applicable PRC laws, regulations, guidelines and standards, and strive to fulfill our commitments to ensuring safe and reliable operation of our nuclear power stations.

Our Nuclear Safety Management Systems

In order to strengthen nuclear safety and learn from cutting-edge international experiences and combine them with our own practical experience, we created comprehensive nuclear safety management systems, including:

- *Nuclear Safety Requirements.* Our 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 we apply nuclear safety requirements to each of our operating activities. There are specific safety requirements with respect to each of our 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. We have 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 our operating activities. We track and monitor environmental radioactivity data collected by our monitoring stations from the surrounding areas of our nuclear power stations to identify areas which might need improvement and to continuously improve our nuclear safety standards. We regularly review the standards for nuclear safety requirements to identify possible changes in nuclear safety requirements with a view to enhancing our nuclear safety level on a continuous basis.

- *Safety Oversight System.* We have established a comprehensive safety oversight system to ensure strict implementation of the above nuclear safety requirements:

  - At our corporate headquarters, we have a nuclear safety supervision and assessment department which has nine dedicated employees each of whom has, on average, over ten years of related experience. This department oversees and assesses the safety of all of the nuclear power stations that we operate and manage;

  - We have an Independent Nuclear Safety Supervision and Evaluation Center, which has 11 dedicated employees each of whom has, on average, over ten years of related experience. This center reports directly to our President and is separate from and not subject to the control of our operational teams. This center evaluates the safety performance of the nuclear power stations that we operate and manage;

  - In addition, we work with each of the nuclear power stations that we operate and manage to formulate and implement various plans for safety improvements; and

  - We also have established systems at each of our nuclear power stations to ensure nuclear safety, quality control and occupational safety. These systems are derived from the developed systems put in place at the Daya Bay base area.

- *Emergency Preparedness System.* We have implemented emergency preparedness systems in all of our nuclear power stations to ensure rapid response to accidents. This emergency preparedness system focuses primarily on nuclear safety. It ensures that we always have personnel on-call who are able to respond to emergencies and ensure that response systems are implemented as promptly as possible. We make efforts to ensure that our personnel responsible for emergency response are adequately trained. Among other mechanisms for ensuring emergency preparedness, we conduct a variety of emergency response exercises. We strive 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.* We initiate various efforts aimed at ensuring that the importance of safety is strongly enshrined in our culture. For instance, our senior management provides trainings related to safety culture in person, and periodically conducts on-site inspections. Moreover, our President chairs the Safety and Quality Assurance Committee which meets quarterly.

Our Nuclear Safety Performance Systems

We have formulated rigorous safety performance systems to ensure the strict implementation and the effectiveness of all the above safety measures:

(i) We require each of our employees to sign a letter of commitment regarding safety performance;

(ii) We have 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) We record and report 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.

Regulatory and Other Supervision

Governmental Inspections

We strive to maintain continuous and transparent communications with the relevant regulatory authorities. NNSA conducts regular and targeted inspection and supervision every year on the nuclear safety management of all nuclear power generating units that we operate and manage.

The regular inspections include:

- inspections by the NNSA, focusing on various major aspects of the operation of nuclear power stations, including nuclear safety;

- inspections by the regional inspection stations of the NNSA, such as the South China inspection station, focusing on various major aspects of the operation of nuclear power stations, including nuclear safety; and

- inspections by the NNSA representatives stationed at the site of each of the nuclear power stations that we operate and manage. The NNSA representatives supervise various aspects of the stations' operations and activities on 24/7 basis. If any breaches of nuclear safety requirements are identified, the NNSA representatives will notify us and ensure that such breaches are rectified by us.

In addition to the regular inspections above, NNSA conducts targeted inspections from time to time focusing on specific areas of the operations of nuclear power generating units, such as pre-startup inspection and inspection prior to outage repair sessions.

After each inspection, NNSA or the regional inspection station of the NNSA issues an inspection report, which identifies certain areas that need to be improved and may include potential safety related improvement suggestions. We formulate specific improvement plans to address each area for improvement identified during such inspection within a specified period, and conduct ongoing self-evaluation to ensure the issues identified will be improved in a timely manner. During the Track Record Period and up to the Latest Practicable Date, all of our nuclear power generating units had been well operated and we had not been notified by NNSA of any material adverse findings in connection with our nuclear safety management.

In addition, we report to NNSA both on a regular basis and at various stages of the operation of the nuclear power stations that we operate and manage. We make reports on all incidents, including any nuclear safety incidents, in strict compliance with the "Reporting System for the Enterprises Operating Nuclear Power Stations" (核電廠營運單位報告制度) issued by NNSA. Please refer to "Regulatory Environment – Laws and Regulations Relating to the PRC Nuclear Power Industry – Operation of Nuclear Power Stations."

The following table sets forth details of the most recent NNSA inspection conducted on each of the nuclear power stations we operate and manage:

	Date of inspection	**Scope of inspection**	**Result of inspection**
Daya Bay Nuclear Power Station	November 2013	Regular inspection before outage repair session	No material adverse findings
Ling'ao Nuclear Power Station	June 2014	Regular inspection before outage repair session	No material adverse findings
Lingdong Nuclear Power Station	April 2014	Regular inspection before outage repair session	No material adverse findings
Yangjiang Nuclear Power Station	May 2014	Regular nuclear safety inspection	No material adverse findings
Ningde Nuclear Power Station	October 2014	Regular nuclear safety inspection	No material adverse findings
Hongyanhe Nuclear Power Station	October 2014	Regular and follow-up inspection	No material adverse findings

Third-Party Inspections

In addition to governmental inspections, we are subject to scrutiny by third-party supervision and evaluation, including peer reviews organized by independent international nuclear organizations (such as WANO and IAEA) and conducted by international nuclear expert teams, through which we learn and share global best practice on safe and reliable nuclear power station operation and improve our operational performance. All of our nuclear power stations participate in various peer reviews conducted by WANO, an independent international, non-profit group of nuclear power plant operators. Each of the following peer reviews follows specific WANO performance objectives and criteria in an effort to identify any safety and operational deficiencies: (i) pre-startup peer review, which is conducted on all new nuclear power generating units before initial criticality with respect to various aspects of the daily operation of nuclear power stations including safety management, (ii) corporate peer review, which is a comprehensive review covering all major aspects of the operations of nuclear power stations, including but not limited to operations, maintenance, engineering, radiation and fire protection, administration, emergency response and related trainings, and (iii) follow-up peer review, which is typically conducted two years after the pre-startup peer review and corporate peer review to evaluate the implementation of the areas for improvement identified during pre-startup and corporate peer reviews. For the past three years, WANO conducted a total of ten peer reviews on the nuclear power stations we operate and manage. We also invite IAEA, an independent international organization focusing on the civil use of nuclear energy, to provide pre-operational safety review during the construction and commissioning phase of our nuclear power stations to ensure effective preparations for commissioning and operations. Each peer review identifies specific areas for improvements with respect to the daily operation of our nuclear power stations based on industry best practices rather than minimum safety standards or requirements. We formulate specific improvement plans to address each area for improvement identified during peer review within a specified period, and conduct ongoing self-evaluation to ensure the issues identified will be rectified in a timely manner. During the Track Record Period and up to the Latest Practicable Date, there were no material adverse findings in connection with our nuclear safety management during these inspections.

The following table sets forth details of the most recent inspection by WANO conducted on each of the nuclear power stations we operate and manage:

	Date of inspection	Scope of inspection	Result of inspection
Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station	March 2012	Operation, maintenance, engineering, radiation, fire protection, emergency response and related trainings	The nuclear power generating units are well operated, equipment has been well maintained and the technical capability of management and staff is at satisfactory level
Yangjiang Nuclear Power Station	May 2014	Follow-up peer review to assess the progress made in the areas for improvement identified during the 2013 WANO pre-startup peer review; Pre-startup peer review on various aspects of operations	The nuclear power generating units are well operated, equipment has been well maintained and the technical capability of management and staff is at satisfactory level
Ningde Nuclear Power Station	October 2014 (ongoing)	Pre-startup peer review on various aspects of operations	N/A
Hongyanhe Nuclear Power Station	April 2014	Pre-startup peer review on various aspects of operations	The nuclear power generating units are well operated, equipment has been well maintained and the technical capability of management and staff is at satisfactory level

In addition, we provide the public with regular and timely updates on the safety of our nuclear power stations and maintain regular communication and active disclosure. For further details on our highly transparent system for public reporting of nuclear events, please refer to "– Our Social Responsibility and Public Relations."

Effectiveness of our Nuclear Safety System

We have been able to ensure safe and reliable operation as a result of the foregoing measures. Since the commencement of our business operation, we have not experienced any nuclear incidents at or above level 2 at any of the nuclear power generating units. We recorded an aggregate of 20 level 1 LOE incidents before the Track Record Period at our Daya Bay Nuclear Power Station and Ling'ao Nuclear Power Station primarily as a result of machine malfunctions, whereas none of our nuclear power generating units experienced any nuclear incidents at or above level 1 during the Track Record Period. The following chart sets forth the LOE incidents (all of which were level 0 incidents) occurred at the nuclear power stations that we operated and managed during the Track Record Period. These statistics include incidents at nuclear power generating units both before and after their respective commencement of operation.

	LOE Incidents (All Level 0 Incidents) for			
	Year Ended December 31,			Six Months Ended June 30,
Base Area or Nuclear Power Station	**2011**	**2012**	**2013**	**2014**
Daya Bay base area*	10	6	1	1
Yangjiang Nuclear Power Station	N/A	N/A	1	6
Ningde Nuclear Power Station	N/A	5	10	9
Hongyanhe Nuclear Power Station	N/A	3	12	3

* *Including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station.*

From 1999 to June 30, 2014, our nuclear power generating units at Daya Bay Nuclear Power Station and Ling'ao Nuclear Power Station received a total of 31 first prizes in various categories of the EDF safety challenge contest among more than 60 similar nuclear power generating units in countries such as France, China, Germany and South Africa.

In addition, as of June 30, 2014, unit 1 at Daya Bay Nuclear Power Station recorded 4,203 consecutive days of safe operations without unplanned reactor shutdowns, the longest period among nuclear power generating units in the PRC.

During the Track Record Period and up to the Latest Practicable Date, none of our nuclear power generating units had experienced any nuclear safety incidents that caused suspension of operation.

Implementation of Safety Improvements by CGNPC after Fukushima Accident

The PRC government has taken a series of counter-measures in the wake of the Fukushima accident. Please refer to "Industry Overview – Nuclear Safety – PRC Government Countermeasures in the Wake of the Fukushima accident" in this Prospectus.

Following international practice, the CGN Group (including us) has made substantial safety improvements for the nuclear power stations it operates and manages. The CGN Group (including us) has identified 92 items for improvement, and is scheduled to complete specific items at the end of 2011, 2013 and 2015 in accordance with the timetable set forth in the "12th Five-year Plan Program for Nuclear Safety and Radioactivity Pollution Prevention and Long Term Goals for 2020." As of December 31, 2013, the CGN Group (including us) had initiated 50 improvement projects (22 of which had been completed) on nuclear power stations in operation and 28 improvement projects on its CPR1000 nuclear power station under construction (14 of which had been completed). In addition, it has completed six of the 14 improvement projects in Taishan Nuclear Power Station. All of the remaining safety improvement projects are expected to be completed on schedule by the end of 2015 in accordance with the timetable set forth in the "12^{th} Five-year Plan Program for Nuclear Safety and Radioactivity Pollution Prevention and Long Term Goals for 2020." We plan to report to the NNSA upon the completion of these improvement actions, and it is likely that the NNSA may conduct review or inspection of these improvement actions upon their completion. However, we have not notified the expected time of such review or inspection.

To comply with NNSA requirements and with reference to the latest *Significant Operating Experience Report* of WANO, we have made the following improvements for the nuclear power stations in operation and under construction that we operate and manage:

- Improving the ability to withstand natural disasters: the actual anti-seismic capability is substantially better than the designed benchmark level, creating a high safety margin. The peak flooding level caused by extreme weather is taken into account in order to prevent extreme flooding disasters.

- Enhancing power supply safeguards: mobile diesel generators have been installed to maintain the power supply in the event of a blackout.

- Enhancing the security of cooling sources: mobile diesel engine feedwater pumps have been installed to ensure the security of the reactor core in the case of accident.

- Ensuring containment integrity: passive hydrogen recombiners have been installed to bolster the nuclear power station's ability to contain accidents, by enhancing hydrogen elimination and controlling hydrogen density upon power loss.

- Improving the cooling of the spent fuel pool: additional feedwater interfaces to the spent fuel pool have been installed, improving the water-level monitoring instrumentation and adding a passive emergency high-level cooling water source supply system.

- Improving emergency and environmental monitoring systems: the emergency response center has been built with emergency communication systems and emergency drills.

In September 2013, the NNSA conducted comprehensive nationwide inspections of the improvement actions completed after the Fukushima accident, including the improvement actions of all of our nuclear power generating units at all of our nuclear power stations in operation and under construction, and found the improvement actions of all nuclear power stations were in compliance with the "General Technical Requirements for Improvement Actions of Nuclear Power Stations after the Fukushima Accident."

Treatment of Radioactive Waste

Some of the waste produced by nuclear power stations is radioactive, and therefore requires special procedures to ensure proper management and safe disposal, so as to protect the public and environment.

Our nuclear power stations' radioactive waste can be divided into gaseous, liquid and solid radioactive waste. Moreover, it can be divided into low-, medium- and high-level radioactive waste.Radioactive waste produced from power generation is primarily composed of spent fuel and low- and medium-level radioactive waste. The level of our discharges of gaseous and liquid radioactive waste has consistently been far below maximum levels permissible in the PRC. During the past five years, reviews of our management of radioactive waste had been conducted generally on a monthly basis by the relevant local environmental inspection authorities where our nuclear power stations are located, such as the Environmental Radiation Inspection Center of the Guangdong Province (廣東省環境輻射監測中心), including testing the level of discharged liquid and gas radioactive waste. There is no PRC or international standards on the maximum allowable level of the discharge of solid radioactive waste. After volume reduction and solidification, solid radioactive waste is stored for several years at our on-site facilities. The relevant local environmental inspection authorities inspect each batch of solid radioactive waste before it is transported to a third-party long-term storage area that complies with national regulations. For more information of our treatment of solid radioactive waste, please refer to "– Treatment of Low- and Medium-level Radioactive Waste." Our operations at the Daya Bay base area have given us the opportunity to gain substantial experience in managing the discharge of radioactive waste, and exemplified our approach.

The following tables set forth the amounts and percentages of the various types of radioactive waste discharged at the nuclear power stations indicated for the periods indicated as a percentage of the national standards:

Daya Bay Base Area (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)(1)

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	0.09%	0.14%	0.38%(2)	0.23%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	0.51%	0.45%	0.49%(3)	0.19%
Solid radioactive waste (cubic meters)	278.4	295.6	355.2(4)	189.2

(1) The relevant national standards for discharged radioactive wastes are formulated with respect to the three nuclear power stations located at our Daya Bay Base Area as a whole.

(2) This percentage rose as a result of a reduction in the maximum limits permitted in the PRC from 4.20E11Bq to 1.30E11Bq.

(3) This percentage rose as a result of a reduction in the maximum limits permitted in the PRC from 9.70E14Bq to 7.00E14Bq.

(4) The production of solid waste increased because, after the second nuclear power generating unit at Lingdong Nuclear Power Station commenced operations, the amount of solid waste being produced gradually began to increase and approach levels consistent with the normal operations of all six nuclear power generating units at the Day Bay base area.

Yangjiang Nuclear Power Station

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	N/A	N/A	0.21%	0.05%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	N/A	N/A	0.17%	0.07%
Solid radioactive waste (cubic meters)	N/A	N/A	0	0

Ningde Nuclear Power Station

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	N/A	0.02%	0.14%(1)	0.35%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	N/A	0.04%	0.27%(2)	0.42%
Solid radioactive waste (cubic meters)	N/A	0	38.0	93.0

(1) This percentage rose as a result of a reduction in the maximum limits permitted in the PRC from 4.20E11Bq to 1.30E11Bq.

(2) This percentage rose as a result of a reduction in the maximum limits permitted in the PRC from 9.70E14Bq to 7.00E14Bq.

Hongyanhe Nuclear Power Station

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards . .	N/A	0.06%	0.85%[(1)]	0.31%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	N/A	0.13%	1.68%[(2)]	0.16%
Solid radioactive waste (cubic meters) . . .	N/A	0	32.7	115.4

(1) This percentage rose as a result of a reduction in the maximum limits permitted in the PRC from 4.20E11Bq to 1.30E11Bq.

(2) This percentage rose as a result of a reduction in the maximum limits permitted in the PRC from 9.70E14Bq to 7.00E14Bq.

Our nuclear power stations' radioactive waste management strictly complies with the Law of the People's Republic of China on Prevention and Control of Radioactive Pollution (中華人民共和國放射性污染防治法), and regulations issued by the NNSA, including the Safety Requirements for Nuclear Power Station Operation (核電廠運行安全規定), and the Regulations on the Safety Management of Radioactive Wastes of Nuclear Power Station (核電廠放射性廢物管理安全規定). Our guiding principles for nuclear waste management are "waste minimization" and "optimization of radiation protection." We strive to minimize the amount of waste generated, and to ensure that the radiation exposure of our staff and the public is below the levels permitted by Chinese regulations and is as limited as reasonably achievable. We follow rigorous safety performance standards in every aspect of our treatment of radioactive waste (including collection, purification and concentration, volume reduction and solidification, packaging, transportation, temporary storage on-site, centralized disposal, etc.). For details of the relevant laws, please refer to "Regulatory Environment – Laws and Regulations relating to the PRC Nuclear Power Industry – Operation of Nuclear Power Stations" and "Regulatory Environment – Laws and Regulations relating to the PRC Nuclear Power Industry – Control of Nuclear Fuel and Radioactive Waste."

During the Track Record Period, the amounts of all of radioactive substances discharged by all of our nuclear power stations were consistently below the applicable PRC limits. To take the Daya Bay base area, which includes our longest-operating stations, as an example: in each year since their commencement of commercial operations, each of the nuclear power stations at the base discharged less radioactive gas, liquid and solid wastes than the allowable design criteria, each as measured on an annual basis. According to the long-term tracking and monitoring data of several monitoring stations within a radius of 20 km of the Daya Bay base area, the surrounding area's environmental radioactivity has not changed from that before the nuclear power stations began operations.

Treatment of Spent Fuel

"Spent fuel" means nuclear fuel that has undergone nuclear fission in a reactor, and has been depleted to the level at which the design of the nuclear power station provides for its removal from the reactor. Spent fuel is sent to a treatment plant for treatment. Nuclear power stations temporarily store spent fuel, after it has been removed from the reactor, in an on-site spent fuel pool located at the nuclear islands of our nuclear power stations for power plant cooling, typically for approximately eight to ten years, which allows the radioactivity to decay naturally. The spent fuel pool area is a key area of our nuclear power stations with high-level security, and the water level, temperature, radiation and various other parameters of the spent fuel pool is closely monitored on a real time basis. The spent fuel is then transported in special containers to a third-party spent fuel reprocessing plant that meets with national requirements for storage and recycling, upon which point we believe that the spent fuel reprocessing plant becomes liable for the safety of the spent fuel.

In accordance with the requirements of the Interim Measures on Spent Fuel issued by the MOFCOM, the NDRC and the MIIT, the nuclear power stations that we operate and manage make provisions for and contribute to a government-maintained spent fuel disposal fund at a rate of RMB0.026 per kWh of electricity sold. For details of the spent fuel provision and related risks, please refer to "Financial Information – Significant Accounting Policies and Estimates – Provisions" and "Risk Factors – Risks Relating to Our Business and Industry – The provisions we make for radioactive waste disposal may be inadequate."

Treatment of Low- and Medium-level Radioactive Waste

During normal operations, our nuclear power stations produce low- and medium-level radioactive waste. Our nuclear power stations' radioactive waste can be divided into gaseous, liquid and solid radioactive waste. Nuclear power stations' reactors produce gas as a by-product of fission during normal operations and at expected intervals. This gas and other radioactive materials mix and form radioactive waste gas. Radioactive waste gas generally has a low level of radioactivity, and after passing through a nuclear power station's waste gas purification treatment system and having met the relevant requirements, can be directly discharged. We remain liable for the safety of radioactive waste gas until it is purified and discharged.

A nuclear power station's radioactive waste, when mixed with water, forms radioactive waste liquid. Low-level radioactive waste liquid generated by nuclear power stations is usually collected, inspected and then discharged. High-level radioactive waste liquid is first processed at the power station and, after meeting the relevant requirements, is discharged. We remain liable for the safety of radioactive liquid until it is processed and discharged.

After the treatment of radioactive gas and liquid, most radionuclides are concentrated in a small volume of "secondary waste." Meanwhile, normal operation and maintenance activities of nuclear power stations also generate solid waste which contains radionuclides or is contaminated by radionuclides. This solid radioactive waste is classified and collected according to the location in which it was generated and, after volume reduction and solidification, it is transformed into a durable and stable solid. After being placed in a shielding container, the solid is sent to waste storage facility on-site to be stored for several years, and then transported to a third-party long-term storage area that complies with national regulations, upon which point the provider of the third-party storage facility becomes liable for the safety of the solid radioactive waste.

We have made provisions for radioactive waste treatment and storage. For more information on the treatment and storage of radioactive waste and related risks, please refer to "Financial Information – Significant Accounting Policies and Estimates – Provisions" and "Risk Factors – Risks Relating to Our Business and Industry – The provisions we make for radioactive waste disposal may be inadequate."

Risk Management

We have established comprehensive risk management and internal control systems through which we monitor, evaluate and manage risks related to nuclear safety, financial matters, electricity sales, market development, capital management, human capital and other matters that we are exposed to in our business activities. Our risk management systems are primarily composed of our President, our Risk Management Department and our Audit Department. The risk management system at our operating entity level consists of the Board of Directors of each company, the Risk Management Committee (in the case of some companies), the Audit Departments and a number of other departments or business units. We plan to review and refine our risk management system every year based on changes to our business. Our senior management oversees our risk management systems and evaluates the results of our annual risk assessment. Our risk assessment is conducted by a number of risk management departments within us and our subsidiaries. These departments conduct monthly evaluations and regular (generally every month) risk supervisory controls, and report to senior management about any material issues, as they are identified, in a timely manner. We have approximately 40 experienced team members in our risk management system, and the senior risk team members have substantial experience related to nuclear power station operations, construction, and oversight of our risk management and evaluation. Our risk management personnel conduct trainings every year in order to enhance our overall risk management ability and knowledge.

Health and Safety Compliance

As of the Latest Practicable Date, we were in compliance with the applicable PRC laws and regulations on health and safety, including the "State Security Law of the People's Republic Of China" (中華人民共和國國家安全法), regulations issued by the former SERC including "Regulations on Electricity Regulation" (電力監管條例) and "Measures on the Supervision and Administration of Safe Production of Electric Power" (電力安全生產監督管理辦法) and implementation rules on safe production issued by various local governments. As of the Latest Practicable Date, we have not been subject to any fines or administrative actions due to non-compliance with any relevant regulations, nor have we been required to take any specific compliance measures. We did not experience any material incidents at any of our nuclear power stations during the Track Record Period.

We have taken steps to ensure that occupational safety at the facilities we operate and manage meets high standards. The average individual exposure of our employees is far below the national regulatory limit of 20 mSv per year per capita. The following chart sets forth information on the highest individual radiation exposure at the nuclear power stations we operated and managed during the Track Record Period:

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
Nuclear Power Station/Units	(mSv)			
Daya Bay Nuclear Power Station	8.43	8.12	13.35*	1.38
Ling'ao Nuclear Power Station	8.33	6.06	13.70*	7.73
Lingdong Nuclear Power Station	5.67	6.59	5.66	3.39
Unit 1 at Yangjiang Nuclear Power Station	–	–	–	1.02
Units 1 and 2 at Hongyanhe Nuclear Power Station	–	–	1.11	7.49*
Units 1 and 2 at Ningde Nuclear Power Station	–	–	1.27	5.94*

* *The relatively higher individual radiation exposure was primarily due to the fact that these stations scheduled longer outage repair sessions during the relevant periods.*

OUR SOCIAL RESPONSIBILITY AND PUBLIC RELATIONS

We adhere to the principles of "creating a sustainable development chain, serving the public and giving back to society," and proactively fulfill our social responsibility. While focusing on enterprise growth, we also strive to promote the healthy development of society and community and become a leading corporate citizen with a high degree of social responsibility and leadership.

Our nuclear power enterprises have consistently strived to maintain a transparent public communication mechanism and welcomed society's supervision. We provide the public with regular and timely updates on the safety of our nuclear power stations and maintain regular communication and active disclosure. According to the CGN Social Responsibility Report published in 2013, we organized over 150 site visits, discussion forums and other events designed to allow the public and the media to better understand the nature of nuclear power and the operations of our nuclear power stations. Tens of thousands of people participated in these events. In order to promote nuclear science awareness and improve the public's scientific literacy, we take part in exhibitions, publish science brochures and prepare science educational materials. We have also built eight exhibition centers, which receive over 200,000 visits each year, near the nuclear power stations that we operate and manage in order to improve public knowledge about nuclear power. We have partnered with a popular science website to establish a forum to promote nuclear power-related knowledge and awareness that receives over one million visits per year.

We also make use of new media to strengthen communication with the public through various channels and respond to public concerns. The nuclear power stations that we operate and manage made regular disclosures of indicators related to matters including radiation safety, environmental impact and control of radioactive materials on our website, making disclosures in the areas of production, emergency response and management over one hundred times in 2013. Moreover, we use the popular Weibo and WeChat platforms, both of which are popular social networks in China, to attract visitors to our site and to promote discussions.

We make important contributions to environmental sustainability and protection. For example, Daya Bay base's six nuclear power generating units which we operate and manage, generated 44,156,636 MWh of net power generation in 2013. Compared to a coal-fired power station of equivalent size, this represented a reduction of approximately 14.42 million tons of standard coal consumption and approximately 34.9 million tons of carbon dioxide emissions. Generating such power with nuclear energy in place of coal created environmental benefits equivalent to the effect of planting an approximately 100,000 hectare forest.

For many years, we have supported public welfare projects and strived to give back to society. For example, in Guangdong Province (where the bulk of our nuclear power business is located) and in other areas in China, we contribute funds to help build infrastructure in certain communities. We make charitable donations, provide employment opportunities and employment training, and subsidize education in remote areas. In 2013, our charitable donations totaled nearly RMB19.5 million, including RMB10 million donated for the creation of a local cultural promotion fund, RMB5 million for disaster relief work and almost RMB4 million donated for poverty alleviation programs.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

During the Track Record Period, we derived substantially all of our revenue from selling electricity generated by our nuclear power stations in which we have controlling interests. We sell our electricity to local grid companies that are directly or indirectly controlled by the Chinese government except with respect to part of electricity generated by Daya Bay Nuclear Power Station. Approximately 70% of Daya Bay Nuclear Power Station's electricity is sold to the Hong Kong Grid. For details on the contracts related to the sale of electricity of the companies that we operate and manage and details on the recently-agreed increase in electricity sales to the Hong Kong Grid, please refer to "– Our Nuclear Power Business – Sales and Distribution – Contracts for the Purchase and Sale of Electricity and Grid Connection Arrangements."

For each of the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our total sales to the top five customers accounted for 95.8%, 95.3%, 95.8% and 96.7%, respectively, of our total revenue for the same periods, while the sales to our largest customer accounted for 67.4%, 70.2%, 70.5% and 73.0% of our total revenue for the same periods, respectively.

Except as disclosed herein, to the knowledge of our Directors, none of our Directors or Supervisors, their respective associates or any of our shareholders holding more than 5% of our issued capital, held any interest in any of the above five largest customers as of the Latest Practicable Date.

Guangdong Power Grid Corporation

For each of the periods in the Track Record Period, Guangdong Power Grid Corporation was our largest customer. Guangdong Power Grid Corporation, previously known as Guangdong Province Guangdian (Group) Corporation, Ltd., is a wholly owned subsidiary of China Southern Power Grid. Guangdong Power Grid Corporation operates and manages the Guangdong Grid, power dispatch control and operation and maintenance of the power grids. Guangdong Power Grid Corporation's electricity supply area covers all of Guangdong Province, and it supplies over 27 million distinct customers. The center of the Guangdong Grid is a 500 kV loop network in the Pearl River Delta region, and it radiates out throughout Guangdong Province. It also connects to the grids of Hong Kong and Macau.

Our relationship with Guangdong Power Grid Corporation started in 1994. We sell electricity generated by the Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station, Lingdong Nuclear Power Station and Yangjiang Nuclear Power Station through long term contracts with the Guangdong Power Grid Corporation. For further details of these electricity sales contracts, please refer to "– Our Nuclear Power Business – Sales and Distribution."

We believe that we have maintained, and will continue to maintain, a strong relationship with Guangdong Power Grid Corporation. Please refer to "Risk Factors – Risks Relating to Our Business and Industry– Local grid companies provide grid connection and dispatch service to us. We may experience limitations on the dispatch of electricity output due to grid congestion or other grid constraints." Guangdong Power Grid Corporation is not our connected person.

HKNIC

For each of the periods in the Track Record Period, HKNIC was our second largest customer. HKNIC, founded in 1983, is an investor in GNPJVC, which owns the Daya Bay Nuclear Power Station. HKNIC is a subsidiary of CLP Holdings Limited.

Our relationship with HKNIC started in the 1980s. We sell part of the electricity generated by Daya Bay Nuclear Power Station through long term contracts with HKNIC. For further details on these electricity sales contracts, please refer to "– Our Nuclear Power Business – Sales and Distribution." As the only nuclear power generator that supplies electricity to CLP Holdings Limited, we believe that we have maintained, and will continue to maintain, a strong relationship with HKNIC. Please refer to "Connected Transactions – Continuing Connected Transactions – 5. Electricity Supply Arrangement under the Joint Venture Contract." HKNIC is our connected person.

CGN Engineering

For each of the periods in the Track Record Period, CGN Engineering was our third largest customer. We provided technical support and maintenance services to CGN Engineering, including training, maintenance, technical studies and expert support services. In 2011, 2012, 2013 and the six months ended June 30, 2014, sales to CGN Engineering amounted to RMB209.5 million, RMB296.2 million, RMB396.1 million and RMB202.3 million, respectively, which represented 1.3%, 1.7%, 2.3% and 2.1% of our total revenue, respectively. CGN Engineering is our connected person. For information about the main businesses and background of CGN Engineering and its business relationship with us, please refer to "Relationship with Controlling Shareholder – Delineation of Business and Competition," "– Our Nuclear Power Business – Four Main Phases of the Nuclear Power Project Life Cycle – Construction Phase" and "Connected Transactions – Continuing Connected Transactions – 7. Technical Support and Maintenance Services Framework Agreement."

Other Customers

During the Track Record Period, our fourth and fifth largest customers were nuclear power operating companies that are subsidiaries of CGNPC which are not our subsidiaries, such as Fangchenggang Nuclear, Ningde Nuclear and Hongyanhe Nuclear. We provide them with various services such as training, technical support and IT services. For each of the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, the sales to our fourth and fifth largest customers individually accounted for less than 2.0% of our revenue.

Major Suppliers

Our major suppliers include nuclear fuel and related services suppliers, project construction service providers and technical services providers. For the years ended December 31, 2011, 2012 and

2013 and the six months ended June 30, 2014, our purchases from our five largest suppliers represented 41.6%, 44.4%, 42.7% and 43.9%, respectively, of our total sales and services costs (excluding depreciation). During the same periods, our purchases from our single largest supplier represented 31.7%, 27.4%, 25.4% and 25.4% of our total sales and services costs (excluding depreciation), respectively.

Except as disclosed herein, to the knowledge of our Directors, none of our Directors or Supervisors, their respective associates or any of our shareholders holding more than 5% of our issued share capital, held any interest in any of the above five largest suppliers as of the Latest Practicable Date.

CNEIC

CNEIC is mainly engaged in import and export trade of uranium products and nuclear power technology and equipment, including provision of technology, equipment and nuclear fuel for major nuclear power stations in China.

Our business relationship with CNEIC and its predecessor started in the 1980s. Through the Nuclear Fuel Procurement and Supply Services Agreement with CGN Uranium, we purchase enriched uranium needed for producing fuel assemblies from CNEIC. For details of the Nuclear Fuel Procurement and Supply Services Agreement between CGN Uranium and us, please refer to "– Our Nuclear Power Business – Procurement of Nuclear Fuel and Related Services." Under our contracts with CNEIC, we are generally required to pay the prices and service fees under the contracts with 45 days of receipt of the payment notice, invoice and other required payment documentation. We believe we (through CGN Uranium) have maintained and will continue to maintain a close relationship with CNEIC. CNEIC is not our connected person.

CNNC Jianzhong

CNNC Jianzhong is a fuel assembly production base for nuclear power stations in the PRC that use PWR technology. Our business relationship with CNNC Jianzhong and its predecessor started in the 1980s. Through the Nuclear Fuel Procurement and Supply Services Agreement with CGN Uranium, we purchase nuclear fuel assemblies from CNNC Jianzhong. For details about the Nuclear Fuel Procurement and Supply Services Agreement between CGN Uranium and us, please refer to "– Our Nuclear Power Business – Procurement of Nuclear Fuel and Related Services." Under our contracts with CNNC Jianzhong, we are generally required to pay the prices and service fees under the contracts with 35 days of receipt of the payment notice, invoice and other required payment documentation. We believe that we (through CGN Uranium) have maintained and will continue to maintain a close relationship with CNNC Jianzhong. CNNC Jianzhong is not our connected person.

CGN Uranium

We mainly purchase nuclear fuel and related services through CGN Uranium, our connected person. For details about and risks concerning our procurement of nuclear fuel and related services through CGN Uranium, please refer to "– Our Nuclear Power Business – Procurement of Nuclear Fuel and Related Services" and "Risk Factors – Risks Related to Our Business and Industry – We are subject to risks relating to procurement of nuclear fuel and related services."

CGN Engineering

During the Track Record Period, CGN Engineering provided engineering services to us, primarily including pre-construction engineering service, survey, design and construction technical services, project management, engineering, procurement and construction, bidding management services, sales of used and/or superfluous materials and other engineering services. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, the amounts of the engineering service fees we paid to CGN Engineering were approximately RMB6,063.5 million, RMB7,823.9 million, RMB6,286.6 million and RMB2,435.5 million, respectively, which was capitalized and accounted for 35.2%, 57.9%, 50.6% and 59.6% of our total capital expenditure during the same periods, respectively. In addition, CGN Engineering provided technical support and maintenance services to us in the amounts of RMB25.7 million, RMB43.5 million, RMB82.2 million and RMB20.3 million for 2011, 2012, 2013 and the six months ended June 30, 2014, respectively, which represented 0.5%, 0.6%, 1.2% and 0.6% of our total sales and services costs (excluding depreciation) during the same periods, respectively. CGN Engineering is our connected person. For information on the main businesses and background of CGN Engineering and its business relationship with us, please refer to "Relationship with Controlling Shareholder – Delineation of Business and Competition," "– Our Nuclear Power Business – Four Main Phases of the Nuclear Power Project Life Cycle – Construction Phase" and "Connected Transactions – Continuing Connected Transactions – 8. Engineering Services Framework Agreement."

Other Major Suppliers

During the Track Record Period, our purchases from the top five suppliers excluding the suppliers mentioned above individually accounted for no more than 2% of our total sales and services costs (excluding depreciation).

COMPETITION

We are a leading nuclear power enterprise in the PRC. According to the CNEA Report, as of June 30, 2014, the total installed capacity of the 11 nuclear power generating units we operated and managed accounted for 64.1% of the total installed nuclear power generating capacity in the PRC, and our attributable installed capacity of such nuclear power generating units accounted for 43.5% of the total installed nuclear power generating capacity in the PRC. We believe that our major competitors are power generating companies which focus on the nuclear power business. Currently, we primarily compete with nuclear power generating companies in China, such as CNNC. In the future, we may also compete with international nuclear power generating companies as we expand to overseas markets.

Under the current PRC regulatory regime, local grid companies purchase power generated by nuclear power stations within their respective coverage areas in the order of dispatch priority and at the price set by the PRC government. We believe that our nuclear power stations in operation do not experience substantial competition with respect to resources required for operations. Considering the stringent site selection criteria for nuclear power station, the competition among PRC nuclear power generating companies relates mainly to the preparatory phase and the construction phase rather than in the project operation phase.

During the development and construction phases, we compete with other existing and potential nuclear power developers in various areas, such as obtaining high-quality sites for nuclear power stations, obtaining approvals from relevant government authorities, delivery and installation of key equipment in a timely manner, and obtaining the latest technology. Although the nuclear power business requires substantial capital investments and technological and regulatory barriers create a high barrier to entry, the incentives and preferential policies and regulations applicable to the nuclear power industry, along with the relatively stable operating results of the nuclear power business, may attract more participants into this market.

In addition, nuclear power faces competition from other energy sources, including conventional energy sources such as thermal power, as well as renewable energy sources such as hydropower, wind and solar power. However, we believe that competition from power producers using conventional energy and renewable energy, including subsidiaries of CGNPC, is relatively limited due to the following reasons:

- The sales of electricity generated by our nuclear power stations are mainly subject to power purchase agreements with terms ranging from one to 20 years. The quantity of electricity sold is generally determined based on targets set forth by provincial-level government authorities. In addition, our Daya Bay Nuclear Power Station has secured a contract to sell 70% of its net power generation to Hong Kong until May 2034 and this percentage will increase to 80% from 2015 to 2018.

- According to PRC laws and regulations, nuclear power enjoys higher priority than coal-fired, oil-fired and natural gas-fired generating units in terms of grid connection and dispatch. According to NEA's 2013 statistics, for electricity generated by power plant with 6,000kW or above in China, 78.4% was generated from thermal power, 19.5% from renewable energy such as wind, hydro and solar power, and 2.1% from nuclear power. As such, any additional capacity of our nuclear power stations will likely have priority on grid connection and dispatch over conventional energy sources.

- The on-grid tariff of nuclear power is either fixed or approved by the NDRC, which lessens direct competition with different sources of electricity. The benchmark on-grid tariff for nuclear power set by the NDRC is RMB0.43 per kWh for nuclear power generating units which commenced operation after January 1, 2013. The NDRC also set benchmark on-grid tariffs for other energy sources such as wind, biomass and solar power.

However, power generating units that use renewable resources enjoy higher priority on grid connection than nuclear power generating units. If electricity produced using other energy sources has lower cost than electricity produced by nuclear power generating units, or enjoys priority on grid connection over us, or if the PRC government shifts its policy in favor of other resources, our competition with those other power producers will become more acute.

For competition-related risks that we face, please refer to "Risk Factors – Risks Relating to Our Business and Industry – Competition from nuclear power producers and other power producers could have a material and adverse effect on our business expansion and results of operations."

EMPLOYEES

As of June 30, 2014, we had 6,046 full-time employees, all of whom were based in the PRC. As of June 30, 2014, 3,941 of our employees had bachelors' degrees, 1,007 had masters' degrees and 80 had doctoral or equivalent advanced degrees. The following table sets forth a breakdown of our employees by function as of June 30, 2014:

Business Function	Number of Employees
Administrative	618
Technical	5,428
Total	**6,046**

We have established systematic and institutionalized training systems. We implement various systematic training programs for our employees, based on their responsibilities, relating to professional knowledge, technical skills, operations and management and other areas of knowledge and skill. We hire employees both through on-campus recruitment and through general hiring. As of June 30, 2014, out of our 6,046 employees, a total of 228 and 205 employees held Reactor Operator Licenses (操縱員執照) and Senior Reactor Operator Licenses (高級操縱員執照), respectively. Holders of the Reactor Operator License are qualified to engage in the operation of control systems for nuclear facilities. Holders of the Senior Reactor Operator License are qualified to engage in the operation of control systems for nuclear power facilities or to direct or oversee others in doing so.

We have established various training systems to train nuclear operators and senior nuclear operators. Specifically, these systems include: basic theoretical knowledge training, on-site practice, advanced theoretical training in nuclear power station operations, simulator training, operator license examinations, operator "shadow" training, simulator retraining and class II operator training, with specific on-the-job training assignments and training plans designed for every training stage. To ensure the high quality of our team of operators, those who fail our training programs are disqualified.

In accordance with relevant local government requirements in the regions where we operate, we make contributions to employee pension funds and purchasing medical insurance, unemployment insurance, maternity insurance and injury insurance for them. We also make contributions to the employee housing fund in accordance with applicable PRC regulations.

The majority of our subsidiaries in the PRC have labor unions. As of the Latest Practicable Date, we had not experienced any strikes or other material labor disturbances that had interfered with our operations, and we believe our management and employees have maintained good relationships with each other.

INTELLECTUAL PROPERTY

Our intellectual property consists primarily of trademarks, patents, copyrights and domain names. We either own or have the rights to use intellectual property which we believe are important to our business. As of October 31, 2014, our main intellectual property is as follows:

- We had registered 33 trademarks in China, including five which we believe are important to our business, including "核電" and "大亞灣核電," and had 32 trademark applications;

- We have entered into a trademark license agreement with CGNPC, to be effective from the Listing Date. Pursuant to this agreement, the CGN Group has granted us the right to use the 中广核 CGN trademark for 20 years for free. Please refer to "Connected Transactions – Continuing Connected Transactions – 1. Trademark License Agreement" for further details;

- We had, individually or jointly with other parties, 536 patents and 456 patent applications. We believe that 105 of the 536 patents, which are owned individually by us or jointly with CGNPC, are or may likely be important to our business, mainly involving various aspects of the operation of nuclear power stations, including pressurized water reactor, fuel assemblies, examination and safety;

- We had registered individually or jointly with other parties, 284 computer software copyrights. We believe that 30 of these copyrights, which are owned individually by us or jointly with CGNPC, are or may likely be important to our business, mainly involving the aspects of data analysis and management and control of various systems;

- We had registered 29 domain names including "**cgnp.com.cn,**" the domain name of our corporate website.

For details of the intellectual property we deem to be important to our business, please refer to "Appendix VII – Statutory and General Information – 4. Further Information about Our Business – B. Our Intellectual Property Rights."

As of the Latest Practicable Date, we had not been involved in any litigation or legal proceedings related to infringement upon any third party's intellectual property rights, nor have we suffered from any infringement upon our intellectual property.

INSURANCE

We maintain insurance with respect to a number of risks. We determine the levels of coverage based on our assessment of our risk exposure. The cost of the insurance coverage may fluctuate each year due to claims history and conditions of the insurance and reinsurance markets.

As of the Latest Practicable Date, we had, among others, the following insurance coverage: (i) nuclear insurance (including physical losses, such as machinery breakdown insurance, and third-party liability insurance), (ii) construction all risk insurance, and (iii) other insurance policies which are customary for our industry and/or required by law. We purchase our insurance coverage from a number of domestic and international insurers and review our insurance program with a third party insurance adviser with reference to international best practices. We invite various insurance companies submit bids on a power station by power station basis or, in certain cases, on a regional basis and choosing insurers based on their bids and their respective track records.

There are limitations on the amounts and types of insurance commercially available to cover losses that might arise in connection with our operations. Consistent with what we believe to be market practice in the PRC, none of our nuclear power stations carries business interruption insurance to cover lost profit caused by business interruption. In the event of a loss, terms and amounts of insurance and reinsurance available might not be adequate to cover claims and other expenses incurred. To mitigate the potential for prolonged outages or extensive property damages at our power generating facilities, we maintain loss prevention and loss control personnel to implement a combination of PRC and international best practices.

As of the Latest Practicable Date, our nuclear power stations and projects maintained insurance coverage at a level that we believe to be consistent with market practice in the PRC nuclear power generation industry. Please refer to "Risk Factors – Risks Relating to Our Business and Industry – We may not have adequate insurance to cover all potential liabilities or losses" in this Prospectus for a discussion of the risks associated with our insurance coverage.

ENVIRONMENTAL PROTECTION

We endeavor to protect the environment and strive to conduct our business in full compliance with applicable environmental laws and regulations. Our operations are subject to environmental laws and regulations in relation to (among others) the discharge of gaseous, liquid and solid waste, including radioactive waste. Please refer to "Regulatory Environment – Environmental Protection." We strive to comply with relevant PRC environmental regulations. Nuclear power generating units operated and managed by us have successfully obtained the ISO 14000 Environmental Management System certification. The nuclear power stations that we operate and manage 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 our business operations are at levels permitted by relevant laws and regulations. As required by the relevant laws and regulations, we prepare environmental impact assessment reports for all nuclear power projects we operate and manage and start construction of the related projects only after receiving approval from the relevant authorities.

Our cost for compliance with applicable environmental laws and regulations include spent fuel disposal fund and the provision for low- and medium-level radioactive waste. For the years ended 2011, 2012, 2013 and the six months ended June 30, 2014, we incurred costs for the spent fuel disposal fund and the provision for low- and medium-level radioactive waste in an aggregate amount of RMB810.9 million, RMB798.4 million, RMB745.8 million and RMB400.5 million. We expect to incur such compliance costs in the amount of RMB777.6 million for the year ending December 31, 2014.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claims, litigations, penalties or punishments with respect to environmental issues. However, the PRC government may enact more stringent environmental laws which would adversely affect our results of operations and financial condition. Please refer to "Risk Factors – Risks Relating to Our Business and Industry – Changes in policies and regulations on land and environmental protection could have an adverse effect on our business, expansion and results of operation."

LEGAL PROCEEDINGS AND LEGAL COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any pending or threatened litigations, arbitrations or other proceedings which we believe would materially and adversely affect our business, financial condition or results of operations. Our subsidiaries, CNPRI and Daya Bay Research Institute, are involved in a pending litigation in the PRC involving 44.68% of the total equity interest in Daya Bay Research Institute, a wholly-owned subsidiary of CNPRI, with a net liability of RMB11,604.1 as of June 30, 2014. In November 2008, all of the equity interest in the predecessor of Daya Bay Research Institute, including the 44.68% equity interest then held by the claimant, was transferred to a creditor of the predecessor of Daya Bay Research Institute pursuant to a court order, to repay its outstanding loans from the creditor. In March 2009, all of the equity interest in the predecessor was transferred from such creditor to CNPRI. The claimant claims that the 44.68% equity interest in Daya Bay Research Institute was wrongfully transferred to the creditor in 2008 by the PRC court and it remained to be the owner of such equity interest. In the event that the competent court issues a final judgment against us, CNPRI may be required to return such 44.68% equity interest in Daya Bay Research Institute to the claimant. Our PRC legal adviser, King & Wood Mallesons, is of the view that, according to the documents provided by us and our confirmation, Daya Bay Research Institute does not own any land, building, nor does it engage in any nuclear power operation business. Based on that, we do not believe that such litigation would materially and adversely affect our business, financial condition or results of operations. We have made an RMB 7.0 million provision in our financial statements in light of such pending litigation, which represents the total consideration of the entire equity interest in the predecessor of Daya Bay Research Institute we paid in 2009. We consider this provision to be sufficient for any potential monetary damages taking into consideration the negative net asset value of the equity interest.

King & Wood Mallesons, our PRC legal adviser, is of the view that we are in compliance with applicable PRC laws and regulations in all material respects, and that, except as discussed below, we had obtained permits, licenses and approvals material to the business we are currently operating during the Track Record Period and up to the Latest Practicable Date. Our major requisite licenses, permits and approvals include (i) the Operation Permit or "Approval for Initial Fuel Loading," as applicable, issued by the NNSA, each of which has been obtained by each of the nuclear power generating units in operation in which we have controlling interests, insofar as required by the relevant rules and regulations; (ii) the Construction Permit issued by the NNSA, which has been obtained by each of our nuclear power generating units under construction; (iii) the Nuclear Materials Permit issued by SASTIND between March and December 2012 to our subsidiaries, and to Ningde Nuclear and Hongyanhe Nuclear, which own the nuclear power generating units we operate and manage, all with a valid term of three years; (iv) the Electric Power Business Permit, which was issued by the State Electricity Regulatory Commission to GNPJVC, Ling'ao Nuclear and Lingdong Nuclear in 2007, 2007 and 2010, respectively, and was issued by the NEA's Northeast Supervision and Administration Division to Hongyanhe Nuclear in 2014, all with a term of 20 years; and (v) the Opinion on Consent to Interim Operations of Units 1 and 2 of Fujian Ningde Nuclear Power Co., Ltd. (《關於同意福建寧德核電有限公司#1, #2機組臨時運營的意見》) issued by the NEA's Fujian Supervision and Administration Division to Ningde Nuclear on June 5, 2014 with a term of one year.

Yangjiang Nuclear obtained the Electric Power Business Permit with respect to its unit 1 on September 5, 2014, with an effective period of twenty years from September 5, 2014 to September 4, 2034. However, unit 1 at Yangjiang Nuclear Power Station commenced commercial operation in March 2014 before obtaining such permit. The delay in obtaining such permit for Yangjiang Nuclear's unit 1 was due to the longer governmental review and approval process than expected as a result of the organizational changes in competent authorities. After the merger of the former SERC into the NEA in 2013, the NEA assumed the responsibilities of the former SERC for the administration and approval of electric power business permits. Based on a confirmation letter issued by the NEA's South Supervision and Administration Division (the "SSAD") and our verbal consultation with it in August 2014, the SSAD confirmed that Yangjiang Nuclear had submitted all necessary documents and materials required with respect to the Electric Power Business Permit application for its unit 1. After review of its materials by the SSAD, Yangjiang Nuclear obtained the Electric Power Business Permit with respect to its unit 1 on September 5, 2014. Our PRC legal adviser, King & Wood Mallesons, is of the view that the SSAD is the competent government authority for the administration and approval of Electric Power Business Permit for unit 1 of Yangjiang Nuclear. Yangjiang Nuclear has not been penalized or fined by any relevant PRC governmental authority for the delay in obtaining the Electric Power Business Permit. Our PRC legal adviser, King & Wood Mallesons, is of the view that given the fact that (i) relevant officials at the SSAD have confirmed that the SSAD is not going to impose any penalty on the operation of Yangjiang Nuclear's unit 1, and (ii) Yangjiang Nuclear has subsequently obtained the Electric Power Business Permit for its unit 1 from the SSAD, it is unlikely for Yangjiang Nuclear to be fined or penalized for its commencement of operations without first obtaining such permit, and the current operation of Yangjiang Nuclear Power Station's unit 1 will not be materially and adversely affected by the above situations. Our Directors are of the view that the delay in obtaining such permit has not had and will not have any material and adverse effect on our financial condition and business operation. Furthermore, we have enhanced our internal control and adopted a series of measures to prevent future non-compliance. For details, please refer to "– Measures Designed to Prevent Future Non-compliance and Improve Corporate Governance."

As of the Latest Practicable Date, we had not obtained the Planning Permit for Construction Works or the Construction Permit for the 220 kV substation rehabilitation project of DNMC at the north area of Daya Bay base area. The delay in obtaining such permits was due to the longer governmental approval process than expected. With respect to the status of obtaining the permits, (i) the Urban Planning Land and Resources Commission of Shenzhen Municipality, Binhai Administration Bureau has issued a letter agreeing in principle to the project construction design of this project, (ii) Shenzhen Dapeng New Zone Ecological Protection and Urban Construction Bureau has issued a letter approving the commencement of its construction, (iii) DNMC is currently in the process of obtaining the Planning Permit for Construction Works and the Construction Permit for the above mentioned project, and (iv) this is a rehabilitation project for the ancillary facilities of the nuclear power station. We have not been fined or penalized by any relevant PRC governmental authority for the delay in obtaining these permits and are not expected to be fined or penalized in the future. King & Wood Mallesons, our PRC legal adviser, is of the view that (i) the Urban Planning Land and Resources Commission of Shenzhen Municipality, Binhai Administration Bureau and Shenzhen Dapeng New Zone Ecological Protection and Urban Construction Bureau are the competent authorities for the administration and approval of the Planning Permit for Construction Works and the Construction Permit for DNMC, and (ii) based on the foregoing, (A) after the competent authorities complete their internal review procedures, there would be no material impediment for DNMC to obtain these permits, (B) it is unlikely for DNMC to be fined or penalized by such competent authorities in the future for its delay in obtaining such permits, and (C) these defects in the construction projects of DNMC will not have any material and adverse effect on our nuclear power generation business and operations. Considering the above, our Directors are of the view that the delay in obtaining such permits has not had and will not have any material and adverse effect on our financial condition and business operation. We currently expect to obtain these permits by the end of 2015. Furthermore, we have enhanced our internal control and adopted a series of measures to prevent future non-compliance. For details, please refer to "– Measures Designed to Prevent Future Non-compliance and Improve Corporate Governance." We will disclose the progress of rectification in our interim or annual reports to be published after Listing.

PROPERTY

Land Use Rights

As of the Latest Practicable Date, our subsidiaries, as well as Ningde Nuclear, Hongyanhe Nuclear and Taishan Nuclear owned 102 land use rights with land use right certificates, with a total area of approximately 20,958,891 square meters, among which, one land use right currently held by Ling'ao Nuclear with respect to one land parcel with an area of 376,535.13 square meters expired on October 14, 2014. Ling'ao Nuclear is in the process of applying for renewal of such land use right. In August 2014, an officer-in-charge of the Land Use Division of the Urban Planning Land and Resources Commission of Shenzhen Municipality, Binhai Administration Bureau (深圳市規劃和國土資源委員會濱海管理局土地利用科) confirmed that Ling'ao Nuclear would go through the relevant process to renew such land use right and there is no obstacle in obtaining the renewal. Our PRC legal adviser, King & Wood Mallesons, is of the view that, the Urban Planning Land and Resources Commission of Shenzhen Municipality, Binhai Administration Bureau is the competent authority in charge of such renewal and the officer interviewed is competent to make such confirmation. In addition, one of our subsidiaries is in the process of obtaining the land use right certificate with respect to 15,691 square meters of land, and has fully paid the land use right fee and related infrastructure charges. We confirm that there is no substantive obstacle in obtaining such land use right certificate.

Sea Area Use Rights

As of the Latest Practicable Date, our subsidiaries, as well as Ningde Nuclear and Hongyanhe Nuclear occupied and used a total of 19 sea areas, with a total area of approximately 1,670 hectares, and have obtained the sea area use right certificates for all such sea areas. Taishan Nuclear has not obtained the relevant sea area use right certificate for the sea area of approximately 460.894 hectares it currently used. The delay in obtaining such certificate is due to the longer governmental review and approval process than expected, as a result of the adjustment of scope of the sea area used by Taishan Nuclear and uncertainties of the exemptions of related expenses. In January 2009, the State Oceanic Administration of PRC agreed in principle the specific use of the sea area within 1,365 hectares for Phase I of Taishan Nuclear. Taishan Nuclear has submitted the application and demonstration report for its use of sea area to the State Oceanic Administration of PRC, and has submitted supplemental demonstration reports based on its appraisal feedbacks. With respect to the obtaining of this certificate, (i) the competent authorities have agreed in principle to the use of sea area by Taishan Phase I and the specific use of such sea area, (ii) we have submitted supplemental report to the competent authorities for the application of such permit, and (iii) the nuclear power projects at Taishan Nuclear are currently under construction and have not commenced operation yet. Taishan Nuclear has not been penalized or fined by any relevant PRC governmental authority for the delay in obtaining this certificate and is not expected to be fined or penalized in the future. King & Wood Mallesons, our PRC legal adviser, is of the view that (i) the State Oceanic Administration of PRC is the competent authority for the administration and approval of the sea area use right certificate for Taishan Nuclear, and (ii) based on the foregoing, (A) after the competent authority completes its internal review procedures, there would be no material impediment for Taishan Nuclear to obtain the sea area use right certificate, (B) it is unlikely for Taishan Nuclear to be fined or penalized by such competent authority in the future for its delay in obtaining this certificate, and (C) the lack of sea area use right certificate for such sea area will not have any material and adverse effect on our operations. Considering the above, our directors are of the view that Taishan Nuclear's delay in obtaining such certificate has not had and is not expected to have any material and adverse effect on our financial condition and business operation. The designated division in charge of the application for and administration of land and sea area use rights at Taishan Nuclear is responsible for and has been closely monitoring the approval process of this permit. Taishan Nuclear currently expects to obtain this certificate by the end of 2014. As we have adopted enhanced internal control measures for all of our subsidiaries, after the Proposed Acquisition, we believe that Taishan Nuclear's internal control system will also be improved. For details, please refer to "– Measures Designed to Prevent Future Non-compliance and Improve Corporate Governance." We will disclose the progress of rectification in our interim or annual reports to be published after Listing.

Buildings

Owned Buildings

As of October 31, 2014, our subsidiaries, as well as Ningde Nuclear, Hongyanhe Nuclear and Taishan Nuclear owned 425 buildings in total, with a total gross floor area of approximately 1,350,193 square meters. We have obtained the building ownership certificates for 360 of these buildings, with a gross floor area of approximately 1,106,594 square meters, accounting for 82.0% of all of our owned buildings.

We have not obtained the building ownership certificates for 65 buildings, with a total gross floor area of approximately 243,599 square meters, accounting for 18.0% of all of our owned buildings. The owners of all these buildings have obtained the land use rights for the land underneath such buildings, and confirmed that there is no substantive obstacle for them to obtain the building ownership certificates with respect to such buildings. Of these 65 buildings, 42 buildings are used for non-operational purposes. The remaining 23 buildings, with a total gross floor area of 93,429 square meters, are used for operational purposes, including, among others, a nuclear reactor plant, warehouses, repair and maintenance and other plants and office buildings. These 23 buildings are part of the Lingdong Nuclear project and the Shenzhen Municipal Government has issued meeting minutes confirming that we can make completion inspection filings and applying for the building ownership certificates with respect to buildings of the Lingdong Nuclear project following the completion inspection of the whole project. The Lingdong Nuclear project passed inspection in September 2014 and we are in the process of completing the procedures for completion inspection filings and applying for building ownership certificates for these buildings and expect to obtain such building certificates by early 2015. In general, we believe that the lack of building ownership certificates for the above buildings will not materially affect our business. King & Wood Mallesons, our PRC legal adviser, is of the view that the lack of building ownership certificates of these 23 buildings will not have any material and adverse effect on our nuclear power generation business and operations.

Leased Buildings

As of October 31, 2014, our subsidiaries, as well as Ningde Nuclear, Hongyanhe Nuclear and Taishan Nuclear leased 31 buildings in total. The owners of 11 of these 31 buildings (substantially all of which are for auxiliary uses such as offices or temporary dormitories) had not presented to us the relevant building ownership certificates. The leases of 17 of these buildings have not been registered. We believe that the above defective leases only account for a small proportion of our total owned and leased buildings, we can easily find alternative buildings nearby, and any relocation if needed will not have any material and adverse effect on the ongoing operations of relevant entities. With respect to the properties that have not made lease registration, King & Wood Mallesons, our PRC legal adviser, is of the view that the lack of lease registration will not affect the legality and validity of the lease agreements in question.

For risks related to the above title defects, please refer to "Risk Factors – Risks Relating to Our Business and Industry – Certain properties we own or lease lack title certificates."

By virtue of Chapter 5 of the Listing Rules and Section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinances which requires a valuation report with respect to all our interests in land or buildings, for the reason that, as of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets.

Measures Designed to Prevent Future Non-compliance and Improve Corporate Governance

To ensure compliance with any applicable PRC laws and regulations and prevent future non-compliance incidents, we have adopted or will adopt the following actions and internal control measures:

- we have engaged an independent external consulting firm as our internal control adviser in preparation for the Listing to advise us on our internal control framework and measures. Our internal control adviser's work scope includes, but is not limited to, reviewing the Company's internal control measures related to operational and financial control, financial budget and forecast, cash management and treasury functions, financial reporting and disclosure procedures, management accounting information system, role of directors and senior management, risk assessments, information and communication, human resources and compensation;

- our audit department, which is composed of 11 employees, is in charge of implementing our internal control measures;

- our Board of Directors, which is responsible for monitoring the corporate governance of our Group, will periodically review our compliance status with the relevant laws and regulations after the Listing. The audit committee of our Board of Directors, composed of two independent non-executive directors, Na Xizhi and Francis Siu Wai Keung, is primarily responsible for supervising our internal control, financial information disclosure and financial reporting matters, which include, among other things, (i) overseeing our financial reporting system and internal control procures, (ii) enhancing the communication between internal auditors and external auditors, and (iii) reviewing arrangements which our employees can use to raise concerns about possible improprieties in financial reporting, internal control or other matters. Mr. Na has approximately 14 years of experience in operations management. Having worked at KPMG for approximately 30 years holding positions such as partner and senior partner, Mr. Siu has extensive experience in providing audit services for PRC and overseas companies and serves as independent non-executive director of various listed companies. For the experience and qualifications of Mr. Na and Mr. Siu, please refer to "Directors, Supervisors, Senior Management and Employees – Independent Non-Executive Directors;"

- we will retain PRC legal advisers to review and advise on our regulatory compliance status in respect of relevant PRC laws and regulations, including changes to such laws and regulations, which may affect our business operations and internal control measures in the PRC;

- we will retain HK legal advisers to review and advise on our Company's regulatory compliance status in respect of relevant HK laws and regulations;

- we have engaged China International Capital Corporation Hong Kong Securities Limited as our compliance advisor to advise our Directors and management team on matters and compliance relating to the Listing Rules. The term of appointment of the compliance advisor shall commence on the Listing Date. We will stay in close contact with China International Capital Corporation Hong Kong Securities Limited and consult with , if necessary, seek advice from China International Capital Corporation Hong Kong Securities Limited on a timely basis in the circumstances set out under Rule 3A.23 of the Listing Rules; and

- with respect to compliance with relevant PRC laws and regulations, including obtaining necessary licenses and permits required for our business operation:

  ° we will conduct our power generation business strictly in compliance with the relevant laws and regulations, such as the Provision on the Administration of the Electric Power Business Permit (《電力業務許可證管理規定》);

  ° we will timely apply for the relevant licenses and permits for each of our nuclear power generating units, and actively communicate and follow up with the relevant governmental authorities throughout the application process to ensure timely submission of all required application materials. We have designated personnel to administer and monitor the obtaining of relevant licenses and permits in a timely manner. For instance, we have designated the power generation planning divisions at our subsidiaries to be in charge of obtaining all licenses and permits for our power generation business, including the electric power business permits;

- we will strengthen and streamline our internal policies and procedures with respect to the application of licenses and permits, submission of the required documents and materials to the relevant authorities and the timing of each submission. In an effort to strengthen and formalize our management system, we are formulating "Management Rules regarding Early Stages of Nuclear Power Generation Projects," "Procedures on Assessment for Land Use in Nuclear Power Generation Projects," "Rules regarding Construction Management of Nuclear Generation Projects," and "Rules and Procedures regarding Combined Efforts in Application for Licenses and Permits for Nuclear Power Generation Projects." These internal guidelines set forth (i) the requirements for the application of different types of licenses and permits for our construction projects in accordance with the relevant laws and regulations, and (ii) detailed procedures to be followed throughout the application process for the obtaining of licenses and permits for our construction projects. All of our subsidiaries will be required to follow these guidelines and formulate more detailed internal procedures for the application for relevant licenses and permits. For instance, our subsidiaries will be required to confirm in their project proposals submitted to us whether the relevant licenses and permits, such as the construction permits, have been obtained, and the responsible personnel's signature will also be required.

In view of the above measures, our Directors are of the view that there are, and will be, adequate and effective internal control measures in place to ensure ongoing compliance of our Company with applicable laws and regulations.

The Sponsors, pursuant to discussion with the relevant personnel of the Company and its internal control consultant and taking into account the circumstances of the Company, are of the view that, based on the measures described above and assuming strict observance of which, such measures are expected to be adequate and effective in lessening the risks of not being able to timely obtain important licenses and permits required for the Company's business and operation in future.

OVERVIEW

All of our operations are based in the PRC. Accordingly, our businesses are subject to relevant laws and regulations of the PRC. These laws and regulations govern areas including project approvals, power generation, transmission and dispatch, on-grid tariffs, environmental protection and safety. In addition, our operations are subject to general laws and regulations in the PRC, such as company law, labor law and laws related to foreign exchange and taxation.

PRINCIPAL REGULATORY AUTHORITIES RELATING TO OUR BUSINESSES

We are principally subject to the supervision and management of the following PRC government agencies:

The State Council

The State Council is the authority competent to approve nuclear power station construction projects. It ensures the healthy and stable development of the nuclear power industry as a whole and provides guidance thereon.

NDRC and Local Development and Reform Commissions

The NDRC and local development and reform commissions are responsible for formulating and implementing the main policies in relation to the economic and social development of the PRC, examining and approving the investment projects of specific scale in the power industry, setting and adjusting the policies on tariffs, and drafting the relevant laws and regulations on the regulation of the power industry and tariff administration.

National Energy Administration (國家能源局)

The National Energy Administration ("NEA"), a national authority under the management of the NDRC, is responsible for drafting laws, regulations and rules related to energy development and relevant supervision and administration, administering nuclear power, formulating and implementing nuclear power development plans, nuclear industry entrance conditions, and technical standards, supervising the operation of power market, regulating the order of power market, supervising and inspecting relevant electricity tariffs, setting prices of various auxiliary electric services, researching, recommending and supervising the implementation of electricity universal service, and conducting administrative enforcement of laws related to electric power.

National Energy Commission (國家能源委員會)

On January 22, 2010, in accordance with the Notice of the General Office of the State Council on Setting up National Energy Commission (《國務院辦公廳關於成立國家能源委員會的通知》), the State Council decided to set up the National Energy Commission (國家能源委員會, "NEC") responsible for researching and drafting national energy development plans, reviewing the significant issues related to energy security and development, as well as generally coordinating the significant issues related to national energy exploitation and international energy cooperation.

China Atomic Energy Authority (國家原子能機構)

The China Atomic Energy Authority is mainly responsible for licensing of the use of nuclear materials and examining and approving nuclear emergency matters, reviewing export of dual use nuclear goods and related technology and transit and cross-border transportation of nuclear products, and examining and approving road transportation of nuclear reactor spent fuel and export of nuclear items and related technology.

State Administration of Science, Technology and Industry for National Defense, PRC (國家國防科技工業局)

SASTIND, a national authority under the management of the MIIT, is responsible for, among others, licensing of nuclear materials and examining and approving the transit and cross-border transportation of nuclear products, export of dual use nuclear goods and related technology and road transportation of nuclear reactor spent fuel.

Ministry of Environmental Protection of the PRC and Local Environmental Protection Authority

The MOEP is responsible for enacting and implementing the policies and plans related to national environmental protection, drafting relevant laws and regulations and formulating ministerial rules. The MOEP is also responsible for the coordination and supervision of the significant environmental protection issues. Local environmental protection authorities at various levels are responsible for approval and issuance of the permits for water pollutant discharges and dealing with the administrative enforcement of laws on environmental protection and emergency response and warning affairs of local serious environmental emergencies, under the guidance of the MOEP.

National Nuclear Safety Administration (國家核安全局)

The National Nuclear Safety Administration ("NNSA") under the MOEP is mainly responsible for supervising and administering the nuclear safety and radiation safety, the licensing, design, manufacture, installation and nondestructive testing ("NDT") of nuclear safety equipment, the transportation safety of radioactive materials, administering the qualifications required of reactor operators and nuclear equipment technicians, and organizing and conducting the monitoring over radioactive environment and the supervisory monitoring over major radiation sources.

Ministry of Land and Resources (國土資源部) and Local Land and Resources Authorities

The Ministry of Land and Resources of the PRC (中華人民共和國國土資源部, "MLR") is responsible for planning, administration, protection and rational utilization of natural resources such as land, mineral and marine resources in the PRC, including enacting relevant laws and regulations and promulgating the rules governing the management of land, mineral and marine resources (with the exception of marine fishery resources managed by the Ministry of Agriculture). MLR is also responsible for formulating the technical criteria, rules, standards and measures for land, mineral and marine resources.

Local land authorities and resources at various levels are responsible for enacting the local general plans of land utilization and plans of mineral resources under the guidance, examination and approval of MLR. It is also responsible for cadastral investigation, registration and gradation of local land and the administrative enforcement of laws on land and resources.

State Administration of Work Safety (國家安監總局) and Local Work Safety Authorities

The SAWS is responsible for supervising work safety of power generation operations and project construction, implementing various safety regulations, and inspecting and guiding the work of relevant local authorities in respect of supervision and management of work safety and their emergency response plans and documentations in regard of work safety.

State Administration of Taxation (國家稅務總局)

The SAT is responsible for drafting tax laws and regulations, formulating detailed implementation rules, enacting rules on tax service and collection and supervising the implementation thereof, monitoring and examining the implementation of the tax laws and policies, directing and supervising local administration of taxation.

State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)

SASAC, a supervision and management authority which is authorized on behalf of the state to fulfill the investors' responsibilities and supervise the state-owned assets of central state-owned enterprises (except financial enterprises), has an indirect influence over us as our Controlling Shareholder, CGNPC, is a state-owned enterprise under their direct supervision.

Ministry of Commerce and Commerce Departments of Local Governments (商務部及地方商務主管部門)

The powers of the Ministry of Commerce include formulating development strategies and policies related to domestic and foreign trade and international economic cooperation, drafting laws and regulations related to domestic and foreign trade, foreign investment, foreign aid, outbound investment and international economic cooperation, and enacting department rules; guiding the foreign investment work of the whole country, formulating and organizing the implementation of foreign investment policies and reform plans, examining and approving in accordance with law the incorporation of and changes to foreign-invested enterprises as well as Joint Venture Contracts and articles of association for foreign-invested projects, guiding the promotion of foreign investment, and examining and approving foreign-invested enterprises.

LAWS AND REGULATIONS RELATING TO THE PRC NUCLEAR POWER INDUSTRY

Examination and Approval of Nuclear Power Stations

According to the In-depth Provisions regarding the Contents of the Preliminary Feasibility Study and the Feasibility Study for Construction of Nuclear Power Projects (pilot) (《核電廠工程建設項目初步可行性研究與可行性研究內容深度規定(試行)》) promulgated by the former Ministry of Electric Power Industry, which became effective on November 13, 1996, the preliminary feasibility analysis and the feasibility study for the construction of nuclear power projects are two key stages in the startup work for nuclear power project construction. Where a corporation expands its nuclear power station on the same station site and builds nuclear power generation units of the same type as the existing ones, if the expansion is within the originally planned construction capacity, the corporation may conduct the feasibility study directly.

According to the Provisions regarding the Examination and Approval Procedures for the Startup Work in the Construction of Nuclear Power Stations (pilot) (《核電站建設項目前期工作審批程序的規定(試行)》) promulgated by the former Ministry of Electric Power Industry, which became effective on April 7, 1995, construction of a nuclear power station in China is generally a key project of the state. It therefore shall be incorporated into the national plan, and accordingly planned, initiated and constructed by the state on a centralized basis.

According to the Administrative Measures for Government-Approved Investment Projects (《政府核准投資項目管理辦法》) promulgated by the NDRC on May 14, 2014, which became effective on June 14, 2014, if an enterprise intends to invest in the construction of a project subject to approval control, it shall prepare a project application report in accordance with applicable requirements and submit the report to the project approving authority(ies) as required after relevant documents that shall be legally attached thereto are obtained. The project approving authority(ies) shall mainly examine the application pursuant to the laws from such aspects as maintaining economic security, reasonably developing and utilizing resources, protecting ecological environment, optimizing major layout, guaranteeing public interest, and preventing a monopoly, decide whether or not to approve it, and strengthen supervision and administration.

According to the Catalogue of Investment Projects Subject to Government Verification (2014 Version) (《政府核准的投資項目目錄(2014年本)》) promulgated by the State Council on October 31, 2014, a project related to construction of nuclear power station shall be subject to the approval of the State Council.

Construction of Nuclear Power Stations

According to the Regulations of Site Selection for Nuclear Power Plant (《核電廠廠址選擇安全規定》) issued by the NNSA, which became effective on July 27, 1991, the primary purpose of site selection of a power station is to protect the public and environment from the excess radioactive influence caused by the accidental release of radioactive materials, while the normal release of radioactive materials by the power station shall also be taken into consideration. When choosing the site of nuclear power station, several factors should be taken into consideration: (1) effects of external natural incidents or contrived incidents that may happen within the region where the nuclear power station is located; (2) site features and environment features that may lead to the transfer of the released radioactive materials to human; (3) the population density, distribution and other features of the outskirts which are related to the possibility of implementing emergency measures and assessing individual and group risk.

According to the Measures for Administration of Preliminary Examination of Construction Project Sites (《建設項目用地預審管理辦法》) promulgated by the MLR on July 25, 2001, as amended on October 29, 2004 and November 12, 2008 respectively and implemented on January 1, 2009, a construction project which needs to be approved and documented shall be preliminarily examined by the land and resources authority at the same level as the authority having the function of approval and documentation.

According to the Law of the People's Republic of China on Land Administration (《中華人民共和國土地管理法》) (the "Land Administration Law") promulgated by the Standing Committee of the National People's Congress ("SCNPC") on 25 June, 1986, which was amended on December 29, 1988, August 29, 1998 and August 28, 2004, respectively and became effective on 28 August, 2004, and the Law of the People's Republic of China on Urban Real Estate Administration (《中華人民共和國城市房地產管理辦法》) (the "Real Estate Administration Law") promulgated on 5 July, 1994, which was amended and became effective on 30 August, 2007, land use rights and real estate ownership shall be registered and identified by certificates.

According to the Measures for the Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development of the People's Republic of China on June 25, 2014, which became effective on October 25, 2014, in order to conduct construction of various kinds of buildings and the installation of accessory facilities in China, the owner of the project shall, in accordance with these Measures, apply for a construction permit from the construction administration department of the people's government above county level (hereinafter the "Permit Issuing Authority") of the place in which the project is located before commencing construction.

According to the Law on Urban and Rural Planning of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and which became effective from January 1, 2008, an enterprise, which needs to apply land within a planned urban area for construction purpose, shall obtain the Planning Permit for Construction Land approved and issued by the competent administrative urban planning authorities. Construction, expansion and renovation of buildings, structures, roads, pipelines and other facilities within a planned urban area shall have the Planning Permit for Construction Works approved and issued by the competent administrative urban planning authorities.

According to the Regulations on the Administration of Quality of Construction Projects (《建設工程質量管理條例》) promulgated by the State Council, which became effective on January 30, 2000, the owner of any construction project may not commence the construction prior to its receipt of the construction permit. A construction project may not be delivered for use until after it passes the acceptance test.

According to the Law of the People's Republic of China on Bidding and Tendering (《中華人民共和國招投標法》) promulgated by the Standing Committee of the National People's Congress on August 30, 1999, which became effective on January 1, 2000, and the Implementing Rules of the Law of the People's Republic of China on Bidding and Tendering (《中華人民共和國招投標法實施細則》) promulgated by the State Council on December 20, 2011, which became effective on February 1, 2012, with respect to any construction project located in China that meets certain criteria, the survey, design, construction, supervision of the project as well as the procurement of substantial equipment and materials related to the project shall be put out to bid. No entity or individual may circumvent the bidding requirements by splitting a project that must be put out to bid under law into small pieces or otherwise.

Operation of Nuclear Power Stations

According to the Regulations of the People's Republic of China on the Safety Supervision and Administration of Civil Nuclear Facilities (《中華人民共和國民用核設施安全監督管理條例》) promulgated by the State Council, which became effective on October 29, 1986, civil nuclear facilities must receive permits approved by the NNSA, including the following: (1) the Nuclear Facility Construction Permit, (2) the Nuclear Facility Operation Permit, (3) the Nuclear Facility Operator License, and (4) any other required documents. Prior to commencing the operation of a nuclear facility, the entity operating such facility shall submit to the NNSA an Application for Operation of Nuclear Facility, a Final Safety Analysis Report (including therein a list of major technical improvements and advancements relevant to the civil nuclear facilities) and other relevant materials. The entity may not commence to load (feed) nuclear fuel and launch the trial run until after receipt of the document approving fuel loading (or feeding) or trial run, and may not commence the official operation until after receipt of the Nuclear Facility Operation Permit.

According to the Application for and Issuance of Nuclear Power Station Safety Permits (《核電廠安全許可證件的申請和頒發》) promulgated by the NNSA on December 31, 1993, which became effective on June 1, 1994, applicable safety permits shall be obtained from competent governmental authorities in order to commence any one of the five key stages of a nuclear power station, including site selection, construction, trial run, operation and decommissioning.

The Safety Requirements for Nuclear Power Station Operation (《核電廠運行安全規定》) promulgated by the NNSA, which became effective on July 27, 1991, relates to the safety matters in the management, trial run, operation and decommissioning of nuclear power stations, and is aimed at ensuring that the public and the persons on the station site are protected from damage caused by excessive radiation in the course of the operation of nuclear power stations. The Safety Requirements for Nuclear Power Station Operation (《核動力廠運行安全規定》) promulgated by the NNSA on April 18, 2004 has further detailed the safety issues of nuclear power stations on many aspects, including but not limited to, management, trial run, operation and decommissioning.

According to the Safety Requirements for Civil Nuclear Fuel Cycle Facilities (《民用核燃料循環設施安全規定》) promulgated by the NNSA, which became effective on June 17, 1993, any entity operating civil nuclear fuel cycle facilities shall take full responsibility for the safety of such facilities until such facilities are completely decommissioned or the responsibility therefor are legally transferred.

Regulation on Safety Supervision on Nuclear Facilities, as the 2nd Detailed Implementation Rules of the Regulations of the People's Republic of China on the Safety Supervision and Administration of Civil Nuclear Facilities (《中華人民共和國民用核設施安全監督管理條例實施細則之二—核設施的安全監督》) promulgated by the NNSA on June 14, 1995, which became effective on October 1, 1995, formulates NNSA's rights of daily, routine and non-routine inspection and supervision on whether the items and activities of entities operating nuclear facilities in locating, designing, constructing, debugging, operating and decommissioning meet the demands of nuclear safety management and conditions stipulated in certificates, and duty of operating entities to execute Reporting Rules of Entities Operating Nuclear Facilities, including regular report, important activities notice, affairs report in construction stage, affairs report in operation stage and report of emergent measures to nuclear accident. The 1st appendix of the rules above, Reporting Rules of Entities Operating Nuclear Facilities, clarifies further the conditions, method, time and content of every aforesaid report of operators of nuclear power stations.

According to the Regulations on the Supervision and Administration of the Design, Manufacture, Installation and NDT of Civil Nuclear Safety Equipment (《民用核安全設備設計製造安裝和無損檢驗監督管理規定》) promulgated by the former State Bureau of Environmental Protection (國家環境保護總局) on December 28, 2007, which became effective on January 1, 2008, any entity that intends to be engaged in the design, manufacture, installation and NDT of civil nuclear safety equipment shall obtain the civil nuclear safety equipment design, manufacture, installation and NDT business permit. Entities operating nuclear facilities shall take full responsibility for the use and operation safety of civil nuclear equipment.

Control of Nuclear Fuel and Radioactive Waste

According to the Regulations of the People's Republic of China on the Control of Nuclear Materials (《中華人民共和國核材料管制條例》) (the "RCNM") promulgated by the State Council and effective on June 15, 1987 and the Implementing Rules of the Regulations of the People's Republic of China on the Control of Nuclear Materials (《中華人民共和國核材料管制條例實施細則》) promulgated by the NNSA, the former National Energy Ministry, and the former Commission of Science, Technology and Industry for National Defense ("former COSTIND") (國家核安全局、原國家能源部、原國防科學技術工業委員會) and effective on September 1, 1990, any entity that holds nuclear materials in a quantity meeting the threshold specified in the RCNM shall apply for a nuclear materials permit.

According to the Provisional Regulations on the Administration of Road Transportation of Nuclear Reactor Spent Fuel (《核反應堆乏燃料道路運輸管理暫行規定》) jointly promulgated by the former COSTIND, the Ministry of Public Security of the People's Republic of China, the former Ministry of Transportation, and the former Ministry of Health, which became effective on June 18, 2003, the design of any spent fuel transportation package that a consignor or consignment agent intends to use and the transportation of any spent fuel shall be subject to the approval of competent governmental authorities. Prior to conducting the transportation of any spent fuel, a consignor or consignment agent shall obtain from the competent governmental transportation authorities a recognition of being qualified for road transportation of hazardous goods in accordance with the Regulations on the Administration of Road Transportation of Hazardous Goods (《道路危險貨物運輸管理規定》).

According to the Regulations on the Administration of the Transportation Safety of Radioactive Materials (《放射性物品運輸安全管理條例》) promulgated by the State Council on September 14, 2009, which became effective on January 1, 2010, for the transportation of any radioactive materials, containers specifically for radioactive materials transportation shall be used. Any entity designing and/or manufacturing the radioactive materials transportation containers shall establish and enhance an accountability system and strengthen quality management, and take responsibility for the design and/or manufacture of radioactive materials transportation containers.

According to the Interim Measures for the Administration of the Collection and Use of the Nuclear Power Station Spent Fuel Treatment and Disposal Fund (《核電站乏燃料處理處置基金徵收使用管理暫行辦法》) promulgated on July 12, 2010 by the Ministry of Finance of the People's Republic of China, the NDRC and the MIIT, which became effective on October 1, 2010, any nuclear power station that has a pressurized water reactor that has been in operation for more than five years shall make contributions to a spent fuel treatment and disposal fund.

According to the Regulations on the Safety Management of Radioactive Waste (《放射性廢物安全管理條例》) promulgated by the State Council on December 20, 2011, which became effective on March 1, 2012, China practices classified management of radioactive waste. A nuclear facility operating entity shall deliver any used radioactive sources or waste generated by it that cannot be recovered for reuse to a solid radioactive waste storing entity possessing the applicable licenses for centralized storage, or to a solid radioactive waste disposing entity possessing the applicable licenses for disposal. The Measures for the Administration of Licenses for Storage and Disposal of Radioactive Solid Waste enacted by the MOEP, which became effective on March 1, 2014, specifies the conditions, application documents of Licenses for Storage and Disposal of Radioactive Solid Waste and other content.

Nuclear Emergency Response

According to the Emergency Response Law of the People's Republic of China (《中華人民共和國突發事件應對法》) promulgated by the SCNPC on August 30, 2007, which became effective on November 1, 2007, any entity that suffers a natural disaster or experiences a disastrous accident or public health incident shall immediately arrange for its internal emergency aid and rescue team and staff to rescue the victims, and evacuate, withdraw and settle the persons under threat, control the sources of danger, and block the dangerous sites, and take any other measures to prevent further expansion of the damage. At the same time, the entity shall submit a report to the local people's government of county-level.

According to the Regulations on Emergency Management of Nuclear Accidents at Nuclear Power Stations (《核電廠核事故應急管理條例》) promulgated on August 4, 1993 and amended on January 8, 2011 by the State Council, the major functions of the nuclear incident emergency office in a nuclear power station shall be: (1) to implement PRC laws, regulations and policies regarding nuclear accident emergency response, (2) to formulate on-site nuclear accident emergency plans and be well prepared for emergency response to nuclear accidents, (3) to determine the class of a nuclear accident emergency and direct on an centralized basis the internal nuclear accident emergency response actions, (4) to report the status of an accident in a timely manner to the immediate governmental authority, the nuclear safety department under the State Council and the department designated by the provincial government, and recommend entering the off-site emergency and taking off-site emergency protective measures, and (5) to assist and cooperate with the department designated by the provincial government in the proper emergency management of a nuclear accident.

According to the National Nuclear Emergency Program (《國家核應急預案》) promulgated by the State Council on June 30, 2013, the emergency commanding department of a nuclear facility operating entity shall be responsible for organizing the on-site nuclear emergency preparation and emergency disposal. The group company (or institute) to which a nuclear facility operating entity is subsidiary shall be responsible for directing and coordinating the nuclear emergency preparation of the nuclear facility operating entity.

According to the Opinions on Strengthening the Management of the Nuclear Emergency Response at Nuclear Facility Operating Entities (《關於加強核設施營運單位核應急管理工作的意見》) promulgated by the former COSTIND on April 3, 2007, each nuclear operating entity shall establish a special safety assurance fund to be used for hazard investigation and assessment, safety hazard identification and remediation, and danger source monitoring and control.

Decommissioning of Nuclear Power Stations

According to the Regulations of the People's Republic of China on Safety Supervision and Administration of Civil Nuclear Facilities (《中華人民共和國民用核設施安全監督管理條例》), if any person intends to conduct any relocation, transfer or decommissioning of any nuclear facilities, such person shall submit an application to the NNSA and may not conduct the same until after its application is approved.

According to the Application for and Issuance of Nuclear Power Station Safety Permits (《核電廠安全許可證件的申請和頒發》), after the NNSA issues the Letter of Approval for Commencement of Decommissioning of the Nuclear Power Station, the applying nuclear facility operating entity is permitted to commence the decommissioning activities; and after the NNSA issues the Letter of Approval for Final Decommissioning of the Nuclear Power Station, the final decommissioning of the relevant nuclear power station is approved.

According to the Safety Requirements for Nuclear Power Station Operation (《核電廠運行安全規定》), a nuclear power station operating entity shall submit a decommissioning outline to the competent nuclear safety authority in accordance with applicable regulations. Decommissioning of the nuclear power station shall be conducted in accordance with the decommissioning outline so submitted in a planned way. The responsibilities of the nuclear facility operating entity may not be terminated until after the competent nuclear safety authority grants an applicable approval.

According to the Law of the People's Republic of China on Prevention and Treatment of Radioactive Pollution (《中華人民共和國放射性污染防治法》) promulgated by the SCNPC on June 28, 2003, which became effective on October 1, 2003, each nuclear facility operating entity shall formulate a nuclear facility decommissioning plan and the expenses for the decommissioning of nuclear facilities and the disposal of radioactive waste shall be provided for and included into the investment budget or production cost.

According to the National Mid and Long Term Development Plan for Nuclear Power (2005-2020) (《國家核電中長期發展規劃 (2005-2020年）》) issued by the NDRC in October 2007 and approved by the State Council, in order to ensure the smooth operation of the decommissioning of the nuclear power stations, a nuclear power station shall, when commencing commercial operation, be required to start to accumulate expenses for its decommissioning by mandatorily allocating the same from the nuclear power generation cost. A special nuclear power station decommissioning fund shall be established in the PRC government budget and relevant expenses shall be allocated during the commercial operation period of each nuclear power station.

Liability for Nuclear Damage

According to the Tort Law of the People's Republic of China (《中華人民共和國侵權責任法》) promulgated by the SCNPC on December 26, 2009, which became effective on July 1, 2010, where a nuclear accident occurs to a civil nuclear facility and causes any damage to any other person, the entity operating a civil nuclear facility shall assume tort liability unless it can prove that the damage was caused by a situation such as war or by the victim intentionally.

According to the Official Reply of the State Council concerning Nuclear Damage Compensation Issues (Letter No. 64 [2007]) (《國務院關於核事故損害賠償責任問題的批覆》(國函[2007]64號)) promulgated by the State Council on June 30, 2007, an entity operating any nuclear power station, civil research reactor, or civil engineering experimental reactor, or engaged in the manufacture, transportation of civil nuclear fuel, or the storage, transportation or reprocessing of spent fuel and thereby possessing nuclear facilities in China shall be a nuclear power station or nuclear facility operator. A nuclear power station or nuclear facility operator shall assume liability for compensation for personal death or injury, property loss or environmental damage caused by a nuclear accident, and any person other than the nuclear power station or nuclear facility operator shall not assume any liability for compensation. For one nuclear accident, the maximum amount of compensation payable by an operator of a nuclear power station an entity responsible for storage, transportation or reprocessing of spent fuel shall be RMB300 million, and RMB100 million with respect to any other operating entities. Where the total amount of the actual compensation exceeds the said maximum amount, the state shall provide a fiscal compensation up to RMB800 million. Where an extraordinary nuclear accident requires an increase in the maximum fiscal compensation payable by the state, the decision shall be made by the State Council after evaluation. Prior to commencement of its operation of a nuclear power station or any storage, transportation or reprocessing of any spent fuel, an operator shall take out insurance sufficient to cover its maximum liability. Causes for which a nuclear power station or nuclear facility operator shall be exempt from liability shall include armed conflicts, hostile acts, riots and extraordinarily material natural disasters.

Legislation Program for Atomic Energy Field

At present, the Atomic Energy Act, which is the basic law of various specialized laws, regulations and rules in the field of nuclear power mentioned above, has been included in the legislation program of the State Council. The promulgation of Atomic Energy Act will play a role of summary, coordination and cohesion for the specialized laws in the field of nuclear power and may bring up new requirements for current supervision on nuclear power stations.

Laws and Regulations on PRC Power Industry

The Electric Power Law of the PRC (《中華人民共和國電力法》, "Electric Power Law") promulgated by the SCNPC on December 28, 1995, which became effective on April 1, 1996 and was amended and effective on August 27, 2009, is the basic law that regulates the development of the PRC power industry. The purposes of the Electric Power Law are to protect the legitimate interests of investors, operators and users in the power industry and to ensure the safety of power operations. The Electric Power Law also states that the PRC government encourages the PRC and foreign companies or individuals to invest in the power industry and set up power stations and regulates these investments.

In addition, the Electric Power Regulatory Ordinance (《電力監管條例》) promulgated by the State Council on February 15, 2005, which became effective on May 1, 2005, aims to enhance power regulation, set up rules for power regulation and optimize the system on power regulation, including the issuance of Electric Power Business Permit, the regulatory inspections of power producers and grid companies, and the legal liabilities from violations of the regulatory requirements.

Obtaining an Electric Power Business Permit

Pursuant to the Provision on the Administration of the Electric Power Business Permit (《電力業務許可證管理規定》, the "Permit Provision") promulgated by the former SERC on October 13, 2005, which became effective on December 1, 2005, the electric power business permit should be obtained before engaging in any electric power business in the PRC. Unless otherwise provided by the former SERC, any company or individual in the PRC may not engage in any electric power business (including power generation, transmission, distribution and sales) without obtaining an electric power business permit from the former SERC. According to the Permit Provision, the applicant for the electric power business permit for power generation should satisfy the following conditions: the construction of power generation projects has been approved by the relevant competent authorities; the generating facilities possess generation operation abilities; and the generation projects comply with the relevant regulations and requirements of environment protection. Since the former SERC has been incorporated into the NEA, the said function and power of issuance of electric power business permit shall be exercised by the NEA.

Dispatch

According to the Regulations on the Administration of Electric Power Dispatch to Grids (《電網調度管理條例》, the "Dispatch Regulations") promulgated by the State Council on June 29, 1993, which became effective on November 1, 1993 and was amended and effective on January 8, 2011, all electric power producers and grid companies must comply with the general dispatch of the dispatch institution. Dispatch institutions are responsible for the administration and dispatch of power stations connected to the grid.

According to the Dispatch Regulations, dispatch institutions are established at five levels: the national dispatch institution, the dispatch institutions of the interprovincial power grid, the dispatch institutions of the provincial power grid, the dispatch institutions of the power grid of municipalities under provinces and the dispatch institutions of the county power grid.

Dispatch Sequence of Energy Conserving Power Generation

The Provisional Measures on the Dispatch of Energy Conserving Power Generation (pilot) (《節能發電調度辦法(試行)》) promulgated by the General Office of the State Council and effective on August 2, 2007, is aimed at optimizing the efficient use of power industrial resources and encouraging energy savings to achieve sustainability. Pursuant to this regulation, the dispatch sequence of power generation units is determined in the following order: (a) non-adjustable power generation units utilizing renewable energy sources; (b) adjustable power generation units utilizing renewable energy sources and garbage power generation units meeting the requirements of environmental protection; (c) nuclear power generation units; (d) coal cogeneration units operating in method of determining electricity based on heat and resources comprehensive utilization power generation units; (e) gas-fired and coal gasified power generation units; (f) other coal power generation units, including cogeneration units without heat load; and (g) oil-fired power generation units.

On-Grid Tariff Administration

The Electric Power Law sets out the general principles for the determination of power tariffs, according to which, tariffs are to be formulated to provide reasonable compensation for costs and reasonable profit to be ascertained, to share expenses fairly and to promote the construction of further power projects. The on-grid power tariffs of power stations, the supply power tariffs between the grid companies and the sales power tariffs of the grid companies are based on a centralized policy, fixed in accordance with a unified principle and administered at different levels. The on-grid tariffs are subject to review and approval by the NDRC and other competent pricing bureaus.

The Power Tariff Reform Plan (《電價改革方案》) promulgated by the General Office of the State Council and effective on July 9, 2003, stated that their long-term objective is to establish a standardized and transparent on-grid tariff-setting mechanism.

On March 28, 2005, the NDRC issued the Provisional Measures for the Administration of On-grid Tariffs (《上網電價管理暫行辦法》), which provides regulatory guidance for the Power Tariff Reform Plan. For power stations 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, reasonable profit to be ascertained and tax compliance. For power stations within the regional grids that have implemented competitive bidding tariff-setting mechanisms, on-grid tariffs include two elements: (i) a capacity tariff determined by the 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 regulation became effective from May 1, 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 the NDRC, the former SERC and the NEA dated October 11, 2009 provides that other than the interprovincial or cross-regional electricity 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.

On June 15, 2013, the NDRC promulgated 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有關問題的通知》), according to which nuclear power generating units put into production after January 1, 2013 conform to the following new policy: (1) the newly constructed nuclear power generating units shall comply with the benchmark tariff policy, and the national amount is RMB0.43 ratified by current social average production cost of nuclear power and supply and demand condition in power market; (2) the newly constructed nuclear power generating units where the national benchmark tariff of nuclear power is higher than benchmark tariff of local coal power generation units, shall comply with the benchmark tariff policy on the local coal power generation units; (3) the tariff of the first nuclear power generating unit(s) or demonstration project(s) taking the task of nuclear power technology import, independent innovation, localization of major special equipment, where the national benchmark tariff of nuclear power is lower than benchmark tariff of local coal power generation units, could be promoted properly on the base of the national benchmark tariff of nuclear power, and the tariff program shall be present by provincial price bureau and approved by the NDRC; (4) the national benchmark tariff of nuclear power shall be relatively stable, and adjusted timely on the basis of assessment of nuclear power benchmark tariff according to nuclear technology progress, cost variance, supply and demand condition variance in power market. The tariff of nuclear power generating units put into production before January 1, 2013 still conform to the former policy and the national benchmark tariff of nuclear power is determined by benchmark on-grid tariff of the power generated by coal-fired units in which the nuclear power generating units are located and specific provisions of this Circular.

ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, as amended on April 24, 2014 and to be implemented on January 1, 2015, all entities and individuals shall have the obligation to protect the environment and the right to report and charge the entities and individuals that have caused pollution and damage to the environment. The amended Environmental Protection Law of the PRC has strengthened the responsibilities of enterprises to prevent environmental pollution, increased the punishment for enterprises breaking environmental laws and established the environmental public interest litigation system.

According to the Marine Environment Protection Law of the PRC (《中華人民共和國海洋環境保護法》) promulgated on August 23, 1982, as amended on December 25, 1999 and December 28, 2013 respectively and implemented on that day by the SCNPC, the entities and individuals that directly discharge pollutants into the ocean, shall pay the pollutant discharge fees in compliance with the national requirements, and those that dump waste in the ocean shall pay the dumping fees in compliance with the national requirements. No entity may dump any kind of waste into ocean areas under the jurisdiction of the PRC without the permission of the state administrative department of marine affairs.

According to the Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) promulgated on May 11, 1984, amended on 15 May, 1996 and February 28, 2008 respectively by the SCNPC and effective on June 1, 2008, discharge of water pollutants shall be within national or local standards for the discharge of water pollutants and indicators for the total discharge control of major water pollutants. Any enterprise or institution that directly or indirectly discharges industrial sewage, and any other types of sewage, the discharge of which is subject to a pollutant discharge permit, must obtain the relevant pollutant discharge permit.

According to the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) promulgated on October 30, 1995 and amended on December 29, 2004 and June 29, 2013 respectively and implemented on that day by the SCNPC, the entities and individuals that produce solid waste, shall take initiatives to prevent or minimize the pollution to the environment by the solid waste. An entity that engages in activities of collection, storage and disposal of hazardous waste shall apply and obtain business license from the competent departments of environmental protection of the people's government at or above the county level.

According to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) promulgated on April 29, 2000 by the SCNPC, which became effective on September 1, 2000, the discharge of atmospheric pollutants must not exceed the state and local discharging standards.

According to the Radioactive Contamination Prevention Law of the PRC (《中華人民共和國放射性污染防治法》) promulgated on June 28, 2003 by the SCNPC and became effective on October 1, 2003, operating organizations of nuclear installations, entities of utilization of nuclear technology, uranium (thorium) and other radioactive mines are responsible for their own prevention and control of radioactive pollution, and are responsible under the law for any radiation contamination caused.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, which became effective on September 1, 2003, construction unit shall organize to develop the environmental impact report and environmental impact report forms, or fill up and submit the environmental impact registration form according to the relevant requirements. In the event the environmental impact assessment documents of a construction project have not been reviewed by the approving authorities, or approval is not granted after the review, the construction unit shall not commence the construction.

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) promulgated on November 1, 1997 and amended on October 28, 2007 by the SCNPC, which became effective on April 1, 2008, the investment projects for fixed assets shall be subject to energy conservation assessment and examination. For the projects that are not in compliance with the mandatory standards for energy conservation, the construction entity shall not commence construction, and for those already completed, the construction entity shall not put them into production or use.

According to the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated by the State Council and effective on November 29, 1998, matching environmental protection facilities construction required for the construction project must be designed, constructed and go into operation at the same time as the main construction project. The said construction project may only formally go into operation or commence use when the matching construction of the environmental protection facilities required for the construction project has passed acceptance tests.

SAFETY AND LABOR PROTECTION

The Work Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated by the SCNPC on June 29, 2002 and effective on November 1, 2002, and first amended on August 27, 2009, recently amended on August 31, 2014 and to be implemented on December 1, 2015, is the principal law governing the supervision and administration of work safety and labor protection for power projects. In accordance with the Measures on Supervision and Administration of the Work Safety of Electricity Industry (《電力安全生產監管辦法》), promulgated by the former SERC in March 2004, power stations are responsible for maintaining their safety operations in accordance with requirements set by the regional grid in which they are located. Power stations are required to report to the former SERC, the SAWS and relevant local governmental authorities any serious safety accident within 24 hours.

The main PRC employment laws and regulations include the Labor Law of the PRC (《中華人民共和國勞動法》), the Employment Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Implementing Regulations of the Employment Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》).

The Employment Contract Law of the PRC (《中華人民共和國勞動合同法》) was promulgated on June 29, 2007 and became effective on January 1, 2008 and was amended on December 28, 2012. This law governs the establishment of employment relationships between employers and employees, and the execution, performance, termination of, and the amendment to, employment contracts. Compared to the PRC Labor Law, the PRC Employment Contract Law provides additional protections to employees by requiring written labor employment contracts, limiting the scope of the circumstances under which employees could be required to pay damages for breach of employment contracts and imposing stricter sanctions on employers who fail to pay remuneration or social security contributions for their employees.

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the SCNPC October 28, 2010, which became effective on 1 July 2011, an enterprise shall enter into labor contracts with its employees and maintain their social insurance, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, according to the law.

According to the Regulation on Management of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council and effective on April 3, 1994, and amended and effective on March 24, 2002, enterprises shall make full and timely contributions to a housing provident fund for their employees and the deposit ratio shall be no less than 5% of the employees' average monthly wage in the previous year.

TAXATION

Enterprise Income Tax Law

Prior to January 1, 2008, under the then applicable PRC tax regulations (the "Old EIT Law"), enterprises established in China were generally subject to a 33% enterprise income tax, or EIT. However, enterprises that satisfied certain conditions enjoyed preferential tax treatment. In accordance with the former Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (原《中華人民共和國外商投資企業和外國企業所得稅法》) repealed on January 1, 2008, foreign invested manufacturing enterprises scheduled to operate for a period not less than ten years were exempted from paying state income tax for two years starting from their first profit making year and were allowed a 50% reduction in its tax rate in the third, fourth and fifth years ("two-year exemption and three-year reduction by half").

On March 16, 2007, the PRC National People's Congress enacted the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the "New EIT Law"), which, together with its related implementation rules issued by the State Council on December 6, 2007, became effective on January 1, 2008. The New EIT Law imposes a single uniform income tax rate of 25% on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatments available under the previous tax regulations. On December 26, 2007, the State Council issued a Notice on the Implementation of the Transitional Preferential Tax Policies (《國務院關於實施企業所得稅過渡優惠政策的通知》) ("Circular 39"). Pursuant to Circular 39 and the New EIT Law, certain of our subsidiaries were entitled to apply the transitional rates of 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Further, as of January 1, 2008, the enterprises that previously enjoyed "two-year exemption and three-year reduction by half" of the enterprise income tax and other preferential treatments in the form of tax deductions and exemptions within specified periods may, after the implementation of the New EIT Law, continue to enjoy the relevant preferential treatments until the expiration of the time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

Under Circular 39, the preferential tax treatment for encouraged enterprises located in western China and certain industry-oriented tax incentives are still available. The Chinese and foreign-invested enterprises within the state-encouraged industry located in western China are taxed at a preferential income tax rate of 15% for years from 2001 to 2010.

Pursuant to the New EIT Law, high-tech companies supported by the State will be taxed at a decreased enterprise income tax rate of 15%.

In addition, pursuant to the Circular on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment (《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》) and Circular on the Implementation of the Catalogue 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》), after January 1, 2008, an enterprise which is approved and engaged in public infrastructure projects is entitled to three-year full exemption followed by a three-year 50% exemption commencing from the first year it generates operating income. Accordingly, nuclear power projects which have obtained government approval on or after January 1, 2008 are fully exempted from EIT for three years starting from the year when operating income is first derived from the sales of electricity, and is 50% exempted from EIT for three years thereafter.

VAT Law

According to the Interim Regulation of the People's Republic of China on Value Added Tax (《中華人民共和國增值稅暫行條例》) (the "Interim Regulation on Value Added Tax") of the State Council, which became effective on January 1, 1994, amended on November 5, 2008 and effective on January 1, 2009, all entities and individuals engaged in the sale of goods or provision of processing, repairing and replacing services and import of goods within the territory of the PRC shall pay the VAT. The amount of the VAT payable shall be calculated based on the VAT received and the VAT paid. 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%, while for the sale and import of particular commodities listed on the Interim Regulation on Value Added Tax by the taxpayer, the VAT rate is 13% and for the export of applicable commodities by the taxpayer, the VAT rate is zero.

On April 3, 2008, the MOF and the SAT jointly issued the Circular on Relevant Issues Concerning Taxation in Nuclear Power Industry (《關於核電行業稅收政策有關問題的通知》), which provides that the electricity sold by nuclear power enterprises shall be subject to a VAT policy of first imposition and then refund from the 15th year after the second month of their nuclear power generating units was put into commercial operation. There are three stages for the refund with the refund percentage progressively decreasing in its proportion. Daya Bay Nuclear Power Station and GNIC will continue to implement the following policies prior to December 31, 2014: (1) to free the electric power sold to Guangdong Nuclear Investment Co., Ltd. by Daya Bay Nuclear Power Station from VAT; (2) to levy a refundable VAT on the electric power sold to Guangdong Power Grid Corporation by Guangdong Nuclear Investment Co., Ltd. without levying urban maintenance and construction tax and additional education fees; and (3) to free the electric power generated by Daya Bay Nuclear Power Station and sold to HKNIC by Daya Bay Nuclear Power Station and resold to Hong Kong Nuclear Investment Company Limited by Guangdong Nuclear Investment Co., Ltd. from VAT.

Land Use Tax

According to the requirements set out in the Notice on the Levy and Exempt of Urban Land Use Tax on the Land Intended for Nuclear Power Stations (《關於核電站用地徵免城鎮土地使用稅的通知》) issued by the MOF and the SAT on September 10, 2007, urban land use tax shall be levied for the land intended for nuclear islands, conventional islands, auxiliary facilities and communication facilities as well as the land intended for living and working purposes, with other land exempted from urban land use tax. For the land subject to urban land use tax in a nuclear power station, the station only needs to pay half urban land use tax during the infrastructure construction period.

OVERVIEW

Our Company was established as a joint stock limited liability company on March 25, 2014 in accordance with PRC laws. CGNPC is one of the Promoters of our Company. Upon our establishment as a joint stock limited liability company, our Company had a total of 35,300,000,000 issued and outstanding Domestic Shares, with a nominal value of RMB1.00 each. CGNPC directly owns 85.10% of our share capital. Immediately following the completion of the Global Offering, CGNPC will own approximately 66.38% of our share capital, assuming no Over-allotment Option is exercised, and will continue to be our Controlling Shareholder.

DELINEATION OF BUSINESS AND COMPETITION

Established on September 29, 1994, CGNPC is a large clean energy enterprise under supervision of SASAC. The CGN Group is principally engaged in the generation and sale of power, and the construction, operation and management of nuclear and non-nuclear clean projects. As of June 30, 2014, the CGN Group's total assets amounted to approximately RMB344.6 billion (including our Group). As of June 30, 2014, the CGN Group's total installed capacity of wind power, hydro power and solar power in operation was approximately 4.96 GW, 1.48 GW and 0.53 GW, respectively.

Apart from certain nuclear power business ("Retained Business," details of which are set out below) that has not been included in our Group, the CGN Group (excluding our Group) is also engaged in the following businesses:

(i) non-nuclear power businesses in wind, hydro, solar power and other energies;

(ii) development of uranium resources, natural uranium trading and all nuclear fuel related business;

(iii) finance-related services within the CGN Group;

(iv) applications of nuclear technology other than nuclear power generation;

(v) general services, mainly including office support, transportation, landscaping, water supply, appliance repair, operation and management of properties, cleaning and greening services; and

(vi) investment holding in other businesses.

As of the Latest Practicable Date, CGNPC indirectly held a 72.29% equity interest in CGN Meiya Power Holdings Co., Ltd. (中國廣核美亞電力控股有限公司), a limited liability company listed on the Main Board of the Stock Exchange (Stock Code: 1811), which is primarily engaged in gas-fired, coal-fired, oil-fired, hydro, cogen and fuel cell power generation projects and a steam project in the PRC and Korea.

As of the Latest Practicable Date, CGNPC indirectly held a 50.11% equity interest in CGN Mining Co., Ltd. (中廣核礦業有限公司), a limited liability company listed on the Main Board of the Stock Exchange (Stock Code: 1164), which is primarily engaged in selling, distributing and manufacturing of pharmaceutical and food products, property investment and trading of natural uranium.

As of the Latest Practicable Date, CGNPC also indirectly held a 66.45% equity interest in Energy Metals Limited, a limited liability company listed on the Australian Securities Exchange (ASX Code: EME), which is primarily engaged in Australian uranium exploration with a portfolio of mid-and-high advanced projects located in the Northern Territory and Western Australia.

The table below sets out the locations of the power projects (in operation or under construction or expansion) of our Group and the CGN Group (excluding our Group), respectively, as of June 30, 2014:

Province[(2)]	**Our Group's (including affiliated companies) power projects in operation**	**Approximate installed capacity as of June 30, 2014 (MW)**	**Our Group's (including affiliated companies) power projects under expansion or construction**	**Approximate capacity under construction as of June 30, 2014 (MW)**	**The CGN Group's controlling non-nuclear power projects in operation**	**Approximate installed capacity as of June 30, 2014 (MW)**	**The CGN Group's controlling non-nuclear power projects under construction**	**Approximate capacity under construction as of June 30, 2014 (MW)**
Guangdong Province	Units 1 and 2 of Daya Bay Nuclear Power Station, units 1 and 2 of Ling'ao Nuclear Power Station, units 1 and 2 of Lingdong Nuclear Power Station, and unit 1 of Yangjiang Nuclear Power Station	7,208	Units 2, 3, 4, 5 and 6 of Yangjiang Nuclear Power Station and Taishan Nuclear Power Station[(1)]	5,430	Solar power project and wind power project	339	Solar power project and wind power project	75
Fujian Province	Units 1 and 2 of Ningde Nuclear Power Station	2,178	Units 3 and 4 of Ningde Nuclear Power Station	2,178	nil	nil	nil	nil
Liaoning Province	Units 1 and 2 of Hongyanhe Nuclear Power Station	2,238	Units 3 and 4 of Hongyanhe Nuclear Power Station	2,238	Wind power project	134	Wind power project	96
Total		**11,624**		**9,846**		**473**		**171**

Notes:

(1) Taishan Nuclear Power Station is owned by Taishan Nuclear, the equity interest of which is held as to 10% by our Group and will be held as to 51%, directly or indirectly, by our Group after the Proposed Acquisition.

(2) Pursuant to the Regulations on the Administration of Electric Power Dispatch to Networks and Grids (電網調度管理條例) issued by the State Council, every power project in the PRC is required to sell the electricity it generates within its respective provincial grid company. Each province in the PRC has its own provincial grid company, so power projects located in the same province are connected to the same grid company.

As of June 30, 2014, the CGN Group's non-nuclear power projects in operation comprised wind, hydro and solar power and other energy projects in operation and these projects have a consolidated installed capacity of approximately 9,672.9 MW. Save for certain overlapping of the CGN Group's non-nuclear power projects in operation in Guangdong Province and Liaoning Province with our Group's power projects in operation, all other non-nuclear operational power projects of the CGN Group are located in the provinces of the PRC and overseas that do not overlap with our Group's power projects in operation.

As of June 30, 2014, the CGN Group's non-nuclear power projects under construction comprised wind, hydro and solar power and other energy projects under construction and these projects, in aggregate, are expected to contribute an additional consolidated installed capacity of approximately 2,470.4 MW to its non-nuclear energy portfolio. The CGN Group's non-nuclear power projects under construction are located in different regions of China. Save for certain overlapping of the CGN Group's non-nuclear power project under construction in Guangdong Province and Liaoning Province with our Group's power projects under construction, the CGN Group's non-nuclear power projects under construction are all located in other provinces of the PRC where we do not currently have any operations.

In terms of the potential competition between the CGN Group's non-nuclear power projects and our Group's nuclear power projects in the PRC, considering the characteristics of the power industry in the PRC, our Directors believe that potential competition only exists where the CGN Group's non-nuclear power projects are located in the same province where we have concurrent operations of nuclear power projects. This is because electricity sales by power generation companies in the PRC are highly localized. Pursuant to the Regulations on the Administration of Electric Power Dispatch to Networks and Grids (電網調度管理條例) issued by the State Council, every power project in the PRC is required to sell the electricity it generates within its respective provincial grid company. Where the power projects located in a particular province cannot meet the electricity consumption and demand in that province, the relevant provincial grid company will coordinate with, and purchase electricity from, other provincial grid companies, rather than purchasing electricity directly from the power projects located outside of the province. Accordingly, in general, potential competition only exists amongst the power projects that are located within the same province and that supply power to the same provincial grid company.

As to the power projects located in the same region and/or are connected to the same provincial grid company, our Directors are of the view that the potential competition between our Company's business and the CGN Group's non-nuclear power businesses is limited, for the following reasons:

(i) none of these power projects has the authority to determine the volume of the power generation to be dispatched to the grid company. The total amount of electricity sold is generally determined based on targets set forth by provincial-level government authorities. As a result, our Directors are of the view that the impact of the competition on power projects located in the same province is limited in terms of the total amount of electricity sold;

(ii) as the PRC government regulates the on-grid tariffs of electricity generated by power projects, in general, the on-grid tariffs are determined by the standards set by the PRC government, instead of negotiations between the grid companies and the power projects. As a result, our Directors are of the view that the impact of the competition on power projects located in the same province is limited in terms of on-grid tariff;

(iii) the potential competition between our Group's nuclear power projects and the CGN Group's non-nuclear power projects is limited to Guangdong Province and Liaoning Province. The total installed capacity of the CGN Group's controlling non-nuclear power projects in operation and under construction in Guangdong province and Liaoning province is relatively insignificant, compared with that of ours. For details, please refer to the table set out in "–Delineation of Business and Competition" above; and

(iv) the size of the electricity market is large enough to absorb the additional electricity our Company will generate in the future. According to PRC laws and regulations, nuclear power enjoys higher priority than the conventional energy sources, including coal-fired, oil-fired and natural gas-fired generating units, in terms of grid connection and dispatch. According to NEA's 2013 statistics, for electricity generated by power plant with 6000kW or above in China, 78.4% was generated from thermal power, 19.5% from renewable energy such as wind, hydro and solar power, and 2.1% from nuclear power. As such, any additional capacity of our nuclear power stations will likely have priority on grid connection and dispatch over conventional energy sources.

Therefore, our Directors are of the view that the competition between our Company's nuclear power business and the CGN Group's non-nuclear power business is limited.

Apart from the businesses currently carried out by our Group, CGNPC has interests in the Retained Business set out below through a number of companies controlled by it ("Retained Group"). As of the Latest Practicable Date, each of the nuclear power owner companies that we control has at least one nuclear power generating unit that is already in commercial operation phase. In contrast, the nuclear power projects held by the Retained Group remain at the relatively early stage of the preparatory phase. The Retained Businesses were therefore excluded from our Group for the purpose of the Reorganization. Details of the Retained Group together with the reasons for exclusion are summarized below:

Retained Group	**Equity Interest Percentages**	**Reasons for Exclusion**
Taishan Nuclear	10% by GNIC, 12.5% by CGNPC, 47.5% by Taishan Investment and 30% by EDF International	• its nuclear power projects are still under construction • its 12.5% equity interest held by CGNPC, together with its 28.5% equity interest held by CGNPC via Taishan Investment, is proposed to be acquired by our Company using part of the proceeds from the Global Offering
Taishan Investment	60% by CGNPC and 40% by Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司)	• it is an investment holding company holding 47.5% equity interest in Taishan Nuclear • its 60% equity interest held by CGNPC is proposed to be acquired by our Company using part of the proceeds from the Global Offering
Fangchenggang Nuclear	61% by CGNPC and 39% by Guangxi Investment Group Co., Ltd. (廣西投資集團有限公司)	• its nuclear power projects are still under construction
CGN Lufeng Nuclear Power Co., Ltd. (中廣核陸豐核電有限公司)	100% by CGNPC	• its nuclear power projects are still at the relatively early stage of the preparatory phase
Xianning Nuclear Power Co., Ltd. (咸寧核電有限公司)	60% by CGNPC and 40% by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司)	• its nuclear power projects are still at the relatively early stage of the preparatory phase

Retained Group	Equity Interest Percentages	Reasons for Exclusion
Anhui Wuhu Nuclear Power Co., Ltd. (安徽蕪湖核電有限公司)	51% by CGNPC, 20% by Shenergy Company Limited (申能股份有限公司), 15% by Anhui Province Wenergy Company Limited (安徽省皖能股份有限公司) and 14% by Shanghai Electric Power Co., Ltd. (上海電力股份有限公司)	• its nuclear power projects are still at the relatively early stage of the preparatory phase
CGN Shaoguan Nuclear Power Co., Ltd. (中廣核韶關核電有限公司)	100% by CGNPC	• its nuclear power projects are still at the relatively early stage of the preparatory phase
CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司)	100% by CGNPC	• its nuclear power projects are still at the relatively early stage of the preparatory phase
CGN Taishan No. 2 Nuclear Power Co., Ltd. (中廣核台山第二核電有限公司)	100% by CGNPC	• its nuclear power projects are still at the relatively early stage of the preparatory phase
Lingwan Nuclear Power Co., Ltd. (嶺灣核電有限公司)	100% by CGNPC	• its nuclear power projects are still at the relatively early stage of the preparatory phase
Hubei Nuclear Power Co., Ltd. (湖北核電有限公司)	60% by CGNPC and 40% by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司)	• there is no concrete development and construction work of any nuclear power project
Jilin Nuclear Power Co., Ltd. (吉林核電有限公司)	100% by CGNPC	• there is no concrete development and construction work of any nuclear power project
CGN Engineering	100% by CGNPC	• it is principally engaged in the business of construction and engineering of nuclear power projects, providing technical support and engineering service directly to those nuclear power projects which are still under construction or at the relatively early stage of the preparatory phase

We entered into the Custodian Service Framework Agreement with CGNPC on April 28, 2014, pursuant to which our Group will provide certain custodian services and exercise its rights or powers over the Custodian Target Companies (defined therein) which currently remain within the Retained Group, including Fangchenggang Nuclear, CGN Lufeng Nuclear Power Co., Ltd. (中廣核陸豐核電有限公司), Xianning Nuclear Power Co., Ltd. (咸寧核電有限公司), Hubei Nuclear Power Co., Ltd. (湖北核電有限公司), CGN Engineering, Taishan Nuclear and Taishan Investment, on behalf of CGNPC. Further details of the Custodian Service Framework Agreement are set out in the section headed "Connected Transactions – Continuing Connected Transactions – 2. Custodian Service Framework Agreement" in this Prospectus.

NON-COMPETITION DEED AND UNDERTAKINGS

Non-competition Deed

In order to limit potential competition between our Group and the CGN Group, we and CGNPC have entered into the Non-competition Deed, the major terms and conditions of which are summarized as follows.

CGNPC entered into the Non-competition Deed on November 21, 2014 in favor of our Company, pursuant to which CGNPC has given certain non-competition undertakings to our Company (for itself and for the benefits of other members of our Group), to the effect that it would not, and it would procure that its associates and connected persons (other than any members of our Group) do not and would not, directly or indirectly, whether on its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate, be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise be involved, whether for profit, reward or otherwise), any Restricted Business* during the agreed restricted period.

CGNPC and/or its associates or connected persons is not restricted from holding or being interested in shares or other securities in any company which conducts or is engaged in any Restricted Business ("Subject Company"), provided that:

(a) such shares or securities are listed on a recognized stock exchange; and

(b) (i) the relevant Restricted Business conducted or engaged in by the Subject Company (and assets relating thereto) accounts for less than 10% of that company's consolidated revenue or consolidated assets, as shown in that Subject Company's latest audited accounts; or

(ii) the aggregate number of shares, held by it, and/or its associates and connected persons or, in which it and/or its associates and connected persons are interested, does not amount to more than 5% of the issued shares of the Subject Company, and it or its connected person or associates at no time shall have the right to appoint any person to the board of directors of the Subject Company.

* *For the purposes of the Non-competition Deed, the Restricted Business does not include the nuclear power projects held by the Retained Group as disclosed in "– Delineation of Business and Competition." As of the Latest Practicable Date, the nuclear power projects held by the Retained Group remain at the relatively early stage of the preparatory phase. To eliminate potential competition between the CGN Group and our Group in respect of those nuclear power projects, the CGN Group has granted us a right to acquire such Retained Business. Please refer to "– Right to Acquire the Retained Business" for further details in this regard.*

Options for New Business Opportunities

The CGN Group further unconditionally and irrevocably agrees, undertakes to and covenants with our Company to procure that any business investment or other commercial opportunity which directly or indirectly competes, or may lead to competition with our Group's core business ("New Business Opportunities"), currently, being the nuclear power business, given, identified or offered to it and/or any of its associates (other than any members of the Group) ("Offeror") is first referred to our Group in the following manner:

(a) each of the covenantors is required to, and shall procure its associates (other than members of our Group) to, refer, or to procure the referral of, the New Business Opportunities to our Company, and shall give written notice to our Company of any New Business Opportunities containing all information reasonably necessary for our Company to consider whether (i) such New Business Opportunities would constitute competition with our Group's core business; and (ii) it is in the interest of our Group to pursue such New Business Opportunities, including the nature of the New Business Opportunities and the details of the investment or acquisition costs ("Offer Notice");

(b) the Offeror will be entitled to pursue the New Business Opportunities only if (i) the Offeror has received a notice from our Company declining the New Business Opportunities and confirming that such New Business Opportunities would not constitute competition with our Group's core business; or (ii) the Offeror has not received such notice from our Company within 10 Business Days from our Company's receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Business Opportunities pursued by the Offeror, the Offeror will refer the New Business Opportunities as so revised to the Company in the manner as set out above; and

(c) Upon receipt of the Offer Notice, our Company shall seek opinions and decisions from our independent non-executive Directors as to whether (i) such New Business Opportunities would constitute competition with our Group's core business; and (ii) it is in the interest of our Company and the Shareholders as a whole to pursue the New Business Opportunities.

The decision on whether or not to exercise the option to acquire the New Business Opportunity will be made by our independent non-executive Directors to ensure the decision will give due regard to the interests of our independent Shareholders. Our independent non-executive Directors will consider all relevant factors including any feasibility study, counterparty risk, estimated profitability, our pipeline and the legal, regulatory and contractual landscape with a view to arriving at a decision which is in the best interests of our Company and the Shareholders as a whole.

In relation to any New Business Opportunity referred to us by the CGN Group under the Non-competition Deed which competes, or is likely to compete, directly or indirectly with the business carried on by any member of the Group from time to time during the agreed restricted period, if our Company decides not to take up such New Business Opportunity, CGNPC and/or its associates and connected persons may, subsequently, take up such New Business Opportunity on its own, as described above.

Right to Acquire the Retained Business

To eliminate competition between the CGN Group and our Group, the CGN Group has granted us a right, which is exercisable during the term of the Non-competition Deed, to acquire on one or more occasions any equity interest, asset or other interests in respect of the Retained Business carried out by the CGN Group. We could exercise such right to acquire any Retained Business from the CGN Group at any time whether or not the CGN Group intends to dispose of its interest in such Retained Business. Through the arrangements contemplated under the Custodian Service Framework Agreement, details of which are set out in the section headed "Connected Transactions – Continuing Connected Transaction – 2. Custodian Service Framework Agreement" in this Prospectus, we will be able to track the status and performance of the nuclear power projects of the CGN Group that are being managed by us on a regular basis and therefore will be in a position to know whether such nuclear power projects meet our investment criteria or whether the CGN Group has any plans to dispose of its interest in such nuclear power projects. Our ability to exercise such right will be subject to compliance by us and the CGN Group with all applicable laws (particularly those in the PRC) as well as the applicable requirements of the Listing Rules. The terms and conditions of specific acquisitions of such nuclear power projects are not prescribed in the Non-competition Deed and will vary depending on the performance of such nuclear power projects and market potential and other aspects of the nuclear power projects under consideration. If we decide to exercise our right, the terms and conditions for the acquisition from the CGN Group will be determined after arm's length negotiation between us and the CGN Group. In determining the consideration for acquiring the nuclear power projects from the CGN Group, we will follow our asset acquisition policy (with reference to the valuation set by an independent third-party valuer and taking into account a reasonable shareholder return), the appraised value of the target projects, and relevant regulatory requirements including the requirements of the SASAC regarding the disposal of state-owned assets.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise our right to acquire the Retained Business. If we decide to exercise our right, the terms and conditions for the acquisition from the CGN Group will be determined after arm's length negotiation between us and the CGN Group. In making such assessment, our independent non-executive Directors will consider all relevant factors including, among other factors, any feasibility study, counterparty risk, estimated profitability, our pipeline and the legal, regulatory (including the requirements of the SASAC regarding the disposal of state-owned assets) and contractual landscape with a view to arriving at a decision which is in the best interests of our Company and the Shareholders as a whole.

Unrestricted use of Jointly-owned Patents and Jointly-owned Copyrights

The CGN Group acknowledges, agrees and confirms that our Company is entitled to the complete and unrestricted use of all the jointly-owned patents and jointly-owned copyrights with the CGN Group. The CGN Group undertakes not to license, or in any other means cause, any third party other than our Group to use or otherwise access such jointly-owned patents and jointly-owned copyrights without our consent.

Termination

The non-competition undertakings will terminate upon the earlier of:

(a) the date on which CGNPC and its associates cease to be the Controlling Shareholders of our Company; or

(b) the date when the Shares cease to be listed on the Stock Exchange.

Non-competition Undertaking Letter

In order to address the competition issue and to safeguard our Shareholders' interests, CGNPC has given us the following undertakings:

CGNPC undertakes that it will use its best endeavors to prevent potential competition between our Company and CGNPC and its subsidiaries including Fangchenggang Nuclear, CGN Lufeng Nuclear Power Co., Ltd. (中廣核陸豐核電有限公司), Xianning Nuclear Power Co., Ltd. (咸寧核電有限公司), and Hubei Nuclear Power Co., Ltd. (湖北核電有限公司). CGNPC will delineate its business segments, grant our Company options to acquire, and preemptive rights over, its Retained Business, and will procure its relevant subsidiaries to comply with the options and rights granted to us.

This undertaking shall continue to be effective until CGNPC ceases to be our Controlling Shareholder, or we cease to be listed on the Stock Exchange.

Corporate Governance Measures

Our Directors believe that there are adequate corporate governance measures in place to manage the conflicts of interest arising from the potential competing business and to safeguard the interests of the Shareholders, including:

(a) The independent non-executive Directors will review, on an annual basis, the compliance with the undertakings by our Controlling Shareholder and/or its associates and connected persons under the Non-competition Deed;

(b) Our Controlling Shareholder undertakes to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-competition Deed;

(c) Our Company will disclose decisions, with basis, on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the undertaking of the CGN Group, including decisions reached in respect of exercising the right of refusal to pursue or decline any New Business Opportunity, in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;

(d) Our Controlling Shareholder will provide an annual confirmation that it is in compliance with its undertakings under the Non-competition Deed in our annual report;

(e) We believe that our Board has a balanced composition of executive Director, non-executive Directors and independent non-executive Directors that can facilitate the exercise of independent judgment. With the expertise in their respective professional fields, our Directors believe that the independent non-executive Directors have the necessary caliber and expertise to form and exercise independent judgment in the event that conflicts of interest between our Company and the CGN Group arise;

(f) In the event that any potential conflict of interest arises, i.e. where a Director has an interest in a company that will enter into an agreement with our Group, the Director(s) with an interest in the relevant transaction(s) shall be excluded from the Board deliberation process and abstain from voting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;

(g) In the event any potential conflict of interest arises at the shareholders' level, our Controlling Shareholder shall abstain from voting in the Shareholders' meeting of our Company with respect to the relevant resolution(s);

(h) Only our independent non-executive Directors will be involved in determining whether our Company should take up any New Business Opportunity; and our Company will disclose in the annual report the decision of the independent non-executive Directors, with basis, in respect of any New Business Opportunity;

(i) Our Group is administratively independent from the CGN Group as we have our own company secretary, authorized representatives and administrative personnel;

(j) Pursuant to the Corporate Governance Code and Corporate Governance Report in accordance with Appendix 14 of the Listing Rules, our Directors, including the independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's cost;

(k) Any proposed transaction between us and connected persons will be subject to Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting and independent shareholders' approval requirements of such rules; and

(l) We have appointed China International Capital Corporation Hong Kong Securities Limited as our compliance adviser, which is expected to provide advice and guidance to us in respect of compliance with applicable laws and the Listing Rules, including various requirements relating to directors' duties and internal controls.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

Having considered the following factors, we believe that we can conduct our business independently from CGNPC and its associates after the completion of the Global Offering.

Management Independence

Our Board consists of nine Directors, comprising one executive Director, five non-executive Directors and three independent non-executive Directors. Our Directors and members of senior management possess relevant management and/or industry-related experience to act as Directors or senior management of our Company. Each of our Directors is aware of his fiduciary duties which require, among other things, that he acts for the benefit of and in the best interests of our Company. Please refer to "Directors, Supervisors, Senior Management and Employees" for details of our Directors and senior management.

Among the nine Directors, only three Directors, namely, Mr. Zhang Shanming, Mr. Zhang Weiqing and Mr. Shi Bing, hold a directorship or senior management position in CGNPC. The other six Directors, including Mr. Gao Ligang*, our President and executive Director, do not hold any directorship or senior management position with CGNPC and, collectively, have sufficient time and energy to manage our day-to-day operations, taking account of their other working commitments. The three Directors holding positions with CGNPC are non-executive Directors, who are not involved in the day-to-day management of our Company. They are primarily responsible for strategically important matters such as formulation of our general development strategy and corporate operation strategy.

* *Mr. Gao Ligang, our executive Director and President, does not hold any directorship or senior management position with CGNPC. However he concurrently serves as the chairman of the board of Taishan Nuclear, which is under the custodian arrangement between us and CGNPC pursuant to the Custodian Service Framework Agreement and which will become our Company's subsidiary upon completion of the Proposed Acquisitions. As the chairman of the board of Taishan Nuclear, Mr. Gao is primarily responsible for making important decisions and formulating key corporate strategies. Nonetheless he is not involved in the day-to-day management of Taishan Nuclear's business. Mr. Gao has sufficient time and energy to focus on our Company's day-to-day operation. Mr. Gao shall abstain from voting in our transactions involving Taishan Nuclear before it becomes our Company's subsidiary, including the Proposed Acquisitions. Therefore, our Directors are of the view that Mr. Gao's chairmanship with Taishan Nuclear does not affect his management independence.*

Set out below is a table summarizing the positions held by our Directors, and their positions with CGNPC:

Name of Directors	Position with Our Company	Directorship or Senior Management Position with CGNPC as of the Latest Practicable Date
Mr. Zhang Shanming (張善明)	Chairman of the Board and Non-executive Director	President
Mr. Zhang Weiqing (張煒清)	Non-executive Director	Vice Chairman of the Board
Mr. Shi Bing (施兵)	Non-executive Director	Senior Vice President and Chief Financial Officer

Except as disclosed above, none of our Directors serves as a director or performs a senior management role in the CGN Group. As our Company and the CGN Group are managed by different management teams, there are sufficient independent Directors with relevant experience to ensure the proper functioning of the Board. In addition, other than Mr. Shu Guogang, our Vice President, who does not hold any director or senior management position with CGNPC but serves as the general manager of CGN Engineering, none of our senior management* serves as a director or senior management role in the CGN Group.

We believe that our Directors and senior management are able to perform their roles in our Company independently of the CGN Group and that our Company is therefore capable of managing its business independently of the CGN Group after the Listing for the following reasons:

a) the corporate governance procedures of the Board set out in the Articles of Association include provisions to avoid conflicts of interest by providing, among other things, that in the event of a conflict of interest, such as resolutions regarding transactions with the CGN Group, the relevant Director(s) who are connected with the CGN Group shall abstain from voting on such matters and shall not be counted toward the quorum. Further, when considering connected transactions and competition matters, the independent non-executive Directors will review relevant transactions;

b) the non-executive Directors who hold a position in the CGN Group are not involved in managing our day-to-day business, but are primarily responsible for corporate strategy and planning. The day-to-day operations of our Company are managed by our executive Director and senior management, who have extensive industry experience;

c) none of the Directors or members of the senior management has any shareholding interest in the CGN Group;

d) each of our Directors is aware of his fiduciary duties as a Director, which require, among other things, that he acts for our Company's best interest and that of the Shareholders as a whole; and

* *Mr. Gao Ligang, our executive Director and President, does not hold any directorship or senior management position with CGNPC. However he concurrently serves as the chairman of the board of Taishan Nuclear, which is under the custodian arrangement between us and CGNPC pursuant to the Custodian Service Framework Agreement and which will become our Company's subsidiary upon completion of the Proposed Acquisitions. As the chairman of the board of Taishan Nuclear, Mr. Gao is primarily responsible for making important decisions and formulating key corporate strategies. Nonetheless he is not involved in the day-to-day management of Taishan Nuclear's business. Mr. Gao has sufficient time and energy to focus on our Company's day-to-day operation. Mr. Gao shall abstain from voting in our transactions involving Taishan Nuclear before it becomes our Company's subsidiary, including the Proposed Acquisitions. Therefore, our Directors are of the view that Mr. Gao's chairmanship with Taishan Nuclear does not affect his management independence.*

e) we have appointed three independent non-executive Directors, comprising one-third of our Board with a view to overseeing affairs of our Company and the interests of our Company and the Shareholders as a whole.

On the basis outlined above, the Directors are of the view that the Company has its own management team that it is capable of maintaining independence from the CGN Group.

Operational Independence

We possess sufficient capital, property, equipment, operating facilities, technology, credit facilities and human resources to operate our business independently. We are fully enabled to make operational and financial decisions and implement such decisions. We have access to independent supplies for the operation of our business, as well as access to independent customers. We have also established a set of internal control procedures to facilitate and maintain the independent operation of our business. Our decisions are made by our Board, which is independent of the CGN Group.

During the Track Record Period, the CGN Group has been a reliable and stable supplier of raw materials and related services to our Company at reasonable price and on terms no less favorable than those available from independent third party service providers, and with respect to the provision of nuclear fuel and related services and engineering services, at price levels similar to those provided to the member companies within the CGN Group procuring similar services.

We have been procuring nuclear fuel and related services provided by the CGN Group in our ordinary and usual course of business since the establishment of CGN Uranium in 2006. Pursuant to the directive of "Ke Gong Er Si [2006]380(科工二司 [2006]380號)" issued by the former COSTIND and the No. 93 circular issued by MOFCOM (商務部 93號公告), CGN Uranium was established by CGNPC and approved by the relevant PRC authorities, with operational permits and licenses issued, for the purpose of supplying uranium and providing nuclear fuel related services to nuclear power stations of CGNPC and performing as the trading agent to import nuclear fuel from overseas. Through CGN Uranium, our nuclear power stations procure natural uranium from overseas and domestic markets, as well as from uranium mines in which CGN Uranium has equity interests. We also purchase, through CGN Uranium, natural uranium from CNNC's affiliates. We engage CGN Uranium to procure nuclear fuel and related services for us for the following reasons:

(i) The sale and supply of uranium is highly regulated in the PRC and worldwide. The Chinese government has imposed stringent regulations on uranium trading and fuel import. Only companies with operational permits and licenses approved by the relevant PRC authorities can import and trade uranium and provide nuclear fuel related services. There are currently two entities, namely CGN Uranium and China Nuclear Energy Industry Co., Ltd. (CNEIC), a subsidiary of one of our major competitors, CNNC, in the PRC that have been granted operational permits and licenses enabling them to import and trade natural uranium and provide nuclear related services. It has been a customary domestic practice that we procure nuclear fuel and related services from CGN Uranium while the nuclear power stations of CNNC procure such services from CNEIC. Although CNEIC would become an alternative supplier which is readily available if the CGN Group ceases to provide nuclear fuel and related services to us, due to the fact that CNEIC is a subsidiary of one of our major competitors, we believe it is strategically and commercially sensible for us to continue to engage CGN Uranium as our provider, and the transactions between our Group and CGN Uranium have been, and will continue to be, carried out on normal commercial terms after arm's length negotiation.

(ii) As to uranium conversion and enrichment services, fuel assembly processing services and other related services, only certain entities of CNNC in the PRC, including CNEIC and CNNC Jianzhong Nuclear Fuel Co., Ltd. (CNNC Jianzhong), are authorized with operational permits and licenses to engage in such businesses. Therefore, we procure such services primarily through entrusting CGN Uranium to enter into long-term contracts with CNEIC and CNNC Jianzhong. The reasons and benefits that we continue to engage CGN Uranium to procure such services are as follows:

(a) We believe the centralized procurement arrangement with CGN Uranium has enhanced our bargaining power in negotiating the contract terms, reduced the procurement cost otherwise incurred by separate nuclear power operating companies, guaranteed the quality and stable supply of nuclear fuel and related services to mitigate potential operational risk, provided professional technical and other value-added services in respect of such nuclear fuel and related services, including fabrication supervision and design review associated with nuclear fuel assemblies;

(b) the long-term purchase arrangement with CGN Uranium, which is an essential and established feature of our nuclear power station operation, has been in line with the normal industry practice and will help to alleviate the risk of any potential disruption to our business operations, to our Company and our Shareholders as a whole. In case the uranium conversion and enrichment services provided by CGN Uranium under the Nuclear Fuel Supply and Services Framework Agreement are not satisfactory to our Company or could not satisfy our demand on a timely basis, our Company could choose to procure such services from CNNC and its affiliates as an alternative supplier; and our Company was used to procuring such services from CNNC and its affiliates directly before the establishment of CGN Uranium; and

(c) through years of cooperation, CGN Uranium has become familiar with our business model for our nuclear power station operations and the supply of nuclear fuel and related services by CGN Uranium on a centralized procurement basis has proven to be efficient, stable and reliable to our operational needs.

Given the construction and engineering specialties required of the nuclear power stations, CGN Engineering (leveraging on its proprietary and extensive technical and management experience gained in engineering, procurement and construction of nuclear power stations) is, so far as we know, currently one of the three nuclear power construction companies with the requisite license and qualifications to develop nuclear power projects in China. In addition, CGN Engineering is the only nuclear power construction company in China adopting the CPR1000 technology which is applied in the nuclear power generating units that we operate and manage. Therefore, our Group will not go through a public bidding process for the construction of new nuclear power stations. Instead, it will appoint CGN Engineering as the EPC (engineering, procurement and construction) contractor. In providing the EPC services to us, CGN Engineering has performed bidding management where necessary as required by the applicable laws and regulations of the PRC. The service fees of the engineering services, including fees of engineering, procurement and construction of equipment and construction materials, are agreed taking into account actual costs and expenses incurred in providing such services after arm's length negotiations between us and CGN Engineering, with reference to the government-prescribed price and government-guided price, details of which are set out in "Connected Transactions – Continuing Connected Transactions – 8. Engineering Services Framework Agreement". Historically, if foreign service providers were involved, almost all of our nuclear power stations were constructed, or co-constructed by CGN Engineering. Our company is satisfied that there are valid and sound reasons for us to continue to engage CGN Engineering to provide construction and engineering services to us, which are set out as follows:

(i) Taking into account the construction and engineering specialties required of the nuclear power stations and our business requirements, in particular, the CPR1000 technology application, we are of the view that CGN Engineering is the most appropriate supplier to provide the construction and engineering services to our Group, although the other construction companies with the requisite license and qualifications to develop nuclear power projects may serve as our alternative service providers should we adopt different technologies in our nuclear power generating units;

(ii) through years of cooperation, with its familiarity with our nuclear power projects and understanding of our requirements, CGN Engineering has a proven track record in providing engineering services to our satisfaction, consistently meeting with the required standards and quality, contributing to the consistent performance of our nuclear power generating units in commercial operation; and

(iii) CGN Engineering commenced construction of our Yangjiang Nuclear Power Station in December 2008. CGN Engineering's continued role in the construction of Yangjiang Nuclear Power Station will be in the interests of our Company and our Shareholders as it avoids any unnecessary disruption to, or significant delays in, its construction and minimizing the risk of subjecting the construction to terms and conditions that are different from what have already been agreed upon.

In summary, other than the engineering services, there are alternative independent providers of nuclear fuel supply and related services, technical support and maintenance services and certain general services. However, our Directors consider that it would not be commercially desirable to discontinue using such services and goods provided by the CGN Group, given our established relationship with the CGN Group, its experience, market position, familiarity with our business needs and quality of its services. Furthermore, our Directors are of the view that these transactions have been entered into in the ordinary and usual course of business of our Company, that such transactions have been negotiated on arm's length basis on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. Please refer to "Connected transactions – Waiver Application for Non-exempt Continuing Connected Transactions" for more details in this regard.

Our Company owns our tangible assets and intangible assets, as well as registered trademarks (other than certain trademarks licensed to us by CGNPC), licenses, good-will, brands, know-how and other intangible assets independently of the CGN Group, which contribute to our ability to operate in our business independently of the CGN Group. In addition, our internal control procedures ensure conflicts or potential conflicts of interest are adequately managed to safeguard the interests of the Shareholders as a whole.

We have also adopted measures to ensure the oversight and the enforceability of the Non-competition Deed between our Company and CGNPC. Please refer to "– Non-competition Deed and Undertakings" for detailed corporate governance measures. The Group has its own administration and personnel capable of performing all administrative functions, including internal control and audit monitor, financial and accounting management, human resources and information technologies.

Based on the above, we are of the view that our Company operates independently of the CGN Group, while any continued business relationships with the CGN Group are considered to be in our best interest and will be conducted on an arm's length basis on normal commercial terms.

Financial Independence

We have sufficient capital and banking facilities to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations. We have access to independent third party financing and are capable of obtaining such financing without the need to rely on any guarantees or security provided by CGNPC. During the Track Record Period, other than the guarantee provided by CGNPC in connection with RMB3.0 billion loan extended to GNIC when it was a subsidiary of CGNPC prior to the establishment of our Company, details of which are disclosed in the section headed "Connected Transactions – Continuing Connected Transactions – 3. Guarantee from CGNPC" and Note 35 to "Appendix 1A – Accountants' Report of the Company" to this Prospectus, accounting for only approximately nil, nil, 5.9% and 5.3% of the Group's aggregate borrowings from independent third parties during the same periods, respectively, all our credit facilities were obtained from independent commercial banks and financial institutions without any assistance, guarantee or security from the CGN Group.

We do not intend to discharge the above-mentioned guarantee prior to the expiration of the term of the loan. As of September 30, 2014, our Group had unrestricted and unutilized banking facilities of a total amount of approximately RMB44,420.4 million, including the credit facilities we obtained from China Development Bank in the amount of RMB16.0 billion with a term of one year, renewable upon satisfactory review, and an interest rate to be determined based on applicable market rate, without guarantee or any form of shareholder support from the CGN Group. Historically and going forward, we have maintained long-term relationships with the relevant commercial banks in the PRC from which we are able to obtain banking facilities on competitive terms to fund our business operations and expansions. Please refer to the section headed "Financial Information – Liquidity and Capital Resources – Working Capital."

We have an independent finance department with its own staff, as well as a sound and independent audit system, a standardized financial and accounting system and a complete financial management system. We can make financial decisions independently and the CGN Group does not intervene with our use of funds. We maintain basic accounts with banks independently and the CGN Group does not share any bank account with us. We have made independent tax registrations and paid tax independently pursuant to applicable PRC tax laws and regulations. There has not been any tax paid by us together with the CGN Group and other enterprises under its control on a combined basis.

Where we receive financial services from CGN Finance, including loans provided by the CGN Group to us, those services have been provided to us on terms similar to or more favorable than those available from commercial banks or independent financial institutions in the open market. The commercial rationale for our Group to obtain the loans from the CGN Group is that, through years of cooperation, CGN Finance has become familiar with our capital structure, business operations, funding needs, cash flow pattern, cash management and our overall financial administrative system, which enables it to render more expedient, efficient and flexible services to us than the big four commercial banks and independent financial institutions in the PRC. In addition, CGN Finance is able to provide loans to us on a fast-track basis with simplified and streamlined approval, drawdown and repayment procedures. When faced with urgent business and operation needs, CGN Finance will be well positioned to provide us short-term funding support in a timely and efficient manner. We have adopted and implemented adequate and effective internal control measures to monitor the transactions relating to such loans and related financial services provided by the CGN Group. For the avoidance of doubt, our business relationship with the CGN Group in respect of the provision of those financial services does not prohibit our Group from using services provided by other commercial banks or independent financial institutions in the open market; and our Group retains discretion to make its selection according to our business needs as well as the fees and quality of such services. Our Group may (but is not obliged to) utilize the financial services provided by CGN Finance to deploy and manage its financial resources flexibly and efficiently. The procurement of financial services provided by CGN Finance is carried out in our ordinary and usual course of business. Please refer to "Connected transactions – Continuing Connected Transactions – 9. Financial Services Framework Agreement" for more details on the reasons, benefits and our stringent risk control measures in relation to the financial services provided to us by the CGN Group.

As of September 30, 2014, our Group had aggregate outstanding borrowings of approximately RMB81,524.3 million, and the loans extended to us from CGNPC and CGN Finance amounted to approximately RMB8,344.2 million, accounting for approximately 10.2% of our Group's aggregate outstanding borrowings. In addition, as of September 30, 2014, the unused credit facilities obtained by us from commercial banks and independent financial institutions (without any guarantee from the CGN Group) amounted to approximately RMB44,420.4 million, which was significantly higher than the maximum daily balance of loans provided by the CGN Group throughout the Track Record Period (being RMB21,139.0 million). Therefore, although we do not plan to repay the loans from the CGN Group or settle the amounts due to related parties before the Listing, we believe our Group is financially independent of the CGN Group.

Taking into account (i) the amount of credit facilities already successfully obtained from independent commercial banks and financial institutions without any assistance, guarantee or security from the CGN Group; (ii) only a small proportion of our borrowings were loans extended from the CGN Group (which are on terms no less favorable than those available from independent commercial banks or financial institutions); (iii) the benefits of receiving financial services provided by the CGN Group, the risk control measures we have adopted in respect of such services, as well as our discretion to use services provided by other commercial banks or financial institutions; and (iv) our ability to obtain credit facilities from independent commercial banks or financial institutions without recourse from the CGN Group, the Directors are of the view that the financial assistance provided by the CGN Group during the Track Record Period would not affect our financial independence from the CGN Group; going forward, our Company remains capable of obtaining financing from external sources for our business operations upon market terms and conditions without reliance on the CGN Group and will be financially independent from the CGN Group and/or its associates upon the Listing.

OVERVIEW AND CONNECTED PERSONS

The CGN Group

Following the completion of the Global Offering, CGNPC will hold approximately 66.38% of our issued share capital (assuming no Over-allotment Option is exercised) and will remain as our Controlling Shareholder. We will continue to have certain transactions with CGNPC and its associates, which constitute connected transactions, as defined under Chapter 14A of the Listing Rules. Under Rules 14A.07 (1) and (4) of the Listing Rules, CGNPC and its associates are our connected persons.

We have entered into a series of framework agreements with CGNPC, including the Custodian Service Framework Agreement (委託管理框架協議) (as defined below) on April 28, 2014; and the Trademark License Agreement (商標許可協議), the General Services Framework Agreement (綜合服務框架協議), the Technical Support and Maintenance Services Framework Agreement (技術支持與維修服務框架協議), the Engineering Services Framework Agreement (工程服務框架協議), the Financial Services Framework Agreement (金融服務框架協議), and the Nuclear Fuel Supply and Services Framework Agreement (核燃料物資供應與服務框架協議) (as defined below, together, the Custodian Service Framework Agreement (委託管理框架協議) the "Framework Agreements") each on November 21, 2014. In addition, CGNPC has guaranteed one of our external borrowings from independent third party financial institutions.

HKNIC

As HKNIC owns a 25% equity interest in GNPJVC, a 75%-owned subsidiary of our Group, HKNIC is our connected person at the subsidiary level under Rule 14A.07(1) of the Listing Rules. HKNIC is a wholly-owned subsidiary of CLP Holdings Limited, which is a company listed on the Stock Exchange. GNIC and HKNIC entered into the Joint Venture Contract on January 18, 1985, pursuant to which HKNIC agreed to purchase 25% (being its equity portion) of the electricity sent out by Daya Bay Nuclear Power Station, plus a further 45% of the electricity sent out by Daya Bay Nuclear Power Station ("Electricity Supply Arrangement under the Joint Venture Contract").

Taishan Nuclear

During the Track Record Period, Taishan Nuclear was ultimately held as to 41% (including 12.5% equity interest directly held, and 47.5% in Taishan Nuclear by Taishan Investment in which 60% was held by the CGN Group, but excluding 10% equity interest in Taishan Nuclear directly held by our Group) by the CGN Group and was a connected person of our Group under Rule 14A.07(4) of the Listing Rules. During the Track Record Period, our Group provided technical support and maintenance services to Taishan Nuclear. Such transactions between Taishan Nuclear and our Group constituted connected transactions.

After completion of the Proposed Acquisitions, we will, directly or indirectly, hold an aggregate of 51% equity interest in Taishan Nuclear, and the transactions between Taishan Nuclear and our Group will no longer constitute connected transactions as they will become intra-group transactions. Instead, the transactions between Taishan Nuclear and the CGN Group will constitute connected transactions upon completion of the Proposed Acquisitions. Please refer to "Business – Our Nuclear Power Business – Proposed Acquisitions" for further details of the Proposed Acquisitions. Accordingly, when determining the annual caps in respect of the continuing connected transactions between our Group and the CGN Group, we have taken into account, among other factors, the anticipated transaction amounts between Taishan Nuclear and the CGN Group.

EDF

After completion of the Proposed Acquisitions, EDF, the controlling shareholder of EDF International, which owns a 30% equity interest in Taishan Nuclear, will become our connected person at the subsidiary level under Rule 14A.07(1) of the Listing Rules. EDF is an integrated energy company and the leading electricity generator in Europe listed on the Frankfurt Exchange. Taishan Nuclear entered into a Final Project Support and Supply of Technology Agreement with EDF on August 10, 2008.

Transactions contemplated under the Framework Agreements, the Joint Venture Contract between GNIC and HKNIC, and the Final Project Support and Supply of Technology Agreement between Taishan Nuclear and EDF (following completion of the Proposed Acquisitions) mentioned above will constitute continuing connected transactions under the Listing Rules.

AGREEMENTS RELATING TO THE REORGANIZATION

- **Reorganization Agreement**

In connection with the Reorganization, we entered into the Reorganization Agreement with CGNPC on March 28, 2014. Pursuant to the Reorganization Agreement, CGNPC confirmed the amount of capital contributions to be made by it as the principal Promoter to our Company. CGNPC has provided various representations and warranties in relation to assets, liabilities and interests transferred to us under the Reorganization. Further, CGNPC has agreed to indemnify us for all losses and claims incurred by us in connection with taxes, capital contributions and equity transfer made by CGNPC, together with the penalties and fines associated herewith, and litigation expenses. For further details regarding the terms of the Reorganization Agreement, please refer to "History, Reorganization and Corporate Structure – Reorganization."

- **Non-competition Deed**

In order to contain and regulate competition and potential competition between our Group and the Controlling Shareholder, CGNPC entered into the Non-competition Deed in favor of our Group. Pursuant to the Non-competition Deed, we were granted, among other rights, the options for New Business Opportunities, the option for acquisitions and the preemptive rights. For further details regarding the terms of the Non-competition Deed, please refer to "Relationship with Controlling Shareholder – Non-competition Deed and Undertakings."

- **Taishan Equity Transfer Agreement**

In order to minimize any potential competition between our business and the businesses that the Controlling Shareholder will continue to be interested in after the Listing, our Company entered into the Taishan Equity Transfer Agreement with CGNPC. For further details regarding the terms of the Taishan Equity Transfer Agreement, please refer to "Business – Our Nuclear Power Business – Proposed Acquisitions."

- **Equity Transfer Agreement of Yangjiang Site Development**

In connection with the Reorganization, Yangjiang Nuclear entered into the equity transfer agreement of Yangjiang Site Development with CGN Services Group Co., Ltd. (中廣核服務集團有限公司) on August 6, 2014, pursuant to which Yangjiang Nuclear agreed to transfer its 70% equity interest in Yangjiang Site Development to CGN Services Group Co., Ltd. (中廣核服務集團有限公司) for a consideration of RMB311,919,768.2. For further details regarding the equity transfer agreement of Yangjiang Site Development, please refer to "History, Reorganization and Corporate Structure – Reorganization."

Implications under the Listing Rules

Any transaction that might take place after completion of the Global Offering pursuant to any agreement or arrangement described in the section headed "History, Reorganization and Corporate Structure – Reorganization" or pursuant to the Non-competition Deed would be made in the performance of the relevant transactions already entered into before the Global Offering. Therefore, such transactions will not constitute our connected transactions or our continuing connected transactions under Chapter 14A of the Listing Rules. However, when we decide whether to exercise any option for New Business Opportunities, any option for acquisitions or the preemptive right as provided for under the Non-competition Deed, we shall comply with the relevant requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Summary Table of Our Continuing Connected Transactions

Set forth below are details of our continuing connected transactions as well as the waivers, where applicable, from strict compliance with the relevant requirements of the Listing Rules that our Company has received from the Stock Exchange:

Nature of Transaction	Applicable Listing Rules	Waiver Sought	Proposed Annual Cap (RMB'000) for Year Ending December 31, 2014	2015	2016
I. Exempt Continuing Connected Transactions					
Trademark License Agreement	14A.76(1)	N/A	nil	nil	nil
Custodian Service Framework Agreement	14A.76(1)	N/A	4,000	4,000	4,000
Guarantee from CGNPC .	14A.90	N/A	nil	nil	nil
II. Continuing Connected Transactions which are subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement					
Final Project Support and Supply of Technology Agreement with EDF	14A.34 14A.35 14A.101	Waiver from announcement requirement	56,000	28,000	28,000
Electricity Supply Arrangement under the Joint Venture Contract	14A.34 14A.35 14A.52 14A.53 14A.101	Waiver from announcement requirement, requirement on the period for the agreement and requirement that annual caps must be expressed in monetary terms	10,380 GWh	12,117 GWh	12,834 GWh*

* *The duration of the Electricity Supply Arrangement under the Joint Venture Contract is up to May 6, 2034; for details of the proposed annual caps up to 2034, please refer to "– 5. Electricity Supply Arrangement under the Joint Venture Contract" below.*

Nature of Transaction	Applicable Listing Rules	Waiver Sought	Proposed Annual Cap (RMB'000) for Year Ending December 31, 2014	2015	2016
III. Continuing Connected Transactions which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements					
General Services Framework Agreement	14A.31 14A.34 14A.35 14A.36 14A.49 14A.71	Waiver from announcement and independent shareholders' approval requirements	Amount to be paid to the CGN Group:		
			588,000	787,000	871,000
			Amount to be received from the CGN Group:		
			175,000	175,000	205,000
Technical Support and Maintenance Services Framework Agreement	14A.31 14A.34 14A.35 14A.36 14A.49 14A.71	Waiver from announcement and independent shareholders' approval requirements	Amount to be paid to the CGN Group:		
			221,000	264,000	331,000
			Amount to be received from the CGN Group:		
			696,550	715,900	769,800
Engineering Services Framework Agreement	14A.31 14A.34 14A.35 14A.36 14A.49 14A.52 14A.71	Waiver from announcement and independent shareholders' approval requirements and requirement on the period for the agreement	8,015,000	9,857,000	9,076,000**
Financial Services Framework Agreement	14A.31 14A.34 14A.35 14A.36 14A.49 14A.71	Waiver from announcement and independent shareholders' approval requirements	Amount to be paid to the CGN Group in relation to settlement, entrustment loans and other financial services:		
			16,000	16,000***	N/A
			Maximum daily balance of deposits placed by our Group with the CGN Group and interest income:		
			17,800,000	21,800,000***	N/A
			Maximum daily balance of loans provided by the CGN Group to our Group:		
			26,094,000	25,338,000***	N/A
			Maximum daily balance of loans provided by our Group to the CGN Group:		
			9,345,000	11,445,000***	N/A
Nuclear Fuel Supply and Services Framework Agreement	14A.31 14A.34 14A.35 14A.36 14A.49 14A.52 14A.71	Waiver from announcement and independent shareholders' approval requirements and requirement on the period for the agreement	1,911,000	3,817,000	3,715,000****

** *The Engineering Services Framework Agreement is valid for a term of six years ending on December 31, 2019; for details of the proposed annual caps up to 2019, please refer to "– 8. Engineering Services Framework Agreement" below.*

*** *Financial Services Framework Agreement will expire one year after the Listing Date so the proposed annual caps under Financial Services Framework Agreement are caps for the year ending December 31, 2014 and for the period from January 1, 2015 to the expiration date of Financial Services Framework Agreement.*

**** *The Nuclear Fuel Supply and Services Framework Agreement is valid for a term of ten years ending on December 31, 2023; for details of the proposed annual caps up to 2023, please refer to "– 10. Nuclear Fuel Supply and Services Framework Agreement" below.*

I. Exempt Continuing Connected Transactions

The following transactions are made in the ordinary course of business and on normal commercial terms where each of the relevant percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will, as our Directors currently expect, be less than 0.1% on an annual basis. By virtue of Rule 14A.76(1) of the Listing Rules, the transactions are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Trademark License Agreement

Principal terms: We entered into a trademark license agreement with CGNPC on November 21, 2014 (the "Trademark License Agreement"), pursuant to which CGNPC has agreed to grant us a general license on a non-exclusive basis in respect of certain trademarks of CGNPC for our use free of charge. Unless with the prior written consent of CGNPC, we may not transfer or license such trademarks to any third parties.

The Trademark License Agreement, effective on the Listing Date, is for a term of 20 years for nil consideration. CGNPC will take all measures necessary to maintain (or extend) the effective registration of the trademarks licensed for our use under the Trademark License Agreement.

Reasons for the transaction: We have been CGNPC's sole platform for nuclear power generation and have been using the trademarks of CGNPC for a number of years. As such, in order to continue to leverage our brand awareness, we will continue to use certain trademarks of CGNPC after completion of the Global Offering. Since the relevant trademarks are fundamental to our corporate brand and the trademark license is granted to us for nil consideration, the initial term of the Trademark License Agreement is set at 20 years, i.e. on better terms to our Company and the interests of our Shareholders as a whole.

Historical amounts: The amounts of transaction carried out for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 were nil, nil, nil and nil, respectively.

Since the trademark license is granted for nil consideration and we are not required to pay any license fee to CGNPC, each of the percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules for the above continuing connected transaction is less than 0.1%. Accordingly, the transaction contemplated under the Trademark License Agreement constitutes a *de minimis* continuing connected transaction exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Custodian Service Framework Agreement

Principal terms: We entered into a custodian service framework agreement ("Custodian Service Framework Agreement") with CGNPC on April 28, 2014, pursuant to which our Group will provide CGNPC with certain custodian services and exercise certain management rights or powers over Fangchenggang Nuclear, CGN Lufeng Nuclear Power Co., Ltd. (中廣核陸豐核電有限公司), Xianning Nuclear Power Co., Ltd. (咸寧核電有限公司), Hubei Nuclear Power Co., Ltd. (湖北核電有限公司), CGN Engineering, Taishan Nuclear and Taishan Investment (each a "Custodian Target Company," and together, the "Custodian Target Companies") including, (i) performance of management responsibilities and exercise of shareholders' rights pursuant to PRC Company Law, the articles of association or joint venture agreements (if any) of Custodian Target Company and the Custodian Service Framework Agreement; (ii) attendance of shareholders' meetings of the Custodian Target Companies and exercise of voting rights; (iii) attendance of board meetings and supervisors' meetings of the Custodian Target Companies, providing opinions and exercising voting rights; (iv) recommendations on candidates of directors and senior management personnel of the Custodian Target Companies; (v) receiving custodian service fees; and (vi) information rights of transfer, granting, pledge or creation of other third party rights on the Custodian Target Companies. When carrying out the custodian services, matters involving material decision-making shall be reported to CGNPC for approval, and the board resolution and shareholders' resolutions shall be sent to CGNPC for record and the implementation of those resolutions shall be supervised and monitored.

The Custodian Service Framework Agreement, effective on May 30, 2014, is valid for a term of three years ending on December 31, 2016.

Reasons for the transactions: Our Group is the largest nuclear power producer in the PRC as measured by either total installed nuclear power generating capacity or attributable installed capacity. CGNPC (including the Custodian Target Companies) retains certain nuclear power related businesses, including the nuclear-power-station engineering company and nuclear power stations which are still at construction stage and have not commenced operation yet. In order to avoid the potential competition from those nuclear power stations under construction and safeguard the interests of our Group and our Shareholders, our Group would be placed in a better position to monitor the construction progress of those nuclear power stations as well as the operation and management of those nuclear power stations during the operation stage through the custodian services and the exercise of the rights and powers associated therewith. In addition, our Group has been granted the preemptive rights over, should CGNPC have any plan to dispose of, the Custodian Target Companies to better safeguard the interests of our Group.

Therefore, our Directors are of the view that the custodian arrangement would render our Group a sound opportunity to integrate the businesses of the Custodian Target Companies and our Group, and facilitate a smooth transfer of CGNPC's equity interests in the Custodian Target Companies to our Group when an appropriate opportunity arrives.

Pricing policy: The annual service fee received by our Group for provision of the custodian service shall comprise the expected costs and expenses incurred plus 5% of the costs and expenses incurred as profit, following arm's length negotiations between our Group and CGNPC.

Historical amounts: There was no historical custodian service provided by our Group to CGNPC and thus the amounts of the transaction carried out for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 were nil, nil, nil and nil, respectively.

Annual caps: The maximum aggregate annual amount of fees in connection with the custodian services for the three years ending December 31, 2014, 2015 and 2016 shall not exceed the caps as set out below:

	Proposed Annual Cap for Year Ending December 31,		
	2014	2015	2016
		(RMB'000)	
Total fees received from CGNPC	4,000	4,000	4,000

Basis of caps: The above annual caps have been determined based on the expected costs and expenses in providing such custodian service plus 5% of the costs and expenses incurred as profit, following arm's length negotiations between our Company and CGNPC. For the avoidance of doubt, our Group does not have control over the Custodian Target Companies based on an assessment of control in accordance with IFRS 10 Consolidated Financial Statements, and therefore shall not consolidate the financial statements of the Custodian Target Companies.

Given the Custodian Service Framework Agreement has been entered into in the ordinary and usual course of our business and on normal commercial terms, our Directors (including our independent non-executive Directors) are of the view that the Custodian Service Framework Agreement, the transactions contemplated therein and the proposed annual caps set forth above are fair and reasonable so far as the independent Shareholders are concerned, and are in the interests of our Company and our Shareholders as a whole.

As each of the percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules for the transactions contemplated under the Custodian Service Framework Agreement is less than 0.1%, the transactions constitute *de minimis* continuing connected transaction exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The following transaction is fully exempt pursuant to Rule 14A.90 of the Listing Rules.

3. Guarantee from CGNPC

CGNPC has an outstanding guarantee for a syndicated loan from an independent third party financial institution. Such guarantee has enabled us to obtain financial facilities on more favorable terms than those otherwise available. The following table sets out details of the loan:

Borrower	GNIC
Lender	Taiping Asset Management Co., Ltd. (太平資產管理有限公司), and other syndicate members
Date of guarantee agreement	August 2012
Maximum loan amount	RMB3.0 billion
Duration of loan amount	First installment: RMB0.5 billion from February 20, 2013 to February 19, 2022 Second installment: RMB0.5 billion from July 4, 2013 to July 3, 2022 Third installment: RMB1.0 billion from September 16, 2013 to September 15, 2022 Fourth installment: RMB1.0 billion from December 2, 2013 to December 1, 2022
Outstanding loan amount as of June 30, 2014	RMB3.0 billion
Guarantor	CGNPC
Security by the assets of our Group	N/A

The above guaranteed loan accounted for only approximately nil, nil, 5.9% and 5.3% of the Group's aggregate borrowings from Independent Third Parties during the Track Record Period. Other than this RMB3.0 billion loan, all our credit facilities obtained from independent commercial banks and financial institutions were without any assistance, guarantee or security from the CGN Group. We do not intend to discharge the above-mentioned guarantee prior to the expiration of the term of the loan. In addition, it would be either unduly burdensome or financially undesirable for our Company and CGNPC to obtain the consent of the counterparties to seek an early release or renegotiate such guarantee without incurring early termination liabilities. On August 25, 2014, in demonstrating our independent fund raising capability, our Company obtained a confirmation from China Development Bank for credit facilities in the amount of RMB16.0 billion without guarantee or any form of shareholder support from the CGN Group.

Our Directors are of the view that the above-mentioned guarantee, being a form of financial assistance (as defined in the Listing Rules) provided by CGNPC for our benefit, has been conducted on normal commercial terms where no security over our assets was granted in respect of such financial assistance provided by CGNPC. Accordingly, such guarantee is fully exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

II. Continuing Connected Transactions which are subject to the reporting, annual review and announcement requirements but exempted from the independent shareholders' approval requirement

The following transactions have been entered into with connected persons at the subsidiary level during the ordinary and usual course of our business on normal commercial terms where our Directors have approved the transactions and our independent non-executive Directors have confirmed that the terms of the transactions are fair and reasonable, the transactions are on normal commercial terms and in the interests of our Company and our Shareholders as a whole. Under Rule 14A.101 of the Listing Rules, the transactions will be exempted from the independent shareholders' approval requirement.

4. Final Project Support and Supply of Technology Agreement with EDF

Principal terms: Taishan Nuclear entered into a final project support and supply of technology agreement ("Final Project Support and Supply of Technology Agreement") with EDF on August 10, 2008, pursuant to which EDF will provide certain project support and supply of technology services to Taishan Nuclear as agreed between the parties. The Final Project Support and Supply of Technology Agreement is valid for the entire term of the Joint Venture Contract for the Establishment of Taishan nuclear Power Joint Venture Company Limited between EDF and CGNPC in respect of Taishan Nuclear.

Reasons for the transaction: EDF International, a subsidiary of EDF, is the 30% shareholder of Taishan Nuclear, which owns Taishan Nuclear Power Station. After completion of the Proposed Acquisitions, EDF will become our substantial shareholder at the subsidiary level and therefore our connected person. According to the Joint Venture Contract for the Establishment of Taishan Nuclear Power Joint Venture Company Limited entered into between EDF International and CGNPC on November 26, 2007, EDF will provide project support and supply of technology regarding FA3 *(unit 3 of Flamanville Nuclear Power Station in France)* EPR to Taishan Nuclear.

Pricing policy: The service fees paid to EDF by us in relation to the project support and supply of technology services have been negotiated on cost basis taking into account the prevailing/average services fee incurred by the technical experts with similar qualifications, skills and experiences.

Historical amounts: The total fees we paid to EDF for the project support and supply of technology services for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 were approximately RMB37 million, RMB10 million, RMB62 million and RMB11 million, respectively.

Annual caps: The maximum aggregate annual amount of fees for the three years ending December 31, 2014, 2015 and 2016 shall not exceed the caps as set out below:

	Proposed Annual Cap for Year Ending December 31,		
	2014	**2015**	**2016**
		(RMB'000)	
Total fees paid to EDF	56,000	28,000	28,000

Basis of caps: In determining the above annual caps, we have considered, among other factors, (i) the historical transaction amounts paid to EDF for the project support and supply of technology services; (ii) the existing contract value of provision of expert services agreed between Taishan Nuclear and EDF; and (iii) the estimated increase in the amount paid for the project support and supply of technology services due to inflation and anticipated increase in cost.

In particular, when referencing the historical transaction amounts and the existing contract value, we have noted that our service fees paid to EDF in 2012 decreased by approximately 73% as compared to 2011, which was primarily due to the decrease in our demand for expert technology support in 2012 according to the then construction stage and progress of Taishan Nuclear. The construction work of Taishan Nuclear was highly intensive in 2013 and 2014, which resulted in an approximately five fold increase in Taishan Nuclear's demand for expert support and technology services from EDF, as compared to 2012, with the transactions amounts supported by our existing contracts. From 2015 onwards, Taishan Nuclear's construction work will gradually enter into its later and final phases which is expected to result in an approximately 50% decrease in demand for EDF's project support as compared to 2014.

Given the Final Project Support and Supply of Technology Agreement has been entered into with EDF in the ordinary and usual course of our business and on normal commercial terms, our Directors (including our independent non-executive Directors) are of the view that the Final Project Support and Supply of Technology Agreement, the transactions contemplated therein and the proposed annual caps set forth above are fair and reasonable so far as the independent Shareholders are concerned, and are in the interests of our Company and our Shareholders as a whole.

5. *Electricity Supply Arrangement under the Joint Venture Contract*

Principle terms: GNIC and HKNIC entered into the Joint Venture Contract on January 18, 1985 and established GNPJVC, pursuant to which HKNIC agreed to purchase 25% (being its equity portion) of the electricity sent out by Daya Bay Nuclear Power Station, plus a further 45% of the electricity sent out by Daya Bay Nuclear Power Station. The contract was signed with the support of both the PRC government and the Hong Kong Government, for the supply of economical and reliable electricity to Guangdong Province (through the sales with GNIC) and Hong Kong (through the sales with HKNIC). The initial term of this contract ended on May 6, 2014. With agreement reached among the contracting parties on September 29, 2009, and approval granted by relevant government authorities, the contract was extended to May 6, 2034.

On December 31, 2013, an agreement was reached among GNPJVC, GNIC and HKNIC to sell to HKNIC, approximately, an additional 10% of the annual electricity sent out by Daya Bay Nuclear Power Station from the fourth quarter of 2014 (only approximately an additional 1% in 2014) to 2018.

Reasons for the transactions: Sale of electricity from Daya Bay Nuclear Power Station to HKNIC and GNIC. The generation and selling of electricity from a power station is in the ordinary and usual course of business of our Group and the supply of electricity to GNIC and HKNIC belongs to normal business arrangement.

Tariff setting mechanism: The offtake charge is based on the power sold in accordance with the contract times the tariff that is negotiated on fair basis by both parties. The factors for setting the tariff mainly include the following items: (i) the capacity factor of Daya Bay Nuclear Power Station; (ii) available market information, including the competitiveness of nuclear tariff in the electricity market, the environmental-friendliness of nuclear power generation by Daya Bay Nuclear Power Station, and the extent to which the Hong Kong market can afford electricity charges; (iii) the costs associated with the power generation, such as fuel costs, operation and maintenance expenses, spent fuel disposal expenses, decommissioning expenses, fixed asset depreciation charges, etc.; and (iv) changes in exchange rates.

Historical amounts: The transaction amounts related to the electricity supply to HKNIC for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 were approximately RMB4,048 million, RMB3,920 million, RMB3,776 million and RMB1,963 million, respectively.

Annual caps: It is expected that the annual quantity of electricity to be supplied to HKNIC shall not exceed the following caps:

Year	**Annual Cap (GWh)**
2014	10,380
2015	12,117
2016	12,834
2017	13,070
2018	13,070
2019	11,101
2020	11,403
2021	11,370
2022	11,101
2023	10,531
2024	10,058
2025	11,101
2026	11,370
2027	11,370
2028	11,134
2029	11,370
2030	11,370
2031	11,101
2032	10,400
2033	10,188
2034 (up to May 6, 2034, the expiration date of the Joint Venture Contract)	4,108

Basis of caps: In determining the above annual caps, we have considered, among other factors, (i) the power generating capacity of Daya Bay Nuclear Power Station; and (ii) the planned arrangements for refueling outages of Daya Bay Nuclear Power Station. Other factors may affect the electricity sent out by the nuclear power generating units of Daya Bay Nuclear Power Station, for instance, equipment failure and deloading as required by power grid, which may cause the actual amount to differ from the annual caps disclosed above.

Pursuant to Rule 14A.52 of the Listing Rules, the term of an agreement must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. Given the strategic significance of electricity supply to HKNIC and the revenue contribution to our Group as a result of this long-term electricity supply transaction, our Directors (including our independent non-executive Directors) are of the view that the Joint Venture Contract (including its duration, which is in accordance with normal business practice and could ensure stable electricity supply to HKNIC), the transactions contemplated therein, as well as the proposed annual caps set forth above are on normal commercial terms, fair and reasonable so far as the independent Shareholders are concerned, and are in the interests of our Company and our Shareholders as a whole.

Pursuant to Rule 14A.53 of the Listing Rules, annual caps must be expressed in monetary terms for continuing connected transactions. However, given the factors affecting the level of the tariff as mentioned above, the tariff will fluctuate and such fluctuations are not entirely within our control, our Company considers that it would not be appropriate for the annual caps to be set based on the monetary value of the transactions contemplated under the Electricity Supply Arrangement under the Joint Venture Contract.

As the transactions are denominated in U.S. dollars but disclosed in RMB, the fluctuation of exchange rate will have a linear effect to the transaction value, when comparing with other factors. The following table sets forth the sensitivity analysis illustrating the impact of hypothetical fluctuations in the main factors affecting the monetary value of the transaction:

Factors affecting the transaction amount		**Impact of factors on transaction amount**	
Factors	**Change in %**		**Remarks**
USD to RMB exchange rate	±1%	±1%	Transaction amounts are denominated in U.S. dollars but disclosed in RMB; therefore any changes in the USD to RMB exchange rate will result in linear change in the transaction amounts.
Other factors	±1%	-0.5% to 1.75%	The aggregate effect of the change in factors of (i) capacity factor of Daya Bay Nuclear Power Station, (ii) available market information and the extent to which the Hong Kong market can afford the electricity charges, and (iii) the costs associated with the power generation.

Note: the above sensitivity analysis assumes our nuclear power generating units will operate under normal conditions and estimates are made on a reasonable effort basis considering all information available to us as at the Latest Practicable Date.

Our Directors (including our independent non-executive Directors) are of the view that the annual caps expressed by reference to transaction volumes will provide a meaningful parameter for our Shareholders to measure the size of the electricity supply transactions, because (i) electricity generated is conventionally measured in kWh whilst the contract is supported by government requirements for electricity, who anticipate requirements in terms of output measured by kWh; and (ii) it is uncertain to pre-determine the tariff rate for the next twenty years, hence transaction volumes being more directly relevant than monetary caps. Therefore, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance of such requirement so as to allow the annual caps for the Electricity Supply Arrangement under the Joint Venture Contract to be expressed as fixed quanta, being maximum expected annual quantity of electricity to be supplied to HKNIC, rather than in terms of monetary value.

III. Continuing Connected Transactions which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements

The following transactions are entered into during the ordinary and usual course of our business on normal commercial terms where, as our Directors currently expect, each of the applicable percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will exceed 5% on an annual basis and the annual consideration will exceed HK$10,000,000. Under Rule 14A.76(2) and Rule 14A.31 of the Listing Rules, these transactions will be subject to the requirements of reporting, annual review, announcement and independent shareholders' approval.

6. General Services Framework Agreement

Principal terms: We entered into a general services framework agreement ("General Services Framework Agreement") with CGNPC on November 21, 2014, pursuant to which (i) the CGN Group will provide the following types of services to us, including catering services, property management services, transportation services, office and administrative procurement services, greening services, accommodation and meeting reception services, office support, electromechanical and water maintenance, logistic management service and other general administrative services; and (ii) we will provide certain services to the CGN Group including property leasing services, services to dispose of waste equipment and supplies, information technology services and other general services.

The General Services Framework Agreement, effective on the Listing Date, is valid for a term of three years ending on December 31, 2016. Relevant entities of both parties will enter into separate contracts which will set out the specific terms and conditions according to the principles provided in the General Services Framework Agreement.

Reasons for the transactions: We have been procuring general services from the CGN Group in our ordinary and usual course of business since our establishment. As all our nuclear power stations are located in remote areas and given the strict standards for operational safety and security in our industry, we consider it would be in our Group's best interest to utilize the services provided by the CGN Group. Such services provided by the CGN Group are on terms no less favorable than those of independent third-party service providers and are accustomed to meeting the industry requirements of nuclear safety and security, where applicable to such general services. For instance, CGNPC has a subsidiary, CGN Services Group Co., Ltd. (中廣核服務集團有限公司), which is a comprehensive general services company specializing in provision of a variety of integrated and stable general services with nuclear industry standards. Given the quality and high standard of such services provided by the CGN Group, it would be beneficial to us to continue to source such services from the CGN Group.

We have also been providing certain general services to the CGN Group in our ordinary and usual course of business. For instance, we have been providing information technology services to the CGN Group. It would be mutually beneficial for us and the the CGN Group to continue providing the aforementioned services to each other.

Pricing policy: The service fees for the general services provided are based on actual costs and expenses incurred in providing such services after arm's length negotiations between the relevant parties, with reference to the market prices charged by independent third-party providers for services of a similar nature in the usual and ordinary course of business.

Historical amounts: The amounts of fees paid/payable to the CGN Group for the general services received and recognised for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 are set out below:

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
	(RMB'000)			
Total fees paid/payable to the CGN Group on an actual basis	166,000	217,000	446,000	80,000*
Total fees paid/payable by Taishan Nuclear to the CGN Group (excluding Taishan Nuclear) on an actual basis	87,000	88,000	135,000	51,000
Total fees paid/payable to the CGN Group on a pro forma basis as if Taishan Nuclear were one of our subsidiaries	253,000(1)	305,000(1)	581,000(1)	131,000*(1)

(1) On a pro forma basis as if Taishan Nuclear were one of our subsidiaries and such transactions between Taishan Nuclear and the CGN Group were connected transactions for 2011, 2012, 2013 and the six months ended June 30, 2014.

* *Due to (i) the lesser requirements of the general services provided by, or procured by (as the case may be) us in the first quarter of the year (especially during the Chinese spring festival period); and (ii) the credit period, payment intervals and payment collection arrangement between us and the CGN Group following the performance of relevant contracts and orders, the actual transaction amounts during the third and fourth quarters of the year will have been significantly increased.*

As the construction work for units 1, 2, 3 and 4 of Yangjiang Nuclear Power Station entered their peak construction phases in 2012 and became even more intensive in 2013, the year before Yangjiang Unit 1 commenced its commercial operation, our construction staff and operational maintenance staff gradually increased and our demand for the associated general services procured from the CGN Group such as catering, accommodation, transportation, greening and relevant maintenance services correspondingly increased. Similarly, the then construction progress of units 1 and 2 of Taishan Nuclear Power Station also led to a considerable increase in demand for the general services procured from the CGN Group in 2013. Therefore, the total service fees we paid to the CGN Group (on a pro forma basis as if Taishan Nuclear were considered one of our subsidiaries) in 2012 were approximately 21% higher than the amount paid in 2011 and the amount further increased in 2013 by approximately 90% when the construction of Yangjiang and Taishan nuclear power generation units entered into the peak phase.

The amounts of fees received/receivable from the CGN Group for the general services provided and recognised for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 are set out below:

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
	(RMB'000)			
Total fees received/receivable from the CGN Group on an actual basis	215,000	140,000	22,000	3,000
Total fees received/receivable from Taishan Nuclear on an actual basis	23,000	20,000	–	84,000
Total fees received/receivable from the CGN Group on a pro forma basis as if Taishan Nuclear were one of our subsidiaries	192,000(1)	120,000(1)	22,000(1)	87,000(1)

(1) On a pro forma basis as if Taishan Nuclear were one of our subsidiaries and such transactions between Taishan Nuclear and us were no longer connected transactions for 2011, 2012, 2013 and the six months ended June 30, 2014.

The approximately 38% decrease in fees received from the CGN Group (on a pro forma basis as if Taishan Nuclear were considered one of our subsidiaries) in 2012 and a further decrease of the transaction amount by approximately 82% in 2013 were due to a corporate reorganization under which the Center of Information Technology was transferred from our Group to CGNPC in early 2013 under the CGN Group's centralized information management policy; such transfer of business began in the second half of 2012, following which the provision of the information technology services to the CGN Group was recorded as intra-group transactions. In early 2014, the Center of Information Technology was transferred back to our Group following the establishment of our Company as part of the Reorganization. As a result, the proposed annual caps in respect of the provision of the information technology services by our Group to the CGN Group for the year ending December 31, 2014 and going forward are expected to revert to the pre-2013 level.

Annual caps: The maximum aggregate annual amount of fees for the three years ending December 31, 2014, 2015 and 2016 shall not exceed the caps as set out below:

	Proposed Annual Cap For Year Ending December 31,		
	2014	2015	2016
	(RMB'000)		
Total fees paid to the CGN Group	588,000	787,000	871,000
Total fees received from the CGN Group	175,000	175,000	205,000

Basis of caps: In determining the above annual caps, as well as the increase in the proposed annual caps, for the provision of the general services by the CGN Group, we have considered, among other factors, (i) the historical transaction amounts paid for the provision of the general services by the CGN Group; (ii) the expected increase in demand by our Group for the general services; (iii) the general services provided by the CGN Group to Taishan Nuclear upon completion of the Proposed Acquisitions; and (iv) the estimated increase in the fee charged for those services due to inflation and anticipated increases in cost.

In quantifying the estimated increase in our Group's demand for the general services for the three years ending December 31, 2016, we have considered, among other factors: (a) given the commercial operations of its nuclear power units and FCD of its nuclear power units 5 and 6, Yangjiang Nuclear Power Station requires more general services (including transportation, catering, property management, greening and maintenance services) to be provided by the CGN Group to cater for increased staffing level and operational work since 2013; the anticipated transaction amounts of the general services procured by Yangjiang Nuclear Power Station are estimated to be approximately RMB108 million, RMB140 million and RMB 167 million for the three years ending December 31, 2016, respectively; (b) it is anticipated that GNPJVC, Ling'ao Nuclear and Lingdong Nuclear will carry out the Chang Wan projects of water intakes and low voltage inputs in 2015, and the completion of our wastewater treatment plant will also take place in 2015, all of which will lead to a significant increase in our demand for the associated general services to be provided by the CGN Group, and the corresponding service fees anticipated to be approximately RMB46 million and RMB10 million for the years of 2015 and 2016, respectively; and (c) the CGN Group's office and administrative procurement platform will be established in 2015 and 2016 to provide relevant services to us, in light of our Group's business expansion, with amounts payable for such services expected to be approximately RMB71 million and RMB62 million in 2015 and 2016, respectively, compared with RMB42 million in 2014.

In determining the above annual caps for the provision of the general services to the CGN Group, we have considered, among other factors, (i) the historical transaction amounts received for the provision of general services to the CGN Group; (ii) the expected increases in demand by the CGN Group for the general services; and (iii) the estimated increase in the fee charged for those services due to inflation and anticipated increases in cost.

As to the expected increase in demand by the CGN Group for the general services provided by us, we have particularly considered that: (a) our provision of information technology services to the CGN Group constitutes connected transactions following the transfer of the Center of Information Technology to our Group in early 2014; (b) the development of Fangchenggang Nuclear and the business expansion of CGN Uranium and CGN Engineering will result in an increased demand for the information technology services provided by us from 2014 onwards; and (c) an approximately 17% increase in the CGN Group's demand for our information technology services is anticipated following, among other things, the development of Fangchenggang Nuclear, Hubei Nuclear Power Co., Ltd. and the business expansion of CGNPC in 2016, with aggregated increased transaction amounts anticipated to be approximately RMB23 million.

Our Directors (including our independent non-executive Directors) are of the view that the General Services Framework Agreement, the transactions contemplated therein and the proposed annual caps set forth above are on normal commercial terms, fair and reasonable so far as the independent Shareholders are concerned, and are in the interests of our Company and our Shareholders as a whole.

7. Technical Support and Maintenance Services Framework Agreement

Principal terms: We entered into a technical support and maintenance services framework agreement ("Technical Support and Maintenance Services Framework Agreement") with CGNPC on November 21, 2014, pursuant to which (i) the CGN Group will provide certain types of technical support and maintenance services to us primarily including spare parts services, training, maintenance, technical studies and expert support services; and (ii) we will provide certain types of technical support and maintenance services to the CGN Group, including spare parts services, training, maintenance, operation preparation services, technical studies and expert support services.

The Technical Support and Maintenance Services Framework Agreement, effective on the Listing Date, is valid for a term of three years ending on December 31, 2016. Separate contracts will be entered into between relevant entities of both parties to set out the specific terms and conditions pursuant to the principles stipulated in the Technical Support and Maintenance Services Framework Agreement.

Reasons for the transactions: Historically, we have been procuring certain technical support and maintenance services provided by the CGN Group, and *vice versa*, in our ordinary and usual course of business to build a nuclear power business chain and promote sustainable development. We have carried out such transactions with the CGN Group because: (i) members of our Group and members of the CGN Group have established business relationships since their respective establishments; (ii) the relevant service providers are experts in their respective fields, either possessing the requisite license for provision of such service and/or are equipped with experienced and skilled technicians to carry out the specialized work involved; (iii) the service recipient will benefit from economies of scale due to the concentration of professional technical support and maintenance services; (iv) for certain sophisticated technical support and maintenance services, the ongoing arrangements with the CGN Group result in cost savings when compared with the procurement of similar support and services from foreign service providers; and (v) the services provided by us to the CGN Group have been on no more favorable terms, compared with the services provided to other third parties, taking into account the service quality, price, knowledge of each other's business needs and operational requirements, familiarity with each other's projects and value-added contributions that could be offered.

Historically, the technical support and maintenance services provided by the CGN Group to us primarily include technical support and maintenance work on nuclear power stations and power generation equipment carried out by the members of the CGN Group, such as Shenzhen Nuclear Power Electromechanical Installation and Maintenance Co., Ltd. (深圳核電機電安裝維修有限公司), China Nuclear Power Design Co., Ltd. (Shenzhen) (深圳中廣核工程設計有限公司), and China Techenergy Co., Ltd. (北京廣利核系統工程有限公司). On the other hand, our subsidiaries such as CGN Operations, CNPRI and Suzhou Nuclear Power Research Institute have been providing technical support and maintenance services to members of the CGN Group in respect of spare parts services, training, maintenance, operation preparation services, technical studies and expert support services.

Pricing policy: The service fees are agreed and based on actual costs and expenses incurred in providing the relevant services on normal commercial terms after arm's length negotiations between the relevant parties with reference to fees paid to Independent Third Parties for similar services in the ordinary and usual course of business.

Historical amounts: The amounts of fees in respect of the technical support and maintenance services paid/payable to the CGN Group for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 are set out below:

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
	(RMB'000)			
Total fees paid/payable to the CGN Group on an actual basis	42,000	63,000	140,000	23,000*
Total fees paid/payable by Taishan Nuclear to the CGN Group (excluding Taishan Nuclear) on an actual basis	–	3,000	35,000	22,000
Total fees paid/payable to the CGN Group on a pro forma basis as if Taishan Nuclear were one of our subsidiaries	42,000(1)	66,000(1)	175,000(1)	45,000*(1)

(1) On a pro forma basis as if Taishan Nuclear were one of our subsidiaries and such transactions between Taishan Nuclear and the CGN Group were connected transactions for 2011, 2012, 2013 and the six months ended June 30, 2014.

* *Due to (i) the lesser requirements of the technical support and maintenance services procured by us in the first quarter of the year (especially during the Chinese spring festival period); and (ii) the credit period, payment intervals and payment collection arrangement between us and the CGN Group following the performance of relevant contracts and orders, the actual transaction amounts during the third and fourth quarters of the year will have been significantly increased.*

When referencing the historical transaction amounts, we have noted gradual increases in the service fees we paid to the CGN Group (on a pro forma basis as if Taishan Nuclear were one of our subsidiaries) in the years of 2012 and 2013. Such year-on-year increases were primarily due to (a) the business transformation of Shenzhen Nuclear Power Electromechanical Installation and Maintenance Co., Ltd. (深圳核電機電安裝維修有限公司) commenced in 2012, which, together with other specialization companies of the CGN Group, then began to provide technical support services to our Group, and assisted us in the preliminary implementation of the improvement actions undertaken in 2012 following the Fukushima accident, resulting in an increase in the level of technical support services we procured from the CGN Group as compared to the level seen in 2011; and (b) the commencement of the peak phase of our implementation of improvement program in 2013 following the Fukushima accident which led to a corresponding increase in technical support and maintenance services we procured from the CGN Group in the same year.

The amounts of fees in respect of the technical support and maintenance services received/receivable from the CGN Group for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 are set out below:

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
	(RMB'000)			
Total fees received/receivable from the CGN Group on an actual basis	296,000	361,000	624,000	265,000
Total fees received/receivable from Taishan Nuclear on an actual basis	32,000	45,000	44,000	7,000
Total fees received/receivable from the CGN Group on a pro forma basis as if Taishan Nuclear were one of our subsidiaries	264,000(1)	316,000(1)	580,000(1)	258,000(1)

(1) On a pro forma basis as if Taishan Nuclear were one of our subsidiaries and such transactions between Taishan Nuclear and us were no longer connected transactions for 2011, 2012, 2013 and the six months ended June 30, 2014.

The steady increase in our fees received from the CGN Group on an actual basis in 2012 and 2013 was closely linked with the construction progress of the various projects of the CGN Group located in Ningde, Hongyanhe, Lufeng and Fangchenggang, following which the project demand for our provision of technical support services were correspondingly increased by approximately RMB54 million and RMB237 million in 2012 and 2013, respectively.

Annual caps: The maximum aggregate annual amount of fees for the three years ending December 31, 2014, 2015 and 2016 shall not exceed the caps as set out below:

	Proposed Annual Cap For Year Ending December 31,		
	2014	2015	2016
	(RMB'000)		
Total fees paid to the CGN Group	221,000	264,000	331,000
Total fees received from the CGN Group	696,550	715,900	769,800

Basis of caps: In determining the above annual caps, as well as the increase in the proposed annual caps, we have considered, among other factors, (i) the historical transaction amounts incurred between our Group and the CGN Group in respect of the technical support and maintenance services provided/received; (ii) the nature and amount of services required under specific contracts already entered into or agreed between members of our Group and members of the CGN Group; (iii) the expected increase in demand by relevant members of our Group and the CGN Group for the technical support and maintenance services due to anticipated business development and expansion; (iv) the technical support and maintenance services provided by the CGN Group to Taishan Nuclear after completion of the Proposed Acquisitions; and (v) the estimated increase in the average market price for such technical support and maintenance services attributable to anticipated increases in labor and technology costs.

As to the expected increase in our Group's demand for technical support and maintenance services, we have considered, among other factors: (a) the CGN Group started to provide outage repairs support services to CGN Operations with respect to our increased projects in 2014 following nuclear power stations entering into the outage repair prime contract with our CGN Operations in the same year, pursuant to which an increased number of our projects will receive maintenance services and technical support from the specialization company of the CGN Group from 2014 onwards; (b) the construction progress of Taishan Nuclear and Yangjiang Nuclear Power Station has correspondingly increased our demand for technical support services in 2014; (c) the CGN Group started to manage the reservoir of Yangjiang Nuclear Power Station in 2014, following which the transaction activities between Yangjiang Nuclear and the Mechanical and Electric installment Company of the CGN Group increased; and (d) it is anticipated that GNPJVC, Ling'ao Nuclear and Lingdong Nuclear will have continued to receive technical support and maintenances service in 2014. Taken together, the increase in service fees payable in 2014 resulted from the above factors is expected to be approximately RMB54 million. In addition, our demand following the construction progress of units 5 and 6 of Yangjiang Nuclear Power Station will lead to a further increase in service fees by approximately RMB31 million in 2015. Taking into account the above factors and given the anticipated steady business development in 2016, the proposed 2016 annual cap is expected to have an approximately 25% increase as compared to 2015.

With regards to the expected increase in the demand of the CGN Group for provision of the technical support and maintenance services by our Group, we have considered, among other factors: (a) CGN Operations was established in 2013 to provide technical support and maintenance services, and with the construction progress of various projects of the CGN Group, including CGN Lufeng Nuclear Power Co., Ltd. and Fangchenggang Nuclear, its demand for provision of technical support services by CGN Operations will be correspondingly increased; and (b) our Suzhou Nuclear Power Research Institute started to provide technical support in respect of supervisory monitoring systems to the nuclear power projects retained by the CGN Group from 2014 onwards. Taken together, the total fees anticipated to be received from the CGN Group with respect to our provision of the technical support and maintenance services in each of the years 2014, 2015 and 2016 will represent an approximately 20-35% increase as compared to 2013. Out of the approximately RMB117 million increase in the 2014 annual cap as compared to the service fees received in 2013, approximately RMB76 million of the increased amount is attributed to the technical support and maintenance services anticipated to be provided by our Group to various projects of the CGN Group including CGN Lufeng Nuclear Power Co., Ltd. and Fangchenggang Nuclear, accounting for approximately 65% of the year-on-year increase in the proposed 2014 annual cap.

Taking into account (i) the established business relationship and cooperation among the relevant members of our Group and members of the CGN Group in respect of the technical support and maintenance services; (ii) the service quality, price, work efficiency, knowledge of, and familiarity with, each other's business needs and operational requirements as well as the nuclear technical knowledge and security requirements, and value-added contributions that could be offered, our Directors (including our independent non-executive Directors) are of the view that the Technical Support and Maintenance Services Framework Agreement, the transactions contemplated therein, as well as the proposed annual caps set forth above are on normal commercial terms, fair and reasonable so far as the independent Shareholders are concerned, and are in the interests of our Company and our Shareholders as a whole.

8. Engineering Services Framework Agreement

Principal terms: We entered into an engineering services framework Agreement ("Engineering Services Framework Agreement") with CGNPC on November 21, 2014, pursuant to which the CGN Group will provide engineering services to us, primarily including pre-construction engineering service, survey, design and construction technical services, project management, engineering, procurement and construction, bidding management services, sales of used and/or superfluous materials and other engineering services.

The Engineering Services Framework Agreement, effective on the Listing Date, is valid for a term of six years ending on December 31, 2019. Separate contracts will be entered into between relevant entities of both parties to set out the specific terms and conditions pursuant to the principles stipulated in the Engineering Services Framework Agreement.

Reasons for the transactions: Our nuclear power operating companies have an established business relationship with, and have been procuring the engineering services provided by, CGN Engineering or its predecessor, a subsidiary of CGNPC, in our ordinary and usual course of business since our establishment. Given the construction and engineering specialties of the nuclear power stations, CGN Engineering, equipped with accumulated exclusive and extensive technical and management experience in engineering, procurement and construction of nuclear power stations, is, so far as we know, currently one of the three nuclear power construction companies in China with the requisite license and qualifications to develop nuclear power projects. In addition, CGN Engineering is the only nuclear power construction company in China adopting the CPR1000 technology which is applied in the nuclear power generating units that we operate and manage. Therefore, our Group will not publicly tender for the construction of new nuclear power stations, but engage CGN Engineering as the EPC (engineering, procurement and construction) contractor. In providing the EPC services to us, CGN Engineering has performed bidding management where necessary as required by the applicable laws and regulations of the PRC. Pursuant to the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》) and its implementing regulation, tendering process may not be required in the event that irreplaceable patents or know-how are required in the engineering construction projects. Taking into account the specific technology required for our construction and engineering work and the availability of such service providers, our PRC legal adviser, King & Wood Mallesons, is of the view that it is not in contradiction with the Tendering and Bidding Law of the PRC for our Group not to publicly tender for the construction of new nuclear power stations under the EPC contracting arrangement. Historically, almost all of our nuclear power stations were constructed, or co-constructed if foreign service providers were involved, by CGN Engineering and the valid and sound reasons for us to continue to engage CGN Engineering to provide construction and engineering services to us are as follows:

(i) Taking into account the construction and engineering specialties of the nuclear power stations and our business requirements, in particular, the CPR1000 technology application, we are of the view that CGN Engineering is the most appropriate supplier to provide the construction and engineering services to our Group;

(ii) through years of cooperation, with its familiarity with our nuclear power projects and understanding of our requirements, CGN Engineering has proved to be able to provide engineering services in satisfaction to us with required standards and quality consistently, leading to the consistent performance of our nuclear power generating units in commercial operation; and

(iii) CGN Engineering commenced construction of our Yangjiang Nuclear Power Station in December 2008, and the continuance of entrusting CGN Engineering to construct Yangjiang Nuclear Power Station will protect the interests of our Company and our Shareholders by avoiding any unnecessary disruption to, or significant delays in, its construction and minimizing the risk of having to re-negotiate established construction terms and conditions.

Taking into account the long-term construction duration of our Yangjiang Nuclear Power Station, and in order to avoid any unnecessary disruption to the continuity of the construction of Yangjiang Nuclear Power Station, we have entered into the Engineering Services Framework Agreement with CGNPC for a term of six years.

In addition, we have applied for a waiver for a term of six years for the engineering services provided by the CGN Group for the following reasons:

a) we consider that strict compliance with the Listing Rules requirements in respect of the above-mentioned engineering services will be unduly burdensome to us, taking into account the nature of the services required, our business and operation needs, and the potential disruption to our business operations caused by discontinuance of such services;

b) the long-term arrangement for engineering services reflects the essential feature of the relatively long-term construction duration of nuclear power stations in the industry; and the Engineering Services Framework Agreement has been entered into in a manner consistent with our past and established approaches with similar contractual terms and conditions;

c) the long-term arrangement protects the interests of our Company and our Shareholders by seeking to achieve the construction of our nuclear power stations without disruption and minimizing the risk of having to re-negotiate established construction terms and conditions which, if required, could expose us to the risk of significant delays in the construction of our nuclear power stations;

d) our Directors (including our independent non-executive Directors) are of the view that the Engineering Services Framework Agreement has been entered into in the ordinary and usual course of business of our Company and on normal commercial terms after arm's length negotiations; and

e) we believe that the request for a six-year waiver under Rule 14A.52 of the Listing Rules in relation to the Engineering Services Framework Agreement with CGNPC is necessary for the smooth construction process of our Yangjiang Nuclear Power Station and hence the overall smooth running of our operations as management will not be distracted from our overall operations and therefore in the best interest of our Company and our Shareholders as a whole.

Pricing policy: The service fees, including fees of engineering construction and procurement of equipment and construction materials, will be agreed and based on actual costs and expenses incurred in providing such services after arm's length negotiations between the relevant parties, with reference to the government-prescribed price and government-guided price*, the market prices charged by independent third party providers for services of similar standard in the usual and ordinary course of business, as well as any estimates which may have been separately provided by qualified independent third party appraisers.

* *The relevant government-prescribed price and government-guided price are mainly set out in the (i) Guidelines on Fee Nature and Project Categorization of Nuclear Power Station Construction (核電廠建設項目費用性質及項目劃分導則) issued by National Energy Administration (國家能源局); (ii) Budgeting Methodology of Nuclear Power Station Construction Projects (核電廠建設項目預算編制方法) issued by National Energy Administration (國家能源局); (iii) Regulations on Other Expense Budgeting of Nuclear Power Station Construction Projects (核電廠建設項目工程其他費用編制規定) issued by National Energy Administration (國家能源局); (iv) Regulations on Fees Management of Engineering Survey and Design (工程勘察設計收費管理規定) issued by State Development Planning Commission (國家發展與計劃委員會) and Ministry of Construction (建設部); and (v) Regulations on Construction Project Supervision along with Associated Service Fee Charging (建設工程監理與相關服務收費管理規定) issued by the NDRC and Ministry of Construction (建設部).*

Historical amounts: The amounts of the engineering service fees paid/payable to the CGN Group for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 are set out below:

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
	(RMB'000)			
Total fees paid/payable to the CGN Group on an actual basis	6,063,000	7,824,000	6,281,000	2,432,000
Total fees paid/payable by Taishan Nuclear to the CGN Group (excluding Taishan Nuclear) on an actual basis . . .	640,000	290,000	103,000	95,000
Total fees paid/payable to the CGN Group on a pro forma basis as if Taishan Nuclear were one of our subsidiaries(1)	6,703,000	8,114,000	6,384,000	2,527,000

(1) On a pro forma basis as if Taishan Nuclear were one of our subsidiaries and such transactions between Taishan Nuclear and the CGN Group were connected transactions for 2011, 2012, 2013 and the six months ended June 30, 2014.

With units 1, 2, 3 and 4 of Yangjiang Nuclear Power Station entering into their peak construction phases in 2012, the amount of the engineering service fees paid to CGN Engineering was correspondingly increased by approximately RMB1,760 million as compared to 2011. In the same year, the construction progress of Taishan Nuclear Power Station was delayed due to the impact of the Fukushima accident, with a decrease of approximately RMB 350 million in the amount of the engineering service fees paid to CGN Engineering as compared to 2011. Taken together, we recorded an approximately 21% increase in the amount of engineering service fees paid to the CGN Group (on a pro forma basis as if Taishan Nuclear were one of our subsidiaries). In 2013, the construction of Yangjiang Unit 1 gradually entered into its final stage, which led to a reduction in the level of engineering services required by approximately 21% as compared to the previous year. Towards the end of 2013, the construction of units 5 and 6 of Yangjiang Nuclear Power Station commenced, and the construction progress of Taishan Nuclear Power Station started to accelerate, which increased our demand for engineering services for the year of 2014 onwards.

In addition, due to (i) the lesser requirements of the engineering services procured by us in the first quarter of the year (especially during the Chinese spring festival period); and (ii) the credit period, payment intervals and payment collection arrangement between us and the CGN Group following the performance of relevant contracts and orders, the actual transaction amounts during the third and fourth quarters of the year will have been significantly increased.

Annual caps: The maximum aggregate annual amount of fees for the six years ending December 31, 2014, 2015, 2016, 2017, 2018 and 2019 shall not exceed the caps as set out below:

	Proposed Annual Cap For Year Ending December 31,					
	2014	2015	2016	2017	2018	2019
	(RMB'000)					
Total fees paid to the CGN Group	8,015,000	9,857,000	9,076,000	6,947,000	5,432,000	6,890,000

Basis of caps: In determining the annual caps, as well as the fluctuation in the proposed annual caps, for the engineering service fees to be paid to the CGN Group, we have considered, among other factors, (i) the historical transaction amounts paid to the CGN Group for the provision of engineering services; (ii) the projected considerable increase in our demand for engineering services for the years 2014, 2015 and 2016 due to the continued expansion and development of our business, in particular, the FCD of units 5 and 6 of Yangjiang Nuclear Power Station took place in September and December 2013, respectively; (iii) the estimated contract value of projected new engineering agreements to be entered into between us and the CGN Group; (iv) the engineering services to be provided by the CGN Group to Taishan Nuclear upon completion of the Proposed Acquisitions; and (v) the estimated increase in the average market rates charged for similar services due to inflation and anticipated increase in cost. From 2016 onwards, according to the then construction progress of Yangjiang Nuclear Power Station and taking into account the lesser engineering services required with respect to its units 1, 2, 3 and 4, the proposed annual caps for the years 2017, 2018 and 2019 will be expected to decrease to the pre-2014 level.

Taking into account the long-term construction duration of our nuclear power projects, we have entered into a six-year term Engineering Services Framework Agreement with CGNPC, and the proposed annual caps for our fees to be paid with respect to the engineering services procured for the six years of 2014 – 2019 are substantially supported by our existing contract obligations with respect to the engineering services procured for the construction of Yangjiang Nuclear Power Station and Taishan Nuclear Power Station, with existing contract values accounting for approximately 94%, 92%, 91%, 82%, 77% and 82% of the proposed annual caps for the years 2014-2019, respectively.

Taking into account CGN Engineering's construction quality, the price agreed, work efficiency, knowledge of our business needs and operational and safety requirements, its nuclear industry knowledge and familiarity with our nuclear power projects, the value-added services that could be offered by it, as well as our business expansion plan, our Directors (including our independent non-executive Directors) are of the view that the Engineering Services Framework Agreement, the engagement, and continuing engagement, of CGN Engineering as our engineering services provider, as well as the proposed annual caps set forth above are on normal commercial terms, fair and reasonable so far as the independent Shareholders are concerned, and are in the interests of our Company and our Shareholders as a whole.

9. Financial Services Framework Agreement

Principal terms: We entered into a financial services framework agreement ("Financial Services Framework Agreement") with CGNPC on November 21, 2014, pursuant to which the CGN Group will provide financial services to us, including deposits, loans, entrustment loans, annum-based and project-based financial consulting service, settlement services, insurance service and financial leasing services and we will provide entrustment loans to the CGN Group.

The Financial Services Framework Agreement, effective on the Listing Date, is valid for a term of one year from the Listing Date. Separate contracts will be entered into between us and the CGN Group to set out the specific terms and conditions pursuant to the principles stipulated in the Financial Services Framework Agreement.

Reasons for the transactions: Our Group is expected to benefit from the CGN Group's familiarity of our industry and our Group's operations. The CGN Group has a non-banking financial institution subsidiary, namely CGN Finance. Through years of cooperation, CGN Finance has become familiar with our capital structure, business operations, funding needs, cash flow pattern, cash management and our overall financial administrative system, which enables it to render more expedient, efficient and flexible services to us than the big four commercial banks and independent financial institutions in the PRC.

In addition, CGN Finance is able to provide loans to us on a fast-track basis with simplified and streamlined approval, drawdown and repayment procedures. When faced with urgent business and operation needs, CGN Finance will be well positioned to provide us short-term funding support in a timely and efficient manner. Moreover, the interest rates applicable to the loans provided by CGN Finance to us are no less favorable than those available from the big four commercial banks or independent financial institutions.

Pursuant to the General Provisions of Loans (《貸款通則》) issued by PBOC and the supervision of China Banking Regulatory Commission ("CBRC"), loans can only be provided by authorized institutions with relevant operational permits and licenses and as approved and supervised by the relevant PRC authorities. Therefore, loans between our Group companies for our operational needs should be made through financial institutions in the form of entrustment loans. CGN Finance is approved by the relevant PRC authorities to carry out financial services including (i) operation of the foreign exchange business; (ii) providing financial and financing consultancy, credit certification and related consultancy and agency services to members of the group; (iii) assisting members of the group in settlement; (iv) providing guarantees to members of the group; (v) providing bill acceptance and discount services to members of the group; (vi) processing the settlement of internal transfers between accounts and providing solution plans for relevant settlement and clearing; (vii) taking deposits from members of the group; (viii) providing loan and finance leases to members of the group; (ix) conducting inter-borrowing among finance companies; (x) underwriting the corporate bonds issued by members of the group; (xi) making equity investments in financial institutions; (xii) making investments in negotiable securities (except stock trading in secondary market); (xiii) providing entrustment loan and entrusted investment services; and (xiv) issuing corporate bonds of finance companies upon approval.

Historically, we have been engaging CGN Finance to provide entrustment loan services to our Group on terms no less favorable than those available from the big four commercial banks or independent financial institutions. We have also been engaging CGN Finance to provide entrustment loan services to the CGN Group using our cash surplus which might not be immediately utilized for our business operations for reasons of (i) higher interest rates on our entrustment loans than yield on time deposit available in the open market; and (ii) lack of comparable alternative investment options to allow us to invest our cash surplus efficiently within a relatively short timeframe. In addition, as we provide entrustment loans to the CGN Group when we have cash surplus, such entrustment loans did not in the past, nor are they expected to in the future, impose any negative impact on our working capital sufficiency. We have adequate internal resources and a strong credit profile to support our daily operations. As of June 30, 2014, we had cash and cash equivalents of RMB7,828,048,000.

For the avoidance of doubt, the Financial Services Framework Agreement does not prevent us from using services provided by other commercial banks or independent financial institutions in the PRC. Our Group retains discretion to make its selection according to our business needs as well as the fees and quality of such services. Our Group may (but is not obliged to) utilize the financial services provided by CGN Finance to deploy and manage its financial resources flexibly and efficiently. The procurement of financial services provided by CGN Finance is carried out in our ordinary and usual course of business.

Pricing policy: The Financial Services Framework Agreement provides that the services shall be provided in accordance with the following pricing principles:

a) The interest rate applicable to our deposits with CGN Finance will not be lower than (i) the benchmark interest rate published by PBOC for deposits of a similar type for the same period; (ii) the interest rate for deposits of a similar type for the same period placed by other members of the CGN Group; and (iii) the interest rate for deposits of a similar type for the same period offered by the big four commercial banks to us.

b) The interest rates applicable to our loans to the CGN Group through CGN Finance shall be (i) on normal commercial terms; (ii) the benchmark interest rate published by PBOC for loans of a similar type for the same period; and (iii) no less favorable than interest rates for the comparable loans provided by other members of the CGN Group to the CGN Group through CGN Finance.

c) The interest rates applicable to the loans provided by the CGN Group through CGN Finance and by CGN Finance to us shall be (i) on normal commercial terms with no security over the assets of our Group charged in respect of the loans; (ii) the benchmark interest rate published by PBOC for loans of a similar type for the same period; and (iii) no less favorable than interest rates for the comparable loans provided by the CGN Group to other members of the CGN Group through CGN Finance.

d) The service fees for settlement, entrustment loans and other financial services shall not be higher than (i) fees charged by independent commercial banks or financial institutions; and (ii) fees charged to other members of the CGN Group for similar services provided by CGN Finance.

Historical amounts: The historical amounts for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 are set out below:

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
	(RMB'000)			
Service fees paid to the CGN Group in relation to settlement, entrustment loan and other financial services on an actual basis	14,000	5,000	8,000	3,000
Service fees paid to the CGN Group in relation to settlement, entrustment loan and other financial services on a pro forma basis as if Taishan Nuclear were one of our subsidiaries(1)	16,000	7,000	10,000	5,000
Maximum daily balance of deposits and interest income on an actual basis	10,900,000	10,900,000	8,600,000	13,513,000
Maximum daily balance of deposits and interest income on a pro forma basis as if Taishan Nuclear were one of our subsidiaries(1)	12,144,000	12,144,000	9,797,000	13,815,000
Maximum daily balance of loans provided by the CGN Group to our Group on an actual basis	20,650,000	18,188,000	14,517,000	21,139,000
Maximum daily balance of loans provided by the CGN Group to our Group on a pro forma basis as if Taishan Nuclear were one of our subsidiaries(1)	21,508,000	21,450,000	16,667,000	21,249,000
Maximum daily balance of loans provided by our Group to the CGN Group on an actual basis	18,000	9,000	25,000	450,000
Maximum daily balance of loans provided by our Group to the CGN Group on a pro forma basis as if Taishan Nuclear were one of our subsidiaries(1)	18,000	9,000	25,000	450,000

(1) On a pro forma basis as if Taishan Nuclear were one of our subsidiaries and such transactions between Taishan Nuclear and the CGN Group were connected transactions for 2011, 2012, 2013 and the six months ended June 30, 2014.

Financial service fees paid to the CGN Group: The service fees we paid to the CGN Group on an actual basis in 2012 decreased by approximately 64%, compared with 2011, primarily due to the financial service fees on foreign exchange charged by the CGN Finance decreased by RMB9 million. The service fees we paid to the CGN Group on an actual basis in 2013 increased by approximately 60%, compared with 2012, primarily due to the financial service fees on foreign exchange charged by CGN Finance increased by RMB2 million.

Deposits and interest income: The maximum daily balance of deposits and interest income (on a pro forma basis as if Taishan Nuclear were one of our subsidiaries) in 2013 decreased by approximately 19%, compared with 2012, mainly because our Group began to implement the efficient use of precipitation funds, savings and loans during the second half of 2012 and the full year of 2013 as well as strengthen the control of account balance.

Loans provided by the CGN Group to our Group: The maximum daily balance of loans provided by the CGN Group to our Group on an actual basis in 2012 decreased by approximately 12%, compared with 2011, primarily due to the decrease in the total loans provided by the CGN Group and a corresponding increase in the total loans provided by independent commercial banks and financial institutions. The maximum daily balance of loans provided by the CGN Group to our Group (on a pro forma basis as if Taishan Nuclear were one of our subsidiaries) in 2013 decreased by approximately 22%, compared with 2012, primarily due to the continuing decrease in the total loans provided by the CGN Group and the further increase in the total loans provided by independent commercial banks and financial institutions.

Loans provided by our Group to the CGN Group: The maximum daily balance of loans provided by our Group to the CGN Group (on a pro forma basis as if Taishan Nuclear were one of our subsidiaries) in 2012 decreased by approximately 50%, compared with 2011, primarily due to the expiration of the existing loans in 2012. The maximum daily balance of loans provided by our Group to the CGN Group (on a pro forma basis as if Taishan Nuclear were one of our subsidiaries) in 2013 increased by approximately 178%, compared with 2012, primarily due to GNPJVC's funds arrangement to increase its loan limit by RMB16 million.

Annual caps: The caps for the year ending December 31, 2014 and the period from January 1, 2015 to the expiration date of Financial Services Framework Agreement are as set out below:

	Proposed Annual Cap For	
	Year Ending December 31, 2014	**Period from January 1, 2015 to the Expiration Date of Financial Services Framework Agreement**
	(RMB'000)	
Service fees paid to the CGN Group in relation to settlement, entrustment loans and other financial services	16,000	16,000(1)
Maximum daily balance of deposits and interest income	17,800,000	21,800,000(1)
Maximum daily balance of loans provided by the CGN Group to our Group	26,094,000	25,338,000(1)
Maximum daily balance of loans provided by our Group to the CGN Group	9,345,000	11,445,000(1)

(1) We have applied to the Stock Exchange for an interim waiver from strict compliance with the announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules which will expire one year from the Listing Date. Such non-exempt continuing connected transactions under the Financial Services Framework Agreement (together with the proposed annual caps) will be submitted to our independent Shareholders for approval within one year after the Listing.

Basis of caps:

Caps for financial service fees paid to the CGN Group: In determining the above annual caps for the service fees in relation to settlement, entrustment loans and other financial services, we have considered, among other factors, (i) the estimated service fees in relation to entrustment loans with reference to the maximum daily balance of entrustment loans for the year ended December 31, 2013 and the average historical amounts of service fees for entrustment loans; (ii) the estimated cash settlement handling fees with reference to our projected business volume for the year ended December 31, 2013 and the historical ratio of cash settlement amount to handling fees; and (iii) other financial and consulting services to be provided under the Financial Services Framework Agreement. Accordingly, the annual cap of the service fees paid to the CGN Group for 2014 will increase by approximately 60%, compared with 2013, primarily due to (a) the entering into of a risk management consulting agreement with the CGN Finance, with the annual service fee of RMB2 million; and (b) the expected increase of RMB3 million in the financial service fees on foreign exchange.

Caps for deposits and interest income: In determining the maximum daily balance of deposits and interest income for the years ending December 31, 2014 and 2015, we have considered, among other factors, (i) the maximum daily balance of cash and cash equivalent of our Group for the year ended December 31, 2013 together with interest income; (ii) the operating cash flow requirements and financial needs of our Group for its operations and future business expansion; and (iii) the expected increase in deposits interest income by placing deposits with CGN Finance on the basis that CGN Finance is under the supervision of CBRC and it has been maintaining satisfactory operating results and financial position with good risk control and well regulated management in order to reduce the potential risks. Accordingly, the annual cap of the maximum daily balance of deposits and interest income for 2014 will increase by approximately 82%, compared with 2013, primarily due to (a) the expected repayment of loans (and interest related thereto) provided by us to the CGN Group; and (b) the expected increase in our cash surplus because of the increased inflation rate and the increase in the gross domestic products growth rate. The annual cap of the deposits and interest income for 2015 will increase by approximately 22%, compared with 2014, primarily due to (a) the expected dividends to be paid by our subsidiaries to our Company, which will be temporarily deposited in CGN Finance; (b) the expected repayment of the loans (and interest related thereto) provided by us to the CGN Group; and (c) the expected increase in income from electricity sales by Yangjiang Nuclear.

Caps for loans provided by the CGN Group to our Group: In determining the maximum daily balance of loans provided by the CGN Group to our Group for the years ending December 31, 2014 and 2015, we have considered, among other factors, (i) the maximum daily balance of loans provided by the CGN Group to our Group for the year ended December 31, 2013; (ii) the provision of loans by the CGN Group to our Group on normal commercial terms which are similar to or no less favorable than those available from Independent Third Parties for comparable services in the PRC; and (iii) no grant of security over the assets of our Group in respect of such loans. Accordingly, the annual cap of the maximum daily balance of loans provided by the CGN Group to our Group for 2014 will increase by approximately 23%, compared with 2013, primarily due to the ongoing construction of units 5 and 6 of Yangjiang Nuclear Power Station, the FCD of which occurred in September and December 2013, resulting in its need for more readily available source of cash during the construction process in 2014.

Caps for loans provided by our Group to the CGN Group: In determining the maximum daily balance of loans provided by our Group to the CGN Group for the years ending December 31, 2014 and 2015, we have considered, among other factors, (i) the maximum daily balance of loans provided by our Group to the CGN Group for the year ended December 31, 2013; (ii) our expected net cash inflow in the years 2014 and 2015; (iii) the availability of comparable alternative investments in the market; and (iv) the high credit rating of the CGN Group and the return that could be generated from the provision of such loans. Accordingly, the maximum daily balance of loans provided by our Group to the CGN Group for the year 2014 has been determined after taking into account the above factors, together with the budgets and financial needs of our Group for our operations and business expansion. The annual cap of the maximum daily balance of loans provided by our Group to the CGN Group in 2015 is anticipated to further increase by approximately 22%, primarily due to (a) the expected increase in income from electricity sales by Yangjiang Nuclear which will be used to earn interest income; and (b) the expected increase in loans extended to the CGN Group to earn interest income. For the avoidance of doubt, we have no plans to lend any proceeds raised form the Global Offering to the CGN Group through the provision of loans.

In determining whether our funds are placed as deposits with CGN Finance or loaned to the CGN Group through the provision of loans, we will take into account the following factors based on principles of maximum return, cost control and risk control: (i) the funding plan which specifies our long term and short term funding needs, operational needs and capital expenditure requirements; (ii) our investment needs with reference to the interest rates offered for deposits and loans; (iii) the amount of cash inflow from business operations; and (iv) the service fees charged and the terms of entrustment loans and financial service.

Risk control measures:

As part of our risk controls, we have adopted the following measures to monitor the financial services contemplated under the Financial Services Framework Agreement:

(1) We have measures and guidelines in place to monitor the deposits and entrustment loans arrangement from time to time. We also have procedures in place providing a comprehensive assessment of the capital operation and risk exposure of CGN Finance, and regular review of CGN Finance's services.

(2) the CGN Group (including CGN Finance) has provided below undertakings to our Group to, among other things, ensure the security of our deposits and loans:

   (i) CGN Finance shall provide to our Group, at all times, financial services with terms no less favorable than (a) those comparable financial services provided to the CGN Group; and (b) those comparable financial services provided to our Group by the big four commercial banks or other independent financial institutions in the PRC;

   (ii) CGN Finance shall adopt good corporate governance structure and a sound internal control system to ensure that its risk monitoring indicators and major regulatory indicators (such as gearing ratio, interbank borrowing ratio and liquidity ratio) meet the requirements of CBRC and other applicable laws and regulations; and

(iii) the CGN Group shall take all necessary actions to procure the financial health of CGN Finance and its due performance under the Financial Services Framework Agreement, including provision of capital injection to CGN Finance in case of payment difficulties arising from its operations and provision of indemnification for our deposits placed with CGN Finance and loans lent to the CGN Group.

(3) If we become aware of any material adverse change in the financial conditions of CGN Finance, we will take immediate measures, including early withdrawal of deposits, to minimize any adverse impact.

(4) CGN Finance shall provide us sufficient information (including copies of all regulatory reports submitted by CGN Finance to CBRC) upon request and we will cross check the maximum daily balance of the deposits and loans to ensure that the relevant amounts do not exceed the applicable annual caps. If the actual balance exceeds the maximum daily balance of deposits and prevailing interest from time to time, we will promptly transfer the excess funds to our designated bank accounts with independent commercial banks.

(5) We will engage our auditors to review the connected transactions between us and the CGN Group to ensure that the transactions contemplated under the Financial Services Framework Agreement have been conducted in accordance with the Listing Rules and have fulfilled the relevant disclosure requirement.

Taking into account that (i) CGN Finance is well-positioned to provide us with bespoke and cost efficient services on terms no less favorable than those available from the big four commercial banks or independent financial institutions; and (ii) we have adopted and implemented adequate and effective internal control measures to monitor the transactions relating to deposits and loans contemplated under the Financial Services Framework Agreement, our Directors (including our independent non-executive Directors) are of the view that the Financial Services Framework Agreement, the transactions contemplated therein, as well as the proposed annual caps set forth above are on normal commercial terms, fair and reasonable so far as the independent Shareholders are concerned, and are in the interests of our Company and our Shareholders as a whole.

10. Nuclear Fuel Supply and Services Framework Agreement

Principal terms: We entered into a nuclear fuel supply and service framework agreement ("Nuclear Fuel Supply and Services Framework Agreement") with CGNPC on November 21, 2014, pursuant to which the CGN Group will provide nuclear fuel and related services to us, including procurement and supply of uranium, nuclear fuel general contracting services, spent fuel storage and transportation, and other associated supplies and services.

The Nuclear Fuel Supply and Services Framework Agreement, effective on the Listing Date, is valid for a term of ten years ending on December 31, 2023. Separate contracts will be entered into between the relevant entities of both parties to set out the specific terms and conditions pursuant to the principles stipulated in the Nuclear Fuel Supply and Services Framework Agreement.

Reasons for the transactions: We have been procuring nuclear fuel and related services provided by the CGN Group in our ordinary and usual course of business since the establishment of CGN Uranium. Uranium, as a major nuclear fuel, is a highly regulated raw material and we have purchased uranium from CGN Uranium pursuant to the directive of "Ke Gong Er Si [2006]380(科工二司[2006]380號)" issued by the former COSTIND and the No. 93 circular issued by the MOFCOM (商務部93號公告). In the PRC, only companies with operational permits and licenses approved by the relevant PRC authorities can trade uranium and provide nuclear fuel related services. Historically, we purchased nuclear fuel from China Nuclear Energy Industry Co., Ltd. (CNEIC), the subsidiary of one of our major competitors, CNNC, in the PRC. In August 2006, CGN Uranium was established by CGNPC and approved by the relevant PRC authorities, with operational permits and licenses issued. Accordingly, we commenced purchasing nuclear fuel from CGN Uranium and use CGN Uranium as the trading agent to import nuclear fuel from overseas. Since then it has been a domestic practice that we procure nuclear fuel and related services from CGN Uranium while the nuclear power stations of CNNC procure such services from CNEIC; and accordingly the supply of nuclear fuel by CGN Uranium has been more stable to cater for our operational needs. Please refer to "Relationship with Controlling Shareholder – Independence from Our Controlling Shareholder – Operational Independence" for detailed reasons as to why we entered into the entrustment arrangement with CGN Uranium instead of procuring nuclear fuel and related services directly from CNEIC.

In addition, given the trading of uranium is highly regulated in China and nuclear power stations need a stable, reliable and secure fuel supply, it is a normal and regular industry practice to enter into a long term agreement for procurement of nuclear fuel. Accordingly, we have applied for a waiver for a term of ten years to purchase nuclear fuel and related services provided by the CGN Group for the following reasons:

a) we consider that strict compliance with the Listing Rules requirements in respect of the procurement of nuclear fuel and related services will be unduly burdensome to us, taking into account the nature of the raw material and services required, our business and operation needs, and the potential disruption to our business operations caused by discontinuance of such services;

b) the long-term nuclear fuel and related services purchase arrangement is an essential and established feature of our business model for our nuclear power station operation; and the Nuclear Fuel and Related Services Framework Agreement has been entered into in a manner consistent with our past and established approach with similar contractual terms and conditions for our industry;

c) the long-term arrangement protects the interests of our Company and our Shareholders by effectively minimizing the risk of potential disruption to our business operations due to any discontinuance in, supply of nuclear fuel and related services that are essential to our nuclear power generation, thereby providing stability to our business;

d) our Directors (including our independent non-executive Directors) are of the view that the Nuclear Fuel Supply and Services Framework Agreement has been entered into in the ordinary and usual course of business of our Company, following the normal industry practice in procuring uranium and similar services, and on normal commercial terms after arm's length negotiations; and

e) we believe that the request for a 10-year waiver under Rule 14A.52 of the Listing Rules in relation to the purchase of nuclear fuel and related services from the CGN Group through CGN Uranium is necessary for our efficient operations and to provide certainty on our continued operations and therefore in the best interest of our Company and our Shareholders as a whole.

Pricing policy: The price of nuclear fuel is determined with reference to a combination of production cost, long-term supply and demand, and market price indices. Our purchase price of nuclear fuel and related services from CGN Uranium will be agreed based on the costs and expenses incurred in providing such services (including the procurement of uranium) on normal commercial terms after arm's length negotiation.

Historical amounts: The amounts of nuclear fuel and related services fees paid to the CGN Group for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 are set out below:

	Historical Amount For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
	(RMB'000)			
Total fees paid to the CGN Group on an actual basis	1,201,000	531,000	919,000	747,000*
Total fees paid by Taishan Nuclear to the CGN Group (excluding Taishan Nuclear) on an actual basis	–	1,000	8,000	–
Total fees paid to the CGN Group on a pro forma basis as if Taishan Nuclear were one of our subsidiaries	1,201,000[(1)]	532,000[(1)]	927,000[(1)]	747,000*[(1)]

(1) On a pro forma basis as if Taishan Nuclear were one of our subsidiaries and such transactions between Taishan Nuclear and the CGN Group were connected transaction for 2011, 2012, 2013 and the six months ended June 30, 2014.

* *Due to (i) the lesser requirements of the nuclear fuel supply and services procured by us in the first quarter of the year (especially during the Chinese spring festival period); and (ii) the credit period, payment intervals and payment collection arrangement between us and the CGN Group following the performance of relevant contracts and orders, the actual transaction amounts during the third and fourth quarters of the year will have been significantly increased.*

The amount of fees paid to the CGN Group on an actual basis for 2012 decreased by approximately 56%, compared with 2011, mainly because (a) we procured the first furnace of nuclear fuel in amount of RMB751 million for units 5 and 6 of Yangjian Nuclear Power Station in 2011; (b) the procurement of natural uranium by Yangjiang Nuclear decreased by RMB407 million; and (c) procurement of natural uranium by Lingdong Nuclear decreased RMB260 million. The amount of fees paid to the CGN Group on an actual basis for 2013 increased by approximately 73%, compared with 2012, primarily due to an increase of RMB385 million in procurement of nuclear fuel by Yangjiang Nuclear and Lingdong Nuclear.

The volumes of nuclear fuel procured for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 are set out below:

	Historical Volume For			
	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
	(ton)			
Volume of nuclear fuel procured on an actual basis	1,058	633	840	1,044
Volume of nuclear fuel procured by Taishan Nuclear	0	0	0	0
Volume of nuclear fuel procured on a pro forma basis as if Taishan Nuclear were one of our subsidiaries	1,058	633	840	1,044

Annual caps: The maximum aggregate annual amount for the ten years ending December 31, 2023 shall not exceed the caps as set out below:

	Proposed Annual Cap for Year Ending December 31,		
	(RMB'000)		
	2014	**2015**	**2016**
Total fees paid to the CGN Group	1,911,000	3,817,000	3,715,000
	2017	**2018**	**2019**
	4,267,000	4,796,000	4,106,000
	2020	**2021**	**2022**
	4,678,000	5,253,000	4,471,000
	2023		
	5,111,000		

The aggregate annual volume of natural uranium to be procured for the ten years ending December 31, 2023 shall be approximately the respective volume as set out below:

	Proposed Annual Volume For Year Ending December 31,		
	(ton)		
	2014	**2015**	**2016**
Volume of natural uranium to be procured	1,300	3,040	2,760
	2017	**2018**	**2019**
	3,100	3,410	2,790
	2020	**2021**	**2022**
	3,100	3,410	2,790
	2023		
	3,100		

Basis of caps: In determining the above annual caps, as well as the increase in the proposed annual caps, we have considered, among other factors, (i) the historical transaction amounts paid to the CGN Group for the purchase of the nuclear fuel and related services; (ii) the nature of the nuclear fuel and related services under specific contracts already signed or agreed between members of our Group and members of the CGN Group, in particular, due to the gradual commencement of commercial operations of more units of Yangjiang Nuclear Power Station, the procurement amounts of nuclear fuel by Yangjiang Nuclear Power Station are expected to be approximately RMB1,178 million, RMB1,148 million, RMB1,992 million, RMB2,424 million, RMB1,663 million, RMB2,138 million, RMB2,637 million, RMB1,813 million, RMB2,329 million and RMB2,864 million for the ten years ending December 31, 2023, respectively; (iii) the current contract value for procurement of the nuclear fuel and related services together with the relevant delivery dates of the nuclear fuel and related services under these contracts; (iv) the expected increase in costs on extraction, manufacture, import, transportation of the relevant nuclear fuel; (v) the expected increase in demand by our Group for nuclear fuel and related services due to our business expansion, in particular, as GNPJVC and Ling'ao Nuclear will start to procure nuclear fuel from CGN Uranium and Lingdong Nuclear has made adjustment to its refuel intervals, the total procurement amounts of nuclear fuel by GNPJVC, Ling'ao Nuclear and Lingdong Nuclear are expected to be approximately RMB670 million, RMB2,610 million, RMB1,567 million, RMB1,627 million, RMB2,902 million, RMB1,715 million, RMB1,765 million, RMB3,163 million, RMB1,865 million and RMB1,915 million for the ten years ending December 31, 2023 respectively; (vi) the estimated increase in the average market price for nuclear fuel and related services due to inflation and increase in the value of nuclear fuel and related services; and (vii) the anticipated nuclear fuel and related services provided by the CGN Group to Taishan Nuclear after completion of the Proposed Acquisitions.

Accordingly, the annual cap for 2014 doubles the historical amount in 2013, primarily due to the expected increase of RMB917 million in the procurement of natural uranium by Lingdong Nuclear and Yangjiang Nuclear. In addition, the annual cap for 2015 will double the annual cap for 2014, primarily due to the expected increase of RMB1,743 million in the procurement of natural uranium by GNPJVC and Ling'ao Nuclear. The annual caps for the years from 2015 to 2023 will fluctuate evenly, because each of the nuclear power units needs outage repairs every 12-18 months, during which period the fluctuation of its demand of nuclear fuel is correspondingly less.

Details of the nuclear power units that propose to procure natural uranium from the CGN Group from 2014 to 2023 are set out as below:

	Natural Uranium Procurement									
Nuclear Power Unit	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Unit 1 of Daya Bay Nuclear Power Station . .		√	√		√	√		√	√	
Unit 2 of Daya Bay Nuclear Power Station . .		√		√	√		√	√		√
Unit 1 of Ling'ao Nuclear Power Station		√	√		√	√		√	√	
Unit 2 of Ling'ao Nuclear Power Station		√		√	√		√	√		√
Unit 1 of Lingdong Nuclear Power Station . .	√	√	√		√	√		√	√	
Unit 2 of Lingdong Nuclear Power Station . .	√	√		√	√		√	√		√
Unit 1 of Yangjiang Nuclear Power Station . .	√		√	√		√	√		√	√
Unit 2 of Yangjiang Nuclear Power Station . .	√		√	√		√	√		√	√
Unit 3 of Yangjiang Nuclear Power Station . .	√	√		√	√		√	√		√
Unit 4 of Yangjiang Nuclear Power Station . .		√	√		√	√		√	√	
Unit 5 of Yangjiang Nuclear Power Station . .			√	√		√	√		√	√
Unit 6 of Yangjiang Nuclear Power Station . .				√	√		√	√		√

Taking into account that (i) the nuclear fuel and related services are essential to our Group's production and business operations; and (ii) trading of nuclear fuel is highly regulated and the reliability of supply of nuclear fuel and related services by CGN Uranium is considered essential to our operations, our Directors (including our independent non-executive Directors) are of the view that the Nuclear Fuel Supply and Services Framework Agreement, the transactions contemplated therein, as well as the proposed annual caps set forth above are on normal commercial terms, fair and reasonable so far as the independent Shareholders are concerned, and are in the interests of our Company and our Shareholders as a whole.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENTS

Each of the Framework Agreements contains industry standard, guidelines and terms and conditions, pursuant to which the relevant supplier will provide the products or services contemplated therein to the relevant recipient.

In addition to the specific pricing policies for each of the transactions contemplated under the relevant Framework Agreement as discussed in detail above, the Framework Agreements also set forth the following guiding principles (in ascending order) in relation to provision of relevant services and goods as normally required in commercial contracts of a similar nature in the PRC:

(1) Government-prescribed price and government-guided price: if at any time, the government-prescribed price is applicable to any particular type of services, such service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price will be agreed within the range of the government-guided price;

(2) Market price: the price of the same or similar technology or services provided by an Independent Third Party during the ordinary course of business on normal commercial terms; and

(3) Agreed price: to be determined by adding a reasonable profit over a reasonable cost.

The relevant term of the Framework Agreements can be extended or renewed, provided that the relevant parties agree to such extension or renewal and the requirements under the relevant laws, regulations and/or the Listing Rules (as the case may be) are complied with to ensure the relevant transactions are carried out in the ordinary and usual course of the relevant parties' business on normal commercial terms.

CORPORATE GOVERNANCE MEASURES

We have adopted the following internal control and corporate governance measures to ensure that our transactions with the CGN Group will be conducted on normal commercial terms going forward:

(i) where applicable and commercially sensible, we will continue to request the CGN Group to provide the relevant materials, products and services to us through a bidding process, on arm's length basis and on the best available terms, with reference to the prevailing market prices;

(ii) as part of our internal control measures, the implementation of the Framework Agreements and the actual number and amount of materials, products and services will be monitored and reviewed by our Board (including the independent non-executive Directors) and the senior management on a regular basis, with reference to terms of similar transactions with the Independent Third Parties;

(iii) the relevant operational divisions of our Group will report regularly to senior management with respect to the actual performance of our transactions with the CGN Group;

(iv) the Director(s) and/or the Shareholder(s) with an interest in the relevant transaction(s) shall abstain from voting in respect of the resolution(s);

(v) we will comply with the conditions prescribed under the waiver granted by the Stock Exchange in connection with the continuing connected transactions in this regard;

(vi) pursuant to the Corporate Governance Code and Corporate Governance Report in accordance with Appendix 14 of the Listing Rules, our Directors, including the independent non-executive Directors, will be able to seek independent professional advice in respect of the relevant transactions from external parties in appropriate circumstances;

(vii) we shall use our best endeavor to comply with the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the continuing connected transactions;

(viii) we will engage our auditors to review the connected transactions between us and the CGN Group to ensure that the transactions contemplated under the Framework Agreements have been conducted in accordance with the Listing Rules and have fulfilled the relevant disclosure requirements; and

(ix) we will duly disclose in our annual reports and accounts the transactions with the CGN Group during each financial period, together with the conclusions (with basis) drawn by our independent non-executive Directors whether the transactions are conducted on normal commercial terms, fair and reasonable, and in the interest of our Company and our Shareholders as a whole.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

By virtue of Rules 14A.101 of the Listing Rules, the transactions under paragraph II of the sub-section "– Continuing Connected Transactions" will constitute connected transactions which are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. By virtue of Rules 14A.74 and 14A.76(2) of the Listing Rules, each of the transactions under paragraph III of sub-section "– Continuing Connected Transactions" will constitute connected transactions subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the above non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis, our Directors (including our independent non-executive Directors) consider that compliance with the above announcement and/or the independent shareholders' approval requirements would be impractical, would add unnecessary administrative costs and would be unduly burdensome.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement and/or the independent shareholders' approval requirements in respect of the above non-exempt continuing connected transactions. Also, the duration of each of (i) the Engineering Services Framework Agreement (six-year term ending on December 31, 2019), (ii) the Nuclear Fuel Supply and Services Framework Agreement (ten-year term ending on December 31, 2023); and (iii) the Electricity Supply Arrangement under the Joint Venture Contract (20-year term ending on May 6, 2034) will exceed three years and is not subject to Rule 14A.52 of the Listing Rules. We have also applied for, and the Stock Exchange has granted, a waiver from the strict compliance with Rule 14A.53 of the Listing Rules so as to allow the annual caps for the Electricity Supply Arrangement under the Joint Venture Contract to be expressed as fixed quanta, being maximum expected annual quantity of electricity to be supplied to HKNIC, rather than in terms of monetary value.

In addition, we confirm that we will comply with Rules 14A.34, 14A.51 to 14A.59, 14A.68(4) and 14A.71(6) of the Listing Rules in relation to the discloseable and non-exempt continuing connected transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this Prospectus, our Company will take immediate steps to ensure compliance with such new requirements within a reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above have been and will be entered into during our ordinary and usual course of business on normal commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for these transactions are fair and reasonable and in our interests and the interests of our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have reviewed the relevant information and historical figures prepared and provided by our Company relating to the non-exempt continuing connected transactions under the paragraphs II and III of subsection headed " – Continuing Connected Transactions" above, and have also discussed these transactions with us and obtained various representations from us. Based on the aforementioned due diligence work, the Joint Sponsors are of the view that such non-exempt continuing connected transactions are on normal commercial terms, are fair and reasonable and in the interests of our Shareholders as a whole and have been and will be entered into in the ordinary and usual course of business of the Group. The Joint Sponsors are also of the view that the above annual caps for such transactions are fair and reasonable and in the interests of our Shareholders as a whole.

The Joint Sponsors are of the view that, based on the due diligence conducted by them as described above and the following reasons, a duration exceeding three years is required for each of the Electricity Supply Arrangement under the Joint Venture Contract, the Engineering Services Framework Agreement and the Nuclear Fuel Supply and Services Framework Agreement:

As to the Electricity Supply Arrangement under the Joint Venture Contract, it was entered into between GNIC and HKNIC as part of their Joint Venture Contract on January 18, 1985 in relation to GNPJVC. The contract was signed with the support of both the PRC government and the Hong Kong Government and its long-term duration reflected their mutual understanding and wish for a long-term, stable supply of economical and reliable electricity to Guangdong Province (through the sales with GNIC) and Hong Kong (through the sales with HKNIC).

The Joint Sponsors are of the view that the long-term nature of the Electricity Supply Arrangement is consistent with customary industry practice as it is for the benefit of the public either in China or internationally to receive stable and uninterrupted power supply as part of the infrastructure.

As to the Engineering Services Framework Agreement, the CGN Group is providing engineering services to the Company with respect to the construction of Yangjiang Nuclear Power Station. As the duration of such construction is expected to be long-term (approximately five to six years), the six-year term of the Engineering Services Framework Agreement is necessary in order to avoid any disruption to the continuity of the construction of Yangjiang Nuclear Power Station.

Further, the Joint Sponsors are of the view that it is normal business practice for the Engineering Services Framework Agreement to be of such long-term duration as it reflects the essential feature of the relatively long-term construction duration of nuclear power stations in the industry.

As to the Nuclear Fuel Supply and Services Framework Agreement, its 10-year term is essential and an established feature of the business model for the Company's nuclear power station operation to effectively minimize the risk of potential disruption to the business operations of the Company due to any discontinuance in supply of nuclear fuel and related services.

The Joint Sponsors are of the view that the long-term nature of the Nuclear Fuel Supply and Services Framework Agreement is consistent with customary industry practice both in China and internationally.

BOARD OF DIRECTORS

Our Board consists of nine Directors, including one executive Director, five non-executive Directors and three independent non-executive Directors. Our Board is responsible and has general powers for the management and conduct of our business. The functions and duties of the Board include convening shareholders' meetings, reporting the Board's work at the shareholders' meetings, implementing the resolutions passed at the shareholders' meetings, preparing our business strategies and investment plans, preparing annual budget and final accounts, formulating proposals for profit distributions, recovery of losses and for the increase or reduction of registered capital, as well as exercising other powers, functions and duties as conferred by our Articles of Association.

The following table sets forth certain information of our Directors.

Name	Age	Position	Date of Appointment	Date of Joining Our Company	Principal Roles and Responsibilities
Zhang Shanming (張善明)	50	Chairman of the Board and Non-executive Director	March 24, 2014	March 25, 2014	Directing the activities of the Board; formulating the business and operating strategies of our Company; making significant business and operating decisions of our Company; and making recommendations on matters such as corporate governance, connected transactions, audit as well as remuneration of our Directors, Supervisors and senior management.
Gao Ligang (高立剛)	49	Executive Director and President	March 24, 2014	March 25, 2014	Participating in the formulation and implementation of the business and operating strategies of our Company; making significant business and operating decisions of our Company; taking full charge of the daily management of our Company; and making recommendations on matters such as corporate governance, connected transactions, audit as well as remuneration of Directors, Supervisors and senior management.

Name	Age	Position	Date of Appointment	Date of Joining Our Company	Principal Roles and Responsibilities
Zhang Weiqing (張煒清)	59	Non-executive Director	March 24, 2014	March 25, 2014	Participating in the decision-making of Directors with respect to major issues of our Company; and making recommendations on matters such as corporate governance, connected transactions, audit as well as remuneration of Directors, Supervisors and senior management.
Shi Bing (施兵)	47	Non-executive Director	March 24, 2014	March 25, 2014	Participating in the decision-making of Directors with respect to major issues of our Company; and making recommendations on matters such as corporate governance, connected transactions, audit as well as remuneration of Directors, Supervisors and senior management.
Xiao Xue (肖學)	48	Non-executive Director	March 24, 2014	March 25, 2014	Participating in the decision-making of Directors with respect to major issues of our Company; and making recommendations on matters such as corporate governance, connected transactions, audit as well as remuneration of Directors, Supervisors and senior management.
Zhuo Yuyun (卓宇雲)	44	Non-executive Director	March 24, 2014	March 25, 2014	Participating in the decision-making of Directors with respect to major issues of our Company; and making recommendations on matters such as corporate governance, connected transactions, audit as well as remuneration of Directors, Supervisors and senior management.

Name	Age	Position	Date of Appointment	Date of Joining Our Company	Principal Roles and Responsibilities
Na Xizhi (那希志)	61	Independent non-executive Director	March 24, 2014	March 25, 2014	Participating in the decision-making of Directors with respect to major issues of our Company; and making recommendations on matters such as corporate governance, connected transactions, audit as well as remuneration of Directors, Supervisors and senior management.
Hu Yiguang (胡裔光)	43	Independent non-executive Director	March 24, 2014	March 25, 2014	Participating in the decision-making of Directors with respect to major issues of our Company; and making recommendations on matters such as corporate governance, connected transactions, audit as well as remuneration of Directors, Supervisors and senior management.
Francis Siu Wai Keung (蕭偉強)	60	Independent non-executive Director	March 24, 2014	March 25, 2014	Participating in the decision-making of Directors with respect to major issues of our Company; and making recommendations on matters such as corporate governance, connected transactions, audit as well as remuneration of Directors, Supervisors and senior management.

There is no other information relating to the relationship of any of our Directors and Supervisors with other Directors, Supervisors and members of the senior management that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A of the Listing Rules.

Directors

Mr. Zhang Shanming (張善明), aged 50, is the Chairman of the Board and a non-executive Director of our Company, who is also the president of CGNPC. He was appointed as our Chairman and non-executive Director on March 24, 2014. Mr. Zhang has more than 30 years of experience in the nuclear power industry. He worked successively as the deputy branch manager and branch manager of the operations licensing branch, assistant manager, deputy manager and manager (mainly responsible for production management) of the operations department at GNPJVC from July 1995 to January 2003, after joining GNPJVC in August 1984. He served successively as the chief economist, senior vice president and president at CGNPC from January 2003 to now. He also served as the chairman of the board of directors of CGN Engineering from February 2006 to June 2008, as the chairman of the board of directors of CNPRI from May 2008 to June 2011, and as the chairman of the board of directors of DNMC from February 2009 to June 2011. Mr. Zhang obtained a bachelor of engineering degree in thermal power of power station from Zhejiang University (浙江大學) in July 1984, a master of business administration degree from Shanghai Jiao Tong University (上海交通大學) in July 2002, and a doctor of economics degree in finance from Wuhan University (武漢大學) in June 2012. Mr. Zhang attended training on operations management and safety supervision in EDF in France and in GE (UK) from April 1989 to December 1990. Mr. Zhang is entitled to special allowance of the State Council. Mr. Zhang won WANO Nuclear Excellence Award in May 2013 and was recognized as a National Outstanding Entrepreneur in May 2014. Mr. Zhang was accredited as a professorship-level senior engineer by CGNPC in December 2001.

Mr. Gao Ligang (高立剛), aged 49, is the executive Director and President of our Company, who served as the senior vice president of CGNPC before he was appointed as our executive Director and President on March 24, 2014. Mr. Gao has more than 26 years of experience in the nuclear power industry. He joined GNPJVC in March 1988 and worked successively as the deputy branch manager and branch manager of the technical support branch of the operations department, deputy manager of the maintenance department, and manager of the technical department (mainly responsible for the management of production technologies) at GNPJVC from September 1996 to March 2003. He also worked successively as deputy general manager and general manager at DNMC from March 2003 to January 2008, and as the chairman of the board of directors and general manager at Yangjiang Nuclear from December 2007 to October 2013. Mr. Gao also served as general manager at Guangdong Taishan Nuclear Co., Ltd. (now known as Taishan Nuclear) from December 2007 to October 2011, and has been the chairman of the board of directors of Taishan Nuclear from December 2007 to now. Mr. Gao also served as senior vice president of CGNPC from April 2011 to March 2014. Mr. Gao obtained a bachelor of engineering degree in power system and automation from Huazhong University of Science and Technology (formerly known as Huazhong Institute of Technology) in July 1985 and a master of engineering degree in power system and automation from North China Institute of Electric Power (華北電力學院) in January 1988. Mr. Gao is entitled to special allowance of the State Council. Mr. Gao was accredited as a professorship-level senior engineer by CGNPC in December 2001.

Mr. Zhang Weiqing (張煒清), aged 59, is a non-executive Director of our Company, who is also the vice chairman of the board of directors of CGNPC. He was appointed as our non-executive Director on March 24, 2014. Mr. Zhang has more than 13 years of experience in the nuclear power industry. He joined CGNPC in May 2001 and served as the assistant general manager (mainly responsible for market development) at CGN Datang Real Estate Co., Ltd. (中廣核電大唐置業有限公司) from May 2001 to November 2001, and worked successively as deputy director of the general office, board secretary, assistant general manager concurrently serving as director of the general office, general manager of the Beijing Business Unit (北京工作部), and senior vice president of CGNPC (successively responsible for administrative management, strategic planning, program assessment and market development) at CGNPC from November 2001 to March 2014. Mr. Zhang obtained a bachelor of engineering degree in computer hardware from the University of National Defense Technologies (國防科學技術大學) in March 1982. Mr. Zhang was accredited as a senior engineer by the Commission of Science, Technology and Industry for National Defense under the People's Liberation Army (中國人民解放軍國防科學技術工業委員會) in December 1994.

Mr. Shi Bing (施兵), aged 47, is a non-executive Director of our Company, who is also the senior vice president and the chief financial officer of CGNPC. He was appointed as our non-executive Director on March 24, 2014. Mr. Shi has more than 18 years of experience in finance, accounting, auditing and management in respect of large nuclear power enterprises. He joined CGNPC in April 1996 and worked successively as the management accounting manager of finance department, the deputy manager and manager (mainly responsible for financial audit) of the audit department at CGNPC from November 2000 to June 2006, and as deputy general manager while concurrently serving as the chief accountant (responsible for financial management) at CGN Engineering from June 2006 to January 2008. Mr. Shi served as the deputy chief financial officer and concurrently as the general manager of the finance department, senior vice president while concurrently serving as deputy chief financial officer, senior vice president, senior vice president while concurrently serving as chief financial officer at CGNPC from January 2008 to now. Mr. Shi obtained a bachelor of economics degree in national economic management from Lanzhou University (蘭州大學) in June 1990 and a master of economics degree in accounting from Central University of Finance and Economics (中央財經大學) (formerly known as Central Institute of Finance and Banking) in March 1996. Mr. Shi was accredited as a senior accountant by the third Assessment Committee of Senior Accountant Qualification of Guangdong Province in December 2003.

Mr. Xiao Xue (肖學), aged 48, is a non-executive Director of our Company, who is also the chairman of the board of directors of Hengjian Investment, and an expert member of the Decision-making Advisory Committee for Guangdong Provincial People's Government. He was appointed as our non-executive Director on March 24, 2014. Mr. Xiao has more than 30 years of experience in corporate management and financial management. He worked successively as the branch head (civil servant) of the Statistics Assessment Section, branch head of the Performance Review Section, and branch head of the Administrative and Political and Legal Affairs Section at the Department of Finance of Guangdong Province (governmental authority) from November 2001 to August 2008. In addition, Mr. Xiao served as the Deputy Director (civil servant) of Guangdong State Assets Supervision and Administration Commission (governmental authority) from August 2008 to April 2012. Mr. Xiao graduated from Jinan University (暨南大學) with a bachelor's degree in accounting in July 1985 and obtained a master's degree in economics from Zhongnan University of Economics and Law (中南財經大學) (formerly known as Central University of Finance and Economics) in December 1997 and a doctoral degree in management from the Finance Science Research Institute of the Ministry of Finance in July 2008.

Mr. Zhuo Yuyun (卓宇雲), aged 44, is a non-executive Director of our Company, who is also the vice president while concurrently serving as the chief accountant, and general counsel of China National Nuclear Power Co., Ltd. (中國核能電力股份有限公司), a company mainly engaged in the development, construction and operation management of nuclear power projects. He was appointed as our non-executive Director on March 24, 2014. Mr. Zhuo has more than 20 years of experience in the nuclear power industry. He worked successively as the deputy branch manager, and branch manager of the finance section, and deputy chief accountant while concurrently serving as branch manager (responsible for financial management) of the finance branch at Qinshan Nuclear Power Station No. 3 Co., Ltd. (秦山第三核電有限公司), a company mainly engaged in the construction and management of nuclear power stations, from March 2002 to August 2007. Mr. Zhuo served as the deputy director (responsible for financial management) of the finance and accounting department at CNNC from August 2007 to January 2010. Mr. Zhuo has been the vice president while concurrently serving as the chief accountant (responsible for financial management) of China National Nuclear Power Co., Ltd. (中國核能電力股份有限公司) from December 2011 to now and has been the general counsel (responsible for legal compliance) of China National Nuclear Power Co., Ltd. (中國核能電力股份有限公司) from February 2014 to now. Mr. Zhuo graduated from Zhongnan University of Economics and Law (中南財經大學) (formerly known as Central China University of Finance and Economics) with a bachelor's degree in economic information management in July 1992, obtained an EMBA degree from Fudan University (復旦大學) in January 2005 and a postgraduate diploma in corporate finance and investment management from the University of Hong Kong in April 2013. Mr. Zhuo was accredited as a senior accountant by CNNC in January 2002.

Independent Non-Executive Directors

Mr. Na Xizhi (那希志), aged 61, is an independent non-executive Director of our Company. He was appointed as our independent non-executive Director on March 24, 2014. Mr. Na worked successively as the manager of the power safety and operation department and the deputy chief engineer (mainly responsible for operations management) at China Huaneng Group (中國華能集團公司), a company mainly engaged in the development and construction of power sources, from July 2000 to September 2005; as the general manager at Huaneng Power International Inc. (華能國際電力股份有限公司), a company listed in Hong Kong Stock Exchange (stock code: 902) and Shanghai Stock Exchange (stock code: 600011) and engaged in the development, construction and operation management of power stations, from March 2006 to April 2008; as a director of Huaneng Power International, Inc. (華能國際電力股份有限公司) from May 2005 to May 2008; and as the deputy general manager (mainly responsible for operations management) at China Huaneng Group (中國華能集團公司) from September 2005 to April 2006 and from May 2008 to July 2013. Mr. Na graduated from Wuhan University of Hydrology and Electricity (武漢水利電力大學) with a master of engineering degree in thermal power of power station in March 1995.

Mr. Hu Yiguang (胡裔光), aged 43, is an independent non-executive Director of the Company, and is also a senior partner and managing partner of Lifang & Partners, Beijing, PRC (中國北京市立方律師事務所). He was appointed as our independent non-executive Director on March 24, 2014. Mr. Hu lectured at Guizhou Administrative Cadre College of Political Science and Law (貴州省政法管理幹部學院), currently known as Guizhou Police Officer Vocational College (貴州警官職業學院) from July 1992 to September 1994, and worked with Hua Lian Law Firm (華聯律師事務所), which is under direct leadership and management of the Ministry of Justice of the PRC, from September 1997 to December 2000. Mr. Hu is well versed in real estate and construction industry related law, corporate law, financial law, as well as general civil and commercial litigation and arbitration. He is an experienced business negotiator and law related project designer, and has worked as legal counsel for the former Ministry of Railways of the PRC (原中華人民共和國鐵道部), China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司), China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司) and other enterprises and government departments. Mr. Hu graduated from Renmin University of China (中國人民大學) with a bachelor of laws degree in June 1992 and a master of laws degree in Civil Law from Renmin University of China (中國人民大學) in June 1997.

Mr. Francis Siu Wai Keung (蕭偉強), aged 60, is an independent non-executive Director of our Company. He was appointed as our independent non-executive Director on March 24, 2014. Mr. Siu served for KPMG for approximately 30 years, where he provided professional services to clients from various industries. Mr. Siu joined KPMG Manchester, England in 1979 and was transferred to Hong Kong in 1986 and became a partner of KPMG Hong Kong in 1993. From 2000 to 2002, he was a Senior Partner of KPMG Shanghai Office. Prior to his retirement in March 2010, he was a Senior Partner of KPMG Beijing, and Northern China Region, KPMG China. He has extensive experience in providing audit services for PRC and overseas companies, and has a sound knowledge of advising on foreign direct investment in the PRC. Mr. Siu holds independent non-executive director positions at various listed companies, including Beijing Hualian Hypermarket Co., Ltd (北京華聯綜合超市股份有限公司) (stock code: 600361), listed on the Shanghai Stock Exchange; Shunfeng Photovoltaic International Limited (順風光電國際有限公司) (stock code: 1165), CITIC Pacific Limited (中信泰富有限公司) (stock code: 267), China Communications Services Corporation Limited (中國通信服務股份有限公司) (stock code: 0552), Hop Hing Group Holdings Limited (合興集團控股有限公司) (stock code: 0047) and China Huishan Dairy Holdings Company Limited (中國輝山乳業控股有限公司) (stock code: 6863), each of which is listed on the Stock Exchange; and GuocoLand Limited, a company listed on the Singapore Exchange. Mr. Siu is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. He obtained a Bachelor of Arts degree in Economics and Accounting and Financial Management from The University of Sheffield in the United Kingdom in July 1979.

Except as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters that need to be brought to the attention of the Shareholders in connection with the appointment of our Directors, and there is no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, including matters relating to directorships held by our Directors in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this Prospectus.

Save as disclosed in the section headed "Relationship with Controlling Shareholder" in this Prospectus, none of our Directors has any interests in any business, apart from our Group's business, which competes or is likely to compete, either directly or indirectly, with our Group's business.

SUPERVISORY COMMITTEE

The PRC Company Law requires a joint stock limited liability company to establish a Supervisory Committee, and this requirement is also set out in our Articles of Association. Our Supervisory Committee consists of three members, including an employee representative Supervisor. The functions and duties of the Supervisory Committee include, but are not limited to, reviewing and verifying financial reports, business reports and profit distribution plans prepared by the Board, and, if in doubt, appointing certified public accountants and practicing auditors to re-examine our Company's financial information; monitoring the financial activities of our Company; supervising the performance of Directors and senior management when carrying out their duties; requesting that the Directors, president, the general manager and members of the senior management rectify actions which may be considered adverse to our Company's best interests; and exercising other rights conferred by our Articles of Association, laws and administrative regulations.

A resolution of our Supervisory Committee may be adopted only if it is approved by the vote of two-thirds or more of the members of our Supervisory Committee.

The following table sets forth certain information of our Supervisors.

Name	Age	Position	Date of Appointment	Date of Joining Our Company	Principal Roles and Responsibilities
Li Yourong (李有榮)	50	Chairman of the Supervisory Committee	March 24, 2014	March 25, 2014	Directing the activities of the supervisory committee; and supervising the operating and financial activities of our Company.
Chen Sui (陳遂)	50	Supervisor	March 24, 2014	March 25, 2014	Supervising the operating and financial activities of our Company.
Shi Weiqi (時偉奇)	48	Supervisor	March 24, 2014	March 25, 2014	Supervising the operating and financial activities of our Company on behalf of our employees.

There is no other information relating to the relationship of any of our Directors and Supervisors with other Directors, Supervisors and members of the senior management that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A of the Listing Rules.

Supervisors

Mr. Li Yourong (李有榮), aged 50, is the Chairman of the Supervisory Committee of our Company, who is also head of the disciplinary inspection group of CGNPC. He was appointed as our Supervisor on March 24, 2014. Mr. Li worked successively as deputy office manager of the commission director's office under the general office, and deputy branch manager (responsible for general management, civil servant) of the information branch at the State Economic and Trade Commission (國家經貿委) (governmental authority) from January 1996 to September 2000, and then deputy branch head (responsible for general management) and branch head (civil servant) of the secretariat at the Centrally Administrated Enterprise Work Committee (中央企業工委辦公室) from September 2000 to March 2003, as researcher, then branch manager of the General Administration Office, and then deputy patrol officer (civil servant) of the First Bureau of Administration of Executive Officers of SASAC Enterprises at SASAC (國資委企業領導人員管理一局) (governmental authority) from March 2003 to March 2013, while concurrently acting as deputy party secretary (civil servant) of the local party (governmental authority) of Tacheng Prefecture of Xinjiang Uyghur Autonomous Region (新疆維吾爾自治區塔城地區) from September 2008 to September 2011. He joined CGNPC in March 2013, served as the chairman of the trade union of CGNPC from August 2013 to June 2014 and served as the director representing ordinary employees of CGNPC from April 2014 to June 2014. Mr. Li obtained a bachelor of science degree in mathematics from Beijing Normal University (北京師範大學) in July 1987 and graduated from Capital University of Economics and Business (formerly known as Beijing Institute of Economics) with a major in political economics in June 1990 and a doctor of economics degree in industrial economics from Renmin University of China (中國人民大學) in January 2002.

Mr. Chen Sui (陳遂), aged 50, is a Supervisor of our Company, who is also the chairman of the board of each of CGN Wind Energy Ltd. (中廣核風電有限公司), CGN Solar Energy Development Co., Ltd. (中廣核太陽能開發有限公司), CGN Energy Conservation Industry Development Co., Ltd. (中廣核節能產業發展有限公司), and CGN Meiya Power Holdings Co. Ltd. (中國廣核美亞電力控股有限公司) (a company listed on the main board of the Stock Exchange, stock code: 1811). He was appointed as our Supervisor on March 24, 2014. Mr. Chen worked as project manager and director (mainly responsible for management of enterprise and project investment) of the department of enterprise administration at China Energy Conservation Investment Corporation (中國節能投資公司) from January 1997 to January 2003, and as general manager at Beijing Guotou Energy Conservation Company (北京國投節能公司) from January 2003 to March 2006. He joined CGNPC in March 2006 and worked as deputy general manager of CGN Energy Development Co., Ltd. (中廣核能源開發有限責任公司) from October 2006 to April 2007, and as general manager of CGN Wind Energy Ltd. (中廣核風電有限公司) from January 2008 to June 2010. Mr. Chen obtained a bachelor of engineering degree in liquid rocket engine from the University of National Defense Technologies (國防科學技術大學) in July 1987 and a master of engineering degree in management engineering from Shanghai Jiao Tong University (上海交通大學) in November 1996. Mr. Chen was accredited as a senior engineer by the Senior Professional & Technical Titles Qualification Review Committee of China Energy Conservation Investment Corporation in December 2000.

Mr. Shi Weiqi (時偉奇), aged 48, is a Supervisor representing ordinary employees of our Company, who is also the deputy general manager of GNIC. He was appointed as our Supervisor on March 24, 2014. Mr. Shi joined GNPJVC in July, 1987 and worked as deputy branch manager (mainly responsible for the management of production technologies) of the technical department at GNPJVC from September 1998 to March 2003, as branch manager (mainly responsible for the management of production technologies) of the technical department at DNMC from March 2003 to January 2006, successively as branch manager of the contract and commerce branch under the assets operations department, deputy director and director (mainly responsible for assets operation as well as discipline monitoring and audit) of the discipline monitoring and audit department at CGNPC from January

2006 to January 2012, and as the director of the audit department of our Company from May 2014 to August 2014. Mr. Shi obtained a bachelor of engineering degree in thermal power of power station from Zhejiang University (浙江大學) in July 1987, a master of engineering degree in industrial engineering from Huazhong University of Science and Technology (華中科技大學) in December 2001 and a master of science degree in finance from The City University of New York in the United States in September 2003. Mr. Shi was accredited as a senior engineer by CGNPC in December 2000.

To further enhance our corporate governance, we intend to adjust the composition of our Supervisory Committee within six months of the Listing to consist of (i) two or more independent supervisors (who are independent from our Shareholders and hold no internal positions within our Company); and (ii) a suitable number of external supervisors (who hold no internal positions within our Company), which accounts for more than half of the Supervisory Committee members. We will comply with all the relevant requirements under applicable laws and regulations, including the Listing Rules, in respect of the adjustment of our Supervisory Committee.

Except as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters relating to the appointment of Supervisors that need to be brought to the attention of the Shareholders, and there is no other information relating to our Supervisors that should be disclosed pursuant to Rule 13.51(2) of the Listing Rules, including matters relating to directorships held by Supervisors in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this Prospectus.

Save as disclosed in the section headed "Relationship with Controlling Shareholder" in this Prospectus, none of the members of our Supervisory Committee has any interest in any business, apart from our Group's business, which competes or is likely to compete, either directly or indirectly, with our Group's business.

SENIOR MANAGEMENT

Name	Age	Position	Date of Appointment	Date of Joining Our Company	Principal Roles and Responsibilities
Gao Ligang (高立剛)	49	Executive Director and President	March 24, 2014	March 25, 2014	Participating in the formulation and implementation of the business and operating strategies of our Company; making significant business and operating decisions of our Company; taking full charge of the daily management of our Company; and making recommendations on matters such as corporate governance, connected transactions, audit as well as remuneration of Directors, Supervisors and senior management.

Name	Age	Position	Date of Appointment	Date of Joining Our Company	Principal Roles and Responsibilities
Yue Linkang (岳林康)	58	Chief Financial Officer	March 24, 2014	March 25, 2014	Participating in the daily operation and management and significant decision-making of our Company; and taking charge of the financial activities of our Company.
Shu Guogang (束國剛)	50	Vice President	March 24, 2014	March 25, 2014	Assisting the President to manage the daily operations of our Company; and taking charge of the operation of our subsidiaries.
Su Shengbing (蘇聖兵)	52	Vice President	March 24, 2014	March 25, 2014	Assisting the President to manage the daily operation of our Company; and taking charge of the operation of our subsidiaries.
Fang Chunfa (方春法)	45	Board Secretary and Company Secretary	March 24, 2014	March 25, 2014	Participating in the daily operation and management and significant decision-making of our Company; and taking charge of the daily activities of the office of the Board and investor relations and related matters.

Mr. Gao Ligang (高立剛), aged 49, is the executive Director and President of our Company. Please refer to "– Board of Directors – Directors" for the biographical details of Mr. Gao.

Mr. Yue Linkang (岳林康), aged 58, is the Chief Financial Officer of our Company. He was appointed as our Chief Financial Officer on March 24, 2014. Mr. Yue joined GNPJVC in December 1991, and worked successively as assistant manager, manager, and chief accountant while concurrently serving as manager (responsible for financial management) of the finance department at GNPJVC from September 1994 to January 2003, successively as deputy chief financial officer, chief financial officer and chief economist at CGNPC from January 2003 to May 2014. Mr. Yue graduated from Tsinghua University (清華大學) with a bachelor of engineering degree in reactor in July 1982 and obtained a master of engineering degree in industrial management engineering from Tsinghua University (清華大學) in December 1984. Mr. Yue serves as the executive councilor of the seventh council of the Shenzhen Accounting Association from December 2008 to now and as deputy chair of experts panel of nuclear energy branch affiliated to China Electric Power Development Promotion Commission from August 2014 to now. Mr. Yue was accredited as a senior economist and senior accountant by CNNC and the third Assessment Committee of Senior Accountant Qualification of Guangdong Province in September 1994 and December 2002, respectively.

Mr. Shu Guogang (束國剛), aged 50, is the Vice President of our Company and the general manager of the nuclear engineering unit, responsible for assisting our President in the daily operational management of our Company and taking charge of the operation of our subsidiaries, who is also the general manager of the CGN Engineering. He was appointed as our Vice President on March 24, 2014. Mr. Shu worked successively as director of the materials research office, branch manager of the scientific research section, and assistant president (responsible for the management of scientific research) at the Thermal Power Research Institute of the Ministry of Electric Power Industry (電力工業部熱工研究院) from February 1998 to March 2001. He worked as vice president (responsible for management of research and production) at the Thermal Power Research Institute of the State Power Corporation (國家電力公司熱工研究院) from March 2001 to March 2002. Mr. Shu subsequently worked as director at the Suzhou Nuclear Power Research Institute (蘇州核電研究所) from March 2002 to August 2003, as general manager at Suzhou Nuclear Power Research Institute (蘇州熱工研究院) from August 2003 to October 2006, and as general manager at CNPRI from August 2007 to June 2008. Mr. Shu graduated from Beijing Iron and Steel Institute (北京鋼鐵學院) with a bachelor of engineering degree in metallic materials in July 1984 and obtained a master of engineering degree in metallic materials and heat treatment from Beijing Iron and Steel Institute (北京鋼鐵學院) in December 1987 and a doctor of engineering degree in high voltage and insulation technology from Wuhan University (武漢大學) in June 2004. Mr. Shu was accredited as a professorship-level senior engineer by the Ministry of Electric Power Industry in May 1999.

Mr. Su Shengbing (蘇聖兵), aged 52, is the Vice President of our Company and the general manager of the nuclear operation unit, responsible for assisting the President in the daily operational management of our Company and taking charge of the operation of our subsidiaries, who is also the general manager of CGN Operations. He was appointed as our Vice President on March 24, 2014. Mr. Su joined GNPJVC in April 1987. He worked successively as a deputy branch manager of the operations licensing branch and branch manager of the nuclear safety and environmental protection branch (mainly responsible for safety management) of the operation department at Ling'ao Nuclear from June 1999 to March 2003, as manager (mainly responsible for the management of human resources) of the human resources department at DNMC from March 2003 to January 2006, as deputy general manager at Hongyanhe Nuclear from August 2006 to May 2010, as deputy director of the general office and director (mainly responsible for administrative management and the organization of research activities) of the research center at CGNPC from May 2010 to June 2011, and as deputy general manager at GNIC from June 2011 to September 2012. Mr. Su graduated from Xi'an Jiao Tong University (西安交通大學) with a bachelor of engineering degree in nuclear reactor engineering in July 1982 and a master of engineering degree in industrial engineering from Huazhong University of Science and Technology (華中科技大學) in June 2008. Mr. Su was accredited as a professorship-level senior engineer by CGNPC in December 2002.

Mr. Fang Chunfa (方春法), aged 45, is the Board Secretary and general manager of the investor relations department of our Company, who is also a councilor of Shenzhen Soft Science Development Foundation (深圳軟科學綜合研究院基金會). He was appointed as our Board Secretary on March 24, 2014 and our Company Secretary on April 15, 2014. Mr. Fang joined GNPJVC in June 1993 and worked successively as secretary to the board, deputy branch manager and manager, assistant manager, deputy manager of the administration department, deputy manager and then manager (mainly responsible for administration and operation management) of the strategic & business department at DNMC from March 2003 to August 2011, and as the director (mainly responsible for the organization of research activities) of the research center of CGNPC from August 2011 to May 2014. Mr. Fang graduated from Beijing Foreign Studies Institute (北京外國語學院) with a major in English language in July 1989, and obtained a master of business administration degree from Huazhong University of Science and Technology (華中科技大學) in June 2009. Mr. Fang was accredited as a senior engineer by CGNPC in December 2003.

Except as disclosed herein, none of the senior management of our Company held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas, in the last three years immediately preceding the date of this Prospectus.

BOARD SECRETARY/JOINT COMPANY SECRETARIES

Mr. Fang Chunfa (方春法), aged 45, is the Board Secretary and Joint Company Secretary of our Company. Please refer to the sub-section headed "– Senior Management" for the biographical details of Mr. Fang.

Pursuant to Rule 3.28 of the Listing Rules, an issuer must appoint as its company secretary an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Ms. Yung Mei Yee (翁美儀) is the Joint Company Secretary of our Company. She is a senior manager of KCS Hong Kong Limited and has over 20 years of experience in the company secretarial field. She is currently a joint company secretary of several companies, including L'Occitane International S.A. (stock code: 00973.HK), China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司) (stock code: 06881.HK), Poly Culture Group Corporation Limited (保利文化集團股份有限公司) (stock code: 03636.HK) and Chongqing Rural Commercial Bank Co., Ltd. (重慶農村商業銀行股份有限公司) (stock code: 03618.HK), all are listed on the Stock Exchange. She has extensive knowledge and experience in dealing with corporate governance, regulatory and compliance affairs of listed companies. Ms. Yung obtained a bachelor's degree of arts in accountancy from City Polytechnic of Hong Kong in November 1993, a master's degree of arts in language and law from City University of Hong Kong in November 2000 and a bachelor's degree of laws from University of London in August 2010. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from Strict Compliance with Rules 3.28 and 8.17 of the Listing Rules, with regards to the qualifications of company secretary. For further details of this waiver application, please refer to "Waivers from Strict Compliance with the Listing Rules – Company Secretary."

BOARD COMMITTEES

Audit Committee

We established the Audit Committee on April 15, 2014, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules. The primary responsibilities of the Audit Committee are to supervise our internal control, financial information disclosure and financial reporting matters, which include, among other things, the following:

- proposing appointment, re-appointment or removal of external auditors;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- reviewing the financial information of our Company;
- overseeing the financial reporting system and internal control procedures of our Company;
- enhancing the communication between internal auditors and external auditors; and
- reviewing arrangements which the Group's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee comprises two independent non-executive Directors, being Mr. Francis Siu Wai Keung (蕭偉強) and Mr. Na Xizhi (那希志), and one non-executive Director, being Mr. Zhuo Yuyun (卓宇雲). Mr. Francis Siu Wai Keung (蕭偉強) is the chairman of the Audit Committee.

Remuneration Committee

We established the Remuneration Committee on April 15, 2014, with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules. The primary responsibilities of the remuneration committee include, among other things, the following:

- researching and recommending to the Board on our Company's remuneration structure and policy for all Directors, Supervisors and senior management;
- determining, with delegated responsibility from the Board, or recommending to the Board the remuneration packages of individual executive Director(s) and members of senior management;
- providing recommendations to the Board in relation to the remuneration of the non-executive Directors;
- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct; and
- monitoring the implementation of remuneration policies of Directors, Supervisors and senior management.

The Remuneration Committee comprises two independent non-executive Directors, being Mr. Hu Yiguang (胡裔光) and Mr. Francis Siu Wai Keung (蕭偉強), and one non-executive Director, being Mr. Xiao Xue (肖學). Mr. Hu Yiguang (胡裔光) is the chairman of the Remuneration Committee.

Nomination Committee

We established the Nomination Committee on April 15, 2014, with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules. The primary responsibilities of the nomination committee include, among other things, the following:

- reviewing the structure, size and composition of the Board annually and making recommendations on any proposed changes to the Board to complement our Company's corporate strategy;
- identifying individuals suitably qualified to serve as Directors, selecting or providing recommendations to the Board in relation to the selection of individuals nominated for directorships and providing advice to the Board in respect thereof; and
- making recommendations to the Board in relation to the appointment or re-appointment of Directors and succession planning for Directors (in particular the Chairman and the President of our Company).

The Nomination Committee comprises two independent non-executive Directors, being Mr. Na Xizhi (那希志) and Mr. Hu Yiguang (胡裔光), and one non-executive Director, being Mr. Zhang Shanming (張善明). Mr. Na Xizhi (那希志) is the chairman of the Nomination Committee.

DIRECTORS' AND SUPERVISORS' COMPENSATION

For the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, the aggregate amount of fees, salaries, allowances, discretionary payments, bonuses and pension-defined contribution plans paid by our Company to our Directors and Supervisors was approximately nil, nil, nil and RMB1,064,000, respectively.

The remuneration paid by our Company to the top five highest paid individuals (including Directors and Supervisors) for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 was approximately RMB6,352,000, RMB6,544,000, RMB6,957,000 and RMB4,964,000, respectively. Under the arrangements currently in force, the aggregate remuneration payable to, and benefits-in-kind receivable by, our Directors for the year ending December 31, 2014 are estimated to be approximately RMB2,180,396.26.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by our Company to, or receivable by, our Directors, past Directors, Supervisors, past Supervisors or the five highest paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of our Company during the Track Record Period.

During the Track Record Period, none of our Directors waived or agreed to waive any emoluments for the same period.

Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

EMPLOYEES

As of June 30, 2014, we had a total of 6,046 employees. The remuneration packages of our employees primarily consist of salaries, discretionary bonuses and contributions to mandatory social security funds. As required by the relevant PRC regulations, we participate in various defined pension schemes for our employees, including those organized by provincial or municipal governments as well as supplemental pension schemes. Please refer to "Business – Employees" for a description of the mandatory pension plans and social insurance contribution plans we participate in. Bonuses are generally discretionary and based on the overall performance of our business. For the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, we incurred staff costs of approximately RMB1,764,688,000, RMB2,009,079,000, RMB2,274,134,000 and RMB1,432,404,000, respectively.

We have not experienced any significant problems with our employees or disruption to our operations due to labor disputes, nor have we experienced any difficulties in the recruitment and retention of experienced staff.

COMPLIANCE ADVISER

Our Company has appointed China International Capital Corporation Hong Kong Securities Limited as our compliance adviser pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where our Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this Prospectus; and

(d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06 of the Listing Rules, our compliance adviser will, in a timely manner, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. Our compliance adviser will also inform us of any amendment or supplement to applicable laws and guidelines.

The term of the appointment will commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing and such appointment may be subject to extension by mutual agreement.

As of the date of this Prospectus, the registered share capital of our Company is RMB35,300,000,000, divided into 35,300,000,000 Domestic Shares with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate Percentage of Issued Share Capital
34,417,500,000	Domestic Shares[(1)]	78.00%
882,500,000	H Shares converted from Domestic Shares and held by the NSSF	2.00%
8,825,000,000	H Shares to be issued under the Global Offering	20.00%
44,125,000,000	Total	100.00%

(1) 29,289,292,000, 3,441,750,000 and 1,686,458,000 Domestic Shares are held by CGNPC, Hengjian Investment and CNNC, respectively.

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate Percentage of Issued Share Capital
34,285,125,000	Domestic Shares[(1)]	75.44%
1,014,875,000	H Shares converted from Domestic Shares and held by the NSSF	2.23%
10,148,750,000	H Shares to be issued under the Global Offering	22.33%
45,448,750,000	Total	100.00%

(1) 29,176,640,000, 3,428,513,000 and 1,679,972,000 Domestic Shares are held by CGNPC, Hengjian Investment and CNNC, respectively.

OUR SHARES

Our Domestic Shares and H Shares are both ordinary shares in the share capital of our Company, ranking *pari passu* in all respects, and will qualify and rank equally for all dividends or other distributions declared, made or paid. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and transferred in Renminbi. We must pay all dividends in respect of H Shares in Hong Kong dollars and all dividends in respect of Domestic Shares in Renminbi.

Our Promoters hold all existing Domestic Shares as promoter shares (as defined in the PRC Company Law). Under the PRC Company Law, promoter shares may not be sold within a period of one year from March 25, 2014, on which we were organized as a joint stock limited liability company. This lock-up period will expire on March 24, 2015. The PRC Company Law further provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing on any stock exchange. However, based on the Provisional Procedures for the Reduction of State Owned Shareholdings and the Raising of Social Security Funds (《減持國有股籌集社會保障資金管理暫行辦法》) issued by the State Council and based on the discussions between our PRC legal adviser and the competent PRC authorities, our PRC legal adviser has advised that any transfer of the Shares issued to the NSSF before the Listing will not be subject to such transfer restriction. Upon the approval of the State Council or its authorized regulatory departments and with the consent of the Stock Exchange, the Domestic Shares may be converted into H Shares.

Except as described in this Prospectus and in relation to the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, the method of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in Appendix VI to this Prospectus, our Domestic Shares and our H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Prospectus. However, the transfer of Domestic Shares is subject to such restrictions as PRC law may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months from the Listing Date. We have not approved any share issue plans other than the Global Offering.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

Conversion of Domestic Shares

We have two classes of ordinary shares, H Shares and Domestic Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares, and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required if any of our Domestic Shares are to be converted into and traded as H Shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Domestic Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional shares after our initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong.

No Shareholder voting by class is required for the listing and trading of the converted shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial Listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

Mechanism and Procedures for Conversion

After all the requisite approvals have been obtained, the following procedures will need to be completed in order to effect the conversion: the relevant Domestic Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct our H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditional on (a) our H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

So far as our Directors are aware, none of our Promoters currently proposes to convert any of the Domestic Shares held by it into H Shares, except for the Domestic Shares to be converted and transferred by CGNPC, Hengjian Investment and CNNC to the NSSF in connection with the Global Offering.

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The PRC Company Law provides that in relation to the Hong Kong public offering of a company, the shares issued by a company prior to the Hong Kong public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date. However, the Shares to be transferred by CGNPC, Hengjian Investment and CNNC to the NSSF in accordance with relevant PRC regulations regarding the disposal of state-owned shares are not subject to such statutory restrictions.

TRANSFER OF STATE-OWNED SHARES

In accordance with relevant PRC regulations regarding the disposal of state-owned shares, CGNPC, Hengjian Investment and CNNC is required to transfer to the NSSF such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the Offer Shares (882,500,000 H Shares assuming the Over-allotment Option is not exercised and 1,014,875,000 H Shares assuming the Over-allotment Option is exercised in full). At the time of the listing of our H Shares on the Stock Exchange, such Domestic Shares will be converted into H Shares on a one-for-one basis. These H Shares will not be part of the Global Offering but will be considered as part of the Shares to be held by public investors for the purpose of Rule 8.08 of the Listing Rules. We will not receive any proceeds from the transfer by CGNPC, Hengjian Investment and CNNC to the NSSF of such Domestic Shares or any subsequent disposal of such H Shares by the NSSF.

The transfer of state-owned shares by CGNPC, Hengjian Investment and CNNC to the NSSF was approved by SASAC on August 1, 2014. The conversion of those Domestic shares into H Shares was approved by the CSRC on November 3, 2014. We have been advised by our PRC legal adviser that the transfer and the conversion, and the holding of H Shares by the NSSF following such transfer and conversion, have been approved by the relevant PRC authorities and are legal under the PRC law.

REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 Business Days upon listing.

GENERAL MANDATE TO ISSUE SHARES

Subject to the completion of the Global Offering, our Board has been granted a general mandate to allot and issue H Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board at their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of H Shares to be issued shall not exceed 20% of the number of H Shares in issue as of the Listing Date.

Furthermore, we need to obtain approvals from the CSRC and other relevant PRC authorities for the actual issuance of H Shares.

For more details of this general mandate, please refer to "Appendix VII – Statutory and General Information – 1. Further Information about Our Company – C. Written Resolutions Passed by Our Shareholders" for further details.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following person will, immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have an interest or short position in the Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of the Company:

Name of Shareholder	Number of Shares Held After the Global Offering	Nature of Interest	Approximate Percentage of Shareholding in the Relevant Class of Shares After the Global Offering(1)	Approximate Percentage of Shareholding in the Total Share Capital of the Company After the Global Offering(2)
CGNPC(3)	29,289,292,000 Domestic Shares	Beneficial owner/ Interest of controlled corporation	85.10%	66.38%
Hengjian Investment(4) . .	3,441,750,000 Domestic Shares	Beneficial owner/ Interest of controlled corporation	10.00%	7.80%

(1) The calculation is based on the percentage of shareholding in Domestic Shares (excluding 882,500,000 H Shares to be converted from Domestic Shares and held by the NSSF) (as applicable) of the Company after the Global Offering.

(2) The calculation is based on the total number of 44,125,000,000 Shares in issue immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

(3) Immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), CGNPC will directly or indirectly hold 29,289,292,000 Domestic Shares, representing 85.10% of the domestic share capital and approximately 66.38% of the total share capital of the Company, respectively.

(4) Immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Hengjian Investment will directly hold 3,441,750,000 Domestic Shares, representing 10.00% of the domestic share capital and approximately 7.80% of the total share capital of the Company, respectively.

So far as our Directors are aware, the following persons will, assuming the Over-allotment Option is fully exercised, have an interest or short position in the Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of the Company:

Shareholder	Number of Shares Held After the Global Offering	Nature of Interest	Approximate Percentage of Shareholding in the Relevant Class of Shares After the Global Offering(1)	Approximate Percentage of Shareholding in the Total Share Capital of the Company After the Global Offering(2)
CGNPC(3)	29,176,640,000 Domestic Shares	Beneficial owner/ Interest of controlled corporation	85.10%	64.20%
Hengjian Investment(4) . .	3,428,513,000 Domestic Shares	Beneficial owner/ Interest of controlled corporation	10.00%	7.54%

(1) The calculation is based on the percentage of shareholding in Domestic Shares (excluding 1,014,875,000 H Shares to be converted from Domestic Shares and held by the NSSF) (as applicable) of the Company after the Global Offering.

(2) The calculation is based on the total number of 45,448,750,000 Shares in issue immediately after the Global Offering (assuming the Over-allotment Option is fully exercised).

(3) Immediately after the completion of the Global Offering (assuming the Over-allotment Option is fully exercised), CGNPC will directly or indirectly hold 29,176,640,000 Domestic Shares, representing 85.10% of the domestic share capital and approximately 64.20% of the total share capital of the Company, respectively.

(4) Immediately after the completion of the Global Offering (assuming the Over-allotment Option is fully exercised), Hengjian Investment will directly hold 3,428,513,000 Domestic Shares, representing 10.00% of the domestic share capital and approximately 7.54% of the total share capital of the Company, respectively.

For persons who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of any other members of our Company, please refer to "Appendix VII – Statutory and General Information – 6. Disclosure of Interests" for further details.

Save as disclosed herein, our Directors are not aware of any other person(s) who will, immediately after the Global Offering, have an interest or short position in the Shares or underlying shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements with 18 cornerstone investors (the "**Cornerstone Investors**", and each a "**Cornerstone Investor**"), who have agreed to subscribe, or cause their designated entities to subscribe, for such number of our Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of approximately US$1,331 million (approximately HK$10,322 million) (the "**Cornerstone Placing**") at the Offer Price.

Assuming an Offer Price of HK$2.43 (being the low end of the Offer Price range set out in this Prospectus), the total number of H Shares subscribed by the Cornerstone Investors would be approximately 4,247,925,000, representing approximately (i) 48.1% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 9.6% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised; and (iii) 9.3% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised. Assuming an Offer Price of HK$2.61 (being the approximate mid-point of the Offer Price range set out in this Prospectus), the total number of H Shares subscribed by the Cornerstone Investors would be approximately 3,954,960,000, representing approximately (i) 44.8% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 9.0% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised; and (iii) 8.7% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is exercised in full. Assuming an Offer Price of HK$2.78 (being the high end of the Offer Price range set out in this Prospectus), the total number of H Shares subscribed by the Cornerstone Investors would be approximately 3,713,105,000, representing approximately (i) 42.1% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 8.4% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised; and (iii) 8.2% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is fully exercised.

The Cornerstone Placing will form part of the International Offering and none of such Cornerstone Investors will subscribe for any Offer Share under the Global Offering (other than and pursuant to the respective cornerstone investment agreements). The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid H Shares in issue and except for the subscription by CLP Nuclear in the Cornerstone Placing, will be counted towards the public float of our Company. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any board representation in our Company, nor will any of the Cornerstone Investors become a substantial shareholder of the Company (as defined under the Listing Rules), except CLP Nuclear which is a subsidiary of the holding company of one of our external shareholders, HKNIC. The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering" in this Prospectus.

To the best knowledge of our Company, among the 18 Cornerstone Investors, each of CSG International, CYPC International, CDB International, GIC, OZ Funds, Value Partners, Hillhouse Funds, China Reinsurance, China Life, Cinda Sinorock, China Alpha, Minmetals Capital (HK), North Industries Group Investment Management Company Ltd., Beijing Jingneng, Chow Tai Fook, E Fund and Guangzhou Fund is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group. As HKNIC, an investment holding company owned by CLP Holdings Limited, owns a 25% equity interest in GNPJVC, a 75%-owned subsidiary of our Group, each of HKNIC and CLP Holdings Limited is our connected person under the Listing Rules. Accordingly, we have applied to the Stock Exchange, and the Stock Exchange has granted a waiver to us under Rule 9.09(b) of the Listing Rules from strict compliance in relation to the cornerstone investment by CLP Nuclear, details of which are set out in the section headed "Waivers from Strict Compliance with the Listing Rules – Cornerstone Investment by a Core Connected Person".

Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on or about December 9, 2014.

CORNERSTONE INVESTORS

We set out below a brief description of our Cornerstone Investors:

CSG International

China Southern Power Grid International (HK) Co., Limited ("CSG International") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$100 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that CSG International would subscribe for would be 319,139,000, representing approximately 0.72% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that CSG International would subscribe for would be 297,129,000, representing approximately 0.67% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that CSG International would subscribe for would be 278,959,000, representing approximately 0.63% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

CSG International is a wholly-owned subsidiary of China Southern Power Grid Company Limited ("CSG"). CSG International acts as the foreign investment and finance platform for CSG to conduct overseas business investments in accordance with CSG's strategy on foreign investment projects. CSG was established on December 29, 2002 after the power sector deregulatory reform in China. CSG is a state-owned enterprise, with SASAC acting as the equity provider. CSG invests, constructs and operates power networks in Guangdong, Guangxi, Yunnan, Guizhou and Hainan provinces and regions. The service area is of 1 million square kilometers, with a population of 230 million. CSG is a joint venture partner of CGN as CGN currently holds minority interests in two pumped storage hydro power plants of CSG.

To the best knowledge of our Company, CSG International is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

CYPC International

China Yangtze Power International (Hongkong) Co., Ltd. ("CYPC International") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$100 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that CYPC International would subscribe for would be 319,139,000, representing approximately 0.72% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that CYPC International would subscribe for would be 297,129,000, representing approximately 0.67% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that CYPC International would subscribe for would be 278,959,000, representing approximately 0.63% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

CYPC International is a company incorporated in Hong Kong on December 6, 2010 and is wholly owned by China Yangtze Power Co., Ltd. The ultimate controlling shareholder of CYPC International is China Three Gorges Corporation (中國長江三峽集團公司). CYPC International is principally engaged in the development, investment, operation and management of overseas power projects and equity investment in related industries.

China Three Gorges Corporation is primarily engaged in the construction and management of hydropower projects, electrical power generation, international investment and engineering contracting, new energy development and related professional and technical services.

China Three Gorges Corporation owns a 28.57% equity interest in CGN Fund Phase I, which is 31.43% owned by our Group. To the best knowledge of our Company, each of China Three Gorges Corporation and CYPC International is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

CLP Nuclear

CLP Nuclear Power Company Limited ("CLP Nuclear") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of HK$400 million (inclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that CLP Nuclear would subscribe for would be 162,950,000, representing approximately 0.37% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that CLP Nuclear would subscribe for would be 151,712,000, representing approximately 0.34% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that CLP Nuclear would subscribe for would be 142,434,000, representing approximately 0.32% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

CLP Nuclear is a company incorporated in Hong Kong whose businesses include investment holding in the nuclear power industry and is an indirect wholly-owned subsidiary of CLP Holdings Limited, which is a company listed on the Stock Exchange with stock code 00002. CLP Holdings Limited is an investor and operator in the energy sector of the Asia-Pacific region. For over 100 years, CLP Holdings Limited has powered Hong Kong's dynamic and spectacular growth and continues to deliver a highly reliable supply of electricity to over 80% of the city's population. Today, CLP Holdings Limited's business spans across the Mainland China, India, Southeast Asia, Taiwan and Australia. CLP Holdings Limited's diversified portfolio of generating assets uses a wide range of fuels including coal, gas, nuclear, wind, hydro and solar energy. CLP Holdings Limited is a joint venture partner of our Company as CLP Holdings Limited, through its subsidiary, HKNIC, owns minority interest in Daya Bay Nuclear Power Station of our Company.

As HKNIC, an investment holding company owned by CLP Holdings Limited, owns a 25% equity interest in GNPJVC, a 75%-owned subsidiary of our Group, each of HKNIC and CLP Holdings Limited is our connected person under the Listing Rules. Accordingly, we have applied to the Stock Exchange, and the Stock Exchange has granted a waiver to us under Rule 9.09(b) of the Listing Rules from strict compliance in relation to the cornerstone investment by CLP Nuclear, details of which are set out in the section headed "Waivers From Strict Compliance with the Listing Rules – Cornerstone Investment by a Core Connected Person".

CDB International

China Development Bank International Holdings Limited ("CDB International") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$110 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that CDB International would subscribe for would be 351,053,000, representing approximately 0.80% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that CDB International would subscribe for would be 326,842,000, representing approximately 0.74% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that CDB International would subscribe for would be 306,855,000, representing approximately 0.70% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

CDB International is a wholly-owned subsidiary and the overseas strategic investment platform of China Development Bank Corporation ("CDB"). It mainly engages in equity investment and assets management business. CDB is the largest and most influential developmental financial institution in China. As at 30 September 2014, CDB's total asset was approximately RMB9.96 trillion.

China Development Bank Jingcheng (Beijing) Investment Fund Co., Ltd. (國開精誠(北京)投資基金有限公司), China Development Bank Capital Corporation Ltd. (國開金融有限責任公司) and China Development Bank Siyuan (Beijing) Investment Fund Co., Ltd. (國開思遠(北京)投資基金有限公司), which are all subsidiaries of China Development Bank, own a 20% equity interest in CGN Fund Phase I, which is 31.43% owned by our Group. To the best knowledge of our Company, CDB International is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

GIC

GIC Private Limited ("GIC") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$100 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that GIC would subscribe for would be 319,139,000, representing approximately 0.72% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that GIC would subscribe for would be 297,129,000, representing approximately 0.67% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that GIC would subscribe for would be 278,959,000, representing approximately 0.63% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

GIC is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US$100 billion, GIC is amongst the world's largest fund management companies.

GIC has invested in the holding company of one of the Joint Sponsors. As such, GIC is, prima facie, a connected client of the lead broker or distributors pursuant to paragraph 5(1) of Appendix 6 of the Listing Rules. Subject to certain conditions imposed, GIC may participate in the Global Offering as a cornerstone investor. Please also see the section headed "Waivers From Strict Compliance with the Listing Rules – Cornerstone Investment by GIC".

To the best knowledge of our Company, GIC is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

OZ Funds

Certain affiliated investment funds of Och-Ziff Capital Management Group LLC (collectively, "OZ Funds") have agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$100 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that OZ Funds would subscribe for would be 319,139,000, representing approximately 0.72% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that OZ Funds would subscribe for would be 297,129,000, representing approximately 0.67% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that OZ Funds would subscribe for would be 278,959,000, representing approximately 0.63% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Each of the OZ Funds is incorporated or formed in the Cayman Islands, the British Virgin Islands or the State of Delaware, U.S.A. The investment manager of each of the OZ Funds is either OZ Management LP or OZ Management II LP, affiliates of Och-Ziff Capital Management Group LLC. Och-Ziff Capital Management Group LLC is one of the largest institutional alternative asset managers in the world, with approximately US$46 billion in assets under management as of November 1, 2014.

To the best knowledge of our Company, each of OZ Funds is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

Value Partners

Value Partners Hong Kong Limited ("Value Partners") has agreed to procure certain investment funds or managed accounts that Value Partners or its subsidiary directly or indirectly has actual discretionary investment management power over, to subscribe for, and failing which Value Partners will subscribe for, such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$100 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Value Partners would subscribe for would be 319,139,000, representing approximately 0.72% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that Value Partners would subscribe for would be 297,129,000, representing approximately 0.67% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Value Partners would subscribe for would be 278,959,000, representing approximately 0.63% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Value Partners (together with other subsidiaries under Value Partners Group Limited ("Value Partners Group")) was established in 1999. It acts as investment manager or investment advisor to certain investment funds. It is a wholly-owned subsidiary of Value Partners Group Limited, a company listed on the Stock Exchange (stock code: 806). Value Partners Group is one of Asia's largest independent asset management firms headquartered in Hong Kong. Value Partners Group manages absolute return long-biased funds, long-short hedge funds, exchange-traded funds, quantitative funds, as well as fixed income products for institutional and individual clients in Asia Pacific, Europe and the United States.

To the best knowledge of our Company, Value Partners is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

Hillhouse Funds

Gaoling Fund, L.P. and YHG Investment, L.P. (collectively, the "Hillhouse Funds") have agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$100 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that the Hillhouse Funds would subscribe for would be 319,139,000, representing approximately 0.72% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that the Hillhouse Funds would subscribe for would be 297,129,000, representing approximately 0.67% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that the Hillhouse Funds would subscribe for would be 278,959,000, representing approximately 0.63% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

The Hillhouse Funds are both Asia-focused funds managed by Hillhouse Capital Management, Ltd. ("Hillhouse"). Hillhouse manages capital for world-class institutional investors, concentrating on making equity investments over a long-term investment horizon. Hillhouse takes a research intensive, bottom-up approach to investing that is highly focused on business fundamentals.

To the best knowledge of our Company, the Hillhouse Funds is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

China Reinsurance

China Reinsurance (Group) Corporation ("China Reinsurance") together with its subsidiaries, China Life Reinsurance Company Ltd. ("CLCR") and China Property & Casualty Reinsurance Company Ltd. ("CPCR"), have agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$75 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that China Reinsurance would subscribe for would be 239,354,000, representing approximately 0.54% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that China Reinsurance would subscribe for would be 222,847,000, representing approximately 0.51% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that China Reinsurance would subscribe for would be 209,219,000, representing approximately 0.47% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

China Reinsurance was jointly founded by Ministry of Finance of China and Central Huijin Investment Corporation with a registered capital of RMB36.408 billion, of which as to 15.09% and 84.91% is held by Ministry of Finance of China and Central Huijin Investment Corporation respectively. Currently, China Reinsurance is the only state-owned reinsurance group in China.

China Reinsurance originated from the People's Insurance Company of China ("PICC") which was established in October 1949, and was restructured into joint stock limited company in October 2007. After several significant transformations, China Reinsurance played a positive part in the cultivation of China's reinsurance industry, the normal growth of direct insurance market and the social and economic development.

China Reinsurance has a complete insurance industry chain covering reinsurance, direct insurance, assets management, insurance brokerage and insurance media with diversified and professional operational structure and management layout created in the Group. By the end of 2013, China Reinsurance controlled six subsidiaries, namely CPCR, CLCR, China Continent Property & Casualty Insurance Company Ltd., China Re Asset Management Company Ltd., China Insurance Media Company Ltd. and Huatai Insurance Agency & Consultant Service Ltd., and set up four overseas offices, namely China Re UK limited, New York Representative Office, London Representative Office and Hong Kong Representative Office.

To the best knowledge of our Company, China Reinsurance is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

China Life

China Life Insurance (Group) Company ("China Life") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 the H Shares) which may be purchased with an aggregate amount of US$75 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that China Life would subscribe for would be 239,354,000, representing approximately 0.54% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that China Life would subscribe for would be 222,847,000, representing approximately 0.51% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that China Life would subscribe for would be 209,219,000, representing approximately 0.47% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

China Life and its subsidiaries constitute the largest commercial insurance group in China, which is one of the largest institutional investors in the capital market in China. In 2013, its total premium income amounted to RMB386.8 billion, accounting for 31.6% of that of the domestic life insurance market, and its total assets reached RMB2.4 trillion.

To the best knowledge of our Company, China Life is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

Cinda Sinorock

Cinda Sinorock Global Portfolio Limited Partnership I ("Cinda Sinorock") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Cinda Sinorock would subscribe for would be 159,569,000, representing approximately 0.36% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that Cinda Sinorock would subscribe for would be 148,564,000, representing approximately 0.34% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Cinda Sinorock would subscribe for would be 139,479,000, representing approximately 0.32% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Cinda Sinorock is a limited partnership established in the Cayman Islands to make, manage, supervise and dispose of investment in securities, shares and convertible bonds of listed companies or Pre-IPO companies.

Cinda Sinorock's ultimate controlling shareholder is China Cinda Asset Management Co., Ltd., a joint stock company incorporated in the PRC with limited liability and the H-shares of which are listed on the Stock Exchange (stock code: 1359).

To the best knowledge of our Company, Cinda Sinorock is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

China Alpha

China Alpha Fund Management Ltd ("China Alpha") has agreed to procure certain funds (namely China Alpha II Fund Ltd and Global Integrity Alpha Fund Ltd, collectively the "China Alpha Funds") that China Alpha has discretionary investment management power over, to subscribe for, and failing which China Alpha will subscribe for, such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that China Alpha would subscribe for would be 159,569,000, representing approximately 0.36% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that China Alpha would subscribe for would be 148,564,000, representing approximately 0.34% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that China Alpha would subscribe for would be 139,479,000, representing approximately 0.32% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

China Alpha is registered as an excluded person under the Securities Investment Business Law (as revised) of the Cayman Islands. It acts as the investment manager to certain funds under which China Alpha shall manage, on a discretionary basis, the money, investments, and/or other assets of the fund(s) in accordance with their respective guidelines and restrictions.

To the best knowledge of our Company, each of the China Alpha Funds is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

Minmetals Capital (HK)

Minmetals Capital (Hong Kong) Limited ("Minmetals Capital (HK)") have agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Minmetals Capital (HK) would subscribe for would be 159,569,000, representing approximately 0.36% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that Minmetals Capital (HK) would subscribe for would be 148,564,000, representing approximately 0.34% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Minmetals Capital (HK) would subscribe for would be 139,479,000, representing approximately 0.32% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Minmetals Capital (HK), a wholly-owned subsidiary of China Minmetals Corporation, is a company incorporated in Hong Kong whose businesses include financial management and projects investment. China Minmetals Corporation is an international metals and mining corporation primarily engaged in exploration, mining, smelting, processing and trading for metals and minerals. China Minmetals Corporation also has subsidiaries engaged in the business of finance, real estate, mining and metallurgic technology. In 2013, China Minmetals Corporation controls eight listed companies in the PRC and abroad, with total assets amounting to approximately RMB294.1 billion. It achieved operating revenue of RMB402.8 billion and total profit of RMB7 billion which made it ranked No.192 amongst the Fortune Global 500 and No.5 amongst metal companies.

To the best knowledge of our Company, Minmetals Capital (HK) is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

North Industries Group Investment Management Company Ltd.

North Industries Group Investment Management Company Ltd. has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming an Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that North Industries Group Investment Management Company Ltd. would subscribe for would be 159,569,000, representing approximately 0.36% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that North Industries Group Investment Management Company Ltd. would subscribe for would be 148,564,000, representing approximately 0.34% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that North Industries Group Investment Management Company Ltd. would subscribe for would be 139,479,000, representing approximately 0.32% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Established on March 18, 2014, North Industries Group Investment Management Company Ltd. is a wholly-owned subsidiary of China North Industries Group Corporation with a registered capital of RMB1 billion. It will adhere to the strategy of systematic and lean management on the whole value chain, and implement a market-oriented, standardized and specialized operation mode. Through the provision of financial services and capital operation, it will promote the effective integration of the industrial capital in the ordnance industry and the financial capital in the society, and gradually explore and establish its peculiar modes of equity operation, asset operation and management and financial investment. North Industries Group Investment Management Company Ltd. has agreed to cause an asset manager that is a qualified domestic institutional investor (QDII) to subscribe on its behalf at the Offer Price for such number of Offer Shares.

To the best knowledge of our Company, North Industries Group Investment Management Company Ltd. is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

Beijing Jingneng

Beijing Jingneng Clean Energy (Hong Kong) Co., Limited ("Beijing Jingneng") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$50 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Beijing Jingneng would subscribe for would be 159,569,000, representing approximately 0.36% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that Beijing Jingneng would subscribe for would be 148,564,000, representing approximately 0.34% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Beijing Jingneng would subscribe for would be 139,479,000, representing approximately 0.32% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Beijing Jingneng is a limited liability company incorporated in Hong Kong on January 4, 2013 and it is engaged in the business of investment holding. It is a wholly owned subsidiary of Beijing Jingneng Clean Energy Co., Limited, which is the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC, with a diversified clean energy business portfolio including gas-fired power and heat energy generation, wind power, small to medium hydropower and other clean energy generation businesses. The H shares of Beijing Jingneng Clean Energy Co., Limited is listed on the Main Board of the Stock Exchange (stock code: 00579).

To the best knowledge of our Company, Beijing Jingneng is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

Chow Tai Fook

Chow Tai Fook Nominee Limited ("Chow Tai Fook") has agreed to subscribe, through its nominee, Chow Tai Fook (Holding) Limited, for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$30 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Chow Tai Fook would subscribe for would be 95,741,000, representing approximately 0.22% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that Chow Tai Fook would subscribe for would be 89,138,000, representing approximately 0.20% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Chow Tai Fook would subscribe for would be 83,687,000, representing approximately 0.19% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Chow Tai Fook is a company incorporated in Hong Kong, which is wholly owned and controlled by Dato' Dr. Cheng Yu Tung. Chow Tai Fook's principal activities include investment holdings.

To the best knowledge of our Company, Chow Tai Fook is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

E Fund

E Fund Management Co., Ltd. ("E Fund") has agreed to subscribe through its subsidiary asset management plan for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$100 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming the Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that E Fund would subscribe for would be 319,139,000, representing approximately 0.72% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that E Fund would subscribe for would be 297,129,000, representing approximately 0.67% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that E Fund would subscribe for would be 278,959,000, representing approximately 0.63% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Established on April 17, 2001, E Fund has set up branches in Beijing, Guangzhou, Shanghai, Chengdu and Nanjing and a subsidiary in Hong Kong and that of assets management. Based on the principle of good faith and standardization, E Fund has achieved continuous solid growth through professional operation and teamwork, and won market recognition with strict management, standard operation and good investment results. In October 2004, E Fund obtained the qualification for the investment manager of the national social security fund. In August 2005, the company obtained the qualification for the investment manager of the corporate annuities, the qualification for the qualified domestic institutional investor (QDII) in December 2007 and the qualification to engage in business for discretionary accounts in February 2008.

To the best knowledge of our Company, E Fund is an Independent Third Party and independent of other Cornerstone Investors, not our connected person and not an existing shareholder of our Group.

Guangzhou Fund

Guangzhou China Life Urban Development Industry Investment Enterprise (Limited Partnership) ("Guangzhou Fund") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$40 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price. Assuming an Offer Price of HK$2.43, being the low-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Guangzhou Fund would subscribe for would be 127,655,000, representing approximately 0.29% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.61, being the mid-point of the Offer Price range set out in this Prospectus, the total number of H Shares that Guangzhou Fund would subscribe for would be 118,851,000, representing approximately 0.27% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised. Assuming the Offer Price of HK$2.78, being the high-end of the Offer Price range set out in this Prospectus, the total number of H Shares that Guangzhou Fund would subscribe for would be 111,583,000, representing approximately 0.25% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Guangzhou Fund is an urban development investment fund, which is managed by Guangzhou Chengfa Capital Co., Ltd ("Guangzhou Chengfa Capital"). The fund focuses on urban infrastructure, industrials, and related investment advisory and management. Guangzhou Fund is funded by Guangzhou Chengfa Capital and China Life Insurance Company Ltd. as to 29.78% and 70.22%, respectively. Guangzhou Chengfa Capital is the subsidiary of Guangzhou Industrial Investment Fund Management Co., Ltd, with over RMB10 billion capital under management, and it focuses on infrastructure, industrials, high-tech, new energy, urban renewal and other related investments. Other than the funds contribution by China Life Insurance Company Ltd., Guangzhou Fund's investment committee and final investment decisions are independent of China Life Insurance Company Ltd. Guangzhou Fund has agreed to cause an asset manager that is a qualified domestic institutional investor (QDII) to subscribe on its behalf at the Offer Price for such number of Offer Shares.

To the best knowledge of our Company, Guangzhou Fund is an Independent Third Party, not our connected person and not an existing shareholder of our Group.

CONDITIONS PRECEDENT

The subscription of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional by no later than the time and date as specified (in accordance with their respective original terms, as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived by the relevant parties) in these underwriting agreements and not having been terminated;

b) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares and that such approval or permission has not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange; and

c) the respective representations, warranties, undertakings, confirmations and acknowledgements of the relevant Cornerstone Investor under the relevant cornerstone investment agreement are and will be accurate and true in all material respects and not misleading and that there being no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF H SHARES BY THE CORNERSTONE INVESTORS

Each of the above Cornerstone Investors has agreed and undertaken to the Company, the Joint Representatives, and, where applicable, the non-Joint Representatives Underwriters/Joint Bookrunners that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the respective cornerstone investment agreements) any of the Shares subscribed for by it pursuant to the relevant cornerstone investment agreements. Each Cornerstone Investor may transfer the H Shares so subscribed in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that, among other things, such wholly-owned subsidiary undertakes in writing, and such Cornerstone Investor undertakes in writing to procure, that such wholly-owned subsidiary to be bound by the Cornerstone Investor's obligations under the relevant cornerstone investment agreement.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with (i) our audited consolidated financial information as of and for the year ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, as well as our unaudited consolidated financial information as of and for the six months ended June 30, 2013, and, in each case, the related notes set out in the accountants' report included as Appendix IA to this Prospectus, (ii) the audited financial information of Taishan Nuclear as at and for the year ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, as well as the unaudited financial information as of and for the six months ended June 30, 2013, and, in each case, the related notes set forth in the accountants' report included as Appendix IB to this Prospectus, and (iii) the unaudited pro forma combined financial information of our Company, Taishan Nuclear and Taishan Investment set forth in Appendix IIB to this Prospectus. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual future results and timing of selected events could differ significantly from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this Prospectus.

OVERVIEW

We are the largest nuclear power producer in China. We operate and manage nuclear power stations, sell electricity generated by these stations, manage and oversee the construction of nuclear power stations and provide related technical research and development and support services. All of our current installed capacity is attributable to nuclear power stations in China.

As of June 30, 2014, we operated and managed 11 nuclear power generating units with a total installed generating capacity of 11,624 MW, consisting of seven units in which we held controlling interests, two owned by Ningde Nuclear, a joint venture in which we indirectly held a 46% equity interest, and another two owned by Hongyanhe Nuclear, an associate company in which we indirectly held a 45% equity interest. Six of the units in which we have controlling interests are located in Shenzhen, Guangdong Province, consisting of two units in each of our Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station. The other unit in which we have a controlling interest is located at our Yangjiang Nuclear Power Station in Yangjiang City, Guangdong Province. The units owned by Ningde Nuclear are located at the Ningde Nuclear Power Station in Fuding City, Fujian Province, and the units owned by Hongyanhe Nuclear are located at the Hongyanhe Nuclear Power Station in Dalian City, Liaoning Province.

We have experienced rapid growth in our business operations during the Track Record Period. The number of the nuclear power generating units we operated and managed increased from 5 as of January 1, 2011 to 11 as of June 30, 2014. The total installed capacity of these units that we operated and managed increased from 5,035 MW as of January 1, 2011 to 11,624 MW as of June 30, 2014. During this period, the consolidated installed capacity increased from 5,035 MW as of January 1, 2011 to 7,208 MW as of June 30, 2014.

We derive substantially all of our revenue from selling electricity generated by the nuclear power stations in which we have controlling interests under long-term contracts with terms ranging from one to twenty years. In 2011, 2012, 2013 and the six months ended June 30, 2014, the net power generation of nuclear power stations in which we had controlling interests was 40,519 GWh, 45,113 GWh, 44,157 GWh and 24,753 GWh, respectively, and we generated revenue from sales of electricity of RMB14,971.7 million, RMB16,514.2 million, RMB16,267.8 million and RMB9,079.8 million, respectively. During the same periods, we recorded profit of RMB5,396.4 million, RMB4,977.4 million, RMB5,071.4 million and RMB3,089.6 million, respectively.

We plan to further expand our installed capacity in operation by having more nuclear power generating units within our Group commencing operation, as well as increasing the number of nuclear power generating units at Ningde Nuclear and Hongyanhe Nuclear and by acquiring new nuclear projects developed by our affiliated entities. As of June 30, 2014, we were managing the construction of nine nuclear power generating units, including two at Hongyanhe Nuclear Power Station, two at Ningde Nuclear Power Station and five at Yangjiang Nuclear Power Station. These units are expected to add a total of approximately 9,846 MW to our total installed capacity and bring our total installed capacity to approximately 21,470 MW upon completion. In addition, we have entered into an agreement with CGNPC to acquire additional equity interests in Taishan Nuclear Power Station, which has two nuclear power generating units under construction by our affiliated entities controlled by the CGN Group with an aggregate planned installed capacity of approximately 3,500 MW. Upon the completion of the Global Offering, we intend to spend a total of RMB9,700.2 million (or HK$12,252.4 million) of the proceeds to acquire a 41% of Taishan Nuclear's equity interest, and will thereafter hold, directly or indirectly, 51% equity interest in Taishan Nuclear.

BASIS OF PRESENTATION

We were established on March 25, 2014, as a joint stock limited company through the Reorganization. Prior to the Reorganization, our nuclear power operations were carried out by various companies owned or controlled by CGNPC. Pursuant to the Reorganization, CGNPC, as our primary promoter, contributed to us the equity interests in 11 companies engaged in the nuclear power station development, investment, operations, research and development, the related assets and liabilities of these companies ("Nuclear Power Business") and certain amount of cash (collectively, "Contribution"). In consideration for CGNPC's Contribution to us, we issued 27,904,643,370 ordinary shares of RMB1.00 per share to CGNPC on March 25, 2014. As the Nuclear Power Business transferred to us is controlled by CGNPC prior to and after the Reorganization, merger accounting has been applied. We and our subsidiaries (including the Nuclear Business directly operated by CGNPC) resulting from the Reorganization has been regarded as a continuing entity throughout the Track Record Period and the financial statements have been prepared as if we had always been the holding company of our consolidated company throughout the Track Record Period. As such, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of our Company as if our corporate structure had existed throughout the Track Record Period, or since our subsidiaries' respective dates of establishment or dates of acquisition, whichever is shorter. The consolidated statements of financial position as of December 31, 2011, 2012 and 2013 include our assets and liabilities as if our corporate structure had existed on those dates. We have further issued 7,395,356,630 ordinary shares of RMB1.00 per share to our shareholders at a total consideration of approximately RMB10,124 million from April 2014 to June 2014.

Critical accounting policies adopted in preparation of the financial information presented in this Prospectus have been applied consistently for each of the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014. The policies of preparation are in compliance with accounting policies and requirements under IFRS and present a true and complete view of our financial condition as of the relevant time during the Track Record Period and our results of operations and cash flows during the relevant periods. A summary of our critical accounting policies is set out in Note 4 to "Appendix IA – Accountants' Report of Our Company."

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following factors are the principal factors that have affected and we expect will continue to have impact on our business, financial condition, results of operations and prospects.

Installed Capacity

Our results of operations and financial condition are significantly affected by the installed capacity of our nuclear power stations and the expansion thereof. Generally, as we increase our installed capacity, our electricity sales are also expected to increase. We believe that a large and increasing scale of nuclear power generating assets will also enable us to benefit from economies of scale and reduce risks that are specific to individual nuclear power generating units.

The following table sets forth the installed capacity, net generation and sales of electricity of our nuclear power generating units in which we held controlling interests as of the dates or for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	**2012**	**2013**	**2013**	**2014**
Number of nuclear power generating units (at period end)	6	6	6	6	7
Consolidated installed capacity (MW) (at period end)	6,122[(2)]	6,122	6,122	6,122	7,208[(3)]
Weighted average consolidated installed capacity (MW)[(1)]	5,471[(2)]	6,122	6,122	6,122	6,706[(3)]
Net power generation (GWh)	40,519	45,113	44,157	20,740	24,753
Sales of electricity (RMB million)	14,972	16,514	16,268	7,784	9,080

(1) Weighted average consolidated installed capacity calculated based on the respective production time of the nuclear power generating units in which we had controlling interests for the relevant year or period.

(2) Lingdong Unit 2 commenced operation in August 2011.

(3) Yangjiang Unit 1 commenced operation in March 2014.

The consolidated installed capacity of our nuclear power generating assets in operation remained at 6,122 MW as of December 31, 2011, 2012 and 2013. The weighted average consolidated installed capacity over a period of time positively correlated with the net power generation and sales of electricity during that period. The lower weighted average consolidated installed capacity in 2011 compared to 2012 and 2013 was primarily due to the fact that one of the six nuclear power generating units, Lingdong Unit 2, came into operation in August 2011 and operated for less than five months in 2011. A new nuclear power generating unit at our Yangjiang Nuclear Power Station came into operation in March 2014, which brought our consolidated installed capacity to 7,208 MW as of June 30, 2014, contributing to an increase in weighted average consolidated installed capacity.

The other five nuclear power generating units at our Yangjiang Nuclear Power Station are under construction, among which one nuclear power generating unit with an installed capacity of 1,086 MW is currently at the commissioning stage. We also plan to acquire a majority equity interest in Taishan Nuclear, which has two nuclear power generating units with a total installed capacity of approximately 3,500 MW currently under construction. The first nuclear power generating unit at Taishan Nuclear is expected to come into operation by 2016. These newly added installed capacities will drive the growth of our net power generation and our sales of electricity in the future. For more details of our Proposed Acquisitions of the equity interest in Taishan Nuclear, please refer to "Business – Our Nuclear Power Business – Details of Existing Nuclear Power Generating Units and Power Generating Units We Intend to Acquire – Proposed Acquisitions."

Utilization of Power Generation Assets

The utilization rate of our nuclear power generating units is an important factor that affects our overall results of operations and profitability. Capacity factor, load factor and utilization hours indicate how well the nuclear power generating assets have been utilized in producing electricity, the principal source of our revenues and cash flow.

The following table sets forth the average capacity factor, load factor and utilization hours for the nuclear power generating units in which we held controlling interests for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
Average Capacity Factor (%)	90.61	89.63	87.22	82.52	90.46
Average Load Factor (%)	89.99	88.45	86.57	82.21	90.27
Average Utilization Hours	7,773	7,750	7,586	3,565	3,883

The utilization rate of our nuclear power generating assets in a certain period is primarily affected by the following factors:

- *Scheduled repair sessions*. Outage repairs are not all carried out on an annual basis or simultaneously for all of our nuclear power generating units. Currently, outage repairs are generally scheduled at approximately 18-month intervals for the two nuclear power generating units at our Daya Bay Nuclear Power Station and approximately 12-month intervals for the other nuclear power generating units. We are exploring the possibilities of extending the outage repair intervals for the other nuclear power generating units to approximately 18 months while ensuring safety and continued operational quality through continuously optimizing our outage repair procedures. In addition, as the outage repairs carried out in different years for a nuclear power generating unit may include different scheduled tasks, the lengths of outage repairs carried out in different years for the same nuclear power generating unit may vary. As a result of the above features, the total numbers of outage repair sessions and their total lengths vary from year to year during the Track Record Period, which constituted the primary factor that affected the overall utilization rate of our power generating assets.

- *Deloading*. Deloading of our nuclear power generating capacity, *i.e.*, power generation at less than full capacity, occurs both as a result of (i) internal reasons, such as deloading for conducting systems testing and optimization or operating maintenance, or during new nuclear power generating unit ramp-up periods, and (ii) external reasons, such as reduced demand from the grid or load management. Although we may be able to reduce the impact of deloading by continuously enhancing our internal testing, optimization, operating maintenance, many of the reasons that cause deloading are out of our control.

We expect that the above reasons will continue to be the major factors that affect the utilization of our power generation assets, which in turn will affect our future results of operations, and particularly, our sales of electricity.

On-Grid Tariff

We derive substantially all of our revenue from the sale of electricity generated by the nuclear power stations in which we have controlling interests and as a result, our results of operations are affected by the sales price of electricity, known as the on-grid tariff, and changes to such tariff. On-grid tariffs for electricity sold by power generating projects to grid companies in China are approved or fixed by the pricing authorities in China. As such, our business is dependent on the PRC pricing policy for different energy sources, particularly the pricing for electricity generated by nuclear power stations. For a detailed discussion of the pricing policy for nuclear power in China, please refer to "Business – Our Nuclear Power Business – Sales and Distribution – On-Grid Tariffs."

During the Track Record Period, the average on-grid tariff (excluding VAT) for the nuclear power generating units in which we held controlling interests was RMB0.3695 per kWh, RMB0.3661 per kWh, RMB0.3684 per kWh, RMB0.3753 per kWh and RMB0.3668 per kWh in 2011, 2012, 2013 and the six months ended June 30, 2013 and 2014, respectively. For the on-grid tariffs (including VAT) for the nuclear power stations in which we held controlling interests during the Track Record Period, please refer to "Business – Our Nuclear Power Business – Sales and Distribution."

Any changes to such on-grid tariff in the future as a result of policy changes adopted by pricing authorities in China will affect our revenues from sales of electricity.

Cost of Nuclear Fuel

Our nuclear power generating units are fuelled by fuel assemblies. The cost of nuclear fuel, approximately half of which generally consists of cost of natural uranium, accounts for a significant portion of our cost of sales and services. During the Track Record Period, cost of nuclear fuel amounted to RMB2,098.6 million, RMB2,785.1 million, RMB2,657.6 million, RMB1,235.7 million and RMB1,350.1 million in 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, respectively, accounting for 13.2%, 15.8%, 15.3%, 15.1% and 13.8%, respectively, of the total revenue and 26.3%, 30.4%, 29.7%, 31.0% and 30.0%, respectively, of the total cost of sales and services for the same periods. During the past decade, the spot price of natural uranium in the international market experienced several substantial fluctuations. Please refer to "Risk Factors – Risks Relating to Our Business and Industry – We are subject to risks relating to procurement of nuclear fuel and related services." As a result of the long-term supply contracts between our fuel suppliers and us, our nuclear fuel cost was not significantly affected by the spot market price fluctuations, nor did it experience any significant change, during the Track Record Period. 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 our supply contracts with our fuel suppliers, which will in turn affect our cost and results of operations.

Equity Investment

We hold equity interest in joint ventures and associate companies. During the Track Record Period, our equity investment mainly included the 46.0% indirect equity interest in Ningde Nuclear, one of our joint ventures, and the 45.0% indirect equity interest in Hongyanhe Nuclear, one of our associate companies. Our share of results of Ningde Nuclear and Hongyanhe Nuclear is not recognized as part of our revenue; it is nevertheless reflected in our results of operations and affects our profit before tax and profit during the relevant periods. As of June 30, 2014, each of Ningde Nuclear and Hongyanhe Nuclear had two nuclear power generating units in operation. We expect our share of results of these entities to continue to be one of the factors affecting our profitability as the construction of Units 3 and 4 at Ningde Nuclear Power Station and Units 3 and 4 at Hongyanhe Nuclear Power Station continues and up to their respective commercial operations.

Tax Incentives

Our profitability and financial performance are also affected by the applicable tax rates and the preferential tax treatments we and our subsidiaries are entitled to. Our business has benefited from various tax incentives, primarily in the form of preferential EIT rates and VAT refunds.

Preferential EIT rates

Under the PRC EIT Law, a uniform 25% EIT rate is generally applied to all enterprises, except where a specific preferential rate applies. Some of our subsidiaries enjoyed, or are currently enjoying, preferential tax treatments applicable to enterprises that are (i) located in Shenzhen Special Economic Zone, (ii) High-New Technology Enterprises and (iii) engaged in public infrastructure projects. The preferential tax treatments enjoyed by certain of our subsidiaries have changed in the past and may change in the future. If changes occur in the preferential tax treatments that we currently enjoy, our profitability could be affected.

Exemptions and refunds of VAT

Our sale of electricity is currently subject to a VAT rate of 17% in China. During the Track Record Period, our subsidiaries were subject to the following preferential treatment with respect to the VAT:

- In connection with the sale of electricity generated by GNPJVC and through December 31, 2014 (for the relevant contractual arrangements for such sale, please refer to "Business – Our Nuclear Power Business – Sales and Distribution – Contracts for the Purchase and Sale of Electricity and Grid Connection Arrangements – Daya Bay Nuclear Power Station Contract");

    - GNPJVC, one of our subsidiaries, was entitled to full exemption of the VAT for its revenue from the sale of electricity to GNIC and HKNIC; and

    - GNIC, one of our subsidiaries, was entitled to (i) full exemption of the VAT for its revenue from the sale of electricity to HKNIC and (ii) full refund of the VAT for its revenue from the sale of electricity to the Guangdong Grid.

- Ling'ao Nuclear, Lingdong Nuclear and Yangjiang Nuclear, each a subsidiary of ours, were entitled to VAT refunds, at a rate that gradually decreased over a 15-year-period starting from the date of each nuclear power generating unit's commencement of commercial operation, for their revenue from the sale of electricity: the VAT refund rate was 75% for the first five years, 70% for the second five years and 55% for the third five years.

Any discontinuation of these exemptions and refunds of VAT due to expiration of or changes in the preferential tax treatments we currently enjoy could have an adverse effect on our profitability.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our results of operations and financial condition are based on our audited consolidated financial information prepared in accordance with IFRS. Our results of operations and financial condition are sensitive to the accounting methods, assumptions and estimates used in the preparation of our consolidated financial information. We continually evaluate these estimates and judgments based on historical experience and other factors, including expectations of future events, which we currently believe to be reasonable.

Our principal accounting policies are set out in Note 4 to "Appendix IA – Accountants' Report of Our Company," and our critical accounting estimates and assumptions are set out in Note 5 to "Appendix IA – Accountants' Report of Our Company" to this Prospectus. We make accounting estimates and assumptions concerning the future. Actual results may differ from these estimates as facts, circumstances and conditions change, or as a result of different assumptions. We believe the following critical accounting policies and estimates are the most significant to the preparation of our financial statements.

Revenue Recognition

We generate substantially all of our revenue from the sale of electricity generated by our consolidated nuclear power stations. To a lesser degree, we also generate revenues from providing nuclear power technology, research and development equipment as well as related services to fellow subsidiaries and various third parties under technology, research and development projects undertaken by certain of our subsidiaries. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of sales related taxes.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- we have transferred to the buyer the significant risks and rewards of ownership of the goods;
- we retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits to us associated with the transaction will flow; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of electricity is recognized based upon output delivered. Revenue is recognized upon transmission of electricity to the customers, i.e., upon the transmission of electricity to the various grid companies.

Taxation

Our income tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before tax" as reported in our consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associate companies, and interests in joint ventures, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each of the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Property, Plant and Equipment

Property, plant and equipment include buildings used for production or administrative purposes (other than construction in progress), are stated in the consolidated statements of financial position at cost or deemed cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Decommissioning and waste management costs resulting from decommissioning of nuclear installations operated by us are included as part of the related assets. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit or loss as incurred.

Nuclear facilities are depreciated using the units of production method based on the expected remaining production volume derived from the estimated useful lives.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment (other than nuclear facilities and construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

We review annually the residual value, useful lives and related depreciation based on our historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and function. For nuclear facilities, depreciation is also affected by the budgeted production volume throughout the useful lives of the facilities. Estimated useful lives and production volume could change significantly as a result of technical innovations and changes in safety regulatory development. We will increase the depreciation charge where residual value or useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Construction in progress is carried at cost, less recognized impairment loss, if any. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with our accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an owner-occupied property becomes an investment property because its use has changed as evidenced by end of owner-occupation, the cost and fair value of that item at the date of transfer are transferred to investment property for subsequent measurement and disclosure purposes.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on the value-in-use calculations or fair value less costs of disposal. Our judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by us in assessing impairment, including the discount rates and other assumption in the cash flow projections, could materially affect the net present value in the impairment test. If there is a significant adverse change in the assumptions used in the future cash flow projections, an impairment loss may be recognized in profit or loss.

Provisions

Pursuant to the relevant rules and requirements in PRC, we are obligated to dispose of spent fuel, manage low- and medium-level radioactive waste and perform decommissioning of nuclear facilities in relation to our nuclear power generation business.

As such, provisions are recognized when we have a present obligation (legal or constructive) as a result of a past event, it is probable that we will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. For provision of spent fuel management, our management estimates the future disposal costs for fuel used until the end of the accounting period. For provision of low- and medium-level radioactive waste management, our management estimates the cost required for disposing of radioactive waste resulting from the nuclear power generating activities. Since the effect of the time value of money is not material, the expected cash flows on disposing spent fuel and radioactive waste have not been discounted.

In addition, our management estimates the cost required for the decommissioning of the nuclear power stations in the future, including future construction costs associated with certain enabling facilities, such as disposal facilities for nuclear waste. The provision for nuclear power station decommissioning is recorded based on the estimated future decommissioning expenditures discounted to its present value using a current pre-tax that reflects the risks specific to the liability. The estimated future cash forecasts are adjusted for inflation using a rate that is derived on the basis of the historical inflation rates. The unwinding of the discount on this provision is charged to the profit or loss. Decommissioning costs are added to the carrying amount of the related property, plant and equipment and depreciated over their estimated useful lives. Changes in the estimated amount or timing of the underlying future cash flows are dealt with prospectively by recording an adjustment to the provision, with a corresponding adjustment to property, plant and equipment.

Provision for spent fuel disposal fund

The provision for spent fuel disposal fund covers the future disposal costs for the fuel used until the end of the accounting period. In accordance with the requirements of the Interim Measures on Spent Fuel issued by the MOF, the NDRC and the MIIT, for PWR nuclear power generating units that have been in commercial operation for more than five years, provisions for spent fuel disposal fund are made in the amount of RMB0.026 per kWh of electricity sold and are submitted to the relevant governmental authorities. For generating units that have been in operation for less than five years (inclusive) from the effective date of the Interim Measures on Spent Fuel and those to be established in the future, provisions for spent fuel disposal fund are made starting from the sixth year after they commence operations. Spent fuel disposal fund paid by nuclear power stations is used by the relevant government authorities for the treatment and disposal of spent fuel, covering transportation, away-from-reactor storage and post-treatment of spent fuel.

Provision for low- and medium-level radioactive waste management

The provision for low- and medium-level radioactive waste management is the anticipated cost required the special procedures to ensure proper management and safe disposal of radioactive waste in order to protect the public and environment. The provision covers the future expenditure for removal and storage of radioactive waste resulting from the nuclear power generating activities.

In determining the amount of provision, our management estimates the quantities and radioactivity of the waste discharged and the expenditure required in undergoing different waste treatments and processes. Our management takes into consideration the industry policies, past experience and recommendation from technical experts in estimating the expenditure required to manage and dispose of radioactive waste.

Provision for nuclear power station decommissioning

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

The provision is estimated based on the expected construction cost for decommissioning, taking into consideration the most recent developments in regulations, past experience in decommissioning of shut-down plants and recommendations from industry experts. The relevant costs are estimated based on the economic conditions at the end of each reporting period, then spread over a forecast disbursement schedule of payment through application of a forecast long-term inflation rate. The key assumptions to the decommissioning model we apply include the discount rate which is a pre-tax rate taking into account the risks specific to the effect of inflation based on the historical inflation rates in the PRC.

In the opinion of our management , the decommissioning is expected to commence from 2034 to 2054 based on the expected useful life of our nuclear power stations.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

The table below sets forth our consolidated statements of profit and loss and comprehensive income, with line items in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2011		2012		2013		2013		2014	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Revenue:										
Sales of electricity	14,971,657	94.3	16,514,174	94.0	16,267,803	93.7	7,784,219	95.3	9,079,849	93.1
Service revenue	754,962	4.7	796,136	4.5	843,393	4.8	261,593	3.2	615,362	6.3
Sales of other goods	154,386	1.0	264,768	1.5	253,820	1.5	125,276	1.5	58,962	0.6
Total revenue	**15,881,005**	**100.0**	**17,575,078**	**100.0**	**17,365,016**	**100.0**	**8,171,088**	**100.0**	**9,754,173**	**100.0**
Less: Tax surcharge	(220,816)	(1.4)	(250,153)	(1.4)	(255,384)	(1.5)	(103,278)	(1.3)	(121,286)	(1.2)
Cost of sales and services	(7,986,622)	(50.3)	(9,154,509)	(52.1)	(8,961,147)	(51.6)	(3,991,368)	(48.9)	(4,496,206)	(46.1)
Gross profit	**7,673,567**	**48.3**	**8,170,416**	**46.5**	**8,148,485**	**46.9**	**4,076,442**	**49.8**	**5,136,681**	**52.7**
Other income	1,223,613	7.7	1,488,551	8.4	1,505,838	8.6	1,317,411	16.1	988,861	10.1
(Loss) gain arising from changes in fair value of derivative financial instruments	(8,343)	(0.1)	41,527	0.2	157,276	0.9	(48,155)	(0.6)	(109,148)	(1.1)
Selling and distribution expenses	(1,120)	–	(3,707)	–	(4,107)	–	(2,034)	–	(1,552)	–
Other expenses	(229,881)	(1.4)	(108,152)	(0.6)	(175,278)	(1.0)	(82,567)	(1.0)	(37,998)	(0.4)
Administrative expenses	(811,329)	(5.1)	(917,335)	(5.2)	(1,027,154)	(5.9)	(446,164)	(5.5)	(584,322)	(6.0)
Other gains and losses	447,210	2.8	323,417	1.8	(24,064)	0.1	160,709	2.0	(57,188)	(0.6)
Share of results of associates	150,922	1.0	(5,395)	–	148,808	0.9	22,790	0.3	(39,283)	(0.4)
Share of results of joint ventures	1,938	–	(4,011)	–	143,516	0.8	95,155	1.2	(154,797)	(1.6)
Finance costs	(2,114,183)	(13.3)	(3,117,505)	(17.7)	(2,803,588)	(16.1)	(1,414,421)	(17.3)	(1,515,168)	(15.5)
Profit before taxation	**6,332,394**	**39.9**	**5,867,806**	**33.4**	**6,069,732**	**35.0**	**3,679,166**	**45.0**	**3,626,086**	**37.2**
Taxation	(936,009)	(5.9)	(890,453)	(5.1)	(998,335)	(5.8)	(531,691)	(6.5)	(536,512)	(5.5)
Profit for the year/period	**5,396,385**	**34.0**	**4,977,353**	**28.3**	**5,071,397**	**29.2**	**3,147,475**	**38.5**	**3,089,574**	**31.7**

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We generate substantially all of our revenue from the sale of electricity generated by the nuclear power stations owned and operated by our subsidiaries. To a lesser degree, we also generate revenue from providing services relating to nuclear power technology and support, research and development as well as related equipment to fellow subsidiaries and various third parties in connection with technology, research and development projects undertaken by certain of our subsidiaries.

The table below sets forth a breakdown of our revenue, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2011		2012		2013		2013		2014	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Sales of electricity	14,971,657	94.3	16,514,174	94.0	16,267,803	93.7	7,784,219	95.3	9,079,849	93.1
Service revenue	754,962	4.7	796,136	4.5	843,393	4.8	261,593	3.2	615,362	6.3
Sales of other goods	154,386	1.0	264,768	1.5	253,820	1.5	125,276	1.5	58,962	0.6
Total revenue	**15,881,005**	**100.0**	**17,575,078**	**100.0**	**17,365,016**	**100.0**	**8,171,088**	**100.0**	**9,754,173**	**100.0**

Cost of sales and services

Our cost of sales and services primarily consists of (i) cost of nuclear fuel, (ii) depreciation of property, plant and equipment, (iii) spent fuel disposal fund, (iv) staff costs, (v) operating maintenance fee, and (vi) other cost of sales and services.

The table below sets forth a breakdown of our cost of sales and services, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2011		2012		2013		2013		2014	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Cost of nuclear fuel	2,098,557	13.2	2,785,059	15.8	2,657,564	15.3	1,235,741	15.1	1,350,067	13.8
Depreciation of property, plant and equipment	2,234,346	14.1	2,412,676	13.7	2,240,128	12.9	1,004,330	12.3	1,189,272	12.2
Spent fuel disposal fund	796,877	5.0	786,961	4.5	731,817	4.2	357,715	4.4	394,963	4.0
Staff costs	1,260,004	7.9	1,311,150	7.5	1,454,639	8.4	733,543	9.0	931,243	9.6
Operating maintenance fee	1,049,560	6.6	1,117,620	6.4	1,203,639	6.9	522,514	6.4	381,789	3.9
Others	547,278	3.5	741,043	4.2	673,360	3.9	137,525	1.7	248,872	2.6
Total cost of sales and services	**7,986,622**	**50.3**	**9,154,509**	**52.1**	**8,961,147**	**51.6**	**3,991,368**	**48.9**	**4,496,206**	**46.1**

For the discussion on the cost of nuclear fuel, please refer to "– Major Factors Affecting Our Results of Operations – Cost of Nuclear Fuel."

Depreciation of property, plant and equipment primarily consists of the depreciation of our nuclear power generating facilities and amortization of decommissioning provision. As we have adopted a unit-of-production depreciation method for our nuclear power generating equipment and facilities, the depreciation charges of these equipment and facilities over a period of time positively correlated with the volume of electricity generated during that period.

Staff costs primarily consist of salaries and welfare benefits of the members of our staff who are directly involved in the power generating business.

Spent fuel disposal fund consists of costs used to dispose of the spent fuel produced from our power generating activities.

We make provisions in accordance with the requirements of the Interim Measures on Spent Fuel issued by the MOF, the NDRC and the MIIT, which are submitted to the relevant governmental authorities for a spent fuel disposal fund.

Operating maintenance fee consists of costs we incur during our day-to-day operation and maintenance.

Other cost of sales and services primarily consists of costs associated with the provision of equipment and services related to nuclear technology, research and development.

The following table sets forth a sensitivity analysis illustrating the impact of hypothetical fluctuations in the cost of nuclear fuel of 5.0%, 10.0% and 20.0% for each of the years ended December 31, 2011, 2012 and 2013 and for the six months ended June 30, 2014, respectively:

	(RMB thousands, except percentages)					
	+5%	**–5%**	**+10%**	**–10%**	**+20%**	**–20%**
Impact on Certain Income Statement Items for the Year Ended December 31, 2011						
Change in cost of nuclear fuel	104,928	(104,928)	209,856	(209,856)	419,711	(419,711)
Change in profit before tax	(104,928)	104,928	(209,856)	209,856	(419,711)	419,711
Change in profit after tax	(93,535)	93,535	(187,069)	187,069	(374,139)	374,139
Impact on Certain Income Statement Items for the Year Ended December 31, 2012						
Change in cost of nuclear fuel	139,253	(139,253)	278,506	(278,506)	557,012	(557,012)
Change in profit before tax	(139,253)	139,253	(278,506)	278,506	(557,012)	557,012
Change in profit after tax	(125,817)	125,817	(251,634)	251,634	(503,268)	503,268
Impact on Certain Income Statement Items for the Year Ended December 31, 2013						
Change in cost of nuclear fuel	132,878	(132,878)	265,756	(265,756)	531,513	(531,513)
Change in profit before tax	(132,878)	132,878	(265,756)	265,756	(531,513)	531,513
Change in profit after tax	(114,172)	114,172	(228,343)	228,343	(456,687)	456,687
Impact on Certain Income Statement Items for the Six Months Ended June 30, 2014						
Change in cost of nuclear fuel	67,503	(67,503)	135,007	(135,007)	270,013	(270,013)
Change in profit before tax	(67,503)	67,503	(135,007)	135,007	(270,013)	270,013
Change in profit after tax	(58,818)	58,818	(117,637)	117,637	(235,274)	235,274

Other Income

Other income primarily consists of VAT refunds, interest income from bank deposits, interest income from fellow subsidiaries and government grants.

The table below sets forth a breakdown of other income, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2011		2012		2013		2013		2014	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
VAT refunds	1,008,539	6.3	1,263,253	7.2	1,298,702	7.5	1,208,932	14.8	893,100	9.1
Interest income from bank deposits	42,001	0.3	23,849	0.1	15,329	0.1	7,935	0.1	16,236	0.2
Interest income from fellow subsidiaries	126,435	0.8	147,683	0.8	146,332	0.8	72,381	0.9	66,145	0.7
Government grants	6,219	–	45,558	0.3	39,536	0.2	27,454	0.3	12,910	0.1
Others*	40,419	0.3	8,208	–	5,939	–	709	–	470	–
Total other income	**1,223,613**	**7.7**	**1,488,551**	**8.4**	**1,505,838**	**8.6**	**1,317,411**	**16.1**	**988,861**	**10.1**

* *"Others" includes dividend from available-for-sale investments and others.*

VAT refunds

During the Track Record Period, GNIC, one of our subsidiaries, was entitled to a full refund of VAT for its revenue from the sales of electricity to the Guangdong Grid. In addition, certain of our other subsidiaries, including Ling'ao Nuclear, Lingdong Nuclear and Yangjiang Nuclear, were entitled to VAT refunds for their revenue from the sales of electricity. Such VAT refunds amounted to RMB1,008.5 million, RMB1,263.3 million, RMB1,298.7 million, RMB1,208.9 million and RMB893.1 million in 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, respectively.

Interest income from bank deposits

We deposit cash at commercial banks and financial institutions in China. In 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, interest income from our bank deposits amounted to RMB42.0 million, RMB23.8 million, RMB15.3 million, RMB7.9 million and RMB16.2 million, respectively.

Interest income from fellow subsidiaries

We deposit cash at CGN Finance. In 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, interest income from our deposits at CGN Finance amounted to RMB126.4 million, RMB147.7 million, RMB146.3 million, RMB72.4 million and RMB66.1 million, respectively.

Government grants

Government grants include grants from various PRC governmental authorities in connection with our technology advancement and research and development. In 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, governmental grants amounted to RMB6.2 million, RMB45.6 million, RMB39.5 million, RMB27.5 million and RMB12.9 million, respectively.

Other Expenses

Other expenses primarily consist of research and development expenses, which mainly include employee benefits, technology support, depreciation of property, plant and equipment and office expenses related to our research and development projects focusing on the construction and operation of nuclear power stations. Other expenses are capitalized when the research and development projects enter the development stage from the research stage.

Administrative Expenses

Our administrative expenses primarily include (i) employee benefits, which include salaries and other benefits for our administrative staff that are not directly involved in the power generating business, (ii) transaction fees and others, which primarily consist of fees and charges for our bank deposits, bank borrowings and pledge over certain of our assets to secure our bank borrowings, and (iii) others, which primarily include depreciation and amortization of our property, plant and equipment used for administrative purposes, travel and conference expenses arising from administrative activities.

Other Gains and Losses

Other gains and losses primarily consist of net foreign exchange gains (losses) resulting from changes to the exchange rates between Renminbi to U.S. dollar and Euro. In 2012, other gains and losses included a gain on disposal of investments in associates, which related to disposal of a 24.3% equity interest in an associate company, Taishan Nuclear, in October 2012. Such disposal was undertaken in October 2012 to introduce Guangdong Yudean Group Co., Ltd. as a strategic partner of the CGN Group by way of intra-group transfer of equity interest in Taishan Nuclear within the CGN Group. Other gains and losses also include gains and losses on disposal of property, plant and equipment.

Share of Results of Associates

Our share of results of associates is the profits or losses we share from our associate companies.

Share of Results of Joint Ventures

Our share of results of joint ventures is the profits or losses we share from our joint ventures.

Finance Costs

Our finance costs primarily consist of (i) interest on bank borrowings, other loans and payables from CGNPC, and (ii) interest on notes payable, net of the interest capitalized in construction in progress.

The table below sets forth a breakdown of our finance costs, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2011		2012		2013		2013		2014	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Interest on bank and other borrowings	2,604,028	16.4	3,915,722	22.3	4,766,245	27.4	2,532,387	31.0	2,186,214	22.4
Interest on notes payable	414,624	2.6	415,020	2.3	415,389	2.4	206,242	2.5	207,218	2.1
Interest in relating to provision for nuclear power station decommissioning	64,417	0.4	71,647	0.4	76,048	0.4	38,108	0.5	42,728	0.4
Total interest expenses	3,083,069	19.4	4,402,389	25.0	5,257,682	30.2	2,776,737	34.0	2,436,160	24.9
Less: capitalized in construction in progress	(968,886)	(6.1)	(1,284,884)	(7.3)	(2,454,094)	(14.1)	(1,362,316)	(16.7)	(920,992)	(9.4)
Total finance costs	**2,114,183**	**13.3**	**3,117,505**	**17.7**	**2,803,588**	**16.1**	**1,414,421**	**17.3**	**1,515,168**	**15.5**

Interest on bank and other borrowings

Interest on bank and other borrowings primarily consists of interest on borrowings from commercial banks, and to a lesser extent, from CGNPC and a fellow subsidiary, CGN Finance, to fund our construction of nuclear power stations and facilities and working capital. We expect to continue to obtain these borrowings to finance our construction of nuclear power stations and facilities and working capital.

During the Track Record Period, CGNPC and a fellow subsidiary, CGN Finance, extended loans to us to fund the construction of our nuclear power projects and working capital. Please refer to "Connected Transactions."

Interest on payables to CGNPC represents interest on the notes issued by CGNPC in an aggregate principal amount of RMB5,530.0 million, which are listed in the PRC and due in 2015 and 2016, respectively. We undertake the repayment of these notes in the form of payables to CGNPC according to the Reorganization in March 2014. For more details of our payables to CGNPC, please refer to "– Liquidity and Capital Resources – Net Current Liabilities – Amounts due to related parties."

Interest on notes payable

Interest on notes payable mainly represents interest on outstanding guaranteed notes issued in 2002 and 2007, respectively, and our notes issued in 2010, all of which are listed in the PRC. For more details of our notes payable, please refer to "– Indebtedness and Contingencies – Bank and Other Borrowings – Notes payables."

Interest capitalized in construction in progress

Certain borrowings are arranged to finance the construction of our nuclear power stations and facilities. Our Directors considered that the related finance costs are eligible to be capitalized in the property, plant and equipment. Capitalization of borrowing costs under construction in progress was based on individual nuclear power stations and was determined by the respective contracted interest rates of bank and other borrowings.

Taxation

Under the PRC EIT Law, a uniform 25% EIT rate is generally applied, except where a specific preferential rate applies. The preferential tax treatments applicable to certain of our subsidiaries are summarized as follows:

During the Track Record Period, two of our subsidiaries located in Shenzhen Special Economic Zone were taxed at an income tax rate of 24% in 2011. Certain other subsidiaries of ours qualified as High-New Technology Enterprises and were entitled to a preferential tax rate of 15% in 2011, 2012, 2013 and the six months ended June 30, 2014. Two of our nuclear power station operating companies are enterprises engaged in public infrastructure projects and were therefore subject to 0% EIT for three years from their first profit making year, which was 2010 and 2014, respectively, and are subject to a 12.5% EIT rate in the subsequent three years. For more information on the preferential tax treatment our subsidiaries were entitled to during the Track Record Period, please refer to Note 10 to "Appendix IA – Accountants' Report of Our Company" to this Prospectus.

In 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, our taxation was RMB936.0 million, RMB890.5 million, RMB998.3 million, RMB531.7 million and RMB536.5 million, respectively, and our effective tax rate was 14.78%, 15.18%, 16.45%, 14.45% and 14.80%, respectively. Changes in the effective income tax rate were mainly due to (i) changes in revenues and taxable income of certain of our subsidiaries that were subject to different income tax rates and (ii) changes in preferential tax treatment for certain of our subsidiaries. The preferential tax treatments enjoyed by certain of our subsidiaries may change. In case these preferential tax treatments expire and are not renewed in accordance with governmental authorities' approval or amended tax policies, our income tax expenses, profits and financial conditions could be adversely affected. Please refer to "Risk Factors – Risks Relating to Our Business and Industry – We are subject to risks associated with changes in preferential tax treatment and other government incentives."

As of the Latest Practicable Date, we have paid all relevant taxes applicable to us and have no disputes or unresolved tax issues with relevant tax authorities.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2014 Compared to Six Months Ended June 30, 2013

Revenue

Our total revenue increased by 19.4% from RMB8,171.1 million in the six months ended June 30, 2013 to RMB9,754.2 million in the six months ended June 30, 2014, primarily due to a 16.6% increase in sale of electricity from RMB7,784.2 million in the six months ended June 30, 2013 to RMB9,079.8 million in the six months ended June 30, 2014. The increase in sale of electricity was primarily due to an increase in the net power generation from 20,740 GWh in the six months ended June 30, 2013 to 24,753 GWh in the six months ended June 30, 2014, resulting from increases in overall utilization rate of our nuclear power generation assets and our installed capacity in operation from the six months ended June 30, 2013 to the six months ended June 30, 2014. The increase in our installed capacity in operation was primarily attributable to the commencement of operation of the first nuclear power generating unit at Yangjiang Nuclear Power Station in March 2014.

Service revenue increased by 135.2% from RMB261.6 million in the six months ended June 30, 2013 to RMB615.4 million in the six months ended June 30, 2014, primarily attributable to the increased technology and research and development services provided by certain of our subsidiaries to fellow subsidiaries and various third parties in the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

Sales of other goods decreased by 52.9% from RMB125.3 million in the six months ended June 30, 2013 to RMB59.0 million in the six months ended June 30, 2014, which was due to decreases in technology, research and development equipment provided to fellow subsidiaries and various third parties by certain of our subsidiaries.

Cost of sales and services

Our cost of sales and services increased by 12.7% from RMB3,991.4 million in the six months ended June 30, 2013 to RMB4,496.2 million in the six months ended June 30, 2014, which was mainly attributable to (i) a 27.0% increase in staff cost from RMB733.5 million in the six months ended June 30, 2013 to RMB931.2 million in the six months ended June 30, 2014, which was in line with our business expansion, and (ii) a 18.4% increase in depreciation of property, plant and equipment from RMB1,004.3 million in the six months ended June 30, 2013 to RMB1,189.3 million in the six months ended June 30, 2014, and a 9.3% increase in nuclear fuel cost from RMB1,235.7 million in the six months ended June 30, 2013 to RMB1,350.1 million in the six months ended June 30, 2014, primarily due to the commencement of operation of the first nuclear power generating unit at the Yangjiang Nuclear Power Station in March 2014.

The increase in cost of sales and services was partially offset by a 26.9% decrease in operating maintenance fee from RMB522.5 million in the six months ended June 30, 2013 to RMB381.8 million in the six months ended June 30, 2014, as we scheduled shorter outage repair sessions in the six months ended June 30, 2014 as compared to the six months ended June 30, 2013.

Gross profit and margin

As a result of the foregoing, our gross profit increased by 26.0% from RMB4,076.4 million in the six months ended June 30, 2013 to RMB5,136.7 million in the six months ended June 30, 2014. Our gross margin increased from 49.8% in the six months ended June 30, 2013 to 52.7% in the six months ended June 30, 2014.

Other income

Our other income decreased by 24.9% from RMB1,317.4 million in the six months ended June 30, 2013 to RMB988.9 million in the six months ended June 30, 2014, mainly attributable to a 26.1% decrease in VAT refund from RMB1,208.9 million in the six months ended June 30, 2013 to RMB893.1 million in the six months ended June 30, 2014 which our subsidiaries were entitled to in connection with their sale of electricity, as VAT refunds are recognized upon receipt and we receive VAT refunds at different times of the year each year.

Other expenses

Other expenses decreased by 54.0% from RMB82.6 million in the six months ended June 30, 2013 to RMB38.0 million in the six months ended June 30, 2014. The decrease was a result of a portion of other expenses in the six months ended June 30, 2014 being capitalized as the relevant research and development projects entered the development stage from the research stage.

Administrative expenses

Our administrative expenses increased by 31.0% from RMB446.2 million in the six months ended June 30, 2013 to RMB584.3 million in the six months ended June 30, 2014. The increase in administrative expenses was due to an increase in salaries and other benefits for our administrative staff and an increase in expenses associated with administrative activities, which were in line with the expansion of our business.

Other gains and losses

We incurred other losses of RMB57.2 million in the six months ended June 30, 2014, primarily relating to (i) net foreign exchange losses in an amount of RMB51.5 million due to the fluctuation of Renminbi against U.S. dollar, Euro and other foreign currencies, and (ii) loss on disposal and retirement of properties, plant and equipment in an amount of RMB3.8 million. In the six months ended June 30, 2013, we recognized other gains of RMB160.7 million, primarily attributable to net foreign exchange gains in an amount of RMB176.5 million due to the fluctuation of Renminbi against U.S. dollar, Euro and other foreign currencies.

Share of results of associates

Our share of loss of associates was RMB39.3 million in the six months ended June 30, 2014, as we scheduled an outage repair session for the first nuclear power generating unit at our Hongyanhe Nuclear Power Station in the six months ended June 30, 2014. Our share of profit of associates of RMB22.8 million in the six months ended June 30, 2013, primarily because the first nuclear power generating unit at the Hongyanhe Nuclear Power Station commenced operations and generated profits in June 2013.

Share of results of joint ventures

Our share of loss of joint ventures was RMB154.8 million in the six months ended June 30, 2014, as we scheduled an outage repair session for the first nuclear power generating unit at our Ningde Nuclear Power Station during the six months ended June 30, 2014. Our share of profit of joint ventures was RMB95.2 million in the six months ended June 30, 2013, primarily attributable to the commencement of operation of the first nuclear power generating unit at our Ningde Nuclear Power Station in April 2013 and generated profits in the six months ended June 30, 2013.

Finance costs

Our finance costs increased by 7.1% from RMB1,414.4 million in the six months ended June 30, 2013 to RMB1,515.2 million in the six months ended June 30, 2014, primarily because the accrued interest on the bank borrowings of the first nuclear power generating unit at our Yangjiang Nuclear Power Station was expensed as finance costs upon its commencement of operation in March 2014.

Profit before taxation

As a result of the foregoing, our profit before taxation decreased by 1.4% from RMB3,679.2 million in the six months ended June 30, 2013 to RMB3,626.1 million in the six months ended June 30, 2014.

Taxation

Taxation increased by 0.9% from RMB531.7 million in the six months ended June 30, 2013 to RMB536.5 million in the six months ended June 30, 2014, primarily due to changes in revenues and taxable income of certain of our subsidiaries that were subject to different income tax rates. As a result, our effective tax rate increased from 14.45% in the six months ended June 30, 2013 to 14.80% in the six months ended June 30, 2014.

Profit for the period

As a result of the foregoing, our profit decreased by 1.8% from RMB3,147.5 million in the six months ended June 30, 2013 to RMB3,089.6 million in the six months ended June 30, 2014.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Revenue

Our total revenue decreased by 1.2% from RMB17,575.1 million in 2012 to RMB17,365.0 million in 2013, primarily due to a 1.5% decrease in sale of electricity from RMB16,514.2 million in 2012 to RMB16,267.8 million in 2013. The decrease in sale of electricity was primarily due to a decrease in the net power generation from 45,113 GWh in 2012 to 44,157 GWh in 2013, resulting from a decrease in the overall utilization rate of our nuclear power generation assets from 2012 to 2013. The overall utilization rate of our nuclear power generation assets decreased primarily because we scheduled slightly longer outage repair sessions in 2013 as compared to 2012.

Service revenue increased by 5.9% from RMB796.1 million in 2012 to RMB843.4 million in 2013, primarily attributable to the increased technology and research and development services provided by certain of our subsidiaries to fellow subsidiaries and various third parties in 2013 compared to 2012.

Sales of other goods decreased by 4.1% from RMB264.8 million in 2012 to RMB253.8 million in 2013, primarily due to the decreases in technology, research and development equipment provided to fellow subsidiaries and various third parties by certain of our subsidiaries.

Cost of sales and services

Our cost of sales and services decreased by 2.1% from RMB9,154.5 million in 2012 to RMB8,961.1 million in 2013, which was mainly attributable to (i) a 7.2% decrease in depreciation of property, plant and equipment from RMB2,412.7 million in 2012 to RMB2,240.1 million in 2013, primarily due to (A) the unit-of-production depreciation method for our nuclear power generating equipment and facilities and (B) the decrease in our net power generation in 2013, (ii) a 4.6% decrease in nuclear fuel cost from RMB2,785.1 million in 2012 to RMB2,657.6 million in 2013 as a result of a decrease in net power generation, (iii) a 9.1% decrease in other cost of sales and services from RMB741.0 million in 2012 to RMB673.4 million in 2013, which was primarily a result of decrease in operating expenses in connection with the provision of equipment and services related to nuclear power technology, research and development and (iv) a 7.0% decrease in spent fuel disposal fund from RMB787.0 million in 2012 to RMB731.8 million in 2013 as a result of the decrease in our net power generation in 2013. The decrease in cost of sales and services was partially offset by (i) a 10.9% increase in staff cost from RMB1,311.2 million in 2012 to RMB1,454.6 million in 2013, which was in line with our business expansion, and (ii) a 7.7% increase in operating maintenance fee due to the longer outage repair sessions scheduled in 2013 as compared to 2012.

Gross profit and margin

As a result of the foregoing, our gross profit decreased slightly from RMB8,170.4 million in 2012 to RMB8,148.5 million in 2013. Our gross margin remained relatively stable at 46.5% and 46.9% in 2012 and 2013, respectively.

Other income

Our other income increased by 1.2% from RMB1,488.6 million in 2012 to RMB1,505.8 million in 2013, mainly attributable to a 2.8% increase in VAT refunds, which our subsidiaries were entitled to in connection with their sale of electricity, from RMB1,263.3 million in 2012 to RMB1,298.7 million in 2013.

Other expenses

Other expenses increased by 62.1% from RMB108.2 million in 2012 to RMB175.3 million in 2013, which was due to our enhanced research and development efforts which were in line with the expansion of our business.

Administrative expenses

Our administrative expenses increased by 12.0% from RMB917.3 million in 2012 to RMB1,027.2 million in 2013. The increase was primarily due to increased salaries and other benefits for our administrative staff and increased depreciation and amortization expenses relating to properties and assets used for administrative purposes, which were in line with the expansion of our business.

Other gains and losses

We incurred other losses of RMB24.1 million in 2013, primarily relating to loss on disposal and retirement of properties, plant and equipment in an amount of RMB39.0 million, partially offset by net foreign exchange gains of RMB29.0 million due to the fluctuations of Renminbi against U.S. dollar, Euro and other foreign currencies. In 2012, we recognized other gains of RMB323.4 million, primarily attributable to the gain of RMB433.6 million received from the disposal of our 24.3% equity interest in Taishan Nuclear and partially offset by net foreign exchange losses of RMB91.1 million due to the fluctuations of Renminbi against U.S. dollar, Euro and other currencies.

Share of results of associates

Our share of profit of associates was RMB148.8 million in 2013, compared to share of loss of associates of RMB5.4 million in 2012, primarily because the first nuclear power generating unit at Hongyanhe Nuclear Power Station did not commence operations and generate profits until June 2013.

Share of results of joint ventures

Our share of profit of joint ventures was RMB143.5 million in 2013, compared to share of loss of joint ventures of RMB4.0 million in 2012, primarily because the first nuclear power generating unit at Ningde Nuclear Power Station did not commence operations and generate profits until April 2013.

Finance costs

Our finance costs decreased by 10.1% from RMB3,117.5 million in 2012 to RMB2,803.6 million in 2013, primarily due to our repayment of certain bank borrowings.

Profit before taxation

Our profit before taxation increased by 3.4% from RMB5,867.8 million in 2012 to RMB6,069.7 million in 2013, primarily because the new nuclear power generating units at the nuclear power stations of our joint venture and associate company commenced operations in 2013, leading to a significant increase in our share of associates and a significant increase in our share of results of joint ventures.

Taxation

Taxation increased by 12.1% from RMB890.5 million in 2012 to RMB998.3 million in 2013, primarily due to (i) changes in revenues and taxable income of certain of our subsidiaries that were subject to different income tax rates and (ii) changes in preferential tax treatment for Lingdong Nuclear, one of our subsidiaries. As a result, our effective tax rate increased from 15.18% in 2012 to 16.45% in 2013.

Profit for the year

As a result of the foregoing, our profit increased by 1.9% from RMB4,977.4 million in 2012 to RMB5,071.4 million in 2013.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Revenue

Our total revenue increased by 10.7% from RMB15,881.0 million in 2011 to RMB17,575.1 million in 2012, primarily due to a 10.3% increase in sales of electricity from RMB14,971.7 million in 2011 to RMB16,514.2 million in 2012. The increase in sales of electricity was in line with the increase in our net power generation during the same period from 40,519 GWh in 2011 to 45,113 GWh in 2012, which was primarily attributable to the increase in our installed capacity from 2011 to 2012. The increase in our installed capacity was primarily due to commencement of operation of the second nuclear power generating unit at our Lingdong Nuclear Power Station in August 2011.

Service revenue increased by 5.5% from RMB755.0 million in 2011 to RMB796.1 million in 2012 and sales of other goods increased by 71.5% from RMB154.4 million in 2011 to RMB264.8 million in 2012, both primarily attributable to increases in technology, research and development equipment and related services provided to fellow subsidiaries and various third parties by certain of our subsidiaries.

Cost of sales and services

Our cost of sales and services increased by 14.6% from RMB7,986.6 million in 2011 to RMB9,154.5 million in 2012, which was mainly attributable to (i) a 32.7% increase in nuclear fuel cost from RMB2,098.6 million in 2011 to RMB2,785.1 million in 2012, primarily due to increased consumption of nuclear fuel in 2012 as compared to 2011 as the second nuclear power generating unit at our Lingdong Nuclear Power Station commenced operation in August 2011, (ii) a 35.4% increase in other cost of sales and services from RMB547.3 million in 2011 to RMB741.0 million in 2012, which was mainly a result of increase in operating expenses in connection with the provision of equipment and services related to nuclear power technology, research and development, and (iii) an 8.0% increase in depreciation of property, plant and equipment from RMB2,234.3 million in 2011 to RMB2,412.7 million in 2012 due to the commencement of operation of the second nuclear power generating unit at the Lingdong Nuclear Power Station in August 2011.

Gross profit and margin

As a result of the foregoing, our gross profit increased by 6.5% from RMB7,673.6 million in 2011 to RMB8,170.4 million in 2012 and our gross margin decreased from 48.3% in 2011 to 46.5% in 2012.

Other income

Our other income increased by 21.7% from RMB1,223.6 million in 2011 to RMB1,488.6 million in 2012, mainly attributable to a 25.3% increase in VAT refunds, which certain of our subsidiaries were entitled to in connection with their sale of electricity, from RMB1,008.5 million in 2011 to RMB1,263.3 million in 2012.

Other expenses

Other expenses decreased by 53.0% from RMB229.9 million in 2011 to RMB108.2 million in 2012, which was a result of a portion of other expenses in 2012 being capitalized as the relevant research and development projects entered the development stage.

Administrative expenses

Our administrative expenses increased by 13.1% from RMB811.3 million in 2011 to RMB917.3 million in 2012, primarily due to increase in salaries and other benefits for our administrative staff and increase in expenses associated with administrative activities, which were in line with the expansion of our business.

Other gains and losses

Our other gains decreased by 27.7% from RMB447.2 million in 2011 to RMB323.4 million in 2012. The decrease was primarily a result of net foreign exchange losses of RMB91.1 million recorded in 2012, compared to net foreign exchange gains of RMB519.0 million recognized in 2011, due to the fluctuation of the Renminbi against U.S. dollar, Euro and other foreign currencies from 2011 to 2012, partially offset by RMB433.6 million gain on disposal of our 24.3% equity interest in Taishan Nuclear in 2012.

Share of results of associates

Our share of loss of associates was RMB5.4 million in 2012, compared to share of profit of associates of RMB150.9 million in 2011, primarily due to the disposal of our 24.3% equity interest in an associate company, Taishan Nuclear, in October 2012. Taishan Nuclear generated profit in 2011, primarily attributable to its net foreign exchange gains resulting from changes in exchange rates. Please refer to "– Financial Information of The Proposed Acquisitions." After the disposal, Taishan Nuclear was no longer our associate company and its results of operations were not reflected in our share of results of associates.

Share of results of joint ventures

Our share of loss of joint ventures was RMB4.0 million in 2012, compared to share of profit of joint ventures of RMB1.9 million in 2011, primarily due to our acquisition of 21.0% equity interest in CGN Simulation Technology in July 2012. Upon such acquisition, CGN Simulation Technology was no longer a joint venture of ours and became one of our subsidiaries.

Finance costs

Our finance costs increased by 47.5% from RMB2,114.2 million in 2011 to RMB3,117.5 million in 2012, primarily because the accrued interest on the bank borrowings of Lingdong Nuclear Power Station was expensed as finance costs upon the commencement of operation of its second nuclear power generating unit in August 2011.

Profit before taxation

As a result of the foregoing, our profit before taxation decreased by 7.3% from RMB6,332.4 million in 2011 to RMB5,867.8 million in 2012.

Taxation

Taxation decreased by 4.9% from RMB936.0 million in 2011 to RMB890.5 million in 2012, primarily due to (i) changes in revenues and taxable income of certain of our subsidiaries that were subject to different income tax rates and (ii) changes in preferential tax treatment for certain of our subsidiaries. As a result, our effective tax rate increased from 14.78% in 2011 to 15.18% in 2012.

Profit for the year

As a result of the foregoing, our profit decreased by 7.8% from RMB5,396.4 million in 2011 to RMB4,977.4 million in 2012.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities, bank borrowings, note issuances and cash contributed by our shareholders. Our cash requirements primarily include capital expenditures to fund the construction of nuclear power stations and facilities and working capital needs. In addition to financing our operations with the proceeds from the Global Offering, we will continue to rely on cash flow generated from operations, and may finance our operations by using financing instruments such as issuances of bonds, short-term securities, notes and other convertible securities, available bank loans as well as cash dividends from our joint ventures and associate companies in the future. We also intend to continue to optimize our financing policies and centralize cash management to reduce financing cost, shorten cash turnover period and optimize our use of working capital.

Although we had historically incurred net current liabilities (see below) during the Track Record Period, our daily operations and construction in progress were not adversely affected for the following reasons:

- We had significant cash resources during the Track Record Period. Our cash and cash equivalents amounted to RMB10,452.7 million, RMB5,434.2 million, RMB6,640.3 million and RMB7,828.0 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively. We recorded net current assets of RMB5,206.6 million as of June 30, 2014.

- We have a strong net cash flow from our operating activities. Our net cash from operating activities amounted to RMB10,218.5 million, RMB8,660.4 million, RMB9,493.5 million and RMB3,620.0 million, for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, respectively. We expect our net cash from operating activities to remain positive in 2014 to support our business expansion; and

- We have maintained long-term relationships with major commercial banks and financial institutions in China. During the Track Record Period, we had made all interest payments on our bank borrowings in a timely manner and we had been able to renew our bank borrowings at maturity if required. As of September 30, 2014, we had committed unutilized banking facilities in the amount of RMB44,420.4 million.

Our Directors intend to apply part of the net proceeds from the Global Offering to repay some of our outstanding borrowings. Assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$2.61 per H Share, being the midpoint of the indicative Offer Price range, we currently intend to use approximately HK$1,684.2 million (equivalent to approximately 7.5% of our total estimated net proceeds to repay debts and for working capital requirements. Please refer to "Future Plans and Use of Proceeds" in this Prospectus.

Taking into account the financial resources available to us, including cash flow from operations, the available banking facilities and the estimated net proceeds from the Global Offering, our Directors are of the opinion that we have sufficient working capital for our requirements within at least the next 12 months from the date of this Prospectus. After due consideration and discussions with our senior management and based on the above, the Joint Sponsors have no reason to believe that we are unable to meet the working capital requirements within at least the next 12 months from the date of this Prospectus.

Net Current Liabilities/Assets

The following table sets forth our current assets, current liabilities and net current liabilities/assets as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2011	2012	2013	2014	2014
			RMB'000		
Current assets					
Inventories	7,531,458	7,513,843	8,384,295	9,438,131	9,203,662
Properties under development for sale	352,696	252,413	266,532	271,685	–
Completed properties for sale	–	67,429	46,768	44,485	–
Prepaid lease payments	21,009	20,340	34,845	45,860	47,565
Trade and bills receivables	1,658,743	1,837,320	1,629,406	2,137,650	2,337,404
Prepayments and other receivables	987,985	1,174,877	1,142,907	1,228,226	1,154,463
Amounts due from related parties	3,084,104	8,008,986	286,262	320,000	598,106
Loans to fellow subsidiaries	200,000	370,000	450,000	450,000	180,000
Derivative financial instruments	103,579	116,595	119,880	97,345	81,462
Restricted bank deposits	16,070	14,306	7,132	7,168	7,626
Cash and cash equivalents	10,452,704	5,434,243	6,640,318	7,828,048	6,442,497
Other deposits over three months	1,878,250	2,285,610	2,752,446	386,240	434,350
Total current assets	**26,286,598**	**27,095,962**	**21,760,791**	**22,254,838**	**20,487,135**
Current liabilities					
Trade and other payables	8,397,554	11,183,296	10,350,079	5,106,237	4,274,035
Amounts due to related parties	18,831,291	3,687,003	1,825,040	2,821,706	247,998
Loans from CGNPC and a fellow subsidiary	8,079,373	20,879,864	10,696,862	5,372,650	4,634,360
Income tax payable	272,770	175,039	356,482	321,240	414,424
Provisions	1,820,423	1,152,924	736,819	394,543	608,246
Bank borrowers due within one year	3,045,940	2,709,184	2,400,783	2,918,748	2,879,539
Derivative financial instruments	98,443	99,961	96,382	113,137	109,337
Total current liabilities	**40,545,794**	**39,887,271**	**26,462,447**	**17,048,261**	**13,167,939**
Net current (liabilities)/assets	**(14,259,196)**	**(12,791,309)**	**(4,701,656)**	**5,206,577**	**7,319,196**

Operation of nuclear power stations is capital intensive. During the Track Record Period, our significant net current liabilities primarily reflected (i) payables for our daily operations and ongoing construction projects in connection with the rapid expansion of our business and (ii) our significant short-term borrowings and the current portion of our long-term borrowings, primarily to fund our construction projects and to a lesser extent, our working capital. Our projects under construction incurred construction costs while they did not generate electricity, and as a result contributed to more current liabilities.

We recorded net current liabilities of RMB14,259.2 million, RMB12,791.3 million and RMB4,701.7 million as of December 31, 2011, 2012 and 2013, respectively. Our net current liabilities decreased in both 2012 and 2013 from prior years, primarily due to our distribution of accrued dividends to CGNPC in 2011 and 2012. We had net current assets of RMB5,206.6 million as of June 30, 2014, primarily attributable to (i) shareholders' cash contribution of RMB10,123.7 million that was fully paid in; and (ii) Yangjiang Nuclear obtaining additional long-term bank borrowings to offset trade and other payables. We had net current assets of RMB7,319.2 million as of September 30, 2014.

As the nuclear power business is capital intensive, we expect that we may incur net current liabilities again in the foreseeable future. Please refer to "Risk Factors – Risks Relating to Our Business and Industry – We have substantial indebtedness and have historically incurred net current liabilities, and may incur substantial additional indebtedness and continue to incur net current liabilities in the future, which could adversely affect our financial condition and plans for future expansion." We intend to finance our future capital expenditure requirements mainly with proceeds from this Global Offering, cash from operating activities, borrowings and other existing cash resources.

Inventories

Our inventories primarily consist of (i) nuclear fuel, (ii) materials and spare parts as well as (iii) others, which include material in transit, i.e., materials that have been dispatched by suppliers but have not yet been delivered to us, and turnover materials (i.e., materials that can be recycled or reused).

The table below sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
Nuclear fuel	5,899,661	5,760,604	6,637,835	7,668,368
Materials and spare parts	1,608,276	1,743,526	1,743,892	1,763,651
Others	23,521	9,713	2,568	6,112
Total inventories	**7,531,458**	**7,513,843**	**8,384,295**	**9,438,131**

The following table sets forth the turnover days of our inventories for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
Turnover days of inventories(1)	345.9	299.9	323.8	361.7

(1) Turnover days of inventories is derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of sales and services and multiplying by 365 days or the numbers of days for the given period.

Our inventory turnover days were 345.9 days, 299.9 days, 323.8 days and 361.7 days in 2011, 2012, 2013 and the six months ended June 30, 2014, respectively. The relatively higher inventory turnover days in 2011, 2013 and the six months ended June 30, 2014 were primarily due to the large amount of advance procurement of nuclear fuel we made during these periods in preparation of the commencement of operations of the second nuclear power generating unit at our Lingdong Nuclear Power Station in August 2011 and the first nuclear power generating unit at our Yangjiang Nuclear Power Station in March 2014, respectively.

We carry out annual inventory review. We make provision for obsolete and slow-moving inventories of raw materials that are no longer suitable for use in production. A number of factors including historical and forecast consumption of our raw materials are taken into account when we consider whether to make appropriate provision. We made provisions for our inventories of RMB18.8 million, RMB111.5 million, RMB45.1 million, nil and RMB27.5 million in 2011, 2012, 2013 and the six months ended June 30, 2013 and 2014, respectively.

Trade and bills receivables

Our trade and bills receivables primarily consist of amounts due from third parties which are mainly grid companies for the sale of electricity. The following table sets forth a summary of our trade and bills receivable as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
Amounts due from third parties	1,460,500	1,453,042	1,402,662	1,482,357
Less: allowance of doubtful debts	(10,960)	(4,394)	(6,643)	(8,852)
Amount due from CGNPC	–	34,403	5,990	6,165
Amounts due from joint ventures	6,491	7,643	13,995	61,918
Amounts due from associates	12,403	19,989	26,739	32,107
Amounts due from fellow subsidiaries	53,985	143,525	99,548	78,262
Amounts due from non-controlling shareholders	133,264	178,982	79,182	482,063
Bills receivables	3,060	4,130	7,933	3,630
Total trade and bills receivables	**1,658,743**	**1,837,320**	**1,629,406**	**2,137,650**

The substantial majority of our trade and bills receivable during the Track Record Period represented receivables from grid companies for the sale of electricity generated by our nuclear power stations. Generally, we grant credit terms of approximately 30 days for the sale of electricity. As of September 30, 2014, approximately RMB1,811.3 million of our trade and bills receivables as of June 30, 2014 were subsequently settled.

Amounts due from fellow subsidiaries were primarily attributable to nuclear power technology, equipment and related services we provided to fellow subsidiaries. Amounts due from non-controlling shareholders were primarily due to our sale of electricity to HKNIC, a non-controlling shareholder of GNPJVC. Trade and bills receivables from our fellow subsidiaries generally are unsecured, non-interest bearing and are typically paid upon our request.

The following table sets forth an aging analysis of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
1 to 30 days	1,607,325	1,398,648	1,465,365	1,847,134
31 to 365 days	42,156	423,352	141,625	252,613
1 to 2 years	6,988	11,922	15,165	27,244
2 to 3 years	1,894	2,878	5,381	7,220
Over 3 years	380	520	1,870	3,439
Total	**1,658,743**	**1,837,320**	**1,629,406**	**2,137,650**

The following table sets forth the turnover days of our trade and bills receivables for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
Turnover days of trade and bills receivables(1)	38.5	36.3	36.4	35.2

(1) Turnover days of trade and bills receivables is derived by dividing the arithmetic mean of the opening and closing balances of trade and bills receivables for the relevant period by revenue and multiplying by 365 days or the numbers of days for the given period.

Our average trade and bills receivables turnover days remained relatively stable at 38.5 days, 36.3 days, 36.4 days and 35.2 days in 2011, 2012, 2013 and the six months ended June 30, 2014, respectively.

Loans to fellow subsidiaries

Loans to fellow subsidiaries comprise short-term loans to certain fellow subsidiaries under entrusted loan arrangements, which were advanced to them through CGN Finance, a fellow subsidiary in the PRC. The following table sets forth the breakdown of our loans to fellow subsidiaries as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
CGN Energy Development Co., Ltd.	200,000	100,000	450,000	450,000
CGN Wind Energy Co., Ltd.	–	270,000	–	–
Total loans to fellow subsidiaries	**200,000**	**370,000**	**450,000**	**450,000**

Our loans to fellow subsidiaries carried fixed annual interest rates ranging from 4.50% to 4.78% and were repayable within 12 months. Our loan to CGN Energy Development Co., Ltd. will expire in January 2015 and we currently do not plan to renew such loan in the future. Our Directors confirm that the transactions with respect to the loans to fellow subsidiaries were conducted on an arm's length basis, and would not distort our track record results or make the historical results not reflective of our future performance.

Derivative financial instruments

We use a number of derivative financial instruments including foreign currency forward contracts, currency swap contracts and interest rate swap contracts to mitigate currency and interest rate risk. As of December 31, 2011, 2012 and 2013 and June 30, 2014, we had derivative financial assets of RMB192.8 million, RMB243.5 million, RMB305.3 million and RMB250.9 million, respectively, and derivative financial liabilities of RMB391.0 million, RMB374.1 million, RMB261.0 million and RMB364.7 million, respectively.

Trade and other payables

Our trade and other payables include trade payables and other payables.

Trade payables

Our trade payables primarily consist of (i) the payables for our purchase of nuclear power equipment and nuclear fuel from fellow subsidiaries and various third-party suppliers and their provision of related construction, installation and technology consulting services, and (ii) prepayments from HKNIC for the purchase of electricity from us. The following table sets forth the breakdown of our trade payables as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
Amounts due to third parties	1,692,524	1,744,246	1,861,384	1,887,013
Amounts due to fellow subsidiaries	4,311	11,189	35,454	31,781
Receipts in advance from CGNPC	400	14,570	3,840	2,530
Receipts in advance from joint ventures	153	12,107	29,116	519
Receipts in advance from associates	6,097	2,230	1,211	1,746
Receipts in advance from fellow subsidiaries	6,598	26,711	454	550
Receipts in advance from a non-controlling shareholder	24,525	36,530	177,456	–
Receipts in advance from third parties	26,139	70,539	52,017	28,033
Total trade payables	**1,760,747**	**1,918,122**	**2,160,932**	**1,952,172**

Our credit period on purchases of goods ranges from 180 days to 360 days. The following table sets forth the aging analysis of trade payables as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
Within one year	1,760,747	1,917,415	2,160,899	1,952,172
One to two years	–	707	33	–
Total	**1,760,747**	**1,918,122**	**2,160,932**	**1,952,172**

The following table sets forth the turnover days of our trade payables for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2011	2012	2013	2014
Turnover days of trade payables(1)	47.4	73.3	83.1	83.5

(1) Turnover days of trade payables is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and services and multiplying by 365 days or the numbers of days for the given period.

Our trade payable turnover days increased from 47.4 days in 2011 to 73.3 days in 2012, to 83.1 days in 2013 and further to 83.5 days in the six months ended June 30, 2014, primarily attributable to the increased procurement and trade payables in connection with the construction of the Yangjiang Nuclear Power Station.

We have implemented financial risk management policies to ensure all payables are settled within the credit term. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not defaulted in any payment of trade or other payables.

Other payables

Other payables primarily consist of construction cost payables and payables for outstanding cost of sales and services and are unsecured, non-interest bearing and repayable on demand within 12 months. The following table sets forth the breakdown of other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
Bills payable to a fellow subsidiary	–	1,760,167	–	–
Construction payables to third parties	1,697,781	1,227,565	1,088,504	937,606
Construction payables to fellow subsidiaries	3,527,086	5,463,532	6,156,483	1,544,698
Construction payables to non-controlling shareholders	–	2,826	740	–
VAT and other tax payables	213,298	191,985	165,386	140,174
Staff costs payables	64,540	70,333	99,133	104,639
Dividends payable to a non-controlling shareholder	–	2,335	–	–
Interests on notes payable	84,894	86,915	89,301	381,826
Other payables and accruals to third parties	1,049,208	459,516	589,600	45,122
Total other payables	**6,636,807**	**9,265,174**	**8,189,147**	**3,154,065**

Amounts due to related parties

Amounts due to related parties primarily consist of payables to CGNPC. Payables to CGNPC mainly include (i) undistributed accrued dividends, and (ii) amounts due to CGNPC according to the Reorganization in March 2014. The following table sets forth the breakdown of amounts due to related parties as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
Other payables to CGNPC	13,749,992	3,411,745	1,418,993	2,672,349
Other payables to fellow subsidiaries	4,793,863	131,820	166,710	95,508
Other payables to associates	347	135,572	239,337	53,849
Other payables to non-controlling shareholders with significant influence	287,081	7,866	–	–
Other payables to joint ventures	8	–	–	–
Total amounts due to related parties	**18,831,291**	**3,687,003**	**1,825,040**	**2,821,706**

The continued decrease in other payables to CGNPC in 2012 and 2013 was due to our distribution of accrued dividends to CGNPC in 2011, 2012 and 2013. The increase in other payables due to CGNPC as of June 30, 2014 was primarily a result of the Reorganization in March 2014. Other payables to fellow subsidiaries in 2011 represented the deposit we received for the disposal of our 24.3% equity interest in Taishan Nuclear to a fellow subsidiary, Taishan Nuclear Power Industry Investment Co., Ltd. Compared to 2011, other payables to fellow subsidiaries were significantly lower in 2012, 2013 and the six months ended June 30, 2014 subsequent to the completion of this disposal in October 2012.

Provisions

In compliance with the regulations on nuclear power operations, we recognize provisions to cover relevant obligations related to the nuclear facilities and operation. Please refer to "– Significant Accounting Policies and Estimates – Provisions." The following table sets forth our provisions as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
Current liability				
Spent fuel disposal fund	1,820,423	1,152,924	736,819	394,543
Non-current liabilities				
Provision for low- and medium-level radioactive waste	119,834	131,085	142,335	148,677
Provision for nuclear power station decommissioning	1,015,448	1,085,661	1,144,158	1,329,048
	1,135,282	**1,216,746**	**1,286,493**	**1,477,725**
Total	**2,955,705**	**2,369,670**	**2,023,312**	**1,872,268**

The amount of spent fuel disposal fund as of the end of a given year/period represents such unpaid balance calculated based on the actual net power generation during such year/period. Pursuant to the Interim Measures on Spent Fuel, GNPJVC was obligated to submit to the relevant governmental authorities all of its unpaid spent fuel disposal fund accumulated up to September 2010 and it decided to make such payments in six semi-annual installments from October 2010 to April 2013, which caused the decrease in the amount of spent fuel disposal fund throughout the Track Record Period. The provision for low- and medium-level radioactive waste, which covers future expenditure for removal and storage of radioactive waste, increased during the Track Record Period in line with the increase in the amount of radioactive waste generated by our nuclear power stations. The provision for nuclear power station decommissioning increased throughout the Track Record Period, primarily as a result of (i) the commencement of operation of new nuclear power generating units during the Track Record Period, and (ii) inflation adjustments.

CASH FLOW ANALYSIS

The following table sets forth our cash flows for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
			RMB'000		
Net cash generated from operating activities	10,218,488	8,660,384	9,493,459	3,391,996	3,620,017
Net cash generated from (used in) investing activities	(11,818,133)	(14,979,326)	(4,481,686)	2,606,473	(5,391,653)
Net cash generated from (used in) financing activities	5,692,077	1,300,552	(3,936,981)	(7,778,163)	2,991,816
Net increase (decrease) in cash and cash equivalents	4,092,432	(5,018,390)	1,074,792	(1,779,694)	1,220,180
Cash and cash equivalents at the beginning of the year	6,194,951	10,452,704	5,434,243	5,434,243	6,640,318
Effect of foreign exchange rate changes	165,321	(71)	131,283	53,376	(32,450)
Cash and cash equivalents at the end of the year/period	10,452,704	5,434,243	6,640,318	3,707,925	7,828,048

Net Cash Generated from Operating Activities

We generate cash from operating activities primarily through the receipt of payments from our sale of electricity. Our cash outflow from operating activities is primarily used for the purchase of nuclear fuel and spare parts and other cost of sales and services relating to our nuclear power generating assets.

Net cash generated from operating activities was RMB3,620.0 million in the six months ended June 30, 2014, primarily as a result of profit before taxation of RMB3,626.1 million, as adjusted to reflect finance costs of RMB1,515.2 million, depreciation of property, plant and equipment of RMB1,307.8 million and the effects of movements in working capital. Movements in working capital mainly included (i) an increase in inventories of RMB1,081.3 million, which was in line with the continued expansion of our business, (ii) a decrease in trade and other payables of RMB772.9 million as we settled a portion of our trade and other payables, and (iii) a decrease in nuclear power provision of RMB737.2 million, representing the spent fuel disposal fund paid in the six months ended June 30, 2014.

Net cash generated from operating activities was RMB9,493.5 million in 2013, primarily as a result of profit before taxation of RMB6,069.7 million, as adjusted to reflect finance costs of RMB2,803.6 million, depreciation of property, plant and equipment of RMB2,423.2 million and the effects of movements in working capital. Movements in working capital mainly included (i) a decrease in nuclear power provision of RMB1,147.9 million, representing the spent fuel disposal fund paid in 2013, (ii) an increase in inventories of RMB915.6 million which was in line with the continued expansion of our business, and (iii) income tax paid of RMB579.9 million.

Net cash generated from operating activities was RMB8,660.4 million in 2012, primarily as a result of profit before taxation of RMB5,867.8 million, as adjusted to reflect finance costs of RMB3,117.5 million, depreciation of property, plant and equipment of RMB2,572.9 million and the effects of movements in working capital. Movements in working capital mainly included (i) a decrease in nuclear power provision of RMB1,454.5 million, representing the spent fuel disposal fund paid in 2012, and (ii) income tax paid of RMB726.4 million.

Net cash generated from operating activities was RMB10,218.5 million in 2011, primarily as a result of profit before taxation of RMB6,332.4 million, as adjusted to reflect depreciation of property, plant and equipment of RMB2,391.3 million, finance costs of RMB2,114.2 million and the effects of movements in working capital. Movements in working capital mainly included (i) an increase in trade and other payables of RMB1,288.3 million as a result of our increased sale of electricity that led to our increased purchases of nuclear fuel from our suppliers, (ii) income tax paid of RMB1,181.8 million, (iii) a decrease in nuclear provision of RMB837.6 million, representing the spent fuel disposal fund paid in 2011, and (iv) an increase in trade and other receivables of RMB370.1 million as a result of our increased sale of electricity that led to increase in our receivables from grid companies.

Net Cash (Used in) Generated from Investing Activities

Net cash used in investing activities was RMB5,391.7 million in the six months ended June 30, 2014, primarily consisting of (i) deposit paid and purchase of property, plant and equipment of RMB7,562.8 million mainly attributable to the construction of our Yangjiang Nuclear Power Station, and (ii) placement of bank deposits with original maturity over three months of RMB1,841.0 million, partially offset by the withdrawal of bank deposits with original maturity over three months of RMB4,207.2 million.

Net cash used in investing activities was RMB4,481.7 million in 2013, primarily consisting of (i) deposit paid and purchase of property, plant and equipment of RMB9,932.2 million mainly attributable to the construction of our Yangjiang Nuclear Power Station, (ii) placement of bank deposits with original maturity over three months of RMB2,965.7 million, and (iii) capital contributions to our joint ventures of RMB895.6 million and to our associates of RMB730.5 million, partially offset by (i) payment from related parties of RMB8,277.3 million due to CGNPC's centralized management and allocation of funds, and (ii) withdrawal of bank deposits with original maturity over three months of RMB2,498.8 million.

Net cash used in investing activities was RMB14,979.3 million in 2012, primarily consisting of (i) deposit paid and purchase of property, plant and equipment of RMB7,805.1 million mainly attributable to the construction of our Yangjiang Nuclear Power Station, (ii) payment to related parties of RMB5,030.8 million due to CGNPC's centralized management and allocation of funds, (iii) placement of bank deposits with original maturity over three months of RMB2,384.3 million, and (iv) capital contribution to associate companies of RMB1,171.3 million, partially offset by withdrawal of bank deposits with original maturity over three months of RMB1,977.0 million.

Net cash used in investing activities was RMB11,818.1 million in 2011, primarily consisting of (i) deposit paid and purchase of property, plant and equipment of RMB12,436.3 million mainly attributable to the construction of our Unit 2 of Lingdong Nuclear Power Station and Yangjiang Nuclear Power Station, (ii) payment to related parties of RMB2,816.3 million due to CGNPC's centralized management and allocation of funds, and (iii) capital contribution to associate companies of RMB2,671.0 million, partially offset by (i) deposit received from disposal of an associate company, Taishan Nuclear, of RMB4,638.2 million, and (ii) withdrawal of bank deposits with original maturity over three months of RMB2,211.8 million.

Net Cash Generated from (Used in) Financing Activities

Net cash generated from financing activities was RMB2,991.8 million in the six months ended June 30, 2014, primarily consisting of (i) loans from CGNPC of RMB13,061.0 million, (ii) a capital injection of RMB10,123.7 million, and (iii) proceeds from bank borrowings of RMB6,801.4 million, partially offset by (i) repayments to CGNPC of RMB18,470.4 million, and (ii) payment of special distribution of RMB4,174.5 million.

Net cash used in financing activities was RMB3,937.0 million in 2013, primarily consisting of repayment to CGNPC of RMB23,298.0 million and interest paid of RMB5,179.2 million, partially offset by (i) proceeds from bank borrowings of RMB13,548.1 million, and (ii) loans from CGNPC of RMB13,061.0 million.

Net cash generated from financing activities was RMB1,300.6 million in 2012, primarily consisting of loans from CGNPC of RMB23,038.0 million and proceeds from bank borrowings of RMB10,739.2 million, partially offset by (i) repayment to related companies of RMB9,295.2 million, (ii) repayment to CGNPC of RMB9,742.7 million and (iii) dividends paid of RMB9,507.5 million.

Net cash generated from financing activities was RMB5,692.1 million in 2011, primarily consisting of (i) proceeds from bank borrowings of RMB20,485.1 million, (ii) loans from CGNPC of RMB15,216.5 million and (iii) loans from a fellow subsidiary of RMB10,376.2 million, partially offset by (i) repayment to related companies of RMB14,916.3 million, (ii) repayment of bank borrowings of RMB12,240.2 million, (iii) repayment of loans to CGNPC of RMB11,371.8 million and (iv) repayment of loans to a fellow subsidiary of RMB10,758.5 million.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditure comprise expenditure for the purchase of property, plant and equipment and equity investment, including interests in associates, interests in joint ventures and available for sale investments. The following table sets out our capital expenditure for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2011	**2012**	**2013**	**2014**
		RMB'000		
Property, plant and equipment	13,684,916	11,767,686	10,480,014	3,808,961
Equity investment	3,532,160	1,754,444	1,948,572	274,504
Total capital expenditure	**17,217,076**	**13,522,130**	**12,428,586**	**4,083,465**

We expect to incur approximately RMB7,462.4 million and RMB28,450.4 million of capital expenditure for the six months ending December 31, 2014 and for the year ending December 31, 2015, respectively, to fund our business expansion. We expect to fund the capital expenditure for the six months ending December 31, 2014 and for the year ending December 31, 2015 with proceeds from the Global Offering, cash flows from operations and debt financing including drawdowns from our unutilized banking facilities. Please refer to "– Liquidity and Capital Resources – Working Capital."

The following table sets forth a breakdown of the uses of our estimated capital expenditure for the periods indicated:

	Six Months Ending December 31, 2014	Year Ending December 31, 2015
	RMB'000	
Property, plant and equipment	7,183,972	17,408,735
Equity investment	278,380	11,041,619
Total capital expenditure	**7,462,352**	**28,450,354**

The following table sets forth a breakdown of our capital expenditure in connection with construction on our subsidiaries, joint ventures, associate companies and company to be acquired by nuclear power generating units:

	Total Capital Expenditure(1)	Capital Expenditure Incurred up to June 30, 2014	Estimated Capital Expenditure for the Six Months Ending December 31, 2014	Estimated Capital Expenditure for the Year Ending December 31, 2015
	(RMB'000)			
Yangjiang Nuclear Power Station (Yangjiang Nuclear):				
Yangjiang Unit 1	12,813,613	12,172,933	–	640,681
Yangjiang Unit 2	12,813,613	10,620,862	754,662	797,409
Yangjiang Unit 3	13,063,613	9,933,492	1,151,403	828,519
Yangjiang Unit 4	13,063,613	6,893,461	1,490,010	1,734,714
Yangjiang Unit 5	13,538,613	4,071,979	1,279,640	2,842,850
Yangjiang Unit 6	13,538,613	2,218,703	1,079,480	2,284,931
Total	**78,831,680**	**45,911,430**	**5,755,196**	**9,129,104**
Ningde Nuclear Power Station (Ningde Nuclear):				
Ningde Unit 1	13,275,355	13,275,355	–	–
Ningde Unit 2	13,275,355	12,611,587	265,507	398,261
Ningde Unit 3	13,275,355	11,079,590	710,666	1,153,216
Ningde Unit 4	13,275,355	8,724,548	1,468,753	1,446,527
Total	**53,101,420**	**45,691,080**	**2,444,926**	**2,998,004**
Hongyanhe Nuclear Power Station (Hongyanhe Nuclear):				
Hongyanhe Unit 1	13,635,000	13,635,000	–	–
Hongyanhe Unit 2	13,635,000	13,635,000	–	–
Hongyanhe Unit 3	13,635,000	12,471,140	500,000	300,000
Hongyanhe Unit 4	13,635,000	11,222,740	1,000,000	800,000
Total	**54,540,000**	**50,963,880**	**1,500,000**	**1,100,000**
Taishan Nuclear Power Station (Taishan Nuclear):				
Taishan Unit 1	36,590,000	31,803,880	2,085,973	2,457,261
Taishan Unit 2	36,590,000	26,021,360	2,433,977	5,646,849
Total	**73,181,000**	**57,825,240**	**4,519,950**	**8,104,110**

(1) These numbers are our current estimates of our capital expenditure based on various assumptions. As the total capital expenditure may be affected by various factors including, among others, increases in cost of key equipment and materials, failure to obtain sufficient financing, unexpected engineering, environmental or geological problems, change of localization ratio as well as additional PRC regulatory and safety requirements for nuclear safety, the actual total capital expenditure may deviate from such estimates. We will provide updated information to investors from time to time through announcements, interim reports and annual reports according to rules and regulations governing listed companies on the Stock Exchange.

The following table sets for a breakdown of our estimated capital expenditure in connection with construction, repair, maintenance and equity investment on our subsidiaries and company to be acquired by entity for the periods indicated:

	Six Months Ending December 31, 2014	Year Ending December 31, 2015
	RMB'000	
Our Company (at corporate headquarters level)	696,940	10,888,189[1]
GNPJVC	139,736	354,858
Ling'ao Nuclear	140,752	258,286
Lingdong Nuclear	207,179	633,831
Yangjiang Nuclear	5,812,310	9,248,933
In connection with construction of new units	5,755,196	9,129,104
In connection with repair and maintenance of existing units	57,114	119,829
CNPRI	186,895	405,000
Suzhou Nuclear Power Research Institute	193,600	367,800
Taishan Nuclear	–[2]	6,154,000[3]
Others	84,940	139,457
Total	**7,462,352**	**28,450,354**

(1) Including estimated capital expenditure for the Proposed Acquisitions.

(2) As the Proposed Acquisition is not expected to be completed during this period, no capital expenditure during this period will be indicated here.

(3) Including estimated capital expenditure from the completion of the Proposed Acquisitions to the end of 2015. In light of the timing of the completion of the Proposed Acquisition, this number does not represent capital expenditure for the whole year of 2015. The estimated capital expenditure for Taishan Nuclear for the whole year of 2015 is RMB8,104.1 million.

As of September 30, 2014, we had committed unutilized banking facilities of approximately RMB44,420.4 million, and cash and cash equivalents of RMB6,442.5 million.

Our anticipated capital expenditure is subject to change from time to time based on the reassessment of our business plan, including the progress of our projects under construction, prevailing market conditions, regulatory environment and outlook of our future results of operations. In addition, if we fail to obtain adequate financing, our ability to expand our business may be hindered. Please refer to "Risk Factors – Risks Relating to Our Business and Industry – Development and acquisition of, or investment in, new power projects requires substantial capital. If we fail to obtain capital on reasonable commercial terms or at all, our business may be materially and adversely affected and we may not be able to expand our business as planned."

Capital Commitments

The following table sets forth our commitments for the purchase of property, plant and equipment and capital investments as of the dates indicated:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
		RMB'000		
Capital expenditure in respect of acquisition and construction of property, plant and equipment contracted for but not provided in our consolidated financial statements	51,937,482	36,923,771	36,764,938	35,094,891

Our share of the capital commitments made jointly with other joint ventures relating to our joint venture, Ningde Nuclear, is as follow:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
Capital expenditure in respect of acquisition and construction of property, plant and equipment contracted for but not provided in our consolidated financial statements	10,026,393	4,339,757	1,876,427	2,551,112

We plan to fund such capital commitments with proceeds from the Global Offering, cash flows from our operating activities as well as debt financing including drawdowns from our unutilized banking facilities.

Operating Lease Commitments

We lease various offices under non-cancellable operating lease agreements. These leases have fixed lease terms for 1 to 20 years. The following table sets forth our future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
Within one year	13,493	23,106	24,430	30,489
In the second to fifth years inclusive	20,571	47,179	38,362	50,762
Over five years	6,204	32,426	28,228	36,397
Total	**40,268**	**102,711**	**91,020**	**117,648**

During the Track Record Period, we also leased certain investment properties, such as office spaces, to our fellow subsidiaries and third parties. Rental income we earned from such investment properties for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 was approximately RMB20.5 million, RMB19.6 million, RMB18.6 million and RMB6.8 million, respectively.

At the end of respective reporting periods, we had contracted with tenants for the following future minimum lease payments:

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	RMB'000			
Within one year	4,809	1,389	3,991	6,654
In the second to fifth years inclusive	1,141	–	3,154	2,534
Total	**5,950**	**1,389**	**7,145**	**9,188**

INDEBTEDNESS AND CONTINGENT LIABILITIES

Bank and Other Borrowings

As of September 30, 2014, which is the latest practicable date for determining our indebtedness, we had total borrowings of RMB81,524.3 million. As of the same date, we had committed unutilized banking facilities of approximately RMB44,420.4 million and none of our existing indebtedness included any material covenants or covenants that could potentially limit our ability to incur new indebtedness. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not breached any financial covenant or defaulted in repayment of bank borrowings or other loan facilities that were due.

The following table sets forth the breakdown of our interest-bearing borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2011	2012	2013	2014	2014
			RMB'000		
Long-term borrowings					
Bank borrowings	30,044,046	37,860,868	48,721,826	53,970,085	55,321,860
Notes payable	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Borrowings from a financial institution	–	–	–	953,467	948,758
Loans from CGNPC and a fellow subsidiary	3,167,589	3,441,414	3,499,504	3,591,610	3,709,790
Payables to CGNPC	5,530,000	5,530,000	5,530,000	5,530,000	5,530,000
	47,241,635	55,332,282	66,251,330	72,545,162	74,010,408
Short-term borrowings					
Bank borrowings	3,045,940	2,709,184	2,400,783	2,918,748	2,879,539
Loans from CGNPC and a fellow subsidiary	8,079,373	20,879,864	10,696,862	5,372,650	4,634,360
	11,125,313	23,589,048	13,097,645	8,291,398	7,513,899
Total borrowings	**58,366,948**	**78,921,330**	**79,348,975**	**80,836,560**	**81,524,307**

Due to the capital intensive nature of the nuclear power stations we operate, we have relied on borrowings and issuance of notes to fund a substantial portion of our capital requirements, and we expect to continue to finance portions of our capital expenditure with bank borrowings in the foreseeable future. Except for such bank borrowings, we currently do not have plans for other material external debt financing. As of December 31, 2011, 2012 and 2013, June 30, 2014, and September 30, 2014, our total borrowings were RMB58,366.9 million, RMB78,921.3 million, RMB79,349.0 million, RMB80,836.6 million and RMB81,524.3 million, respectively. The increase in our total borrowings was primarily attributable to the ongoing construction of our Yangjiang Nuclear Power Station throughout the Track Record Period. As of December 31, 2013, June 30, 2014 and September 30, 2014, most of our borrowings were denominated in Renminbi and were made from domestic banks and financial institutions, and the remainder was denominated in Euro, U.S. dollar, Pound Sterling and Japanese Yen.

Our bank loans primarily carry variable rates based on the prevailing interest rates. The carrying amount of our bank borrowings and the range of annually effective interest rates are as below:

	As of December 31,						As of June 30,		As of September 30,	
	2011		2012		2013		2014		2014	
	RMB'000	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000	Effective interest rate%	RMB'000	Effective interest rate %
Fixed rate bank borrowings.	15,515,755	6.28	15,942,823	6.27	14,430,874	6.24	13,894,286	6.21	13,920,362	6.18
Floating rate bank borrowings . . .	17,574,231	5.93	24,627,229	6.04	36,691,735	5.62	42,994,547	5.59	44,281,037	5.61
Total bank borrowings.	**33,089,986**		**40,570,052**		**51,122,609**		**56,888,833**		**58,201,399**	

The following table sets forth the breakdown of our secured and unsecured bank borrowings:

	As of December 31,			As of June 30,	As of September 30,
	2011	2012	2013	2014	2014
			RMB'000		
Secured	31,309,521	40,029,846	50,374,518	55,739,828	53,665,407
Unsecured.	1,780,465	540,206	748,091	1,149,005	4,535,992
Total.	**33,089,986**	**40,570,052**	**51,122,609**	**56,888,833**	**58,201,399**

As of December 31, 2011, 2012 and 2013, June 30, 2014 and September 30, 2014, the assets with carrying amounts of RMB22,279.1 million, RMB20,490.8 million, RMB19,722.9 million, RMB21,084.7 million and RMB19,744.9 million, respectively, including property, plant and equipment and prepaid lease payments, were pledged to secure our bank borrowings. In addition, as of December 31, 2011, 2012 and 2013, June 30, 2014 and September 30, 2014, the tariff collection rights of Lingdong Nuclear, Yangjiang Nuclear and Ling'ao Nuclear were pledged to secure the banking facilities and loans from banks for these entities. As of December 31, 2013, June 30, 2014 and September 30, 2014, our bank loan from an independent third-party financial institution in the amounts of RMB3,000.0 million, RMB3,000.0 million and RMB3,000.0 million was guaranteed by CGNPC, respectively. Other bank loans are unguaranteed. For more details, please refer to "Connected Transactions – Continuing Connected Transactions – 3. Guarantee from CGNPC."

Long-term bank borrowings

We generally incur long-term bank borrowings to fund the construction of our nuclear power stations and facilities and capital requirements. Our long-term bank borrowings amounted to RMB30,044.0 million, RMB37,860.9 million, RMB48,721.8 million, RMB53,970.1 million and RMB55,321.9 million as of December 31, 2011, 2012 and 2013, June 30, 2014 and September 30, 2014, respectively.

The following table sets forth the maturity profile of our long-term bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2011	2012	2013	2014	2014
			RMB'000		
Between 1 and 2 years	2,081,722	1,956,225	3,998,742	4,611,430	4,487,829
Between 2 and 5 years	7,434,246	10,104,107	11,905,081	13,458,416	13,323,250
More than 5 years.	20,528,078	25,800,536	32,818,003	35,900,239	37,510,781
Total.	**30,044,046**	**37,860,868**	**48,721,826**	**53,970,085**	**55,321,860**

Short-term bank borrowings

We generally incur short-term bank borrowings to finance the construction of our nuclear power stations and facilities as well as to finance our working capital. Our short-term bank borrowings were RMB3,045.9 million, RMB2,709.2 million, RMB2,400.8 million, RMB2,918.7 million and RMB2,879.5 million as of December 31, 2011, 2012 and 2013, June 30, 2014 and September 30, 2014, respectively.

Notes payables

Notes payables consist of our outstanding guaranteed corporate bonds issued in 2002 and 2007, respectively, and corporate bonds issued in 2010, all of which are listed in the PRC. All of these corporate bonds were originally issued by CGNPC and assigned to us in the Reorganization. Our notes payable amounted to RMB8,500.0 million, RMB8,500.0 million, RMB8,500.0 million, RMB8,500.0 million and RMB8,500.0 million as of December 31, 2011, 2012 and 2013, June 30, 2014 and September 30, 2014, respectively. The following table sets forth certain details of these corporate bonds which are unsecured:

Issue Date	Principal Amount	Outstanding Principal Amount (As of September 30, 2014)	Annual Interest Rate	Guarantor	Maturity Date
	RMB'000	RMB'000			
November 11, 2002	4,000,000	4,000,000	4.5%	China Development Bank	November 11, 2017
December 20, 2007	2,000,000	2,000,000	5.9%	Agricultural Bank of China	December 20, 2022
May 12, 2010	2,500,000	2,500,000	4.6%	N/A	May 12, 2020
	8,500,000	8,500,000			

As of December 31, 2011, 2012 and 2013, June 30, 2014 and September 30, 2014, we had interests on notes payable of RMB84.9 million, RMB86.9 million, RMB89.3 million, RMB381.8 million and RMB298.2 million.

Borrowings from a financial institution

As of June 30, 2014 and September 30, 2014, we had borrowings from an independent third-party financial institution in the amounts of RMB953.5 million and RMB948.8 million, which were secured by certain nuclear facilities of Yangjiang Nuclear with carrying amounts of RMB1,594.5 million and RMB1,574.3 million.

Loans from CGNPC and a fellow subsidiary and payables to CGNPC

During the Track Record Period, CGNPC and a fellow subsidiary, CGN Finance, extended loans to us to fund the construction of our nuclear power stations and facilities and working capital. These loans carried weighted average fixed rates of 5.31%, 5.27%, 5.24% and 5.23% in 2011, 2012, 2013 and the six months ended June 30, 2014, or at floating rates based on LIBOR or benchmark interest rates of the People's Bank of China. Payables to CGNPC refers to the notes with an aggregate principal amount of RMB5,530.0 million issued by CGNPC, listed in the PRC and due in 2015 and 2016, respectively. The repayment of these notes are borne by us in the form of payables to CGNPC according to the Reorganization in March 2014. Please refer to "– Liquidity and Capital Resources – Net Current Liabilities – Amounts due to related parties." Payables to CGNPC carried fixed rates ranging from 3.90% to 5.93% per annum. Loans from CGNPC and CGN Finance and payables to CGNPC amounted to RMB16,777.0 million, RMB29,851.3 million, RMB19,726.4 million, RMB14,494.3 million and RMB13,874.2 million as of 2011, 2012, 2013, June 30, 2014 and September 30, 2014, respectively. Please refer to "Connected Transactions – Continuing Connected Transactions – 9. Financial Services Framework Agreement."

The following table sets forth the maturity profile of our long-term loans from CGNPC and CGN Finance and payables to CGNPC as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2011	2012	2013	2014	2014
			RMB'000		
Between 1 and 2 years	54,173	184,364	4,116,303	3,931,950	4,116,159
Between 2 and 5 years	5,704,740	6,512,145	2,791,014	2,791,049	2,980,583
More than 5 years	2,938,676	2,274,905	2,122,187	2,398,611	2,143,048
Total	**8,697,589**	**8,971,414**	**9,029,504**	**9,121,610**	**9,239,790**

Our loans from CGNPC were all unsecured. Among our loans from CGN Finance, those directly extended to us were unsecured, whereas certain syndicated loans extended by CGN Finance together with several commercial banks were secured by prepaid lease payment, nuclear facilities and tariff collection rights of Lingdong Nuclear and Yangjiang Nuclear. As of December 31, 2011, 2012 and 2013, June 30, 2014 and September 30, 2014, the balance of loans extended to us by CGN Finance as part of the syndicated loans was RMB3,221.8 million, RMB3,225.8 million, RMB3,083.9 million, RMB2,991.6 million and RMB3,144.2 million, respectively. All loans from CGNPC and CGN Finance and payables to CGNPC are unguaranteed. The following table sets forth the breakdown of our secured and unsecured loans from CGNPC and CGN Finance and unsecured payables to CGNPC:

	As of December 31,			As of June 30,	As of September 30,
	2011	2012	2013	2014	2014
			RMB'000		
Secured	3,221,763	3,225,778	3,083,866	2,991,610	3,144,150
Unsecured	13,555,199	26,625,500	16,642,500	11,502,650	10,730,000
Total	**16,776,962**	**29,851,278**	**19,726,366**	**14,494,260**	**13,874,150**

Charges

During the Track Record Period and up to the Latest Practicable Date, we pledged our equity interest in Taishan Nuclear to secure certain banking facilities of Taishan Nuclear. For details, please refer to Note 23 of "Appendix IB – Accountants' Report of Taishan Nuclear" to this Prospectus.

Amounts due to related parties

As of December 31, 2011, 2012 and 2013, June 30, 2014 and September 30, 2014, we had amounts due to related parties of RMB18,831.3 million, RMB3,687.0 million, RMB1,825.0 million, RMB2,821.7 million and RMB248.0 million, all of which were unsecured and unguaranteed.

Contingent liabilities and guarantees

As of the Latest Practicable Date, there was no undisclosed material contingent liabilities, guarantees or any litigation against us.

Except for the above, we did not have, as of the Latest Practicable Date, any outstanding mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities.

Our Directors have confirmed that there has been no material adverse change in our indebtedness and contingent liabilities since June 30, 2014 and up to the date of this Prospectus.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates indicated:

	As of, or Year Ended, December 31,			As of, or Period Ended, June 30,
	2011	2012	2013	2014
Current ratio(1)	0.65	0.68	0.82	1.31
Gearing ratio(%)(2)	247.92	326.80	250.38	208.82
Debt to equity ratio(%)(3)	195.54	294.83	220.74	187.60
Interest coverage(4)	2.74	2.04	1.69	2.11
Return on equity (%)(5)	26.78	20.87	18.16	17.55*
Return on total assets (%)(6)	5.22	4.22	4.06	4.76*

* Six-month data multiplied by 2 so as to be comparable with annual data, which are not necessarily indicative of such ratio for the full year.

(1) Current assets divided by current liabilities.

(2) Total debt (total amount of bank and other borrowings) divided by total equity and multiplied by 100%.

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

(4) Profit before interest and tax divided by interest expense.

(5) Profit divided by average equity (the arithmetic mean of the opening and closing balance of equity) and multiplied by 100%.

(6) Profit divided by average assets (the arithmetic mean of the opening and closing balance of total assets) and multiplied by 100%.

Current Ratio

Our current ratio increased from 0.65 as of December 31, 2011 to 0.68 as of December 31, 2012 and to 0.82 as of December 31, 2013, primarily due to the decrease in current liabilities as a result of payment of accrued dividends to CGNPC in 2011, 2012 and 2013. Our current ratio increased from 0.82 as of December 31, 2013 to 1.31 as of June 30, 2014, primarily attributable to our increased current assets as a result of shareholders' cash contribution of RMB10,123.7 million that was fully paid in in the six months ended June 30, 2014.

Gearing Ratio

Our gearing ratio increased from 247.92% as of December 31, 2011 to 326.80% as of December 31, 2012 as the increase of our total debt outpaced the increase of our total equity due to increased borrowings from CGNPC and increased bank borrowings to fund our construction projects and working capital requirements. Our gearing ratio decreased from 326.80% as of December 31, 2012 to 250.38% as of December 31, 2013, i.e., the increase of our total equity outpaced the increase of our total debt as we paid a significantly smaller amount of dividend in 2013 compared to 2012. Our gearing ratio decreased from 250.38% as of December 31, 2013 to 208.82% as of June 30, 2014, primarily attributable to our increased total equity as a result of shareholders' cash contribution of RMB10,123.7 million that was fully paid in in the six months ended June 30, 2014.

Debt to Equity Ratio

Our debt to equity ratio was 195.54%, 294.83%, 220.74% and 187.60% as of December 31, 2011, 2012, 2013 and June 30, 2014, respectively, primarily due to the same reason as the changes in our gearing ratio discussed above.

Interest Coverage

Our interest coverage decreased from 2.74 for the year ended December 31, 2011 to 2.04 for the year ended December 31, 2012 and further to 1.69 for the year ended December 31, 2013, which was primarily due to our increased interest expense as a result of increased borrowings to finance our operations. Our interest coverage increased from 1.69 in 2013 to 2.11 for the six months ended June 30, 2014 due to the increase in our profit.

Return on Equity

Our return on equity decreased from 26.78% for the year ended December 31, 2011 to 20.87% for the year ended December 31, 2012 primarily due to the decrease in profit from 2011 to 2012. Our return on equity decreased to 18.16% for the year ended December 31, 2013, because our profits from 2012 to 2013 remained relatively stable whereas our average equity increased during the same period mainly as a result of the significant decrease in dividend payment from 2012 to 2013.

Return on Total Assets

Our return on total assets decreased from 5.22% for the year ended December 31, 2011 to 4.22% for the year ended December 31, 2012 and 4.06% for the year ended December 31, 2013, primarily due to the continued increase in our total assets. The continued increase in our total assets was mainly attributable to the ongoing construction of our Yangjiang Nuclear Power Station which increased our property, plant and equipment.

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties from time to time. It is the view of our Directors that each of the related party transactions set out in Note 46 to the Accountants' Report of Our Company in Appendix IA was conducted in the ordinary course of business on an arm's length basis between the relevant parties, and would not distort our track record results or make our historical results not reflective of our future performance.

As of June 30, 2014, we had the following balances with and guarantees by related parties which are non-trade in nature:

- Loan to a fellow subsidiary, CGN Energy Development Co., Ltd., of RMB450.0 million, which is due in January 2015. We currently do not plan to renew such loan to CGN Energy Development Co., Ltd. in the future. Please refer to "– Liquidity and Capital Resources – Net Current Liabilities – Loans to fellow subsidiaries;"

- Loans from CGNPC and CGN Finance and payable to CGNPC of RMB14,494.3 million. We do not plan to repay these loans in advance after Listing. Please refer to "– Indebtedness and Contingencies – Bank and Other Borrowings – Loans from CGNPC and a fellow subsidiary and payables to CGNPC;" and

- Guarantee by CGNPC on RMB3,000.0 million bank loan from an independent third-party financial institution to CGN Investment to fund certain of our construction projects. The guarantee will be valid until December 2022, two years from the due date of the last installment of the bank loan. We have no plan to release the said guarantees in advance after Listing. Please refer to "Connected Transactions – Continuing Connected Transactions – 3. Guarantee from CGNPC."

Our Directors confirm that each of the above related party transactions that are non-trade in nature was conducted on an arm's length basis between the relevant parties and would not distort our track record results or make our historical results not reflective of our future performance.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various types of market risks, including credit risk, foreign exchange risk, interest rate risk, liquidity risk, commodity risk and inflation in the normal course of our business. Set forth below is a description of our exposure to these risks and our financial risk management measures to manage these risks.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to us. At the end of the Track Record Period, our maximum exposure to credit risk arises from the carrying amount of the respective recognized financial assets as stated in our consolidated statement of financial position.

Our credit risk is primarily attributable to trade receivables from grid companies. In the opinion of our Directors, we have no significant credit risk with any grid companies as we maintain long-term and stable business relationships with these companies. The receivables from our largest customers, all of which are grid companies, accounted for 91.9%, 73.6%, 83.6% and 82.3% of our total trade receivables in 2011, 2012 and 2013 and the six months ended June 30, 2014, respectively, with the remaining customers individually contributing less than 10% of our total trade receivables during these periods. For other trade and other receivables, we perform an ongoing individual credit evaluation of the counterparties' financial conditions, and are of the opinion that no debts were impaired.

We have concentration of credit risk on amounts due from CGNPC. Credit risk is considered as limited because CGNPC has positive operating result and/or cash flows. Regarding balances with related companies, we assess the credibility of the borrowers by reviewing their operating results and gearing ratios periodically. We consider the credit risk on balances with related companies to be insignificant considering their creditworthiness.

The credit risk on derivative financial instruments, restricted bank deposits and bank balances and cash is limited because the counterparties are either reputable banks or financial institutions with high credit ratings assigned by international credit-rating agencies.

Currency Risk

Currency risk refers to the risk that movements in foreign currency exchange rates will affect our financial results and cash flow.

Our functional currency is Renminbi, and substantially all of our transactions are settled in Renminbi. However, we are exposed to currency risk attributable to the cash and cash equivalents, trade and other receivables, trade and other payables and bank borrowings denominated in foreign currencies, which are attributable to our sale of electricity to HKNIC, and our purchases of certain equipment, spare parts and services from overseas. The foreign currencies giving rise to this risk are primarily Euros, U.S. dollars and GBPs. Our management manages and monitors the exposure to this risk to ensure appropriate measures are implemented on a timely and effective manner.

Interest Rate Risk

Our interest rate risk relates to fixed-rate bank borrowings, notes payables, restricted bank deposits, deposits over three months, loans to fellow subsidiaries and interest rate swaps. Our cash flow interest rate risk relates to floating rate bank borrowings, loans from related companies and bank balances, cash and cash equivalents which carry interest at prevailing market rates. We use derivative financial instruments such as foreign currency forward contracts, currency swap contracts and interest rate swaps to reduce currency risk and exposure to interest rate fluctuations associated with floating-rate debt. We use these derivative financial instruments for the purpose of risk management rather than speculation. We maintain and follow our financial (or treasury) policies and internal control procedures to manage our use of derivative financial instruments. Our finance department has overall responsibilities for managing the use of derivative financial instruments. We have adopted comprehensive internal guidelines on the use of derivative financial instruments:

- we selectively invest in derivative products that meet our actual business needs and facilitate us to better manage our cash flow in light of the forecasted high volatility of exchange rates. Our derivative products are strictly related to actual business transactions in terms of contract terms and transaction amounts to mitigate foreign exchange rate and interest rate fluctuations involved and all speculative transactions are strictly forbidden;

- we prioritize basic derivative financial instruments at reasonable costs, with a view to provide flexibility and liquidity and maintain our debt to equity and other financial ratios and related risk exposure at a reasonable level;

- we follow strict internal review, authorization and approval procedures in the selection of derivative products and formation of investment plans;

  o the relevant department and the board of directors of our subsidiaries review and evaluate each derivative transaction, including its effect on the profitability of, and its compatibility with, the relevant business transaction, before the investment proposal is submitted to us for approval;

  o our finance department will then review the investment proposals submitted by our subsidiaries to assess the viability and risk exposure of the proposed derivative transaction;

  o depending on the type of transactions, derivative transactions reaching specific threshold amounts also require the review and approval of our Chief Financial Officer, President or our Board of Directors. For instance, any foreign currency forward contracts and currency swap contracts with total amounts of above RMB60 million require the approval of our Chief Financial Officer.

- we enter into derivative contracts exclusively with major banks and financial institutions with high credit ratings in the PRC; and

- as part of our ongoing assessment and monitoring of derivative transactions, our finance department, with the assistance of CGN Finance, monitors the implementation of the derivative contracts and reports regularly the profit and loss of such derivative contracts and other relevant information to our senior management team.

The instrument did not fulfill the criteria of hedging accounting.

As of December 31, 2011, 2012 and 2013 and June 30, 2014, we estimate that a general increase/decrease in 10 basis points in interest rates for cash and cash equivalents while all other variables held constant would have increased/decreased our profit after tax by RMB8.4 million, RMB4.7 million, RMB5.5 million and RMB3.2 million, respectively.

Liquidity Risk

Liquidity risk is the rate that we have net current liabilities at each respective balance sheet date during the Track Record Period. We are exposed to liquidity risk if we are unable to raise sufficient funds to meet our financial obligations when they fall due.

To manage liquidity risk, we monitor and maintain a level of cash and cash equivalents as well as undrawn banking facilities deemed considered adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flow. In doing so, our management monitors the utilization of bank borrowings and loans from/to related companies to ensure adequate unutilized banking facilities and compliance with loan covenants.

We had net current liabilities of RMB14,259.2 million, RMB12,791.3 million and RMB4,701.7 million, as of December 31, 2011, 2012 and 2013, respectively. We had net current assets of RMB5,206.6 million and RMB7,319.2 million as of June 30, 2014 and September 30, 2014, respectively. With respect to our future capital commitments and other financing requirements, we had unutilized banking facilities of approximately RMB44,420.4 million as of September 30, 2014.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2014

Forecast consolidated net profit attributable to equity holders of our Company(1) . . . . .not less than RMB5,468.1 million (approximately HK$6,906.8 million)

Unaudited pro forma forecast earnings per Share(2) . . . . RMB0.13 (approximately HK$0.17)

Unaudited pro forma forecast earnings per Share(3) . . . . .RMB0.12 (approximately HK$0.16)

(1) The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III to this Prospectus.

(2) The calculation of the unaudited pro forma forecast earnings per Share for the year ending December 31, 2014 is based on the above forecast consolidated net profit attributable to our equity holders for the year ending December 31, 2014 assuming that a weighted average of approximately 41,562 million Shares were in issue during the entire year, without taking into account any H Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

(3) The calculation of the unaudited pro forma forecast earnings per Share for the year ending December 31, 2014 is based on the above forecast consolidated net profit attributable to our equity holders for the year ending December 31, 2014 assuming that 44,125 million Shares are issued and outstanding following completion of the Global Offering, without taking into account any H Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

DIVIDEND POLICY

Our subsidiaries declared dividends to their respective shareholders in total amounts of RMB2,768.5 million, RMB9,845.6 million and RMB1,652.9 million for the years ended December 31, 2011, 2012 and 2013, respectively.

We may declare and pay dividends by way of cash or by other means that we consider appropriate in the future. Distribution of dividends will be formulated by our Board at their discretion and will be subject to shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other things, our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association, the PRC Company Law and any other applicable PRC law and regulations and other factors that our Directors may consider relevant. In any event, we will pay dividends out of our profit after tax only after we have made the following allocations:

- recovery of accumulated losses, if any;
- allocation to the statutory common reserve fund an amount equivalent to 10% of our profit after tax, as determined under PRC GAAP; and
- allocation, if any, to a discretionary common reserve fund an amount approved by the shareholders in a shareholders' meeting.

The minimum allocation to the statutory common reserve fund is 10% of our profit after tax, as determined under PRC GAAP. When the statutory common reserve fund reaches and is maintained at or above 50% of our registered capital, no further allocation to this statutory common reserve fund will be required. Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years.

Provided that the aforesaid conditions are met, we expect to distribute no less than 33% of our annual distributable net profits as cash dividend in the future. There is, however, no assurance that we will be able to distribute dividend of such amount or any amount in any year in the future. In addition, the declaration and payment of dividends may also be limited by legal restrictions and/or by financing agreements that we may enter into in the future.

SPECIAL DISTRIBUTION

In accordance with the Reorganization in March 2014, CGNPC is entitled to the profit we generated between (and excluding) March 31, 2013 and March 25, 2014. In the six months ended June 30, 2014, we declared and paid a special distribution to CGNPC in an amount of RMB4,174.5 million.

We passed shareholders' resolutions on September 17, 2014 approving the Special Dividend, in an amount equal to our retained earnings accrued during the period from March 25, 2014, the date of our incorporation, to the Listing Date, to our existing shareholders including CGNPC, CNNC and Hengjian Investment. The actual amount of the Special Dividend will be determined after a special review by an independent accounting firm in the PRC to be conducted after the Global Offering.

We will pay the Special Dividend after the completion of the special review, following which we will publish an announcement of the actual amount of the Special Dividend pursuant to the applicable requirements of the Hong Kong Stock Exchange. The special dividend will be paid out of cash generated from our daily operations, and the Company will not make payment of the Special Dividend until our Directors are satisfied that the Company has sufficient cash or cash alternatives and that such payment will have no adverse impact on our financial and cash position. In particular, we will not use the proceeds from the Global Offering to pay the Special Dividend.

DISTRIBUTABLE RESERVES

As of June 30, 2014, our reserves available for distribution to our equity holders amounted to approximately RMB6,592.0 million (representing retained earnings of RMB6,592.0 million).

FINANCIAL INFORMATION OF THE PROPOSED ACQUISITIONS

We intend to enter into an agreement to acquire additional equity interest in Taishan Nuclear. After the completion of the Global Offering, we plan to spend a total of RMB9,700.2 million (or HK$12,252.4 million) of the proceeds from the offering to purchase a 12.5% of the equity of Taishan Nuclear held by CGNPC and a 60% of the equity of Taishan Investment (which is equivalent to a total of 41% of the equity of Taishan Nuclear). After the completion of the above equity transfer, we will hold, together with the 10% equity currently held by us, directly or indirectly, a total of 51% of the equity of Taishan Nuclear.

Taishan Nuclear primarily engages in the investment, construction, operation and management of the Taishan Nuclear Power Station, which is currently under construction and has two nuclear power generating units with a total installed capacity of approximately 3,500 MW. As the Taishan Nuclear Power Station has not yet commenced commercial operations, Taishan Nuclear did not generate any revenue or incur any cost from electricity sales during the Track Record Period. Taishan Investment, a special purpose vehicle ultimately held by CGNPC, holds 47.5% of the equity of Taishan Nuclear. The equity Taishan Investment holds in Taishan Nuclear constitutes substantially all of its assets. Except for such equity holding in Taishan Nuclear, Taishan Investment has no substantial business operation. As both of the nuclear power generating units at Taishan Nuclear Power Station are currently under construction, we expect our total capital expenditures and assets to increase substantially upon the completion of the Proposed Acquisition and in the next several years. The Proposed Acquisition is not expected to have a material adverse effect on our level of indebtedness, as Taishan Nuclear has maintained a prudent debt-to-equity ratio. As Taishan Nuclear has not yet generated any revenue or incurred any cost of sales, it only recorded relatively small amounts of profit/loss during the Track Record Period primarily as a result of net foreign exchange gains/losses. We believe the Proposed Acquisition is not expected to have a material impact on our operating results in the near future.

Basis of Presentation

Taishan Nuclear was established as a limited liability company on July 5, 2007 and became a Sino-foreign equity joint venture on December 11, 2009. CGNPC is the ultimate holding company of Taishan Nuclear.

For more information about the two nuclear power generating units that are under construction at Taishan Nuclear, Please refer to "Business – Our Nuclear Power Business – Details of Existing Nuclear Power Generating Units and Nuclear Power Generating Units that We Intend to Acquire – Proposed Acquisitions."

Statement of Profit or Loss and Other Comprehensive Income

The table below sets forth the statements of profit and loss and comprehensive income of Taishan Nuclear for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
			RMB'000		
Interest income	31,420	25,707	22,536	3,351	8,536
(Loss) gain arising from changes in fair value of derivative financial instruments	(83,109)	55,952	23,747	(25,324)	1,670
Administrative expenses	(48,670)	(49,932)	(40,651)	(22,193)	(24,123)
Other gains and losses	668,084	(202,198)	20,964	375,303	(18,839)
Profit (loss) before taxation	567,725	(170,471)	26,596	331,137	(32,756)
Taxation	(148,235)	44,859	(4,641)	(83,270)	4,917
Profit (loss) for the year/period	419,490	(125,612)	21,955	247,867	(27,839)

Description of Major Components of Taishan Nuclear's Results of Operations

Interest Income

Interest income consisted of interest income from CGN Finance, one of its fellow subsidiaries, and interest income from bank deposits. The table below sets forth interest income of Taishan Nuclear for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
			RMB'000		
Interest income from bank deposits	7,475	13,396	7,199	360	3,803
Interest income from a fellow subsidiary	23,945	12,311	15,337	2,991	4,733
Total interest income	31,420	25,707	22,536	3,351	8,536

Gain (Loss) Arising from Changes in Fair Value of Derivative Financial Instruments

Taishan Nuclear uses foreign currency forward contracts to mitigate foreign exchange risks associated with borrowings and payment under business contracts denominated in Euro. Foreign currency forward contracts are measured at fair value at the end of each reporting period. The fair value of the foreign currency forward contracts was determined based on the gain or loss and yield curves derived from the difference between the forward exchange rates at the maturity date of the said forward contracts (namely the end of the reporting period) and the original locked rate. Changes in fair value of these derivative financial instruments are recognized directly in profit or loss in the relevant period. As at December 31, 2011, 2012 and 2013 and June 30, 2014, the fair value of derivative financial assets was approximately RMB120.5 million, RMB107.4 million, RMB60.5 million and RMB47.7 million, respectively. During the same period, the fair value of derivative financial liabilities was approximately RMB43.6 million, RMB1.5 million, nil and nil, respectively.

Administrative Expenses

Administrative expenses primarily include employee benefits, depreciation and amortization of property, plant and equipment used for administrative purposes and office and other expenses arising from administrative activities.

Other Gains and Losses

Other gains and losses primarily consist of net foreign exchange gains and losses resulting from changes in exchange rates. Taishan Nuclear recorded net foreign exchange gain of RMB668.1 million and RMB20.9 million in 2011 and 2013, respectively, whereas it incurred net current foreign exchange loss of RMB202.2 million and RMB22.2 million in 2012 and the six months ended June 30, 2014, respectively. The fluctuation in its net foreign exchange gains and losses during the Track Record Period was primarily due to the changes in exchange rates of Renminbi against Euro and U.S. dollar in connection with its borrowings denominated in Euro and U.S. dollars.

The table below sets forth a breakdown of the components of other gains and losses for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	**2012**	**2013**	**2013**	**2014**
			RMB'000		
(Loss) gain on disposals of property, plant and equipment.	(20)	(14)	44	(1)	3,322
Net foreign exchange gain (loss). . . .	668,104	(202,184)	20,920	375,304	(22,161)
Total other gains and losses	668,084	(202,198)	20,964	375,303	(18,839)

Taxation

Under the PRC EIT Law, a uniform 25% EIT rate is generally applied, except where a specific preferential rate applies. The tax rate of Taishan Nuclear was 25% during the Track Record Period.

A PRC resident company engaged in public infrastructure projects is entitled to the "three-year exemption and three-year 50% reduction" preferential enterprise income tax treatment starting from its first revenue making year after obtaining approval from competent authorities. Taishan Nuclear plans to obtain approval from competent authorities to enjoy such preferential tax treatment when it commences generating revenues.

In 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, no enterprise income tax was incurred as Taishan Nuclear incurred cumulative losses. In 2011, 2013 and the six months ended June 30, 2013, Taishan Nuclear incurred deferred tax charge of RMB148.2 million, RMB4.6 million and RMB83.3 million, respectively. In 2012 and the six months ended June 30, 2014, Taishan Nuclear generated deferred tax credit of RMB44.9 million and RMB4.9 million, respectively.

Period to Period Comparison of Results of Operations

Six Months Ended June 30, 2014 Compared to Six Months Ended June 30, 2013

Interest Income

Interest income increased significantly from RMB3.4 million in the six months ended June 30, 2013 to RMB8.5 million in the six months ended June 30, 2014, mainly attributable to (i) a 58.3% increase in interest income from a fellow subsidiary, CGN Finance, from RMB3.0 million in the six months ended June 30, 2013 to RMB4.7 million in the six months ended June 30, 2014 as a result of increases in cash deposit at CGN Finance, and (ii) a significant increase in interest income from bank deposits from RMB0.4 million in the six months ended June 30, 2013 to RMB3.8 million in the six months ended June 30, 2014, as a result of increased bank deposits.

Gain (Loss) arising from Changes in Fair Value of Derivative Financial Instruments

Gain arising from changes in fair value of derivative financial instruments was RMB1.7 million in the six months ended June 30, 2014, compared to loss arising from changes in fair value of derivative financial instruments of RMB25.3 million in the six months ended June 30, 2013, mainly as a result of changes in exchange rates.

Administrative Expenses

Administrative expenses increased by 8.7% from RMB22.2 million in the six months ended June 30, 2013 to RMB24.1 million in the six months ended June 30, 2014, which was in line with the continued construction of the Taishan Nuclear Power Station.

Other Gains and Losses

Taishan Nuclear incurred other losses of RMB18.8 million in the six months ended June 30, 2014, primarily consisted of net foreign exchange loss of RMB22.2 million, which was primarily due to the depreciation of RMB against Euro during the same period, in connection with its borrowings denominated in Euro. Taishan Nuclear recognized other gains of RMB375.3 million in the six months ended June 30, 2013, primarily consisted of net foreign exchange gain of RMB375.3 million, which was primarily due to the appreciation of RMB against Euro and U.S. dollars during the same period, in connection with its borrowings denominated in Euro and U.S. dollars.

Profit (Loss) before Taxation

As a result of the foregoing, Taishan Nuclear incurred loss before taxation of RMB32.8 million in the six months ended June 30, 2014, compared to profit before taxation of RMB331.1 million in the six months ended June 30, 2013.

Taxation

Deferred tax credit was RMB4.9 million in the six months ended June 30, 2014 as Taishan Nuclear incurred losses during the same period. Deferred tax charge was RMB83.3 million in the six months ended June 30, 2013 which was due to net loss carry-overs.

Profit (Loss) for the Period

As a result of the foregoing, Taishan Nuclear incurred loss of RMB27.8 million in the six months ended June 30, 2014, compared to profit of RMB247.9 million in the six months ended June 30, 2013.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Interest Income

Interest income decreased by 12.3% from RMB25.7 million in 2012 to RMB22.5 million in 2013, mainly attributable to a 46.3% decrease in interest income from bank deposits from RMB13.4 million in 2012 to RMB7.2 million in 2013 as a result of decreased bank deposits. The decrease in Interest income was partially offset by a 24.6% increase in interest income from a fellow subsidiary, CGN Finance, from RMB12.3 million in 2012 to RMB15.3 million in 2013 as a result of increased cash deposit at CGN Finance.

Gain (Loss) arising from Changes in Fair Value of Derivative Financial Instruments

Gain arising from changes in fair value of derivative financial instruments decreased by 57.6% from RMB56.0 million in 2012 to RMB23.7 million in 2013, mainly as a result of changes in exchange rates.

Administrative Expenses

Administrative expenses decreased by 18.6% from RMB49.9 million in 2012 to RMB40.7 million in 2013 as Taishan Nuclear further strengthened its cost-control efforts.

Other Gains and Losses

Taishan Nuclear recognized other gains of RMB21.0 million in 2013, primarily consisted of net foreign exchange gain of RMB20.9 million, which was primarily due to the appreciation of RMB against Euro during the same period, in connection with its borrowings denominated in Euro. Such foreign exchange gain was partially offset by foreign exchange loss as a result of the depreciation of RMB against U.S. dollars, in connection with its borrowings denominated in U.S. dollars. Taishan Nuclear incurred other losses of RMB202.2 million in 2012, primarily consisted of net foreign exchange loss of RMB202.2 million, which was primarily due to increased borrowings denominated in Euro and the depreciation of RMB against Euro during the same period.

Profit (Loss) before Taxation

As a result of the foregoing, Taishan Nuclear incurred profit before taxation of RMB26.6 million in 2013, compared to loss before taxation of RMB170.5 million in 2012.

Taxation

Deferred tax charge was RMB4.6 million in 2013 which was due to net loss carry-overs. Deferred tax credit was RMB44.9 million in 2012, as Taishan Nuclear incurred losses in 2012.

Profit (Loss) for the Year

As a result of the foregoing, Taishan Nuclear incurred profit of RMB22.0 million in 2013, compared to loss of RMB125.6 million in 2012.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Interest Income

Interest income decreased by 18.2% from RMB31.4 million in 2011 to RMB25.7 million in 2012, which was attributable to a 48.6% decrease in interest income from a fellow subsidiary from RMB23.9 million in 2011 to RMB12.3 million in 2012 due to decrease in cash deposit at a fellow subsidiary, CGN Finance. The decrease in Interest income was partially offset by a 79.2% increase (increased from RMB7.5 million in 2011 to RMB13.4 million in 2012)in interest income from bank deposits as a result of increased bank deposits.

Gain (Loss) arising from Changes in Fair Value of Derivative Financial Instruments

Gain arising from changes in fair value of derivative financial instruments was RMB56.0 million in 2012, compared to loss arising from changes in fair value of derivative financial instrument of RMB83.1 million in 2011, mainly as a result of changes in exchange rates.

Administrative Expenses

Administrative expenses increased by 2.6% from RMB48.7 million in 2011 to RMB49.9 million in 2012, which was in line with the continued construction of the Taishan Nuclear Power Station.

Other Gains and Losses

Taishan Nuclear incurred other losses of RMB202.2 million in 2012, primarily consisted of net foreign exchange loss of RMB202.2 million, which was primarily due to increased borrowings denominated in Euro and the depreciation of RMB against Euro during the same period. Taishan Nuclear recognized other gains of RMB668.1 million in 2011, primarily consisted of net foreign exchange gain of RMB668.1 million, which was primarily due to the appreciation of RMB against Euro and U.S. dollars during the same period, in connection with its borrowings denominated in Euro and U.S. dollars.

Profit (Loss) before Taxation

As a result of the foregoing, loss before taxation was RMB170.5 million in 2012, compared to profit before taxation of RMB567.7 million in 2011.

Taxation

Deferred tax credit was RMB44.9 million in 2012, as Taishan Nuclear incurred losses in 2012. Deferred tax charge was RMB148.2 million in 2011 which was due to net loss carry-overs.

Profit (Loss) for the Year

As a result of the foregoing, Taishan Nuclear incurred loss of RMB125.6 million in 2012, compared to profit of RMB419.5 million in 2011.

Net Current Liabilities

	As of December 31,			As of June 30,	As of September 30,
	2011	**2012**	**2013**	**2014**	**2014**
			RMB'000		
Current assets					
Inventories	–	629	2,777	4,352	639
Prepaid lease payments	14,034	14,034	15,213	16,626	16,087
Derivative financial instruments	73,861	75,793	29,845	14,035	1,373
Other receivables	16,006	17,706	7,023	3,400	3,724
Amounts due from related parties	61,990	39,189	183,444	178,174	14,124
Bank balances and cash:					
Cash and cash equivalent	1,980,000	960,336	954,726	1,111,546	2,003,938
Other bank deposit	885,000	100,000	951,438	–	–
Total current assets	**3,030,891**	**1,207,687**	**2,144,466**	**1,328,133**	**2,039,885**
Current liabilities					
Other payables and accruals	1,060,363	543,565	576,690	592,026	409,601
Amounts due to related parties	221,814	68,494	87,858	77,096	74,734
Derivative financial instruments	42,213	1,461	–	–	–
Bank borrowings due within one year	2,895,625	1,567,829	3,963,107	2,719,100	2,594,514
Loans from fellow subsidiaries	386,000	686,000	600,000	750,000	750,000
Total current liabilities	**4,606,015**	**2,867,349**	**5,227,655**	**4,138,222**	**3,828,849**
Net current liabilities	**(1,575,124)**	**(1,659,662)**	**(3,083,189)**	**(2,810,089)**	**(1,788,964)**

Construction of nuclear power station is a capital intensive process. Taishan Nuclear has relied on borrowings to fund a substantial portion of its capital requirements and recorded net current liabilities. During the Track Record Period, net current liabilities primarily reflected Taishan Nuclear's significant short-term borrowings and the current portion of long-term borrowings to fund the construction of the two nuclear power generating units at the Taishan Nuclear Power Station. As the two nuclear power generating units are currently under construction, Taishan Nuclear may continue to incur substantial net current liabilities in the foreseeable future. Taishan Nuclear maintains a significant amount of unutilized banking facilities and expects to be able to extend its short-term borrowings when they become due or obtain funding from additional financing channels.

Taishan Nuclear recorded net current liabilities of RMB1,575.1 million, RMB1,659.7 million and RMB3,083.2 million as of December 31, 2011, 2012 and 2013, respectively. As of June 30, 2014, the net current liabilities of Taishan Nuclear was RMB2,810.1 million, consisting of current assets of RMB1,328.1 million and current liabilities of RMB4,138.2 million. The current assets mainly included cash and cash equivalents of RMB1,111.5 million. The current liabilities mainly included (i) bank borrowings due within one year of RMB2,719.1 million, (ii) loans from fellow subsidiaries of RMB750.0 million, which were unsecured, with terms of 12 months and carried annual interest rate ranging from 4.55% to 6.00%, and (iii) other payables and accruals of RMB592.0 million, which primarily included payables for construction cost of property, plant and equipment of RMB365.4 million.

Cash Flow Analysis

The primary uses of cash of Taishan Nuclear are to fund the construction of nuclear power stations at the Taishan Nuclear Power Station. The following table sets forth the cash flow of the periods indicated of Taishan Nuclear:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
			RMB'000		
Net cash generated from (used in) operating activities	15,973	(21,656)	29,206	11,429	(9,859)
Net cash used in investing activities	(10,714,693)	(11,969,639)	(10,113,024)	(4,049,899)	(1,963,396)
Net cash generated from financing activities	12,430,467	10,964,859	10,070,313	4,705,997	2,129,935
Net increase (decrease) in cash and cash equivalents	1,731,747	(1,026,436)	(13,505)	667,527	156,680
Cash and cash equivalents at the beginning of the year	266,822	1,980,000	960,336	960,336	954,726
Effect of foreign exchange rate changes	(18,569)	6,772	7,895	(17,810)	140
Cash and cash equivalents at the end of the year	1,980,000	960,336	954,726	1,610,053	1,111,546

Net Cash Generated from (Used in) Operating Activities

Net cash used in operating activities was RMB9.9 million in the six months ended June 30, 2014, primarily as a result of loss before taxation of RMB32.8 million, as adjusted to reflect net foreign exchange loss of RMB22.2 million and interest income of RMB8.5 million.

Net cash generated from operating activities was RMB29.2 million in 2013, primarily as a result of profit before taxation of RMB26.6 million, as adjusted to reflect a decrease in derivative financial assets of RMB74.3 million, unrealized gain on fair value changes of derivative financial instruments of RMB28.9 million, interest income of RMB22.5 million and net foreign exchange gain of RMB20.9 million.

Net cash used in operating activities was RMB21.7 million in 2012, primarily as a result of loss before taxation of RMB170.5 million, as adjusted to reflect net foreign exchange loss of RMB202.2 million, interest income of RMB25.7 million, unrealized gain on fair value changes of derivative financial instruments of RMB17.2 million and an increase in derivative financial assets of RMB11.9 million.

Net cash generated from operating activities was RMB16.0 million in 2011, primarily as a result of profit before taxation of RMB567.7 million, as adjusted to reflect net foreign exchange gain of RMB668.1 million, unrealized loss on fair value changes of derivative financial instruments of RMB78.6 million, a decrease in derivative financial assets of RMB67.3 million and interest income of RMB31.4 million.

Net Cash Used in Investing Activities

Net cash used in investing activities was RMB1,963.4 million in the six months ended June 30, 2014, primarily consisting of (i) placement of bank deposits with original maturity over three months of RMB2,852.3 million, and (ii) purchase of property, plant and equipment of RMB2,915.0 million attributable to the ongoing construction of the Taishan Nuclear Power Station, partially offset by withdrawal of bank deposits with original maturity over three months of RMB3,803.7 million.

Net cash used in investing activities was RMB10,113.0 million in 2013, primarily consisting of purchase of property, plant and equipment of RMB9,158.1 million attributable to the ongoing construction of the Taishan Nuclear Power Station, and (ii) placement of bank deposits with original maturity over three months of RMB2,251.4 million, partially offset by withdrawal of bank deposits with original maturity over three months of RMB1,400.0 million.

Net cash used in investing activities was RMB11,969.6 million in 2012, primarily consisting of (i) purchase of property, plant and equipment of RMB12,399.4 million attributable to the ongoing construction of the Taishan Nuclear Power Station, (ii) placement of bank deposits with original maturity over three months of RMB1,530.0 million, and (iii) payments for land use rights of RMB283.1 million for the ongoing construction of the Taishan Nuclear Power Station, partially offset by withdrawal of bank deposits with original maturity over three months of RMB2,315.0 million.

Net cash used in investing activities was RMB10,714.7 million in 2011, primarily consisting of (i) purchase of property, plant and equipment of RMB9,448.2 million attributable to the ongoing construction of the Taishan Nuclear Power Station, (ii) payments for land use rights of RMB432.6 million for the ongoing construction of the Taishan Nuclear Power Station, and (iii) placement of bank deposits with original maturity over three months of RMB885.0 million.

Net Cash Generated from Financing Activities

Net cash generating from financing activities was RMB2,129.9 million in the six months ended June 30, 2014, primarily consisting of new bank borrowings received of RMB4,226.8 million, partially offset by (i) repayment of bank borrowings of RMB2,144.1 million and (ii) interest payment of RMB952.6 million.

Net cash generating from financing activities was RMB10,070.3 million in 2013, primarily consisting of (i) new bank borrowings received of RMB9,652.3 million, (ii) capital contribution of RMB3,224.0 million and (iii) loans from fellow subsidiaries of RMB1,765.0 million, partially offset by (i) repayment to fellow subsidiaries of RMB1,851.0 million, (ii) interest payment of RMB1,566.5 million, and (iii) repayment of bank borrowings of RMB1,062.5 million.

Net cash generating from financing activities was RMB10,964.9 million in 2012, primarily consisting of (i) new bank borrowings received of RMB14,896.8 million, (ii) loans from ultimate holding companies of RMB800.0 million, and (iii) loans from fellow subsidiaries of RMB725.6 million, partially offset by (i) repayment of bank borrowings of RMB3,897.5 million, (ii) interest payment of RMB1,011.2 million and (ii) repayment to fellow subsidiaries of RMB406.7 million.

Net cash generating from financing activities was RMB12,430.5 million in 2011, primarily consisting of (i) new bank borrowings received of RMB13,491.2 million, (ii) loans from fellow subsidiaries of RMB2,161.7 million, and (iii) capital contribution of RMB2,099.8 million, partially offset by (i) repayment of bank borrowings of RMB2,815.2 million, (ii) repayment to fellow subsidiaries of RMB1,967.3 million and (iii) interest payment of RMB388.7 million.

PRO FORMA FINANCIAL INFORMATION

Our unaudited pro forma combined financial statements have been prepared using the procedures and adjustments described in the notes to the unaudited pro forma financial statements in Appendix IIB to this Prospectus. Neither these adjustments nor the resulting pro forma combined financial statements have been audited in accordance with the IFRS.

Our pro forma combined financial statements are not necessarily representative of our financial condition, results of operations and changes in liquidity and capital resources as they would have appeared in our financial statements had the Proposed Acquisitions occurred during the periods indicated below. Our pro forma combined financial statements were prepared based on the assumption that the acquisition of equity interest of Taishan Nuclear and Taishan Investment is deemed a business combination involving entities under common control since our Company, Taishan Nuclear and Taishan Investment have been ultimately controlled by CGNPC both before and after the Proposed Acquisitions, and that control is not transitory. As a result, the Proposed Acquisitions is to be accounted for using merger accounting. The adjustments include the recognition of the consideration of RMB9,700.2 million in cash, and such consideration eliminates the owner's equity of the enlarged group and reflects the effect of the issue and listing of our H Shares on the Hong Kong Stock Exchange, which is one of the conditions precedent to the completion of the Proposed Acquisitions.

In addition, these financial statements are not necessarily indicative of what our financial condition, results of operations and changes in liquidity and capital resources will be in future years. Investors should not place undue reliance on the pro forma financial information. This information should be read in conjunction with the section headed "Risk Factors," the other disclosure under this "Financial Information" section and our audited consolidated financial statements and the notes thereto and the audited financial statements of Taishan Nuclear and Taishan Investment and the notes thereto included elsewhere in this Prospectus.

The following tables present our unaudited pro forma combined statement of financial position as of June 30, 2014 as if (i) the completion of the Proposed Acquisitions and (ii) the completion of the Global Offering had taken place on June 30, 2014. Such pro forma financial information is more fully presented in Appendix IIB to this Prospectus.

Assumption at High-End Offer Price

	As of June 30, 2014					
	Group[(1)]	Taishan Nuclear[(2)]	Taishan Investment[(3)]	Estimated Net Proceeds from Global Offering[(4)]	Elimination	Pro Forma Enlarged Under High End
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	109,668,635	60,639,207	10,559,784	–	(13,022,172)[(5)]	167,845,454
Current assets	22,254,838	1,328,133	575	18,961,958	(9,704,561)[(5)]	32,840,943
Current liabilities	17,048,261	4,138,222	9,809	–	(4,365)[(5)]	21,191,927
Non-current liabilities	76,163,453	36,856,016	–	–	(99,803)	112,919,666
Net assets	**38,711,759**	**20,973,102**	**10,550,550**	**18,961,958**	**(22,622,565)**	**66,574,804**

(1) The balances are extracted from the audited consolidated financial information of our Group as of June 30, 2014 presented as set out in Appendix IA to this Prospectus.

(2) The balances are extracted from the audited financial information of Taishan Nuclear as of June 30, 2014 presented as set out in Appendix IB to this Prospectus.

(3) The balances are extracted from the audited financial information of Taishan Investment as of June 30, 2014 presented as set out in Appendix IC to this Prospectus.

(4) The estimated net proceeds from the Global Offering are based on 8,825,000,000 H Shares at the Offer Price of HK$2.78, the high-end of the stated offer price range, per Offer Share, in the Global Offering.

(5) Proposed Acquisitions of Taishan Nuclear and Taishan Investment are considered as a business combination involving entities under common control because our Group, Taishan Nuclear and Taishan Investment are ultimately controlled by CGNPC both before and after the acquisition, and that control is not transitory. As a result, the acquisitions are to be accounted for using the merger accounting. In addition, the adjustment includes the recognition of the aggregate acquisition consideration of RMB9,700.2 million in cash and such consideration reduces the owner's equity of the enlarged group.

Assumption at Low-End Offering Price

	As of June 30, 2014					
	Group[(1)]	Taishan Nuclear[(2)]	Taishan Investment[(3)]	Estimated Net Proceeds from Global Offering[(4)]	Elimination	Pro Forma Enlarged Under Low End
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	109,668,635	60,639,207	10,559,784	–	(13,022,172)[(5)]	167,845,454
Current assets	22,254,838	1,328,133	575	16,565,690	(9,704,561)[(5)]	30,444,675
Current liabilities	17,048,261	4,138,222	9,809	–	(4,365)[(5)]	21,191,927
Non-current liabilities	76,163,453	36,856,016	–	–	(99,803)	112,919,666
Net assets	**38,711,759**	**20,973,102**	**10,550,550**	**16,565,690**	**(22,622,565)**	**64,178,536**

(1) The balances are extracted from the audited consolidated financial information of our Group as of June 30, 2014 presented as set out in Appendix IA to this Prospectus.

(2) The balances are extracted from the audited financial information of Taishan Nuclear as of June 30, 2014 presented as set out in Appendix IB to this Prospectus.

(3) The balances are extracted from the audited financial information of Taishan Investment as of June 30, 2014 presented as set out in Appendix IC to this Prospectus.

(4) The estimated net proceeds from the Global Offering are based on 8,825,000,000 H Shares at the Offering Price of HK$2.43, the low-end of the stated offer price range, per Offer Share, in the Global Offering.

(5) Proposed Acquisitions of Taishan Nuclear and Taishan Investment are considered as a business combination involving entities under common control because our Company, Taishan Nuclear and Taishan Investment are ultimately controlled by CGNPC both before and after the acquisition, and that control is not transitory. As a result, the acquisitions are to be accounted for using the merger accounting. The adjustment represents the recognition of the aggregate acquisition consideration of RMB9,700.2 million in cash and such consideration reduces the owner's equity of the enlarged group.

Non-current Assets

Assuming the Proposed Acquisitions had occurred on June 30, 2014, the pro forma non-current assets of our Group would have increased by RMB58,176.8 million to RMB167,845.5 million as of June 30, 2014 as a result of the inclusion of non-current assets of Taishan Nuclear and Taishan Investment after eliminating balances among our Group, Taishan Nuclear and Taishan Investment.

Current Assets

Assuming the Proposed Acquisitions had occurred on June 30, 2014, the pro forma current assets of our Group would have increased, assuming at high-end offering price, by RMB10,586.1 million to RMB32,840.9 million, and assuming at low-end offering price, by RMB8,189.8 million to RMB30,444.7 million, as of June 30, 2014 as a result of the inclusion of the current assets of Taishan Nuclear and Taishan Investment after eliminating balances among our Group, Taishan Nuclear and Taishan Investment.

Current Liabilities

Assuming the Proposed Acquisitions had occurred on June 30, 2014, the pro forma current liabilities of our Group would have increased by RMB4,143.7 million to RMB21,191.9 million as of June 30, 2014 as a result of the inclusion of current liabilities of Taishan Nuclear and Taishan Investment after eliminating the balances between our Group and Taishan Nuclear and Taishan Investment.

Non-Current Liabilities

Assuming the Proposed Acquisitions had occurred on June 30, 2014, the pro forma non-current liabilities of our Group would have increased by RMB36,756.2 million to RMB112,919.7 million as of June 30, 2014 as a result of the inclusion of non-current liabilities of Taishan Nuclear and Taishan Investment after eliminating balances among our Group, Taishan Nuclear and Taishan Investment.

Net Assets

Assuming the Proposed Acquisitions had occurred on June 30, 2014, the pro forma net assets of our Group would have increased from RMB38,711.8 million to RMB66,574.8 million, assuming at high-end offering price, and to RMB64,178.5 million, assuming at low-end offering price, as of June 30, 2014, as a result of the inclusion of the net assets of Taishan Nuclear and Taishan Investment after eliminating balances among our Group, Taishan Nuclear and Taishan Investment.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this Prospectus, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets is based on our audited consolidated total tangible assets less total liabilities as of June 30, 2014 contained in the Accountants' Report in Appendix IA to this Prospectus and adjusted as described below:

	Consolidated Total Tangible Assets Attributable to Owners of Our Company as of June 30, 2014 Less Total Liabilities(1)	Estimated Net Proceeds from the Global Offering(2)	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to Owners of Our Company	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Per Share(3)	
		(RMB'000)		RMB	HK$
Based on Offer Price of HK$2.78 per H Share .	29,079,834	18,961,958	48,041,792	1.09	1.38
Based on Offer Price of HK$2.43 per H Share .	29,079,834	16,565,690	45,645,524	1.03	1.31

(1) Our audited consolidated total tangible assets less total liabilities of our Group attributable to owners of our Company as of June 30, 2014 is based on the consolidated net assets of our Group of approximately RMB29,832,240,000, adjusted for intangible assets of approximately RMB828,184,000 of our Group and non-controlling interests of approximately RMB75,778,000.

(2) The estimated net proceeds from the Global Offering are based on 8,825,000,000 H shares at the Offer Price of HK$2.43 and of HK$2.78 respectively, being the low-end or the high-end of the stated offer price range, per Offer Share, after deduction of underwriting fees and other related expenses payable by the Company. It does not take into account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK$1.00 to RMB0.79170, which was the rate prevailing on November 19, 2014.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is calculated based on Shares expected to be in issue immediately following the completion of the Global Offering. It does not take into account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option.

RECENT DEVELOPMENTS

Based on our unaudited management accounts, for the nine months ended September 30, 2014, we continued to experience growth in the net power generation of the nuclear power stations in which we have controlling interests, our revenue from sales of electricity and our gross profit. Our Directors confirm that, since June 30, 2014 and up to the date of this Prospectus, there had been no adverse change in our business operations, results of operations and financial condition.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

Our Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date of this Prospectus, there has been no material adverse change in our financial or prospects since June 30, 2014 (the date of the latest audited financial statements of the Company) and there is no event since June 30, 2014 which would materially affect the information shown in the Accountants' Report set out in Appendix IA to this Prospectus.

FUTURE PLANS

Please refer to the section headed "Business – Our Strategies" in this Prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK$2.61 per H Share (being the midpoint of the stated Offer Price range), we estimate that we will receive net proceeds of approximately HK$22,455.6 million (RMB17,778.1 million) from the Global Offering after deducting the underwriting commissions and other estimated expenses (excluding any discretionary incentive fee which may be payable by us), if the Over-allotment Option is not exercised.

We intend to use the net proceeds from the Global Offering for the purposes and in the amounts set out below:

- approximately HK$12,252.4 million (RMB9,700.2 million), or approximately 54.6% of the net proceeds from the Global Offering, will be used to acquire an additional 41.0% equity interest in Taishan Nuclear;

- approximately HK$6,175.3 million (RMB4,889.0 million), or approximately 27.5% of the net proceeds from the Global Offering, will be used for capital expenditure related payments in the nuclear power stations under construction, including the construction of the units at Yangjiang Nuclear Power Station and Ningde Nuclear Power Station, so as to ensure that such nuclear power generating units are completed and become operational on schedule. Please refer to "Business – Our Nuclear Power Business – Basic Information on Our Nuclear Power Generating Units in Operating and Under Construction;"

- approximately HK$1,122.8 million (RMB888.9 million), or approximately 5.0% of the net proceeds from the Global Offering, will be used in research and development activities to promote the development and commercial use of nuclear power technology and to ensure the safety, reliability and economic feasibility of nuclear power generation;

- approximately HK$1,684.2 million (RMB1,333.4 million), or approximately 7.5% of the net proceeds from the Global Offering, will be used to repay a portion of the corporate bond originally issued by CGNPC and assigned to us in the Reorganization (as disclosed in "Financial Information – Indebtedness and Contingencies – Notes payables") and as working capital; and

- approximately HK$1,221.0 million (RMB966.7 million), or approximately 5.4% of the net proceeds from the Global Offering, will be used to expand our business into overseas markets and enhance our competitiveness globally. Currently, we have not identified any specific target for overseas expansion.

The allocation of the proceeds described above will be adjusted in the event the Offer Price is fixed at the high or low end, instead of the midpoint, of the estimated Offer Price range. Assuming the Over-allotment Option is not exercised, if the Offer Price is fixed at HK$2.78 per H Share, being the high end of the stated Offer Price range, the net proceeds will increase by approximately HK$1,470.1 million. Under such circumstances, we intend to use such additional proceeds for capital expenditure related payments in the nuclear power stations under construction. If the Offer Price is fixed at HK$2.43 per H Share, being the low end of the stated Offer Price range, the net proceeds will decrease by approximately HK$1,556.6 million. Under such circumstances, we intend to use the net proceeds for purposes in the order of priority as stated above.

In the event that the Over-allotment Option is exercised in full, the additional net proceeds of approximately HK$3,385.6 million (assuming the Offer Price is determined at the midpoint of the stated Offer Price range), approximately HK$3,606.1 million (assuming the Offer Price is determined at the high end of the stated Offer Price range) or approximately HK$3,152.1 million (assuming the Offer Price is determined at the low end of the stated Offer Price range) will be applied to capital expenditure related payments in the nuclear power stations under construction.

To the extent the net proceeds from the Global Offering are not immediately required for the above purposes, the Directors currently intend that such proceeds be placed as short-term deposits with licensed banks or financial institutions in Hong Kong or the PRC.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited

Merrill Lynch Far East Limited

ABCI Securities Company Limited

Morgan Stanley Asia Limited

CITIC Securities Corporate Finance (HK) Limited

Goldman Sachs (Asia) L.L.C.

BNP Paribas Securities (Asia) Limited

ICBC International Securities Limited

BOCI Asia Limited

The Hongkong and Shanghai Banking Corporation Limited

Guotai Junan Securities (Hong Kong) Limited

China Merchants Securities (HK) Co., Limited

J.P. Morgan Securities (Asia Pacific) Limited

Credit Suisse (Hong Kong) Limited

CCB International Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 441,250,000 Hong Kong Offer Shares for subscription by the public in Hong Kong, subject to the terms and conditions of this Prospectus and the Application Forms. Subject to the Listing Committee granting listing of, and permission to deal in, our H Shares in issue and to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this Prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

One of the conditions is that the Offer Price must be agreed between us and the Joint Representatives, on behalf of the Hong Kong Underwriters. For applicants applying under the Hong Kong Public Offering, this Prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The International Offering will be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between us and the Joint Representatives, on behalf of the Hong Kong Underwriters, the Global Offering will not proceed.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Hong Kong Stock Exchange:

- there develops, occurs, exists or comes into force:

  - any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof) or Japan (each a "**Relevant Jurisdiction**"); or

  - any change or development involving a prospective change or development, or any event or series of events likely to result in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollars or an appreciation of the RMB against any foreign currencies) in or affecting any Relevant Jurisdiction; or

  - any event or series of events in the nature of force majeure (including, without limitation, acts of government, labour disputes, strikes, lock-outs, fire, explosion, earthquake, flooding, tsunami, civil commotion, riots, public disorder, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption in transportation, destruction of power plant, outbreak of diseases or epidemics, economic sanction, in whatever form) in or affecting any Relevant Jurisdiction; or

  - any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or

  - any moratorium, suspension or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Nasdaq Global Market, the London Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange; or

  - any general moratorium on commercial banking activities in any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

  - any (A) change or prospective change in exchange controls, currency exchange rates or foreign investment regulations, or (B) any change or prospective change in taxation in any Relevant Jurisdiction adversely affecting an investment in the H Shares; or

  - any litigation or claim that has or is likely to result in a Material Adverse Effect (as defined in the Hong Kong Underwriting Agreement) being threatened or instigated against any of the companies comprising the Enlarged Group (as defined in the Hong Kong Underwriting Agreement); or

- a Governmental Authority (as defined in the Hong Kong Underwriting Agreement) or a regulatory body or organisation in any Relevant Jurisdiction commencing any investigation or other Proceedings (as defined in the Hong Kong Underwriting Agreement), or announcing an intention to investigate or take other Proceedings, against any companies comprising the Enlarged Group; or

- any of the chairman, president or the executive Director of the Company vacating his office, or any litigation or claim being threatened or instigated against, or a Governmental Authority or a regulatory body or organisation in any Relevant Jurisdiction commencing any investigation or other Proceedings, or announcing an intention to investigate or take other Proceedings against any of the chairman, president or the executive Director of the Company, or any of them being charged with an indictable offence or prohibited by operation of laws or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political, regulatory body or an announcement by any governmental, political, regulatory body that it intends to take any such action against any of them which would affect or is likely to affect the suitability or eligibility of the Company for listing; or

- any (i) material adverse change or (ii) prospective material adverse change (and, in respect of such prospective material adverse change, it is not or is not likely to be remedied by the Company prior to 8:00 a.m. on the Listing Date) in the earnings, results of operations, business, business prospects, financial or trading position, conditions (financial or otherwise) or prospects of any member of the Enlarged Group; or

- any petition being presented for the winding-up or liquidation of any company comprising the Enlarged Group, or any company comprising the Enlarged Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any company comprising the Enlarged Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any company comprising the Enlarged Group; or

- the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction;

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (for themselves and on behalf of the Joint Bookrunners and the Hong Kong Underwriters, (A) is or will be or may be materially adverse to, or materially and prejudicially affects, the assets, liabilities, business, general affairs, management, shareholder’s equity, profit, losses, results of operations, position or condition (financial or otherwise), or prospects of the Company or the Enlarged Group as a whole or to any present or prospective shareholder of the Company in its capacity as such; or (B) has or will have or may have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares and/or has made or is likely to make or may make it impracticable or inadvisable or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or (C) makes or will make it or may make it impracticable or inadvisable or incapable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the Prospectus, the Application Forms, the Formal Notice, the preliminary offering circular or the offering circular; or

- there has come to the notice of the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, or any of the Hong Kong Underwriters:

  - that any statement contained in the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was or has become untrue, incomplete, incorrect or misleading in any material respect or any forecasts, estimate, expressions of opinion, intention or expectation expressed in the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications so issued or used are not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or

  - non-compliance of the Prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law; or

  - any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Prospectus, not having been disclosed in the Prospectus, constitutes a material omission therefrom; or

  - there has been a material breach of any of the representations, warranties, undertakings or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by the Company or it is (or would when repeated be) untrue, incorrect, incomplete or misleading in any material respect, provided however that where any of such representations, warranties, undertakings or provisions has been given on a materiality basis, then this termination right will be exercisable when such representation, warranty, undertaking or provision is (or would when repeated be) breached in any respect; or

  - any event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement if such liability may materially and adversely affect the business or financial or trading position of the Enlarged Group; or

  - Admission (as defined in the Hong Kong Underwriting Agreement) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

  - any material breach of any of the obligations of the Company under the Hong Kong Underwriting Agreement;

then the Joint Representatives may (for themselves and on behalf of the Joint Bookrunners and the Hong Kong Underwriters), in their sole and absolute discretion and after consultation with the Company, give notice in writing to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Hong Kong Stock Exchange pursuant to the Hong Kong Listing Rules

Undertakings by Us

We have undertaken to the Hong Kong Stock Exchange that, except in certain circumstances prescribed by Rule 10.08 of the Hong Kong Listing Rules, the Global Offering and the Over-allotment Option, no further shares or securities convertible into securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date).

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by Us

We have also undertaken to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time from the date of the Hong Kong Underwriting Agreement up to and including the date falling six months from the Listing Date ("First Six-month Period"), we will not without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Joint Bookrunners and the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of the Company, as applicable), or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities of the Company or any interest therein; or

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the transactions specified above is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six-month Period).

The Company has further agreed that, in the event the Company enters into any of the transactions specified above or offers to or agrees to or announces any intention to effect any such transaction after the First Six-month Period, it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any Shares or other securities of the Company.

The International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for the International Offer Shares, failing which they agree to subscribe for or purchase their respective proportions of the International Offer Shares which are not taken up under the International Offering.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to an aggregate of 1,323,750,000 additional Offer Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocations (if any) in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

Total Commission and Expenses

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 2% on the Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, our Company will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Global Coordinators and the relevant International Underwriters (but not the Hong Kong Underwriters). In addition, the Company may, in its sole discretion, pay any Hong Kong Underwriter an incentive fee of up to 0.5% of the Offer Price per Hong Kong Offer Share.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$2.61 per H Share (being the midpoint of the indicative offer price range of HK$2.43 to HK$2.78 per H Share), the aggregate commissions and fees (excluding any discretionary incentive fee which may be payable by us), together with listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering are estimated to be approximately HK$457.3 million in total.

We have agreed to indemnify the Hong Kong Underwriters and International Underwriters for certain losses which they may suffer, including liabilities under the U.S. Securities Act, losses incurred arising from their performance of their obligations under the Underwriting Agreements and any breach by our Company of the Underwriting Agreements.

Activities by Syndicate Members

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and, together referred to as "Syndicate Members," may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their or part of their underlying assets, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described in the sections headed "Structure of the Global Offering – The International Offering – Over-allotment Option" and "Information About this Prospectus and the Global Offering – Stabilization." These activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

Indemnity

We have agreed to indemnify, among others, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement as the case may be.

Hong Kong Underwriters' Interests in Our Company

Save as disclosed in this Prospectus and save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Other Services to our Company

Certain of the Joint Representatives the Joint Global Coordinators, the Hong Kong Underwriters or their respective affiliates have, from time to time, provided and expect to provide in the future investment banking and other services to our Company and our respective affiliates, for which such Joint Representatives, Joint Global Coordinators, Hong Kong Underwriters or their respective affiliates have received or will receive customary fees and commissions.

H Share Over-Allotment and Stabilization

For details of the arrangements relating to the Over-allotment Option and stabilization, Please refer to "Structure of the Global Offering – The International Offering – Stabilization."

Sponsors' Independence

The Joint Sponsors satisfy the independence criteria applicable to sponsor set out in Rule 3A.07 of the Hong Kong Listing Rules.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 441,250,000 New Shares in Hong Kong as described below in the section entitled "Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of initially 8,383,750,000 H Shares to be offered to (i) in the United States to qualified institutional buyers in reliance on Rule 144A or another exemption from, or in transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States in reliance on Regulation S. At any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, the Joint Representatives, as representatives of the International Underwriters, have an option to require our Company to issue and allot up to an aggregate of 1,323,750,000 additional Offer Shares, representing 15% of the initial number of Offer Shares to be offered in the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering, if any.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 20% of the enlarged issued share capital of the Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 22.33% of the enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph headed "Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the section headed "Reallocation" below.

HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 441,250,000 H Shares for subscription by the public in Hong Kong at the Offer Price, representing 5% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Offer Shares will represent approximately 1% of the Company's registered share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed "Conditions of the Hong Kong Public Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 220,625,000 Offer Shares are liable to be rejected.

Reallocation

Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. An application has been made for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that, the allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to the following adjustments:

- 441,250,000 Offer Shares, representing 5% of the total number of the Offer Shares are initially available in the Hong Kong Public Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 661,876,000 Offer Shares, representing approximately 7.5% of the Offer Shares initially available under the Global Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 882,500,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering; and

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 1,765,000,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, under particular circumstances, be reallocated as between these offerings by the Joint Representatives. Subject to the foregoing paragraph, the Joint Global Coordinators may reallocate H Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Joint Representatives may in their sole and absolute discretion to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$2.78 per H Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "Pricing of the Global Offering" below, is less than the maximum price of HK$2.78 per H Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section entitled "How to Apply for Hong Kong Offer Shares."

References in this Prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 8,383,750,000 Offer Shares representing 95% of the Offer Shares under the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section entitled "Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, we are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Representatives on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Representatives have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to an aggregate of 1,323,750,000 additional Offer Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.91% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

Stabilization

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for them, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 1,323,750,000 H Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimising any reduction in the market price;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimising any deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimising any reduction in the market price;

(e) selling the H Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Hong Kong Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Thursday, January 1, 2015. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing

Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Pricing of the Global Offering

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Wednesday, December 3, 2014, and in any event on or before Tuesday, December 9, 2014, by agreement between the Joint Representatives (on behalf of the Joint Bookrunners and the Underwriters) and the Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$2.78 per H Share and is expected to be not less than HK$2.43 per H Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this Prospectus.**

The Joint Representatives, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.cgnp.com.cn**) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the offer price, if agreed upon by the Joint Representatives, on behalf of the Underwriters, and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this Prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Representatives, will under no circumstances be set outside the Offer Price range as stated in this Prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Representatives may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 5% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Representatives.

The net proceeds of the Global Offering accruing to our Company (after deduction of underwriting commissions and other expenses in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$20,899.0 million, assuming an Offer Price per H Share of HK$2.43, or approximately HK$23,925.7 million, assuming an Offer Price per H Share of HK$2.78 (or if the Over-allotment Option is exercised in full, approximately HK$24,051.1 million, assuming an Offer Price per H Share of HK$2.43, or approximately HK$27,531.9 million, assuming an Offer Price per H Share of HK$2.78).

The Offer Price for H Shares under the Global Offering is expected to be announced on Tuesday, December 9, 2014. The indications of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Tuesday, December 9, 2014 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.cgnp.com.cn**).

Hong Kong Underwriting Agreement

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section entitled "Underwriting."

H Shares will be eligible for CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, December 10, 2014, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Wednesday, December 10, 2014. Our H Shares will be traded in board lots of 1,000 H Shares each and the stock code of our H Shares will be 1816.

Conditions of the Hong Kong Public Offering

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Representatives (on behalf of the Underwriters) on or before Tuesday, December 9, 2014, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section entitled "How to Apply for Hong Kong Offer Shares." In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Tuesday, December 9, 2014 but will only become valid certificates of title at 8:00 a.m. on Wednesday, December 10, 2014 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section entitled "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" has not been exercised.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Representatives may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Hong Kong Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;

- an associate (as defined in the Hong Kong Listing Rules) of any of the above;
- a connected person (as defined in the Hong Kong Listing Rules) of the Company or going to become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, November 27, 2014 to 12:00 noon on Tuesday, December 2, 2014 from:

(i) the following office of the Hong Kong Underwriters:

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Merrill Lynch Far East Limited
55/F, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

CITIC Securities Corporate Finance (HK) Limited
26/F, CITIC Tower, 1 Tim Mei Avenue, Central
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

BNP Paribas Securities (Asia) Limited
62/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

ICBC International Securities Limited
37/F ICBC Tower
3 Garden Road
Hong Kong

BOCI Asia Limited
26/F Bank of China Tower
1 Garden Road, Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F Chater House
8 Connaught Road
Central
Hong Kong

Credit Suisse (Hong Kong) Limited
Level 88, International Commerce Centre
One Austin Road West, Kowloon
Hong Kong

CCB International Capital Limited
12/F CCB Tower
3 Connaught Road Central
Hong Kong

(ii) any of the branches of the following receiving banks:

Bank of China (Hong Kong) Limited

	Branch	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Sheung Wan Branch	252 Des Voeux Road Central
	King's Road Branch	131-133 King's Road, North Point
	Lee Chung Street Branch	29-31 Lee Chung Street, Chai Wan
Kowloon	194 Cheung Sha Wan Road Branch	194-196 Cheung Sha Wan Road, Sham Shui Po
	To Kwa Wan Branch	80N To Kwa Wan Road, To Kwa Wan
New Territories	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza Phase II
	Sheung Shui Branch Securities Services Centre	136 San Fung Avenue, Sheung Shui

Industrial and Commercial Bank of China (Asia) Limited

	Branch	Address
Hong Kong Island	Central Branch	1/F, 9 Queen's Road Central
	West Point Branch	242-244 Queen's Road West, Sai Ying Pun
	Aberdeen Branch	Shop 7A, G/F, Site 1, Aberdeen Centre
Kowloon	Tsimshatsui Branch	Shop 1&2, G/F, No. 35-37 Hankow Road, Tsimshatsui
	Mei Foo Branch	Shop N95A, 1/F, Mount Sterling Mall, Mei Foo Sun Chuen
	Hung Hom Branch	Shop 2A, G/F, Hung Hom Shopping Mall, 2-34E Tak Man Street, Hung Hom
New Territories	Tsuen Wan Castle Peak Road Branch	G/F, 423-427 Castle Peak Road Tsuen Wan
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34-38 Tai Wing Lane, Tai Po

Standard Chartered Bank (Hong Kong) Limited

	Branch	Address
Hong Kong Island	Hennessy Road Branch	399 Hennessy Road, Wanchai
	Wanchai Southern Branch	Shop C2 on G/F and 1/F to 2/F, Lee Wing Building, No. 156-162 Hennessy Road, Wanchai
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
Kowloon	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong
	Tsimshatsui Branch	G/F, 8A-10 Granville Road, Tsimshatsui
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	Metroplaza Branch	Shop No. 175-176, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung
	Shatin Plaza Branch	Shop No. 8, Shatin Plaza, 21-27 Shatin Centre Street, Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, November 27, 2014 until 12:00 noon on Tuesday, December 2, 2014 from the Depository Counter of **HKSCC** at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to Bank of China (Hong Kong) Nominees Limited – CGN Power Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Thursday, November 27, 2014 – 9:00 a.m. to 5:00 p.m.
- Friday, November 28, 2014 – 9:00 a.m. to 5:00 p.m.
- Saturday, November 29, 2014 – 9:00 a.m. to 1:00 p.m.
- Monday, December 1, 2014 – 9:00 a.m. to 5:00 p.m.
- Tuesday, December 2, 2014 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, December 2, 2014, the last application day or such later time as described in "– 10. Effect of Bad Weather on the Opening of the Applications Lists."

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or its agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Hong Kong Companies Ordinance, Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this Prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this Prospectus and have only relied on the information and representations contained in this Prospectus in making your application and will not rely on any other information or representations except those in any supplement to this Prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this Prospectus;

(vi) agree that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this Prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our H Share Registrar, receiving banks, the Joint Sponsors, the Joint Representatives, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Representatives and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this Prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any H Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the H Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** service by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Terms and Conditions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "– 2. Who can apply" may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** service to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO service

You may submit your application to the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, November 27, 2014 until 11:30 a.m. on Tuesday, December 2, 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, December 2, 2014 or such later time under the "– 10. Effects of Bad Weather on the Opening of the Applications Lists."

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this Prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 per each "CGN Power Co., Ltd." **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of Dong Jiang – Hong Kong Forest" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives and our H Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this Prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this Prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this Prospectus and have relied only on the information and representations in this Prospectus in causing the application to be made, save as set out in any supplement to this Prospectus;
- agree that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this Prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our H Share Registrar, receiving banks, the Joint Sponsors, the Joint Representatives, the Joint Bookrunners, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this Prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this Prospectus under Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Hong Kong Companies Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

- **agree** with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):

(a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with Articles of Association of the Company;

(b) that any award made in such arbitration shall be final and conclusive; and

(c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- **agree** with the Company (for the Company itself and for the benefit of each shareholder of the Company) that H shares in the Company are freely transferable by their holders; and

- **authorize** the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this Prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Thursday, November 27, 2014 – 9:00 a.m. to 8:30 p.m.(1)
- Friday, November 28, 2014 – 8:00 a.m. to 8:30 p.m.(1)
- Saturday, November 29, 2014 – 8:00 a.m. to 1:00 p.m.
- Monday, December 1, 2014 – 8:00 a.m. to 8:30 p.m.(1)
- Tuesday, December 2, 2014 – 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, November 27, 2014 until 12:00 noon on Tuesday, December 2, 2014 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, December 2, 2014, the last application day or such later time as described in "– 10. Effect of Bad Weather on the Opening of the Application Lists."

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this Prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the H Share Registrar, the receiving bankers, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** service to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, December 2, 2014.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to "Structure of the Global Offering – the International Offering – Pricing of the Global Offering."

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, December 2, 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, December 2, 2014 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable," an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Tuesday, December 9, 2014 in South China Morning Post (in English), Hong Kong Economic Times (in Chinese) and on the Company's website at **www.cgnp.com.cn** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.cgnp.com.cn** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Tuesday, December 9, 2014;

- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, December 9, 2014 to 12:00 midnight on Monday, December 15, 2014;

- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, December 9, 2014 to Friday, December 12, 2014;

- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, December 9, 2014 to Thursday, December 11, 2014 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus.

If any supplement to this Prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives, the **White Form eIPO** service and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Representatives believe(s) that by accepting your application, it/they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering – Conditions of the Hong Kong Public Offering" in this Prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, December 9, 2014.

14. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- H Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, H Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your Company may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of H Share certificates and refund monies as mentioned below, any refund cheques and H Share certificates are expected to be posted on or around Tuesday, December 9, 2014. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

H Share certificates will only become valid at 8:00 a.m. on Wednesday, December 10, 2014 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or H Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, December 9, 2014 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund cheque(s) and/or H Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or H Share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, December 9, 2014, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, December 9, 2014, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, December 9, 2014, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- ***If you apply through a designated CCASS participant (other than a CCASS investor participant)***

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- ***If you are applying as a CCASS investor participant***

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, December 9, 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO Service

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your H Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, December 9, 2014, or such other date as notified by the Company in the newspapers as the date of despatch/collection of H Share certificates/ e-Refund payment instructions/refund cheques.

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, December 9, 2014 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, December 9, 2014, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above on Tuesday, December 9, 2014. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, December 9, 2014 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, December 9, 2014. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, December 9, 2014.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Hong Kong Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Deloitte.
德勤

德勤 • 關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

November 27, 2014

The Directors
CGN Power Co., Ltd.
China International Capital Corporation Hong Kong Securities Limited
Merrill Lynch Far East Limited
ABCI Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to 中國廣核電力股份有限公司 CGN Power Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 (the "Relevant Periods") for inclusion in the prospectus dated November 27, 2014 (the "Prospectus") in connection with the initial public offering of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was established in the People's Republic of China (the "PRC") on March 25, 2014 (date of establishment) as a joint stock company with limited liability under the Company Law of the PRC as part of the reorganization (the "Reorganization") of 中國廣核集團有限公司 China General Nuclear Power Corporation (formerly known as 中國廣東核電集團有限公司 China Guangdong Nuclear Power Corporation Limited) ("CGNPC"), a state-owned enterprise established in the PRC. Pursuant to the reorganization as more fully explained in the paragraphs headed "Our History and Development" in the section "History, Reorganization and Corporate Structure" of the Prospectus, the Company became the holding company of the subsidiaries now comprising the Group on March 25, 2014.

During the Relevant Periods and as at the date of this report, the particulars of the Company's subsidiaries, which operate in the PRC, are as follows:

Name of subsidiary	Date and place of establishment	Paid up registered capital	Equity interests attributable to the Group: At December 31, 2011	2012	2013	At June 30, 2014	At the date of report	Principal activities
中廣核檢測技術有限公司 CGN Inspection. Technology Co., Ltd. ("CGN Inspection Technology")** *(note (a))*	October 23, 2007 PRC	RMB170,000,000	75%##	75%##	75%##	75%##	75%##	Maintenance services for nuclear power station
中廣核寧核投資有限公司 CGN Ninghe Investment Co., Ltd. ("Ninghe Investment")*	October 11, 2011 PRC	RMB100,000,000	56.52%#	56.52%#	56.52%#	56.52%#	56.52%#	Investment holding
中廣核核電投資有限公司 CGN Nuclear Power Investment Co., Ltd. ("CGN Investment")*	October 11, 2011 PRC	RMB100,000,000	77.78%#	77.78%#	77.78%#	77.78%#	77.78%#	Investment holding
中國大亞灣核電技術研究院有限公司 China Daya Bay Nuclear Power Technology Research Institute Co., Ltd. ("Daya Bay Research Institute")*	May 9, 1988 PRC	RMB23,500,000	100%##	100%##	100%##	100%##	100%##	Nuclear power technology development
中廣核核電運營有限公司 China Nuclear Power Operations Co, Ltd. ("CGN Operations")*	August 3, 2012 PRC	RMB100,000,000	N/A	100%#	100%#	100%#	100%#	Nuclear power operating and consulting services
中廣核(北京)仿真技術有限公司 China Nuclear Power (Beijing) Simulation Technology Corporation Ltd. ("CGN Simulation Technology")** *(note (b))*	May 9, 2008 PRC	RMB20,000,000	54%##	75%##	75%##	75%##	75%##	Nuclear power technology development
中科華核電技術研究院有限公司 China Nuclear Power Technology Research Institute ("CNPRI")* *(note (c))*	November 8, 2006 PRC	RMB845,550,000	100%#	100%#	100%#	100%#	100%#	Nuclear power technology development and management service
大亞灣核電運營管理有限責任公司 Daya Bay Nuclear Power Operations and Managements Co, Ltd. ("DNMC")** *(note (d))*	March 12, 2003 PRC	RMB250,000,000	87.50%##	87.50%##	87.50%##	87.50%##	87.50%##	Management of nuclear power station
廣東大亞灣核電環保有限公司 Guangdong Daya Bay Nuclear Power Environment Protection Co., Ltd. ("Daya Bay Environment Protection")* *(note (j))*	January 7, 2002 PRC	RMB30,000,000	100%#	100%#	100%#	100%#	100%#	Environmental protection of nuclear power
廣東核電投資有限公司 Guangdong Nuclear Investment Co., Ltd. ("GNIC")* *(note (e))*	August 18, 1983 PRC	RMB16,000,000,000	100%#	100%#	100%#	100%#	100%#	Investment holding and sales of electricity

Name of subsidiary	Date and place of establishment	Paid up registered capital	Equity interests attributable to the Group At December 31, 2011	2012	2013	At June 30, 2014	At the date of report	Principal activities
廣東核電合營有限公司 Guangdong Nuclear Power Joint Venture Co, Ltd. ("GNPJVC")**	January 26, 1985 PRC	USD400,000,000	75%##	75%##	75%##	75%##	75%##	Nuclear power generation
嶺澳核電有限公司 Ling Ao Nuclear Power Co, Ltd. ("Ling'ao Nuclear")*	October 4, 1995 PRC	RMB3,323,224,000	100%#	100%#	100%#	100%#	100%#	Nuclear power generation
嶺東核電有限公司 Ling Dong Nuclear Power Co, Ltd. ("Lingdong Nuclear")*	September 15, 2004 PRC	RMB5,348,000,000	100%#	100%#	100%#	100%#	100%#	Nuclear power generation
嶺灣核電有限公司 Lingwan Nuclear Power Co., Ltd. ("Lingwan Nuclear")* *(note (f))*	April 30, 2009 PRC	RMB50,000,000	100%##	100%##	–	–	–	Inactive
南京新蘇熱電有限公司 Nanjing Xinsu Thermoelectricity Co., Ltd. ("Xinsu Thermoelectricity")*	September 11, 2001 PRC	RMB80,340,000	90%##	90%##	90%##	90%##	90%##	Inactive
蘇州熱工研究院有限公司 Suzhou Nuclear Power Research Institute* *(note (g))*	May 13, 1978 PRC	RMB393,500,000	100%##	100%#	100%#	100%#	100%#	Nuclear technology development
蘇州東南電力技術開發總公司 Suzhou Southeast Power*^	August 12, 1994 PRC	RMB2,000,000	100%##	100%##	100%##	100%##	100%##	Inactive
陽江核電基地開發有限公司 Yangjiang Nuclear Power Basement Development Co., Ltd. ("Yangjiang Site Development")* *(note (h))*	July 12, 2007 PRC	RMB260,000,000	70%##	70%##	70%##	70%##	–	Property development
陽江核電有限公司 Yangjiang Nuclear Power Co., Ltd. ("Yangjiang Nuclear")* *(note (i))*	February 23, 2005 PRC	RMB11,522,000,000	76%#	76%#	76%#	76%#	76%#	Nuclear power generation

* Limited liability company established in the PRC.

** A sino-foreign joint venture with limited liability.

^ The subsidiary is under the deregistration process.

The subsidiary is directly held by the Company.

The subsidiary is indirectly held by the Company.

Notes:

(a) The registered capital of CGN Inspection Technology was increased from RMB104,000,000 to RMB170,000,000 on October 16, 2012.

(b) In July 2012, the Group acquired additional 21% equity interest in CGN Simulation Technology, which was a joint venture of the Group. After completion the acquisition of additional 21% equity interest of CGN Simulation Technology, it became a subsidiary of the Group. Details are set out in note 47.

(c) The registered capital of CNPRI was increased from RMB580,000,000 to RMB742,050,000 as at December 31, 2011. On November 5, 2014, the registered capital of CNPRI was further increased from RMB742,050,000 to RMB845,550,000.

(d) The registered capital of DNMC was decreased from RMB500,000,000 to RMB250,000,000 on August 7, 2014.

(e) On March 20, 2014, the predecessor of GNIC was transformed to a limited liability company as part of the Reorganization. After the transformation, the registered capital of GNIC was increased from RMB750,000,000 to RMB16,000,000,000.

(f) Lingwan Nuclear was disposed in 2013. Details are set out in note 48.

(g) In 2012, the Group acquired 100% equity interests of Suzhou Nuclear Power Research Institute from CNPRI. The registered capital of Suzhou Nuclear Power Research Institute was increased from RMB286,000,000 to RMB368,750,000, from RMB368,750,000 to RMB393,500,000 as at December 31, 2012 and 2013 respectively.

(h) Yangjiang Nuclear entered into equity transfer agreement with 中廣核服務集團有限公司 CGN Services Group Co., Ltd. ("CGN Services Group"), a wholly owned subsidiary of CGNPC, on August 6, 2014, pursuant to which Yangjiang Nuclear agreed to transfer its 70% equity interest in Yangjiang Site Development to CGN Services Group for a consideration of approximately RMB311,920,000. The transaction was completed on August 8, 2014.

(i) The registered capital of Yangjiang Nuclear was increased from RMB2,800,000,000 to RMB4,800,000,000, from RMB4,800,000,000 to RMB7,566,000,000, from RMB7,566,000,000 to RMB9,491,000,000 and from RMB9,491,000,000 to RMB10,709,600,000 as at December 31, 2011, 2012, 2013 and June 30, 2014 respectively. On July 9, 2014, the registered capital of Yangjiang Nuclear was further increased from RMB10,709,600,000 to RMB11,522,000,000.

(j) The registered capital of Daya Bay Environment Protection was increased from RMB18,000,000 to RMB30,000,000 on October 9, 2014.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries, associates and joint ventures as set out above, and in notes 19 and 20 respectively. The Company and its subsidiaries have adopted December 31 as their financial year end date for statutory financial reporting purposes.

No audited statutory financial statements have been prepared for the Company since its establishment as the Company was established on March 25, 2014 and they are not yet due for issuance. Suzhou Southeast Power commenced the deregistration process in September 2005, and no statutory financial statements were issued for the years ended December 31, 2011, 2012 and 2013.

The statutory financial statements of other subsidiaries for the Relevant Periods or since their respective dates of establishment, where this is a shorter period, were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC and were audited by the certified public accountants set out as below:

Name of subsidiary	Financial periods	Name of auditor
CGN Inspection Technology	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
Ninghe Investment	From October 11,2011 (date of establishment) to December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
CGN Investment	From October 11, 2011 (date of establishment) to December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
Daya Bay Research Institute	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
CGN Operations	From August 3, 2012 (date of establishment) to December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
CGN Simulation Technology	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
CNPRI	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch

Name of subsidiary	Financial periods	Name of auditor
DNMC	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
Daya Bay Environment Protection	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
GNIC	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
GNPJVC	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Shine Wing Certified Public Accountants Shenzhen Branch
	Year ended December 31, 2013	Shine Wing Certified Public Accountants Shenzhen Branch
Ling'ao Nuclear	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
Lingdong Nuclear	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
Lingwan Nuclear *(note)*	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
Xinsu Thermoelectricity	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
Suzhou Nuclear Power Research Institute	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
Yangjiang Site Development	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch

Name of subsidiary	Financial periods	Name of auditor
Yangjiang Nuclear	Year ended December 31, 2011	Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
	Year ended December 31, 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch
	Year ended December 31, 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch

Note: Lingwan Nuclear was disposed in 2013. Details are set out in note 48.

The directors of the Company have prepared the consolidated financial statements of the Company and its subsidiaries now comprising the Group for the Relevant Periods (the "Underlying Financial Statements"), in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). We have audited the Underlying Financial Statements in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB").

We have examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements on the basis set out in note 2 to section A below. No adjustments are deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 2 to section A, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at June 30, 2014 and of the Group as at December 31, 2011, 2012 and 2013, and June 30, 2014 and of the consolidated results and consolidated cash flows of the Group for the Relevant Periods.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the six months ended June 30, 2013 together with the notes thereon have been extracted from the unaudited financial information of the Group for the same period (the "June 30, 2013 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We have reviewed the June 30, 2013 Financial Information in accordance with the International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the IAASB. Our review of the June 30, 2013 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the June 30, 2013 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the June 30, 2013 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRSs.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31, 2011 RMB'000	2012 RMB'000	2013 RMB'000	Six months ended June 30, 2013 RMB'000 (unaudited)	2014 RMB'000
Revenue	6	15,881,005	17,575,078	17,365,016	8,171,088	9,754,173
Less: Tax surcharge		220,816	250,153	255,384	103,278	121,286
Cost of sales and services		7,986,622	9,154,509	8,961,147	3,991,368	4,496,206
Gross profit		7,673,567	8,170,416	8,148,485	4,076,442	5,136,681
Other income	7	1,223,613	1,488,551	1,505,838	1,317,411	988,861
(Loss) gain arising from changes in fair value of derivative financial instruments		(8,343)	41,527	157,276	(48,155)	(109,148)
Selling and distribution expenses		(1,120)	(3,707)	(4,107)	(2,034)	(1,552)
Other expenses		(229,881)	(108,152)	(175,278)	(82,567)	(37,998)
Administrative expenses		(811,329)	(917,335)	(1,027,154)	(446,164)	(584,322)
Other gains and losses	8	447,210	323,417	(24,064)	160,709	(57,188)
Share of results of associates		150,922	(5,395)	148,808	22,790	(39,283)
Share of results of joint ventures		1,938	(4,011)	143,516	95,155	(154,797)
Finance costs	9	(2,114,183)	(3,117,505)	(2,803,588)	(1,414,421)	(1,515,168)
Profit before taxation		6,332,394	5,867,806	6,069,732	3,679,166	3,626,086
Taxation	10	(936,009)	(890,453)	(998,335)	(531,691)	(536,512)
Profit for the year/period	11	5,396,385	4,977,353	5,071,397	3,147,475	3,089,574
Other comprehensive (expenses) income:						
Items that may be reclassified subsequently to profit or loss:						
– Gain on available-for-sale investment		–	72,135	62,260	25,662	30,542
– Exchange differences arising on translation of a subsidiary		(440,893)	(10,461)	(255,876)	(130,635)	72,526
– Income tax relating to components of other comprehensive income		–	(18,034)	(15,564)	(6,415)	(7,636)
– Others		9,014	(3,759)	1,039	(3,503)	(1,685)
Other comprehensive (expenses) income for the year/period, net of income tax		(431,879)	39,881	(208,141)	(114,891)	93,747
Total comprehensive income for the year/period		4,964,506	5,017,234	4,863,256	3,032,584	3,183,321
Profit for the year/period attributable to:						
Owners of the Company		4,727,489	4,144,645	4,194,547	2,652,512	2,571,559
Non-controlling interests		668,896	832,708	876,850	494,963	518,015
		5,396,385	4,977,353	5,071,397	3,147,475	3,089,574
Total comprehensive income attributable to:						
Owners of the Company		4,396,819	4,190,900	4,049,335	2,571,198	2,648,860
Non-controlling interests		567,687	826,334	813,921	461,386	534,461
		4,964,506	5,017,234	4,863,256	3,032,584	3,183,321
Earnings per share attributable to owners of the Company						
– Basic (RMB)	13	0.29	0.17	0.15	0.10	0.09

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

THE GROUP

	NOTES	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	70,068,452	79,184,529	87,041,894	89,607,304
Intangible assets	16	511,148	629,213	764,818	828,184
Investment properties	17	219,412	198,516	182,506	731,155
Interests in associates	19	11,211,395	5,872,234	6,729,540	6,709,461
Interests in joint ventures	20	2,769,089	3,324,566	4,363,726	4,356,250
Available-for-sale investments	21	110,000	2,090,411	2,475,071	2,505,613
Deferred tax assets	22	73,886	83,543	98,000	96,340
Derivative financial instruments	30	89,184	126,940	185,454	153,586
Value added tax recoverable	27	1,369,077	2,140,533	2,384,560	2,497,773
Prepaid lease payments	23	548,230	1,067,701	1,007,152	1,572,221
Deposits for property, plant and equipment		451,079	449,062	681,659	610,748
		87,420,952	95,167,248	105,914,380	109,668,635
CURRENT ASSETS					
Inventories	24	7,531,458	7,513,843	8,384,295	9,438,131
Properties under development for sale	25	352,696	252,413	266,532	271,685
Completed properties for sale	25	–	67,429	46,768	44,485
Prepaid lease payments	23	21,009	20,340	34,845	45,860
Trade and bills receivables	26	1,658,743	1,837,320	1,629,406	2,137,650
Prepayments and other receivables	27	987,985	1,174,877	1,142,907	1,228,226
Amounts due from related parties	28	3,084,104	8,008,986	286,262	320,000
Loans to fellow subsidiaries	29	200,000	370,000	450,000	450,000
Derivative financial instruments	30	103,579	116,595	119,880	97,345
Restricted bank deposits	31	16,070	14,306	7,132	7,168
Cash and cash equivalents	31	10,452,704	5,434,243	6,640,318	7,828,048
Other deposits over three months	31	1,878,250	2,285,610	2,752,446	386,240
		26,286,598	27,095,962	21,760,791	22,254,838
CURRENT LIABILITIES					
Trade and other payables	32	8,397,554	11,183,296	10,350,079	5,106,237
Amounts due to related parties	33	18,831,291	3,687,003	1,825,040	2,821,706
Loans from ultimate holding company	34	6,472,700	19,368,000	9,131,000	3,721,650
Loans from a fellow subsidiary	34	1,606,673	1,511,864	1,565,862	1,651,000
Income tax payable		272,770	175,039	356,482	321,240
Provisions	38	1,820,423	1,152,924	736,819	394,543
Bank borrowings – due within one year	35	3,045,940	2,709,184	2,400,783	2,918,748
Derivative financial instruments	30	98,443	99,961	96,382	113,137
		40,545,794	39,887,271	26,462,447	17,048,261
NET CURRENT ASSETS/(LIABILITIES)		(14,259,196)	(12,791,309)	(4,701,656)	5,206,577
TOTAL ASSETS LESS CURRENT LIABILITIES		73,161,756	82,375,939	101,212,724	114,875,212
NON-CURRENT LIABILITIES					
Bank borrowings – due after one year	35	30,044,046	37,860,868	48,721,826	53,970,085
Notes payable	36	8,500,000	8,500,000	8,500,000	8,500,000
Deferred tax liabilities	22	670,805	958,181	1,199,979	1,276,931
Deferred income	37	278,686	444,949	618,449	612,060
Provisions	38	1,135,282	1,216,746	1,286,493	1,477,725
Derivative financial instruments	30	292,574	274,124	164,640	251,575
Borrowings from a financial institution	35	–	–	–	953,467
Loans from a fellow subsidiary	34	3,167,589	3,041,414	3,099,504	3,191,610
Loans from ultimate holding company	34	–	400,000	400,000	400,000
Payables to ultimate holding company	34	5,530,000	5,530,000	5,530,000	5,530,000
		49,618,982	58,226,282	69,520,891	76,163,453
NET ASSETS		23,542,774	24,149,657	31,691,833	38,711,759
Capital and reserves					
Paid-in/share capital	39	15,708,944	18,279,854	19,767,604	35,300,000
Reserves		1,742,957	(1,975,568)	3,284,117	(5,467,760)
Equity attributable to owners of the Company		17,451,901	16,304,286	23,051,721	29,832,240
Non-controlling interests	40	6,090,873	7,845,371	8,640,112	8,879,519
TOTAL EQUITY		23,542,774	24,149,657	31,691,833	38,711,759

STATEMENT OF FINANCIAL POSITION

THE COMPANY

	NOTES	At June 30, 2014
		RMB'000
NON-CURRENT ASSETS		
Intangible asset	16	128,470
Investments in subsidiaries	18	51,213,789
Investment in an associate	19	1,792,408
Loan to a subsidiary	29	4,000,000
		57,134,667
CURRENT ASSETS		
Amounts due from related parties	28	8,473,630
Cash and cash equivalents	31	2,357,343
		10,830,973
CURRENT LIABILITIES		
Interest on notes payable		406,880
Amount due to ultimate holding company	33	2,371,507
Derivative financial instruments	30	106,734
		2,885,121
NET CURRENT ASSETS		7,945,852
TOTAL ASSETS LESS CURRENT LIABILITIES		65,080,519
NON-CURRENT LIABILITIES		
Notes payable	36	8,500,000
Derivative financial instruments	30	245,946
Payables to ultimate holding company	34	5,530,000
		14,275,946
NET ASSETS		50,804,573
Capital and reserves		
Share capital	39	35,300,000
Capital reserve		15,248,880
Retained earnings		255,693
TOTAL EQUITY		50,804,573

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Paid-in/ share capital	Capital reserve	Investment revaluation reserve	Statutory surplus reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000 (note a)	RMB'000	RMB'000 (note b)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2011	14,564,594	(7,912,341)	–	1,699,875	(1,514,430)	7,401,739	14,239,437	2,519,092	16,758,529
Profit for the year	–	–	–	–	–	4,727,489	4,727,489	668,896	5,396,385
Other comprehensive expenses for the year	–	–	–	–	(330,670)	–	(330,670)	(101,209)	(431,879)
Total comprehensive (expenses) income for the year	–	–	–	–	(330,670)	4,727,489	4,396,819	567,687	4,964,506
Capital injections	1,144,350	6,365,635	–	–	–	–	7,509,985	3,118,502	10,628,487
Deemed distribution to ultimate holding company	–	(7,869,402)	–	–	–	–	(7,869,402)	–	(7,869,402)
Disposal of partial interest in a subsidiary *(note 40)*	–	677,185	–	–	–	–	677,185	1,152,000	1,829,185
Dividend paid *(note 12)*	–	–	–	–	–	(1,502,123)	(1,502,123)	(1,266,408)	(2,768,531)
Transfer	–	–	–	96,701	–	(96,701)	–	–	–
At December 31, 2011	15,708,944	(8,738,923)	–	1,796,576	(1,845,100)	10,530,404	17,451,901	6,090,873	23,542,774
Profit for the year	–	–	–	–	–	4,144,645	4,144,645	832,708	4,977,353
Other comprehensive income (expenses) for the year	–	–	54,101	–	(7,846)	–	46,255	(6,374)	39,881
Total comprehensive income (expenses) for the year	–	–	54,101	–	(7,846)	4,144,645	4,190,900	826,334	5,017,234
Capital injections	2,284,910	537,981	–	–	–	–	2,822,891	1,255,224	4,078,115
Acquisition of a subsidiary *(note 47)*	–	–	–	–	–	–	–	10,966	10,966
Deemed contribution from ultimate holding company	286,000	1,060,142	–	–	–	–	1,346,142	–	1,346,142
Dividend paid *(note 12)*	–	–	–	–	–	(9,507,548)	(9,507,548)	(338,026)	(9,845,574)
Transfer	–	–	–	223,650	–	(223,650)	–	–	–
At December 31, 2012	18,279,854	(7,140,800)	54,101	2,020,226	(1,852,946)	4,943,851	16,304,286	7,845,371	24,149,657
Profit for the year	–	–	–	–	–	4,194,547	4,194,547	876,850	5,071,397
Other comprehensive income (expenses) for the year	–	–	46,696	–	(191,908)	–	(145,212)	(62,929)	(208,141)
Total comprehensive income (expenses) for the year	–	–	46,696	–	(191,908)	4,194,547	4,049,335	813,921	4,863,256
Capital injections	1,487,750	344,121	–	–	–	–	1,831,871	876,011	2,707,882
Deemed contribution from ultimate holding company	–	1,623,934	–	–	–	–	1,623,934	–	1,623,934
Dividend paid *(note 12)*	–	–	–	–	–	(757,705)	(757,705)	(895,191)	(1,652,896)
Transfer	–	–	–	185,720	–	(185,720)	–	–	–
At December 31, 2013	19,767,604	(5,172,745)	100,797	2,205,946	(2,044,854)	8,194,973	23,051,721	8,640,112	31,691,833
Profit for the period	–	–	–	–	–	2,571,559	2,571,559	518,015	3,089,574
Other comprehensive income for the period	–	–	22,906	–	54,395	–	77,301	16,446	93,747
Total comprehensive income for the period	–	–	22,906	–	54,395	2,571,559	2,648,860	534,461	3,183,321
Capital injections	7,395,357	2,728,352	–	–	–	–	10,123,709	434,059	10,557,768
Arising from Reorganization *(note 2)*	8,137,039	(6,908,906)	–	–	–	–	1,228,133	–	1,228,133
Deemed distribution to ultimate holding company	–	(3,045,646)	–	–	–	–	(3,045,646)	–	(3,045,646)
Dividend paid *(note 12)*	–	–	–	–	–	(4,174,537)	(4,174,537)	(729,113)	(4,903,650)
At June 30, 2014	35,300,000	(12,398,945)	123,703	2,205,946	(1,990,459)	6,591,995	29,832,240	8,879,519	38,711,759

	Attributable to owners of the Company								
	Paid-in/ share capital	Capital reserve	Investment revaluation reserve	Statutory surplus reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000 (note a)	RMB'000	RMB'000 (note b)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2013	18,279,854	(7,140,800)	54,101	2,020,226	(1,852,946)	4,943,851	16,304,286	7,845,371	24,149,657
Profit for the period (unaudited)	–	–	–	–	–	2,652,512	2,652,512	494,963	3,147,475
Other comprehensive expenses for the period (unaudited)	–	–	19,246	–	(100,560)	–	(81,314)	(33,577)	(114,891)
Total comprehensive income (expenses) for the period (unaudited)	–	–	19,246	–	(100,560)	2,652,512	2,571,198	461,386	3,032,584
Capital injection	512,049	–	–	–	–	–	512,049	364,626	876,675
Deemed distribution to ultimate holding company (unaudited)	–	(248,203)	–	–	–	–	(248,203)	–	(248,203)
Dividend paid (unaudited) *(note 12)*	–	–	–	–	–	–	–	(660,687)	(660,687)
At June 30, 2013 (unaudited)	18,791,903	(7,389,003)	73,347	2,020,226	(1,953,506)	7,596,363	19,139,330	8,010,696	27,150,026

The Company

STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve	Retained earnings	Total equity
	RMB'000	RMB'000 (note c)	RMB'000	RMB'000
Issue of shares at March 25, 2014 (date of establishment) *(note 2)*	27,904,643	12,520,528	–	40,425,171
Capital injection	7,395,357	2,728,352	–	10,123,709
Profit and total comprehensive income for the period	–	–	255,693	255,693
At June 30, 2014	35,300,000	15,248,880	255,693	50,804,573

Notes:

(a) Capital reserve of the Group included deemed contribution from (distribution to) the ultimate holding company in relation to the nuclear power assets and liabilities transferred from the ultimate holding company to the Group before the completion of Reorganization, the effects from change in Group's ownership interest in subsidiaries without loss of control as well as that from Reorganization (note 2), and capital injection from owners of the Company in excess of paid-in capital.

(b) As stipulated by the relevant laws in the PRC, entities in PRC are required to maintain a statutory surplus reserve. The statutory surplus reserve is 10% of profit after taxation of the entities according to the PRC statutory financial statements. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the PRC entities registered capital. The surplus reserve can be used to make up losses or for conversion into capital. The PRC subsidiaries may, upon the approval by a resolution of the owners, convert their surplus reserves into capital in proportion to their then existing capital contribution.

(c) Capital reserve of the Company represents the excess of fair value of assets and liabilities transferred from CGNPC to the Company at March 25, 2014 and cash paid for subscription of ordinary shares less the nominal value of issued ordinary shares.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating activities					
Profit before taxation	6,332,394	5,867,806	6,069,732	3,679,166	3,626,086
Provisions for nuclear power operation	810,883	798,435	745,816	363,455	400,459
Depreciation of property, plant and equipment	2,391,336	2,572,903	2,423,166	1,059,538	1,307,788
Amortization of prepaid lease payments	20,534	18,895	6,927	3,641	13,266
Amortization of investment properties	17,460	17,383	16,670	8,405	21,083
Amortization of intangible assets	203,561	95,155	42,922	13,907	27,310
Finance costs	2,114,183	3,117,505	2,803,588	1,414,421	1,515,168
Recognition (reversal) of allowance for trade and other receivables	954	(6,566)	2,249	75	2,209
Allowance for inventories	18,771	111,454	45,098	–	27,469
Loss on disposal of property, plant and equipment	94,056	28,547	38,952	8,618	3,842
Gain on disposal of investment properties	–	(57,492)	–	–	–
Gain on disposal of available-for-sale investments	(30,003)	–	–	–	–
Gain on disposal of interest in an associate	–	(378,854)	–	–	–
Bargain purchase gain	–	(4,343)	–	–	–
Unrealized fair value change in derivative financial instruments	140,887	(55,547)	(163,408)	87,301	158,563
Dividend income from available for sale investment	(22,221)	–	–	–	–
Government grant related to assets	(1,408)	(16,692)	(19,807)	(14,379)	(10,041)
Interest income	(168,436)	(171,532)	(161,661)	(80,316)	(82,381)
Share of results of joint ventures	(1,938)	4,011	(143,516)	(95,155)	154,797
Share of results of associates	(150,922)	5,395	(148,808)	(22,790)	39,283
Unrealized net exchange (gains) losses	(408,981)	(19,730)	(316,153)	(161,878)	84,745
Operating cash flows before movements in working capital	11,361,110	11,926,733	11,241,767	6,264,009	7,289,646
Decrease (increase) in inventories	56,815	(80,315)	(915,550)	(762,616)	(1,081,305)
(Increase) decrease in trade and other receivables	(370,080)	(541,711)	391,627	(1,901)	(565,612)
Increase (decrease) in trade and other payables	1,288,275	(484,200)	508,389	(633,830)	(772,944)
Decrease in nuclear power provision	(837,648)	(1,454,460)	(1,147,922)	(909,222)	(737,239)
Decrease in completed properties for sale	–	202,560	48,448	569	4,714
Increase in properties under development for sale	(115,328)	(169,706)	(41,906)	(3,735)	(7,584)
Increase (decrease) in derivative financial liabilities, net	17,163	(12,157)	(11,454)	(228,396)	(470)
Cash generated from operations	11,400,307	9,386,744	10,073,399	3,724,878	4,129,206
Income tax paid	(1,181,819)	(726,360)	(579,940)	(332,882)	(509,189)
Net cash generated from operating activities	10,218,488	8,660,384	9,493,459	3,391,996	3,620,017

	NOTES	Year ended December 31,			Six months ended June 30,	
		2011	2012	2013	2013	2014
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Investing activities						
Interest received		168,436	171,532	161,661	80,316	82,381
Deposit paid and purchase of property, plant and equipment		(12,436,312)	(7,805,125)	(9,932,213)	(4,386,018)	(7,562,820)
Addition to intangible assets		(246,074)	(213,220)	(178,527)	(113,884)	(90,676)
Addition to prepaid lease payments		(12,274)	(539,142)	(3,696)	(2,460)	–
Proceeds from disposal of property, plant and equipment		308,297	30,926	8,966	6,904	9,903
Proceeds from disposal of investment properties		–	60,960	–	–	–
Proceeds from disposal of available-for-sale investments		1,617,853	–	–	–	–
Proceeds from disposals of an associate		–	348,183	–	–	–
Deposit received for disposal of interest in an associate		4,638,161	–	–	–	–
Government grants received		103,310	182,955	193,307	164,516	3,652
Placement of deposits with original maturity over three months		(2,060,982)	(2,384,336)	(2,965,667)	(1,648,377)	(1,840,993)
Withdrawal of deposits with original maturity over three months		2,211,823	1,976,976	2,498,831	2,051,132	4,207,199
Placement of restricted bank deposits		(16,070)	(11,727)	(7,132)	(362)	(7,168)
Withdrawal of restricted bank deposits		20,623	16,070	14,306	598	7,132
Repayments of entrusted loans from fellow subsidiaries		400,000	200,000	370,000	370,000	–
Advance of entrusted loans to fellow subsidiaries		(200,000)	(370,000)	(450,000)	(450,000)	–
Capital contributions to associates		(2,671,022)	(1,171,270)	(730,528)	(381,042)	(127,183)
Capital contributions to joint ventures		(861,138)	(583,174)	(895,644)	(571,318)	(147,321)
Capital contributions to an investee classified as available-for-sale investments		–	–	(322,400)	(160,000)	–
Dividends received from associates		3,329	271	22,030	21,408	107,979
Dividends received from a joint venture		1,717	–	–	–	–
Dividends received from available-for-sale investment		22,221	–	–	–	–
Acquisition of a subsidiary, net of cash acquired	47	–	35,677	–	–	–
Net proceeds from disposal of a subsidiary	48	–	–	12,296	12,296	–
Advance to related parties		(2,816,327)	(5,030,779)	(554,594)	(507,510)	(66,458)
Repayment from related parties		6,296	105,897	8,277,318	8,120,274	32,720
Net cash (used in) from investing activities		(11,818,133)	(14,979,326)	(4,481,686)	2,606,473	(5,391,653)

	NOTES	Year ended December 31, 2011 RMB'000	2012 RMB'000	2013 RMB'000	Six months ended June 30, 2013 RMB'000 (unaudited)	2014 RMB'000
Financing activities						
Capital injections from non-controlling interests		3,118,502	1,255,224	876,011	364,626	434,059
Capital injections		7,509,985	2,822,891	1,831,871	512,049	10,123,709
Proceeds on disposal of partial interest in a subsidiary	40	1,829,185	–	–	–	–
Interest paid		(3,030,307)	(4,328,721)	(5,179,248)	(2,462,698)	(2,100,907)
Loans from a fellow subsidiary		10,376,150	4,250,511	3,277,488	307,143	3,592,644
Repayments to a fellow subsidiary		(10,758,545)	(4,471,495)	(3,165,400)	(3,017,061)	(3,415,400)
Advance from ultimate holding company		2,000,000	–	–	–	–
Loans from ultimate holding company		15,216,500	23,038,000	13,061,000	6,465,000	13,061,000
Repayments to ultimate holding company		(11,371,800)	(9,742,700)	(23,298,000)	(15,000,000)	(18,470,350)
Proceeds from bank borrowings		20,485,112	10,739,170	13,548,126	8,319,488	6,801,442
Repayment of bank borrowings		(12,240,169)	(3,259,104)	(2,995,569)	(1,598,600)	(1,035,218)
Proceeds from borrowings from a financial institution		–	–	–	–	953,467
Dividends paid		(1,502,123)	(9,507,548)	(757,705)	–	(4,174,537)
Dividends paid to non-controlling shareholders with significant influence over the subsidiaries		(1,266,408)	(335,691)	(897,526)	(663,022)	(729,113)
Advance from related parties		242,263	135,225	1,997,151	1,157,708	1,400,831
Repayment to related parties		(14,916,268)	(9,295,210)	(2,235,180)	(2,162,796)	(3,449,811)
Net cash from (used in) financing activities		5,692,077	1,300,552	(3,936,981)	(7,778,163)	2,991,816
Net increase (decrease) in cash and cash equivalents		4,092,432	(5,018,390)	1,074,792	(1,779,694)	1,220,180
Cash and cash equivalents at the beginning of the year/period		6,194,951	10,452,704	5,434,243	5,434,243	6,640,318
Effects of exchange rate changes		165,321	(71)	131,283	53,376	(32,450)
Cash and cash equivalents at the end of the year/period		10,452,704	5,434,243	6,640,318	3,707,925	7,828,048

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established in the PRC on March 25, 2014 (date of establishment) as a joint stock company with limited liability under the Company Law of the PRC. The parent and the ultimate holding of the Company is CGNPC, a state-owned enterprise in the PRC controlled by State-Owned Assets Supervision and Administration Commission of the State Council ("SASAC") of the PRC Government.

The respective addresses of the registered office and the principal place of business of the Company are disclosed in the section "Corporate Information" of the Prospectus. It was registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap.622) on June 26, 2014.

The Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Company and its principal subsidiaries.

2. REORGANIZATION AND BASIS OF PRESENTATION

On December 4, 2013, the SASAC approved the Reorganization of CGNPC. In March, 2014, CGNPC entered into the reorganization agreement with the Company (the "Reorganization Agreement"). Pursuant to the Reorganization Agreement, the nuclear power operations (other than the Retained Nuclear Power Business as defined below, referred to as the "Nuclear Power Business") carried out by CGNPC are transferred to the Company, which includes nuclear power plant operation, nuclear project investment and nuclear power technology development carried out by CGNPC's subsidiaries, as well as certain assets and liabilities of CGNPC that are attributable to the Nuclear Power Business.

Pursuant to the Reorganization Agreement, nuclear power plant stations that are under construction or still at a preliminary development stage are not transferred to the Company and retained by CGNPC (the "Retained Nuclear Power Business"). In addition to the Retained Nuclear Power Business, CGNPC also carried out other businesses that are not related to nuclear power operation, including non-nuclear power businesses of wind, hydro, solar power and etc., applications of nuclear power technology other than nuclear power generation and other services (the "Other Business," together with the Retained Nuclear Power Business collectively referred to as the "Retained Businesses"). The Other Business is also retained by CGNPC.

In March 2014, the Company issued 27,904,643,370 ordinary shares of RMB1.00 per share to CGNPC in consideration for transferring the Nuclear Power Business from CGNPC to the Company. As the Nuclear Power Business transferred to the Company is controlled by CGNPC prior to and after the Reorganization, merger accounting has been applied. The Company and its subsidiaries (including the Nuclear Power Business directly operated by CGNPC) (collectively referred to as the "Group") resulting from the Reorganization has been regarded as a continuing entity throughout the Relevant Periods and the Financial Information has been prepared as if the Company has always been the holding company of the Group throughout the Relevant Periods. The Company has further issued 7,395,356,630 ordinary shares of RMB1.00 per share to the shareholders of the Group at a total consideration of approximately RMB10,124 million from April 2014 to June 2014.

As such, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Relevant Periods include the results, changes in equity and cash flows of the Group as if the group structure had existed throughout the Relevant Periods, or since their respective dates of establishment or date of acquisition, where those is a shorter period. The consolidated statements of financial position as at December 31, 2011, 2012 and 2013 include the assets and liabilities of the Group as if the group structure had existed on those dates.

Since part of the Nuclear Power Business was carried out by CGNPC directly during the Relevant Periods, to the extent the assets, liabilities, income and expenses that are directly attributable to the Nuclear Power Business, such items are included in the Financial Information throughout the Relevant Periods. Income and expenses (other than certain administrative expenses), assets and liabilities have been identified by the management of the Group using a specific identification method. Certain administrative staff costs (and related accrued payroll) have been allocated by headcount between the Nuclear Power Business and Retained Businesses. The amounts allocated to the Nuclear Power Business are included in the Financial Information throughout the Relevant Periods.

As part of the Reorganization, GNIC was transformed to a limited liability company on March 20, 2014, at which time, all its assets and liabilities were revalued. The Group engaged China Enterprise Appraisals Co., Ltd., an independent certified asset appraiser located in Room 901, Fanli Plaza, Chaoyangmenwai Street, Beijing, PRC, to carry out a professional valuation of the assets and liabilities of GNIC as at March 20, 2014. The revalued net assets of GNIC were recognized in the consolidated financial statements of the Group on initial adoption of IFRSs by reference to the valuation of such assets and liabilities (the "event driven fair values") and revaluation surplus amounting to approximately RMB1,228 million were credited to capital reserve accordingly.

3. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Group has consistently applied International Accounting Standards ("IASs"), IFRSs, amendments and interpretations issued by the IASB which are effective for the accounting period beginning on January 1, 2014 throughout the Relevant Periods.

At the date of this report, the IASB has issued the following new and revised IASs, IFRSs and amendments that are not yet effective. The Group has not early applied these new and revised IASs, IFRSs and amendments.

IFRS 9	Financial Instruments[2]
IFRS 14	Regulatory Deferral Accounts[4]
IFRS 15	Revenue from Contracts with Customers[6]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after July 1, 2014

2 Effective for annual periods beginning on or after January 1, 2018

3 Effective for annual periods beginning on or after July 1, 2014, with limited exceptions

4 Effective for first annual IFRS financial statements beginning on or after January 1, 2016

5 Effective for annual periods beginning on or after January 1, 2016

6 Effective for annual periods beginning on or after January 1, 2017

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Specifically, pursuant to IFRS 9, all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortized cost or fair value. Under IFRS 9, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. Furthermore, IFRS 9 requires certain simple debt instruments to be measured at FVTOCI when certain requirements are met. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

In relation to the impairment of financial assets, IFRS 9 adopts an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The directors of the Company consider that the adoption of IFRS 9 in the future will affect the classification and measurement of the available-for-sale investments held by the Group and an associate and may affect the Group's financial assets including the impairment assessment but is unlikely to affect the Group's financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on the Group's financial statements until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures. However, it is not practicable to provide a reasonable estimate of the financial effect until the Group performs a detailed review.

Except as described above, the directors of the Company consider that the application of the other new IFRSs and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance which for the Relevant Periods continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit," which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

The Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except leasing transactions that are within the scope of IAS 17 Leases and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of assets.

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

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

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Group:

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

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, the gain or loss on disposal is recognized in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the previous carrying amount of the assets and liabilities of the subsidiary.

Business combination involving entities under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Businesses combination other than common control combination

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that deferred tax assets or liabilities are recognized in accordance with IAS 12 Income taxes.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss.

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the Financial Information using the equity method of accounting. The financial statements of associates or joint ventures used for equity method accounting purpose are prepared using uniform accounting policies as these of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate or a joint venture is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net interest in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's interest in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

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

In the Company's statements of financial position, investment in an associate is stated at deemed cost less accumulated impairment, if any.

Investments in subsidiaries

The investments in subsidiaries are stated at deemed cost less accumulated impairment loss, if any.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of sales related taxes.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of electricity is recognized based upon output delivered. Revenue is recognized upon transmission of electricity to the grid companies.

Revenue from sale of properties in the ordinary course of business is recognized when the respective properties have been completed and delivered to the buyers.

Design and management service revenue is recognized by reference to the percentage of completion method, measured by reference to the progress of work carried out during the relevant period and agreed with the customers.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are included in the consolidated statements of financial position under current liabilities.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated in the consolidated statements of financial position at cost or deemed cost (i.e. event driven fair value as explained in note 2) less subsequent accumulated depreciation and accumulated impairment losses, if any.

Decommissioning and waste management costs resulting from decommissioning of nuclear installations operated by the Group are included as part of the related assets. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit or loss as incurred.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment (other than nuclear facilities and construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Nuclear facilities are depreciated using the unit of production method based on the expected remaining production volume derived from the estimated useful lives.

Construction in progress is carried at cost, less recognized impairment loss, if any. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an owner-occupied property becomes an investment property because its use has changed as evidenced by end of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to investment property for subsequent measurement and disclosure purposes.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization begins when the intangible asset is ready for use and is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Facilitation and related costs represent salaries and other directly attributable expenditure incurred by the Group for training the nuclear engineers for future operation and management of nuclear power units. The amount is amortized on a straight-line basis over the remaining terms of the employment contracts of the engineers after the completion of training.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Depreciation is recognized so as to write off the cost of each item of investment property over its estimated useful life and after taking into account its estimated residual value, using straight-line method.

If an item of investment property becomes owner-occupied property because its use has changed as evidenced by commencement of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to property, plant and equipment for subsequent measurement and disclosure purposes.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Impairment of tangible and intangible assets (other than goodwill) and investments in subsidiaries and associates

At the end of each reporting period, the Group and the Company reviews the carrying amounts of its tangible and intangible assets as well as investment in subsidiaries and associates to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. Any impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the relevant lease term.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the relevant lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortized over the lease term on a straight-line basis, except for those that are intended to be sold in the ordinary course of business upon completion of the relevant property development project. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as investment properties.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year/period, unless exchange rates fluctuate significantly during the year/period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefits schemes which are classified as defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with interests/investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of nuclear fuel are measured using specific identification method. Costs of other inventories are calculated using weighted average method. Net realizable value represents the estimated selling price for inventories less costs necessary to make the sale.

Completed properties/properties under development for sale

Completed properties and properties under development for sale in the ordinary course of business are included in current assets and stated at the lower of cost and net realizable value. Cost includes the land cost, development expenditure, borrowing costs capitalized in accordance with the Group's accounting policy, and other directly attributable expenses. Net realizable value represents the selling price estimated by management based on prevailing market conditions less estimated costs of completion, where applicable, and costs necessary to make the sale.

Provisions

Pursuant to the rules and requirements in the PRC, the Group is obliged to manage and dispose spent fuel and low and medium level radioactive waste, as well as decommission the nuclear facilities in relation to its nuclear power operation.

As such, provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. For provision of spent fuel management, the management of the Group estimates the future disposal costs for fuel used. For provision of low and medium level radioactive waste management, the management of the Group estimates the cost required for disposing radioactive waste resulting from the nuclear power generating activities. Since the effect of the time value of money is not material, the expected cash flows on disposing spent fuel and radioactive waste have not been discounted.

In addition, the management of the Group estimates the cost required for the decommissioning of the nuclear plant in the future, including future construction costs associated with certain enabling facilities, such as disposal facilities for nuclear waste. The provision for nuclear plant decommissioning is recorded based on the estimated future decommissioning expenditures discounted to its present value using a current pre-tax rate that reflects the risks specific to the liability. The estimated future cash forecasts are adjusted for inflation using a rate that is derived on the basis of the historical inflation rates. The unwinding of the discount on this provision is charged to profit or loss.

Decommissioning costs are added to the carrying amount of the related property, plant and equipment and depreciated over their estimated useful lives. Changes in the estimated amount or timing of the underlying future cash flows are dealt with prospectively by recording an adjustment to the provision, with a corresponding adjustment to property, plant and equipment.

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), available-for-sale investments ("AFSs") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at fair value through profit or loss

Financial assets at FVTPL (i.e. derivative financial instruments classified as held for trading) are measured at fair value, with changes in fair value arising from remeasurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss and is included in the line item "gain (loss) arising from changes in fair value of derivative financial instruments."

Available-for-sale investments ("AFSs")

AFSs are non-derivatives that are either designated as AFSs, or are not classified as loans and receivables nor financial assets at FVTPL.

Equity investments (other than equity investments measured at cost less impairment as described below) held by the Group that are classified as AFS financial assets are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFSs investments are recognized in profit or loss when the Group's right to receive the dividends is established.

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables, amounts due from related parties, loans to fellow subsidiaries, restricted bank deposits, cash and cash equivalents and deposits over three months are measured at amortized cost using the effective interest method, less any identified impairment at the end of each reporting period (see accounting policy in respect of impairment loss on financial assets below).

Interest income is recognized by applying the effective interest rate except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial asset, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entities after deducting all of its liabilities. Equity instruments issued by the group entities are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL (i.e. derivative financial instruments classified as held for trading) are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss and is included in the line item "gain (loss) arising from changes in fair value of derivative financial instruments."

Other financial liabilities (including trade and other payables, amounts due to related parties, loan from/payables to ultimate holding company, loans from a fellow subsidiary, borrowings from a financial institution, bank borrowings and notes payable) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized or an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense, if any, is included in net gains or losses.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the management has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognized in the Financial Information.

Facilitation and related costs

Facilitation and related costs represent salaries and other directly attributable expenditure incurred by the Group for training the nuclear engineers who would be involved in the future operation and management of nuclear power units. Pursuant to the employment contracts, these engineers are obligated to compensate the Group for the training and related costs incurred during the training period for early termination of employment contracts. As such, the management of the Group is of the opinion that such compensation creates a financial barrier to these engineers and effectively prevents them from leaving the Group as evidenced by low historical staff turnover rate. Taking into account the expected positive future cash flows from nuclear power operation, the management of the Group considers that the expenditure met the definition of an intangible asset as the Group controls these engineers in its nuclear power operation from which future economic benefits are expected to flow to the Group. The amount is amortized on a straight-line basis over the remaining terms of the employment contracts of the engineers ranging from five to eight years after the completion of training.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months from the end of each reporting period.

Property, plant and equipment

The nuclear facilities are depreciated using the units of production method and other nuclear-related property, plant equipment is depreciated using the straight-line method over their respective useful lives. The Group's management reviews annually the residual value, useful lives and related depreciation based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and function. For nuclear facilities, depreciation is also affected by the budgeted production volume throughout the useful lives of the facilities. Estimated useful lives and production volume could change significantly as a result of technical innovations and changes in safety regulatory development. Management will increase the depreciation charge where residual value or useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on the value-in-use calculations or fair value less costs of disposal. Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates and other assumptions in the cash flow projections, could materially affect the net present value in the impairment test. If there is a significant adverse change in the assumptions used in the future cash flow projections, an impairment loss may be recognized in profit or loss.

As at December 31, 2011, 2012, 2013 and June 30, 2014, the carrying amounts of property, plant and equipment are approximately RMB70,068,452,000, RMB79,184,529,000, RMB87,041,894,000 and RMB89,607,304,000 respectively.

Intangible assets

Development costs on nuclear power related technologies as well as facilitation and related cost on the Group's engineers are capitalized as intangible assets in accordance with the accounting policy set out in note 4, depending on an assessment by the management with respect to the technical feasibility of the technology, where applicable, and whether the expenditure incurred is able to generate probable future economic benefits to the Group.

The intangible assets are amortized on a straight-line basis over its useful lives and remaining terms of the employment contracts of the engineers in case of facilitation and related cost. The management assessed the useful lives of its intangible assets annually. In addition, the management estimates the recoverable amounts of the cash generating units to which the intangible assets are allocated whenever there is an indication of impairment and annually where the intangible assets are not put into use. Technical innovations and changes in safety regulatory development will affect the estimated useful lives and the estimation of the recoverable amounts.

As at December 31, 2011, 2012, 2013 and June 30, 2014, the carrying amounts of intangible assets are approximately RMB511,148,000, RMB629,213,000, RMB764,818,000 and RMB828,184,000 respectively.

Deferred tax assets

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management of the Group considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different. The realizability of the deferred tax assets mainly depends on whether sufficient future profits will be available in the future. The management of the Group determines the deferred tax assets based on the enacted or substantially enacted tax rates and the best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilized. The management of the Group reviews the assumptions and profit projections on a regular basis. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognized in the profit or loss for the period in which such a recognition or reversal takes place.

As at December 31, 2011, 2012, 2013 and June 30, 2014, the carrying amounts of deferred tax assets are approximately RMB73,886,000, RMB83,543,000, RMB98,000,000 and RMB96,340,000 respectively.

Provision for decommissioning and low and medium level radioactive waste management

Decommissioning provision for nuclear power plant, which pertain to future obligations for handling the decommissioning of the Group's nuclear power plants as well as for handling nuclear waste, is recorded as a non-current liability. Estimated future decommissioning expenditures require assumptions be made about the regulatory environment, health and safety considerations, the desired end state and technology to be employed. The discounting of the expected future cash flows is at a rate that reflects current market assessments of the time value of money and the risks specific to the provision. The provision is reviewed annually to reflect actual expenditures incurred and changes in management's estimate of the future costs and timing. The Group also makes a provision for low and medium level radioactive waste management that covers cost for management and safe disposal of radioactive waste on the basis of management's best estimates of the quantities and radioactivity of waste water, waste gas and other solid pollutants discharged and the expenditure required in undergoing different treatments and processes. If the requirements set out in the industry policies or new regulations in the future are higher than currently expect, the Group is required to make further provisions in accordance with these new standards, which will affect the results of operations. Detail assumptions are shown in note 38.

As at December 31, 2011, 2012, 2013 and June 30, 2014, the carrying amounts of decommissioning provision are approximately RMB1,015,448,000, RMB1,085,661,000, RMB1,144,158,000 and RMB1,329,048,000 respectively.

As at December 31, 2011, 2012, 2013 and June 30, 2014, the carrying amounts of low and medium radioactive waste management are approximately RMB119,834,000, RMB131,085,000, RMB142,335,000 and RMB148,677,000 respectively.

Fair value measurement of derivative financial instruments and available-for-sale investments

As described in notes 21 and 30, the directors of the Company use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates, to the extent possible, and adjusted for specific features of the instrument. For the Group's 10% equity interests in Taishan Nuclear (as defined in note 19) classified as available-for-sale investments, an asset-based model is applied in measuring the fair value since the customization of the nuclear power generating unit is extensive and there were no sufficient data available to apply the market approach. In determining the fair value, the valuer takes into account the current replacement cost of the nuclear plants and equipment under construction by Taishan Nuclear. Note 42 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of these assets and liabilities. Any changes in the inputs and key assumptions to the valuation model will lead to changes in the fair value estimation of the instruments.

As at December 31, 2011, 2012, 2013 and June 30, 2014, the fair values of derivative financial assets are approximately RMB192,763,000, RMB243,535,000 and RMB305,334,000 and RMB250,931,000 respectively. As at December 31, 2011, 2012, 2013 and June 30, 2014, the fair values of derivative financial liabilities are approximately RMB391,017,000, RMB374,085,000, RMB261,022,000 and RMB364,712,000 respectively. As at December 31, 2011, 2012, 2013 and June 30, 2014, the fair values of available-for-sale investments are nil, approximately RMB1,980,411,000, RMB2,365,071,000 and RMB2,395,613,000 respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue mainly represents revenue arising from sales of electricity derived from nuclear power plants for the Relevant Periods.

An analysis of the Group's revenue for the Relevant Periods is as follows:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of electricity	14,971,657	16,514,174	16,267,803	7,784,219	9,079,849
Service revenue	754,962	796,136	843,393	261,593	615,362
Sales of other goods	154,386	264,768	253,820	125,276	58,962
	15,881,005	17,575,078	17,365,016	8,171,088	9,754,173

Information reported to the board of directors of the Company, being the chief operating decision makers ("CODM") of the Group, for the purposes of resources allocation and assessment of performance focuses on the types of goods or services delivered or provided. During the Relevant Periods, the Group derived substantially all of the revenue from sales of electricity generated by its nuclear power plants.

The CODM regularly review sales reports, electricity supply reports and construction progress reports. However, no discrete financial information is available for the various businesses respectively. For the purpose of allocating resources and assessing performance, the CODM regularly review the Group's revenue and Group's profit as a whole and as such, there is only one operating and reportable segment.

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

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Segment profit before taxation reported to the board of directors	6,320,421	5,821,665	5,614,000	3,648,522	3,978,729
Add: Unrealized (loss) gain arising from changes in fair value of derivative financial instruments	(140,887)	55,547	163,408	(87,301)	(158,563)
Add: Share of results of associates	150,922	(5,395)	148,808	22,790	(39,283)
Add: Share of results of joint ventures	1,938	(4,011)	143,516	95,155	(154,797)
Group's profit before taxation	6,332,394	5,867,806	6,069,732	3,679,166	3,626,086

Geographical information

As the Group's operations and non-current assets are all located in the PRC, no other geographical segment information is presented.

Information about major customers

Revenue from customers of the corresponding year/period contributing over 10% of the total sales of the Group are as follows:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Entities under control by the PRC government[1]	11,613,631	13,411,558	13,375,541	6,193,314	7,575,249
Hong Kong Nuclear Investment Co., Ltd.[2]	4,048,243	3,920,397	3,776,336	1,839,981	1,962,905

1 revenue from sales of electricity, service revenue and other goods

2 revenue from sales of electricity

Segment assets and liabilities

Information reported to board of directors of the Company for the purposes of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

7. OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Value-added tax refunds *(note (a))*	1,008,539	1,263,253	1,298,702	1,208,932	893,100
Interest income from bank deposits	42,001	23,849	15,329	7,935	16,236
Interest income from fellow subsidiaries	126,435	147,683	146,332	72,381	66,145
Dividend from available-for-sale investments	22,221	–	–	–	–
Government grants					
– related to expenses items *(note (b))*	4,811	28,866	19,729	13,075	2,869
– related to assets *(note 37)*	1,408	16,692	19,807	14,379	10,041
Others	18,198	8,208	5,939	709	470
	1,223,613	1,488,551	1,505,838	1,317,411	988,861

Notes:

(a) During the Relevant Periods, GNIC, a subsidiary of the Group is entitled to a full refund of value-added tax for its revenue from the sales of electricity to a grid company. In addition, subsidiaries of the Group, including Ling'ao Nuclear and Lingdong Nuclear, are entitled to the value-added tax refund of 75% for the first five years, 70% for the second five years and 55% for the third five years for their revenue from the sales of electricity to a grid company. There were no conditions or limitations attached to these valued-added tax refunds.

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

8. OTHER GAINS AND LOSSES

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net foreign exchange gains (losses)	518,950	(91,115)	29,033	176,480	(51,497)
Gain on disposal of available-for-sale investments	30,003	–	–	–	–
Gain on disposal of scraps	235	4,109	–	–	–
Gain on disposal of interest in an associate *(note 19)*	–	433,600	–	–	–
Loss on disposal of interest in an associate *(note 19)*	–	(54,746)	–	–	–
Gain on disposal of investment properties	–	57,492	–	–	–
Bargain purchase gain *(note 47)*	–	4,343	–	–	–
(Recognition) reversal of allowance for trade and other receivables *(note 26)*	(954)	6,566	(2,249)	(75)	(2,209)
Loss on disposal of property, plant and equipment	(94,056)	(28,547)	(38,952)	(8,618)	(3,842)
Others	(6,968)	(8,285)	(11,896)	(7,078)	360
	447,210	323,417	(24,064)	160,709	(57,188)

9. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank borrowings					
– wholly repayable within five years	501,941	785,683	1,792,408	829,892	756,800
– not wholly repayable within five years	1,247,867	1,560,505	1,891,343	1,056,193	1,022,242
Interest on borrowings from a financial institution					
– wholly repayable within five years	–	–	–	–	4,708
Interest on notes payable					
– wholly repayable within five years	–	180,000	180,000	89,753	89,753
– not wholly repayable within five years	414,624	235,020	235,389	116,489	117,465
Interest on loans from ultimate holding company wholly repayable within five years	329,621	976,669	545,518	386,522	142,050
Interest on long term payables to ultimate holding company wholly repayable within five years	186,676	272,843	272,918	135,474	134,856
Interest on loans from a fellow subsidiary					
– wholly repayable within five years	189,824	173,140	127,263	57,667	55,223
– not wholly repayable within five years	148,099	146,882	136,795	66,639	70,335
Interests relating to provision for nuclear power plant decommissioning	64,417	71,647	76,048	38,108	42,728
Total interest expenses	3,083,069	4,402,389	5,257,682	2,776,737	2,436,160
Less: capitalized in construction in progress	(968,886)	(1,284,884)	(2,454,094)	(1,362,316)	(920,992)
Total finance costs	2,114,183	3,117,505	2,803,588	1,414,421	1,515,168

Borrowing costs were capitalized to the construction of the nuclear power plants based on the effective interest rates of bank and other borrowings obtained specifically for the construction work.

10. TAXATION

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax:					
– PRC Enterprise Income Tax ("EIT")	681,646	624,320	753,693	391,981	478,738
– Under-provision in prior years	11,007	4,309	7,691	–	–
– Over-provision in prior year	–	–	–	–	(4,791)
Deferred taxation *(note 22)*:					
– Current year/period	243,356	261,824	236,951	139,710	62,565
Taxation	936,009	890,453	998,335	531,691	536,512

PRC subsidiaries are subject to PRC EIT at 25% during the Relevant Periods except for following subsidiaries enjoyed certain tax exemption and relief.

According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa (2007) No. 39), the tax rates of GNIC and Daya Bay Environment Protection, being enterprises located in Shenzhen Special Economic Zone, were transited from a preferential tax rate of 18% to 25% during 2008 to 2012. As such, the tax rates were 24% for 2011 and 25% from 2012.

CGN Inspection Technology, Suzhou Nuclear Power Research Institute, GNPJVC and Ling'ao Nuclear were approved to enjoy the preferential tax rate of 15% in accordance with the relevant EIT laws and regulations during the Relevant Periods.

DNMC was approved to enjoy the preferential tax rate of 15% in accordance with the relevant EIT law and regulations in 2011. The tax rate for DNMC returned to 25% from 2012 upon expiry.

Lingdong Nuclear, being enterprises engaged in public infrastructure project, were entitled to tax holiday of three years followed by 50% exemption for the next three years commencing from 2010, which is the first revenue generating year.

Yangjiang Nuclear, being enterprises engaged in public infrastructure project, was entitled to tax holiday of three years followed by 50% exemption for the next three years commencing from 2014, which was the first revenue generating year.

Pursuant to the relevant laws and regulations in the PRC, CGN Simulation Technology was exempted from PRC EIT for two years commencing from its first profit making year in 2010, followed by a 50% exemption for the next three years from 2012 to 2014.

Pursuant to the relevant laws and regulations in the PRC, CNPRI was exempted from PRC EIT for two years commencing from its first profit making year in 2007, followed by a 50% exemption for the next three years from 2009 to 2011. In addition, CNPRI was approved to enjoy the preferential tax rate of 15% in accordance with the relevant EIT laws and regulations during the Relevant Periods. Therefore, the applicable tax rate for CNPRI was 12.5% in 2011 and 15% since 2012.

Details of the deferred taxation are set out in note 22.

The taxation for the year/period can be reconciled to the profit before taxation per consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation	6,332,394	5,867,806	6,069,732	3,679,166	3,626,086
Tax at the applicable tax rate of 25%	1,583,099	1,466,952	1,517,433	919,792	906,521
Tax effect of expenses not deductible for tax purpose *(note a)*	269,707	226,164	307,382	134,847	109,767
Tax effect of value-added tax refunds not taxable for tax purpose *(note b)*	(173,460)	(257,361)	(244,797)	(224,460)	(223,275)
Tax effect of other income not taxable for tax purposes	–	(2,356)	–	–	(851)
Tax effect of share of results of associates	(37,731)	1,349	(37,202)	(5,698)	9,821
Tax effect of share of results of joint ventures	(485)	1,003	(35,879)	(23,789)	38,699
Tax effect of tax losses not recognized	1,249	3,082	5,200	24,270	89,749
Tax effect of gain on disposal of associates *(note c)*	–	108,359	–	–	–
Utilization of tax losses previously not recognized	(71,109)	(95)	(2,036)	(2,036)	–
Additional tax benefit on research and development expenses	(7,645)	(9,794)	(10,830)	–	–
Effect of tax exemption and relief granted to PRC subsidiaries	(643,216)	(645,374)	(524,410)	(288,853)	(386,193)
Under-provision of EIT in prior years	11,007	4,309	7,691	–	–
Over-provision of EIT in prior years	–	–	–	–	(4,791)
Others	4,593	(5,785)	15,783	(2,382)	(2,935)
	936,009	890,453	998,335	531,691	536,512

Notes:

(a) Non-deductible expenses mainly represent interest expenses incurred by the ultimate holding company, which are directly attributable to the Nuclear Power Business as explained in note 2. Since the ultimate holding company had no taxable profit generated during the Relevant Periods, those amounts were classified as non-deductible expenses in this Financial Information.

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

(c) It represents the tax effect of gain on disposal of associates whereby the taxable gain is calculated based on the excess of consideration receivable for the disposal over the initial investment cost.

11. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging (crediting):

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Directors' emoluments *(note 14)*	–	–	–	–	1,064
Other staff costs:					
Salaries and other benefits	1,692,209	1,934,760	2,155,003	1,106,909	1,369,113
Retirement benefit scheme contributions	72,479	74,319	119,131	52,968	63,291
Total staff costs	1,764,688	2,009,079	2,274,134	1,159,877	1,432,404
Less: Capitalized in construction in progress	(12,345)	(222,282)	(308,290)	(135,155)	(172,794)
Less: Capitalized in intangible asset	(195,185)	(92,346)	(50,840)	(22,601)	(59,547)
	1,557,158	1,694,451	1,915,004	1,002,121	1,200,063
Depreciation and amortization of:					
– Property, plant and equipment	2,401,179	2,593,616	2,460,934	1,076,324	1,322,070
Less: Capitalized in construction in progress	(9,843)	(20,713)	(37,768)	(16,786)	(14,282)
	2,391,336	2,572,903	2,423,166	1,059,538	1,307,788
– Intangible assets	203,561	95,155	42,922	13,907	27,310
– Investment properties	17,460	17,383	16,670	8,405	21,083
– Prepaid lease payments	21,009	20,340	34,845	17,491	23,235
Less: Capitalized in construction in progress	(475)	(1,445)	(27,918)	(13,850)	(9,969)
	20,534	18,895	6,927	3,641	13,266
	2,632,891	2,704,336	2,489,685	1,085,491	1,369,447
Auditor's remuneration	1,940	721	1,558	609	712
Listing expenses and professional fee (included in other expenses)	439	2,187	16,322	433	3,836
Recognition (reversal) of allowance on:					
– Inventories	18,771	111,454	45,098	–	27,469
– Trade and other receivables	954	(6,566)	2,249	75	2,209
Cost of inventories recognized as expense	6,393,826	7,348,269	7,426,622	3,291,611	3,541,991
Gross rental income from investment properties	(20,511)	(19,608)	(18,556)	(6,991)	(6,821)
Less: Direct operating expenses incurred for investment properties that generated rental income	21,090	18,932	18,774	9,955	23,510
	579	(676)	218	2,964	16,689
Research and development expenses *(note a)*	229,442	105,965	158,956	82,134	34,162
Provision for spent fuel management (included in cost of sales)	796,877	786,961	731,817	357,715	394,963
Provision for low and medium level radioactive waste management (included in cost of sales)	14,006	11,474	13,999	5,740	5,496
Operating lease rentals in respect of rented premises	15,298	29,358	30,678	15,468	17,640

Note:

(a) Research and development expenses are reported under "other expenses" line item, and included staff cost as well as expenses incurred to improve the safety and efficiency of nuclear power operation.

12. DIVIDEND

No dividend has been paid or declared by the Company since its date of establishment.

However, the subsidiaries had declared dividends to their then shareholders and shareholders as follows:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
GNPJVC	1,255,941	149,890	633,155	633,155	712,863
Ling'ao Nuclear	1,208,872	1,945,727	–	–	985,332
Lingdong Nuclear	175,266	334,065	–	–	373,223
CNPRI	117,985	95,725	–	–	10,481
GNIC	–	6,657,573	–	–	2,763,178
CGN Investment	–	610,000	913,344	–	–
CGN operation	–	–	–	–	31,453
Others	10,467	52,594	106,397	27,532	27,120
	2,768,531	9,845,574	1,652,896	660,687	4,903,650
Analysed for financial reporting purpose:					
– Dividends paid to CGNPC	1,502,123	9,507,548	757,705	–	4,174,537
– Dividends paid to non-controlling shareholders	1,266,408	338,026	895,191	660,687	729,113
	2,768,531	9,845,574	1,652,896	660,687	4,903,650

13. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit attributable to the owners of the Company and the weighted average number of ordinary shares for the Relevant Periods on the assumption that the Reorganization had been effective on January 1, 2011.

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013 (unaudited)	2014
Profit attributable to the owners of the Company (RMB'000)	4,727,489	4,144,645	4,194,547	2,652,512	2,571,559
Weighted average number of ordinary shares (in million)	16,403	25,088	27,369	26,308	30,091
Basic earnings per share (RMB)	0.29	0.17	0.15	0.10	0.09

No diluted earnings per share is presented as the Company did not have any potential ordinary shares outstanding throughout the Relevant Periods.

14. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

Directors', chief executive's and supervisors' remuneration of the Company for the Relevant Periods is as follows:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Directors' fee	–	–	–	–	–
Salaries and other allowances	–	–	–	–	846
Discretionary bonus	–	–	–	–	200
Retirement benefit scheme contributions	–	–	–	–	18
Total	–	–	–	–	1,064

	Directors' fee	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended June 30, 2014					
Executive director and chief executive:					
Gao Ligang	–	260	157	36	453
Non-executive directors:					
Zhang Shanming	–	–	–	–	–
Zhang Weiqing	–	–	–	–	–
Shi Bing	–	–	–	–	–
Xiao Xue	–	–	–	–	–
Zhuo Yuyun	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors:					
Na Xizhi	–	123	–	–	123
Hu Yiguang	–	123	–	–	123
Francis Siu Wai Keung	–	178	–	–	178
	–	424	–	–	424
Supervisors:					
Li Yourong	–	–	–	–	–
Chen Sui	–	–	–	–	–
Shi Weiqi	–	161	44	16	221
	–	161	44	16	221

The executive director, non-executive directors, independent non-executive directors, supervisors and chief executive were appointed on March 25, 2014.

During the Relevant Periods, Zhang Shanming, Zhang Weiqing, Shi Bing, Li Yourong and Chen Sui who were also directors or employees of CGNPC received emoluments from CGNPC. Xiao Xue and Zhuo Yuyun acted for Guangdong Hengjian Investment Holdings Co., Ltd. ("Hengjian Investment") and China National Nuclear Corporation ("CNNC") whose salary were borne by Hengjian Investment and China Nuclear respectively. However, there is no reasonable basis to allocate any amount to the Group.

Five Highest Paid Individuals

For the years ended December 31, 2011, 2012 and 2013 and six months ended June 30, 2013 and 2014, the five highest paid employees were not directors, supervisors nor chief executive of the Group.

Details of the remuneration of the five highest paid individuals for the years ended December 31, 2011, 2012 and 2013 and six months ended June 30, 2013 and 2014, are as follows:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other allowances *(note)*	3,125	3,442	3,641	1,502	2,087
Discretionary bonus	2,862	2,767	2,930	2,766	2,700
Retirement benefit scheme contributions	365	335	386	173	177
	6,352	6,544	6,957	4,441	4,964

Note: Salaries and other allowances included mainly basic salaries and travel allowance.

Their emoluments are within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
				(unaudited)	
Not exceeding HKD1,000,000	–	–	–	–	–
HKD1,000,001 to HKD1,500,000	2	–	–	5	5
HKD1,500,001 to HKD2,000,000	3	5	5	–	–

During the Relevant Periods, no emoluments were paid by the Group to any of the directors, supervisors, chief executive, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors, supervisors and chief executive has waived any emoluments during the Relevant Periods.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Nuclear facilities	Plant and machinery	Motor vehicles	Office and electronic equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At January 1, 2011	11,628,461	58,087,765	246,515	68,272	717,287	21,300,024	92,048,324
Additions	64,416	543,939	47,789	7,458	144,292	12,877,022	13,684,916
Transfer	1,665,269	9,388,994	107,605	–	231,636	(11,393,504)	–
Disposals	(7,167)	(576,930)	(43)	(12,353)	(60,566)	–	(657,059)
Transfer to investment properties	(2,773)	–	–	–	–	–	(2,773)
Exchange differences	(225,118)	(1,072,666)	–	(290)	(11,765)	(8,865)	(1,318,704)
At December 31, 2011	13,123,088	66,371,102	401,866	63,087	1,020,884	22,774,677	103,754,704
Additions	3	280,265	22,624	4,333	95,834	11,364,627	11,767,686
Acquisition of a subsidiary *(note 47)*	–	–	–	704	9,941	–	10,645
Transfer	397,855	173,665	13,206	5,179	86,062	(675,967)	–
Disposals	(15,091)	(128,552)	(3,913)	(2,739)	(131,172)	–	(281,467)
Exchange differences	(10,957)	(51,797)	–	(11)	(479)	(241)	(63,485)
At December 31, 2012	13,494,898	66,644,683	433,783	70,553	1,081,070	33,463,096	115,188,083
Additions	5,493	157,549	26,637	12,554	163,434	10,114,347	10,480,014
Transfer	182,140	220,529	10,604	1,552	79,911	(494,736)	–
Disposal of a subsidiary *(note 48)*	(2,541)	–	–	–	–	–	(2,541)
Transfer to investment properties	(1,646)	–	–	–	–	–	(1,646)
Disposals	(6,810)	(147,033)	(84)	(2,875)	(39,029)	–	(195,831)
Exchange differences	(133,750)	(630,385)	–	(136)	(7,217)	(4,069)	(775,557)
At December 31, 2013	13,537,784	66,245,343	470,940	81,648	1,278,169	43,078,638	124,692,522
Additions	944	26,230	11,213	1,023	32,343	3,737,208	3,808,961
Transfer from investment properties	21,434	–	–	–	–	–	21,434
Transfer	4,970,456	12,700,798	–	–	13,277	(17,684,531)	–
Revaluation *(note 2)*	17,294	–	–	(1,869)	(14,829)	–	596
Disposals	(4,529)	(28,941)	(492)	(1,252)	(26,596)	–	(61,810)
Exchange differences	39,650	186,780	–	216	4,441	1,556	232,643
At June 30, 2014	18,583,033	79,130,210	481,661	79,766	1,286,805	29,132,871	128,694,346

	Buildings	Nuclear facilities	Plant and machinery	Motor vehicles	Office and electronic equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DEPRECIATION AND IMPAIRMENT							
At January 1, 2011	5,338,176	26,657,685	92,232	53,571	506,941	–	32,648,605
Provided for the year	331,783	1,925,153	18,342	5,895	120,006	–	2,401,179
Eliminated on disposals	(2,435)	(195,354)	(34)	(10,915)	(45,968)	–	(254,706)
Transfer to investment properties	(489)	–	–	–	–	–	(489)
Exchange differences	(188,742)	(910,107)	–	(276)	(9,212)	–	(1,108,337)
At December 31, 2011	5,478,293	27,477,377	110,540	48,275	571,767	–	33,686,252
Provided for the year	313,151	2,090,613	36,232	5,144	148,476	–	2,593,616
Eliminated on disposals	(1,014)	(100,703)	(2,862)	(2,623)	(114,792)	–	(221,994)
Exchange differences	(9,171)	(44,844)	–	(10)	(295)	–	(54,320)
At December 31, 2012	5,781,259	29,422,443	143,910	50,786	605,156	–	36,003,554
Provided for the year	422,533	1,805,719	36,553	6,008	190,121	–	2,460,934
Eliminated on disposal of a subsidiary *(note 48)*	(641)	–	–	–	–	–	(641)
Eliminated on disposals	(4,363)	(104,721)	(32)	(2,826)	(35,971)	–	(147,913)
Transfer to investment properties	(528)	–	–	–	–	–	(528)
Exchange differences	(113,527)	(546,232)	–	(118)	(4,901)	–	(664,778)
At December 31, 2013	6,084,733	30,577,209	180,431	53,850	754,405	–	37,650,628
Provided for the period	240,203	972,932	18,000	3,470	87,465	–	1,322,070
Transfer from investment properties	280	–	–	–	–	–	280
Eliminated on disposals	(2,017)	(25,480)	(279)	–	(20,289)	–	(48,065)
Eliminated on revaluation *(note 2)*	(19,990)	–	–	(2,715)	(15,928)	–	(38,633)
Exchange differences	34,547	162,302	–	206	3,707	–	200,762
At June 30, 2014	6,337,756	31,686,963	198,152	54,811	809,360	–	39,087,042
CARRYING VALUES							
At December 31, 2011	7,644,795	38,893,725	291,326	14,812	449,117	22,774,677	70,068,452
At December 31, 2012	7,713,639	37,222,240	289,873	19,767	475,914	33,463,096	79,184,529
At December 31, 2013	7,453,051	35,668,134	290,509	27,798	523,764	43,078,638	87,041,894
At June 30, 2014	12,245,277	47,443,247	283,509	24,955	477,445	29,132,871	89,607,304

All the buildings are situated on land in the PRC under medium-term lease.

Property, plant and equipment, other than nuclear facilities and construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values at the following years:

Buildings	shorter of the remaining lease term of land and useful lives of 20 – 40 years
Plant and machinery	5 – 40 years
Motor vehicles	5 years
Office and electronic equipment	5 years

Nuclear facilities comprise nuclear power plants and equipment, and are depreciated using the unit of production method over the estimated useful life of 10 – 40 years.

The Group pledged nuclear facilities with carrying values of approximately RMB21,110,539,000, RMB19,401,689,000, RMB18,732,049,000 and RMB20,111,174,000 as at December 31, 2011, 2012, 2013 and June 30, 2014 respectively to secure loan facilities granted to the Group. Details of pledge of assets are set out in note 45.

Buildings with carrying amount of approximately RMB113,513,000, RMB140,356,000, RMB128,479,000 and RMB125,483,000 as at December 31, 2011, 2012, 2013 and June 30, 2014 respectively, are without property certificates. The Group is in the process of obtaining the property certificates.

16. INTANGIBLE ASSETS

The Group

	ACPR 1000	Fuel reloading technology	Facilitation and related costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
At January 1, 2011	6,802	61,262	412,984	481,048
Additions	35,637	7,200	203,237	246,074
At December 31, 2011	42,439	68,462	616,221	727,122
Additions	153,686	–	59,534	213,220
At December 31, 2012	196,125	68,462	675,755	940,342
Additions	171,554	–	6,973	178,527
At December 31, 2013	367,679	68,462	682,728	1,118,869
Additions	37,265	52,199	1,212	90,676
At June 30, 2014	404,944	120,661	683,940	1,209,545
AMORTIZATION				
At January 1, 2011	–	12,413	–	12,413
Provided for the year	–	6,479	197,082	203,561
At December 31, 2011	–	18,892	197,082	215,974
Provided for the year	–	6,574	88,581	95,155
At December 31, 2012	–	25,466	285,663	311,129
Provided for the year	–	6,654	36,268	42,922
At December 31, 2013	–	32,120	321,931	354,051
Provided for the period	–	6,537	20,773	27,310
At June 30, 2014	–	38,657	342,704	381,361
CARRYING VALUES				
At December 31, 2011	42,439	49,570	419,139	511,148
At December 31, 2012	196,125	42,996	390,092	629,213
At December 31, 2013	367,679	36,342	360,797	764,818
At June 30, 2014	404,944	82,004	341,236	828,184

The Company

	ACPR 1000
	RMB'000
COST	
At March 25, 2014 (date of establishment)	–
Transfer from ultimate holding company	128,470
At June 30, 2014	128,470
CARRYING VALUE	
At June 30, 2014	128,470

The carrying amount of ACPR1000 represents the development cost on a 3rd generation gigawatt-level nuclear power technology developed by the Group. Since the technology has not yet been put into use, no amortization was made during the Relevant Periods. The ACPR1000 is expected to generate net cash flow to the Group and the management of the Group has reviewed the carrying amount of this intangible asset at the end of respective reporting period and concluded that no impairment loss need to be recognized.

Expenditure on developing fuel reloading technology by the Group are amortized over estimated useful life of ten years.

Facilitation and related costs are amortized over the remaining terms of the employment contracts with the nuclear engineers from five to eight years after the completion of training.

17. INVESTMENT PROPERTIES

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
At the beginning of the year/period	440,685	439,509	424,667	424,000
Transfer from property, plant and equipment	2,773	–	1,646	–
Revaluation *(note 2)*	–	–	–	405,502
Disposals	–	(14,653)	–	–
Transfer to property, plant and equipment	–	–	–	(21,434)
Exchange differences	(3,949)	(189)	(2,313)	686
At the end of the year/period	439,509	424,667	424,000	808,754
ACCUMULATED DEPRECIATION				
At the beginning of the year/period	205,072	220,097	226,151	241,494
Transfer from property, plant and equipment	489	–	528	–
Provided for the year/period	17,460	17,383	16,670	21,083
Eliminated on disposals	–	(11,185)	–	–
Eliminated on revaluation *(note 2)*	–	–	–	(185,277)
Transfer to property, plant and equipment	–	–	–	(280)
Exchange differences	(2,924)	(144)	(1,855)	579
At the end of the year/period	220,097	226,151	241,494	77,599
CARRYING VALUES	219,412	198,516	182,506	731,155

As at December 31, 2011, 2012 and 2013 and June 30, 2014, the fair values of the Group's investment properties were approximately RMB812,848,000, RMB826,603,000, RMB868,223,000 and RMB863,793,000 respectively. The fair values have been arrived at based on a valuation carried out by China Enterprise Appraisals Co., Ltd., independent qualified professional valuer not connected with the Group, who has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The address of China Enterprise Appraisals Co., Ltd is Room 901, Fanli Plaza, Chaoyangmenwai Street, Beijing, the PRC. The valuation was determined by the market comparable method and adjust to reflect the conditions of the properties which the directors of the Company are of the view that it is the best estimate of the fair value of these investment properties.

The above investment properties are depreciated on a straight-line basis taking into account their estimated residual value, over the estimated useful lives of 20 to 40 years, which is the shorter of the lease term of land and estimated useful lives of building.

All the Group's investment properties are located in the PRC under medium-term lease. The carrying amount of investment properties included the Group's leasehold interest in land as the leasehold payments cannot be allocated reliably between the land and building elements, as such the entire lease is classified as finance lease and accounted for as investment properties.

Details of the Group's investment properties and information about the fair value hierarchy as at are as follow:

	Fair value as at				
	December 31, 2011	December 31, 2012	December 31, 2013	June 30, 2014	Fair value hierarchy
	RMB'000	RMB'000	RMB'000	RMB'000	
Commercial building units located in PRC					
Shenzhen Futian District	753,976	766,735	805,553	800,531	Level 3
Beijing Haidian District	18,064	18,813	22,127	22,796	Level 3
Shenzhen Luohu District	40,808	41,055	40,543	40,466	Level 3

The following table gives information about how the fair values of these investment properties are determined.

Investment properties held by the Group in the consolidated statements of financial positions	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Properties in Shenzhen Futian District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value
Properties in Beijing Haidian District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value
Properties in Shenzhen Luohu District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value

18. INVESTMENTS IN SUBSIDIARIES

The Company

	At June 30, 2014
	RMB'000
Unlisted investments – fair value as deemed cost *(note 2)*	51,213,789

The fair value on initial recognition is determined based on a valuation conducted by China Enterprise Appraisals Co., Ltd. as at March 31, 2013. Information of China Enterprise Appraisals Co., Ltd. is set out in note 17. In addition, the Company has made capital injection amounting to RMB835,182,000 to its subsidiaries from April 2014 to June 2014.

19. INTERESTS IN ASSOCIATES

The Group

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted cost of interests in associates	10,885,543	6,001,223	6,731,751	6,858,934
Share of post-acquisition profits (losses) net of dividends received	325,852	(128,989)	(2,211)	(149,473)
	11,211,395	5,872,234	6,729,540	6,709,461

The Company

	At June 30, 2014
	RMB'000
Unlisted investment in an associate – fair value as deemed cost	1,792,408

The fair value on initial recognition is determined based on a valuation conducted by China Enterprise Appraisals Co., Ltd. as at March 31, 2013. Information of China Enterprise Appraisals Co., Ltd. is set out in note 17. In addition, the Company has made capital injection amounting to RMB75,545,000 to the associate on May 9, 2014.

The following table lists the material associates of the Group.

Name of associates	Principal activities	Place of establishment and operation	Proportion of paid-in capital and voting power held by the Group: At December 31, 2011	2012	2013	At June 30, 2014	At date of this report
遼寧紅沿河核電有限公司 Liaoning Hongyanhe Nuclear Power Co., Ltd. ("Hongyanhe Nuclear")Δ	Nuclear power generation which commenced operation in June 2013	PRC	45.00%	45.00%	45.00%	45.00%	45.00%
中廣核一期產業投資基金有限公司 CGN Industry Investment Fund Phase I Co., Ltd. ("CGN Fund Phase I")*	Investment holding	PRC	31.43%	31.43%	31.43%	31.43%	31.43%
台山核電合營有限公司 Taishan Nuclear Power Joint Venture Co., Ltd. ("Taishan Nuclear")ΔΔ	Nuclear power generation**	PRC	34.30%	*note*	*note*	*note*	*note*

* directly held by the Company

** not yet commence operation

Δ The equity interest in Hongyanhe Nuclear was pledged to secure banking facilities of Hongyanhe Nuclear as at December 31, 2011. Details of pledge of assets are set out in note 45.

ΔΔ The equity interest in Taishan Nuclear was pledged to secure loan facilities of Taishan Nuclear as at December 31, 2011. Details of pledge of assets are set out in note 45.

Note: On October 10, 2012, the Group disposed of its 24.3% equity interest in Taishan Nuclear to a fellow subsidiary at cash consideration of approximately RMB4,638,161,000, at which time the equity interest held by the Group reduced to 10% and the Group ceased to have significant influence on Taishan Nuclear.

The Group has accounted for the remaining 10% equity interest as an available-for-sale investment whose fair value at the date of disposal was approximately RMB1,908,276,000 determined using an asset-based model.

The calculation of gain on disposal of Taishan Nuclear is as follows:

	RMB'000
Proceeds of disposal received in 2010	4,638,161
Less: carrying amount of the 24.3% equity interest on the date of loss of significant influence	4,330,668
Realized gain	307,493
Fair value of 10% retained equity interest	1,908,276
Less: carrying amount of the 10% equity interest retained on the date of loss of significant influence	1,782,169
Unrealized gain	126,107
Total gain on disposal	433,600

A current tax and deferred tax expense of approximately RMB142,585,000 and RMB58,569,000 was recognized in profit and loss in respect of the realized gain and unrealized gain in 2012 respectively.

Save for Taishan Nuclear, the Group also disposed of its equity interest in another associate to a fellow subsidiary at cash consideration of approximately RMB348,183,000 in 2012. A loss of approximately RMB54,746,000 and current tax expense of approximately RMB4,669,000 was recognized in profit and loss.

The summarized financial information in respect of the each of the Group's material associate which are accounted for using the equity accounting method and prepared using IFRSs are set out below.

Hongyanhe Nuclear

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	2,628,584	3,933,277	3,428,120	4,419,063
Non-current assets	36,535,869	46,035,508	52,999,606	53,885,117
Current liabilities	8,065,924	8,219,627	17,310,059	16,191,649
Non-current liabilities	23,598,482	32,196,154	28,078,537	31,274,032

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	–	–	1,772,807	174,633	1,286,834
(Losses) profit and total comprehensive (expenses) income for the year/period	(90,259)	(13,467)	227,584	74,536	(63,954)
Dividends received from associate	–	–	–	–	107,979

Reconciliation of the above summarized financial information to the carrying amount of the Group's interest in Hongyanhe recognized in the Financial Information:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Net assets of the associate	7,500,047	9,553,004	11,039,130	10,838,499
Proportion of the Group's interest in Hongyanhe Nuclear	45.00%	45.00%	45.00%	45.00%
Unrealized profit	(38,560)	(54,298)	(54,309)	(48,614)
Carrying amount of the Group's interest in Hongyanhe Nuclear	3,336,461	4,244,554	4,913,300	4,828,711

CGN Fund Phase I

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	6,093	156,491	242,875	230,655
Non-current assets *(note)*	3,651,863	4,422,650	4,963,252	5,190,152
Current liabilities	1,863	20,563	1,090	239
Non-current liabilities	–	–	–	–

Note: The non-current assets represent the carrying amount of 22.22% equity interest in CGN Investment, 43.48% equity interest in Ninghe Investment, and 7% equity interest in Yangjiang Nuclear. CGN Investment and Ninghe Investment are classified as interests in associates, and Yangjiang Nuclear is classified as available-for-sale investments.

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	–	–	–	–	–
Profit (losses) and total comprehensive income (expenses) for the year/period	666	84,385	187,497	(27,973)	(24,827)
Dividends received from associate	–	–	19,935	19,935	–

Reconciliation of the above summarized financial information to the carrying amount of the Group's interest in CGNPC Fund I recognized in the Financial Information:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Net assets of the associate	3,656,093	4,558,578	5,205,037	5,420,568
Proportion of the Group's interest in CGN Fund Phase I	31.43%	31.43%	31.43%	31.43%
Surplus on disposal *(note)*	(62,031)	(62,031)	(62,031)	(62,031)
Carrying amount of the Group's interest in CGN Fund Phase I	1,087,079	1,370,730	1,573,912	1,641,654

Note: Surplus on disposal represents 31.43% of the surplus resulting from the disposal of 7% equity interest in Yangjiang Nuclear by the Group to CGN Fund Phase I.

Taishan Nuclear

	At December 31, 2011
	RMB'000
Current assets	3,030,891
Non-current assets	32,601,767
Current liabilities	4,606,015
Non-current liabilities	13,146,045

	Year ended December 31, 2011	Period ended from January 1, 2012 to October 10, 2012
	RMB'000	RMB'000
Revenue	–	–
Profit (loss) and total comprehensive income (expenses) for the year/period *(note)*	419,490	(51,542)
Dividends received from associate	–	–

Note: The amounts include foreign exchange gain of approximately RMB668,104,000 in 2011 and exchange loss of RMB73,768,000 from January 1, 2012 to October 10, 2012.

Reconciliation of the above summarized financial information to the carrying amount of the Group's interest in Taishan Nuclear recognized in the Financial Information:

	At December 31, 2011
	RMB'000
Net assets of the associate	17,880,598
Proportion of the Group's interest in Taishan Nuclear	34.30%
Carrying amount of the Group's interest in Taishan Nuclear	6,133,045

Aggregate information of associates that are not individually material

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
The Group's share of profit (losses) and other comprehensive expenses	47,444	(8,178)	(12,534)	(1,959)	(2,701)
Dividends received	3,329	271	2,095	1,473	–

	At December 31,			At June 30, 2014
	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of the Group's interests in these associates	654,810	256,950	242,328	239,096

These individually immaterial associates are principally involved in manufacturing of steel tube and investment in mineral exploration project in the PRC.

20. INTERESTS IN JOINT VENTURES

	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of interests in joint ventures – unlisted	2,818,400	3,403,940	4,303,520	4,450,841
Share of post-acquisition (losses) profits net of dividends received	(49,311)	(79,374)	60,206	(94,591)
	2,769,089	3,324,566	4,363,726	4,356,250

Particulars of the joint ventures of the Group are as following:

Name of joint venture	Principal activities	Place of establishment and operation	Proportion of paid-in capital and voting power held by the Group: At December 31, 2011	2012	2013	At June 30, 2014	At date of this report
福建寧德核電有限公司 Fujian Ningde Nuclear Power Co., Ltd. ("Ningde Nuclear")	Nuclear power generation commenced in April 2013	PRC	46%	46%	46%	46%	46%
CGN Simulation Technology	Nuclear power technology development	PRC	54%	*note*	*note*	*note*	*note*
北京中法瑞克儀器有限公司 Beijing Ric Nuclear Instrument Joint Venture Co., Ltd.	Nuclear power instrument manufacturing	PRC	51%	51%	51%	51%	51%

Note: As described in note 47, it became a subsidiary of the Group upon acquisition of additional 21% equity interest in 2012.

Pursuant to the joint venture agreement of Ningde Nuclear, the relevant activities that significantly affect the return of Ningde Nuclear require unanimous consent from the Group and the other venturer. In addition, the joint arrangement does not result in either parties having rights to asset and obligations to liabilities of Ningde Nuclear. Hence, Ningde Nuclear is classified as a joint venture.

The summarized financial information in respect of the Group's material joint venture which are accounted for using the equity accounting method and prepared using IFRSs are set out below.

Ningde Nuclear

	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	1,015,085	1,853,171	4,308,603	5,082,730
Non-current assets	31,559,851	40,344,039	46,152,050	47,925,580
Current liabilities	6,954,934	9,058,343	9,383,684	9,051,158
Non-current liabilities	19,585,144	25,820,778	31,496,152	34,391,948
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	541,726	385,438	872,270	1,021,995
Current financial liabilities (excluding trade and other payables and provisions)	3,767,204	7,781,812	8,259,900	8,432,790
Non-current financial liabilities (excluding trade and other payables and provisions)	19,585,144	25,820,778	31,363,333	32,054,251

	Year ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2013	Six months ended June 30, 2013	Six months ended June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	–	–	2,160,281	655,513	828,110
(Loss) profit and total comprehensive (expenses) income for the year/period	(12,571)	(13,157)	307,126	208,126	(335,883)
Dividends received from the joint venture	–	–	–	–	–
The above (loss) profit for the year/period includes the following:					
Depreciation and amortization	262	676	342,189	181,235	218,700
Interest income	–	–	2,015	1,423	1,901
Finance costs	–	–	700,113	193,793	551,083
Taxation	–	–	–	–	–

Reconciliation of the above summarized financial information to the carrying amount of the Group's interest in Ningde Nuclear recognized in the Financial Information:

	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Net assets of the joint venture	6,034,858	7,318,089	9,580,817	9,565,204
Proportion of the Group's interest in Ningde Nuclear	46.00%	46.00%	46.00%	46.00%
	2,776,035	3,366,321	4,407,176	4,399,994
Unrealized profit	(42,088)	(55,254)	(57,815)	(57,403)
Carrying amount of the Group's interest in Ningde Nuclear	2,733,947	3,311,067	4,349,361	4,342,591

Aggregate information of joint ventures that are not individually material

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
The Group's share of profit (losses) and total comprehensive income (expenses)	7,720	2,041	2,238	(583)	(291)
Dividend received	1,717	–	–	–	–

	At December 31,			At June 30, 2014
	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures	35,142	13,499	14,365	13,659

21. AVAILABLE-FOR-SALE INVESTMENTS

	At December 31,			At June 30, 2014
	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investment, at cost				
– 15% equity interests in 中核能源科技有限公司 *(note (a))*	110,000	110,000	110,000	110,000
Unlisted investment, at fair value				
– 10% equity interests in Taishan Nuclear *(note (b))*	–	1,980,411	2,365,071	2,395,613
	110,000	2,090,411	2,475,071	2,505,613

Notes:

(a) The unlisted investment represents equity securities of a state-owned entity established in the PRC. It is measured at cost less impairment at the end of each of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair values cannot be reliably measured. The Group does not intend to dispose it in the near future.

(b) The fair value was determined using an asset-based model. As set out in note 19, the Group retained 10% equity interests in Taishan Nuclear upon the completion of the disposal of 24.3% equity interest on October 10, 2012. These equity interests were pledged to secure loan facilities of Taishan Nuclear as at December 31, 2012, 2013 and June 30, 2014. Details of pledged of assets are set out in note 45.

Pursuant to the minutes of owners and board of directors of Taishan Nuclear on June 5, 2013 and September 16, 2013, the owners made additional capital contribution of RMB3,224,000,000 to Taishan Nuclear on a pro-rata basis.

22. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the Relevant Periods:

Deferred tax assets (liabilities)	Unrealized profit	Tax losses	Receipt in advance	Decelerated depreciation on property, plant and equipment	Available for-sale investments	Derivative financial instruments	Accelerated depreciation on property, plant and equipment	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2011	39,554	1,317	7,162	366	–	(29,259)	(409,220)	4,175	(385,905)
Credit (charge) to profit or loss	28,595	(315)	(3,331)	(7)	–	14,326	(278,994)	(3,630)	(243,356)
Exchange differences	–	–	–	–	–	–	32,342	–	32,342
At December 31, 2011	68,149	1,002	3,831	359	–	(14,933)	(655,872)	545	(596,919)
Credit (charge) to profit or loss	8,786	(1,002)	1,434	(356)	(58,569)	2,383	(215,295)	795	(261,824)
Charge to other comprehensive income	–	–	–	–	(18,034)	–	–	–	(18,034)
Acquisition of subsidiary	–	–	–	–	–	–	6	–	6
Exchange differences	–	–	–	–	–	–	2,133	–	2,133
At December 31, 2012	76,935	–	5,265	3	(76,603)	(12,550)	(869,028)	1,340	(874,638)
Credit (charge) to profit or loss	5,847	–	1,268	5,655	–	1,082	(252,490)	1,687	(236,951)
Charge to other comprehensive income	–	–	–	–	(15,564)	–	–	–	(15,564)
Exchange differences	–	–	–	–	–	–	25,174	–	25,174
At December 31, 2013	82,782	–	6,533	5,658	(92,167)	(11,468)	(1,096,344)	3,027	(1,101,979)
Credit (charge) to profit or loss	1,840	–	(3,413)	(76)	–	1,691	(62,596)	(11)	(62,565)
Charge to other comprehensive income	–	–	–	–	(7,636)	–	–	–	(7,636)
Exchange differences	–	–	–	–	–	–	(8,411)	–	(8,411)
At June 30, 2014	84,622	–	3,120	5,582	(99,803)	(9,777)	(1,167,351)	3,016	(1,180,591)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	73,886	83,543	98,000	96,340
Deferred tax liabilities	(670,805)	(958,181)	(1,199,979)	(1,276,931)
	(596,919)	(874,638)	(1,101,979)	(1,180,591)

Details of tax losses not recognized during the Relevant Periods are set out below:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	4,997	16,945	29,604	388,599

No deferred tax asset has been recognized in respect of the tax loss due to the unpredictability of future profit stream for relevant subsidiaries. Included in unrecognized tax losses are losses that will expire as the following:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
2016	4,997	4,617	4,617	4,617
2017	–	12,328	4,185	4,185
After 2018	–	–	20,802	379,797
	4,997	16,945	29,604	388,599

23. PREPAID LEASE PAYMENTS

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Land use rights in PRC				
Medium-term lease	569,239	1,088,041	1,041,997	1,618,081
Analysed for reporting purposes as:				
Current assets	21,009	20,340	34,845	45,860
Non-current assets	548,230	1,067,701	1,007,152	1,572,221
	569,239	1,088,041	1,041,997	1,618,081

As part of the Reorganization, certain prepaid lease payments were revalued upwards by approximately RMB598,125,000 in March 2014. Details are disclosed in note 2.

The prepaid lease payments represented land use rights in the PRC held under medium-term leases of 20 to 50 years.

The Group pledged leasehold land with carrying values of RMB32,911,000, RMB32,219,000, RMB30,920,000 and RMB30,270,000 to secure loan facilities of the Group as at December 31, 2011, 2012, 2013 and June 30, 2014 respectively. Details of pledge of assets are set out in note 45.

The Group is still in the process of obtaining the land use right certificate with carrying amount of RMB1,081,000, RMB1,134,000, RMB5,192,000 and RMB5,068,000 at December 31, 2011, 2012, 2013 and June 30, 2014 respectively.

24. INVENTORIES

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Nuclear fuel	5,899,661	5,760,604	6,637,835	7,668,368
Materials and consumable parts	1,608,276	1,743,526	1,743,892	1,763,651
Others	23,521	9,713	2,568	6,112
	7,531,458	7,513,843	8,384,295	9,438,131

25. PROPERTIES UNDER DEVELOPMENT/COMPLETED PROPERTIES FOR SALE

The Group's properties under development and completed properties for sales are situated in the PRC held under medium-term lease.

Included in the amount are properties under development for sale of approximately RMB219,882,000, RMB252,413,000, RMB266,532,000 and RMB271,685,000 in relation to property development projects that are expected to complete after one year from December 31, 2011, 2012, 2013 and June 30, 2014 respectively.

26. TRADE AND BILLS RECEIVABLES

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from third parties	1,460,500	1,453,042	1,402,662	1,482,357
Less: allowance of doubtful debts	(10,960)	(4,394)	(6,643)	(8,852)
	1,449,540	1,448,648	1,396,019	1,473,505
Amount due from ultimate holding company	–	34,403	5,990	6,165
Amounts due from joint ventures	6,491	7,643	13,995	61,918
Amounts due from associates	12,403	19,989	26,739	32,107
Amounts due from fellow subsidiaries	53,985	143,525	99,548	78,262
Amounts due from non-controlling shareholders with significant influence	133,264	178,982	79,182	482,063
Bills receivables	3,060	4,130	7,933	3,630
Total trade and bills receivables	1,658,743	1,837,320	1,629,406	2,137,650

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

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
1 days to 30 days	1,607,325	1,398,648	1,465,365	1,847,134
31 days to 1 year	42,156	423,352	141,625	252,613
1 year to 2 years	6,988	11,922	15,165	27,244
2 years to 3 years	1,894	2,878	5,381	7,220
Over 3 years	380	520	1,870	3,439
	1,658,743	1,837,320	1,629,406	2,137,650

Trade receivables from third parties and bills receivables of the Group primarily represent receivables from grid companies. The credit terms on the sale of electricity are 30 days.

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

All the trade receivables with third parties are neither past due nor impaired.

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

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	10,006	10,960	4,394	6,643
Impairment losses recognized on receivables	954	–	2,249	2,209
Impairment losses reversed	–	(6,566)	–	–
At the end of the year/period	10,960	4,394	6,643	8,852

The Group pledged trade receivables from grid companies resulting from the pledge of tariff collection rights with carrying amount of approximately RMB1,135,667,000, RMB1,056,890,000, RMB959,983,000 and RMB943,309,000 to secure loan facilities granted to the Group as at December 31, 2011, 2012, 2013 and June 30, 2014 respectively. Details of pledge of assets are set out in note 45.

Trade receivables denominated in currencies other than the functional currencies are set out below:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
USD	133,264	178,982	79,182	482,063
European Dollar ("EURO")	7,258	13,407	21,527	22,849
	140,522	192,389	100,709	504,912

27. PREPAYMENTS AND OTHER RECEIVABLES

THE GROUP

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Value added tax recoverable	1,745,309	2,319,265	2,861,128	2,978,532
Prepayments to third parties for materials and consumable parts	418,277	556,294	588,592	624,924
Prepayments to a fellow subsidiary for nuclear materials	7,684	224,256	12,391	38,360
Prepayments to a non-controlling shareholder with significant influence for materials	2,761	2,475	–	–
Others	183,031	213,120	65,356	84,183
	2,357,062	3,315,410	3,527,467	3,725,999
Analysed for financial reporting purpose:				
Non-current *(note)*	1,369,077	2,140,533	2,384,560	2,497,773
Current	987,985	1,174,877	1,142,907	1,228,226
	2,357,062	3,315,410	3,527,467	3,725,999

Note: The amounts represents value-added tax that are not expected to be utilized within one year from the end of respective reporting period.

28. AMOUNTS DUE FROM RELATED PARTIES

THE GROUP

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables from ultimate holding company	2,792,621	7,823,400	20,183	86,641
Other receivables from fellow subsidiaries	197,803	181,450	262,073	233,057
Other receivables from associates	86,359	731	398	134
Other receivables from joint ventures	7,321	3,405	3,608	168
	3,084,104	8,008,986	286,262	320,000

THE COMPANY

	At June 30, 2014
	RMB'000
Dividends receivable from subsidiaries	3,143,426
Amounts due from fellow subsidiaries	5,330,204
	8,473,630

In the opinion of the management, the amounts are expected to be settled within one year from the end of reporting period. The balances are unsecured, non-trade nature, interest-free and repayable on demand.

29. LOANS TO FELLOW SUBSIDIARIES/LOANS TO A SUBSIDIARY

THE GROUP

	At December 31,			At June 30, 2014
	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000
中廣核能源開發有限責任公司 CGN Energy Development Co., Ltd.	200,000	100,000	450,000	450,000
中廣核風電有限公司 CGN Wind Energy Ltd. ("CGN Wind")	–	270,000	–	–
	200,000	370,000	450,000	450,000

The amounts represent short-term loans to certain fellow subsidiaries under entrusted loan arrangement through 中廣核財務有限責任公司 CGN Finance Co., Ltd. ("CGN Finance"), a fellow subsidiary and a financial institution, in the PRC during the Relevant Periods. The entrusted loans carried fixed interests ranging from 4.5% to 4.78% per annum, were repayable within twelve months from the end of the respective reporting period and denominated in RMB, foreign currency of the group entity.

THE COMPANY

The amount is unsecured, carried fixed interests of 4.5%per annum and is repayable on November 11, 2017.

30. DERIVATIVE FINANCIAL INSTRUMENTS

THE GROUP

	At December 31,						At June 30, 2014	
	2011		2012		2013			
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Foreign currency forward contracts	71,591	3,560	95,555	2,152	127,223	–	100,548	6,717
Currency swap contracts	121,172	12,698	147,980	–	178,111	2,912	150,383	–
Interest rate swap contracts	–	374,759	–	371,933	–	258,110	–	357,995
	192,763	391,017	243,535	374,085	305,334	261,022	250,931	364,712
Analysed for financial reporting purpose based on remaining contractual maturity:								
Non-current	89,184	292,574	126,940	274,124	185,454	164,640	153,586	251,575
Current	103,579	98,443	116,595	99,961	119,880	96,382	97,345	113,137
	192,763	391,017	243,535	374,085	305,334	261,022	250,931	364,712

The above derivatives were measured at fair values at the end of each reporting period and changes in fair value are recognized in the profit or loss. Their fair values were determined by Asset Appraisal Limited, an independent valuer, based on appropriate valuation technique as detailed in note 42. The address of Asset Appraisal Limited is Room 901, 9/F, On Hong Commercial Building, 145 Hennessy Road, Wan Chai, Hong Kong.

Foreign currency forward contracts

The major terms of the outstanding foreign currency forward contracts at the end of the reporting period are as follows:

Notional amounts	Maturity dates	Contracted exchange rates
At December 31, 2011		
Buy EURO35,000,000	From June 8, 2012 to November 21, 2012	EURO: RMB 1:8.0980 to 1:8.3150
Buy Great Britain Pound ("GBP")34,956,887	March 22, 2018	GBP: USD 1:1.3500
Buy EURO4,264,678	From January 13, 2012 to November 21, 2013	EURO: USD 1:1.2370 to 1:1.3069
Buy RMB1,972,116,300	From January 13, 2012 to December 13, 2012	RMB: USD 1:0.1559 to 1: 0.1585
At December 31, 2012		
Buy EURO60,723,430	From November 21, 2013 to September 19, 2017	EURO: USD 1:1.2370 to 1:1.2989
Buy GBP45,837,525	March 22, 2018	GBP: USD 1:1.3500 to 1:1.5690
Buy RMB2,238,960,200	From January 11, 2013 to December 11, 2015	RMB: USD 1:0.1534 to 1:0.1579
At December 31, 2013		
Buy EURO40,000,000	September 19, 2017	EURO: USD 1:1.2485 to 1:1.2989
Buy GBP35,358,618	March 22, 2018	GBP: USD 1:1.3500 to 1:1.5690
Buy RMB1,389,022,300	From January 13, 2014 to December 11, 2015	RMB: USD 1:0.1534 to 1:0.1673
At June 30, 2014		
Buy EURO40,000,000	September 19, 2017	EURO: USD 1:1.2485 to 1:1.2989
Buy GBP30,973,349	March 22, 2018	GBP: USD 1:1.3500 to 1:1.5690
Buy RMB2,483,547,200	From July 11, 2014 to July 11, 2016	RMB: USD 1:0.1534 to 1:0.1631

Currency swap contracts

The major term of the outstanding currency swap contracts at the end of the reporting period are as follows:

Notional amounts	Maturity dates	Contracted swap rates
At December 31, 2011		
EURO548,339,027	From November 22, 2017 to November 27, 2017	EURO: USD 1.129:1 to 1.45:1
GBP93,862,388	March 22, 2018	GBP: USD 1.596:1 to 2:1
At December 31, 2012, 2013 and June 30, 2014		
EURO610,085,547	From November 22, 2017 to November 27, 2017	EURO: USD 1.129:1 to 1.45:1
GBP93,862,388	March 22, 2018	GBP: USD 1.596:1 to 2:1

Interest rate swap contracts

The major terms of interest rate swap contracts at the end of the reporting periods are as below:

Notional amounts	Commencement dates	Maturity dates	Interest rates
At December 31, 2011			
RMB1,000,000,000	March 18, 2008	December 20, 2017	From RMB 7 days repurchase agreement ("Repo") rate plus 1.45% to 5.9% per annum
RMB1,000,000,000	December 22, 2008	December 20, 2017	From RMB 7 days Repo rate plus 1.25% to 5.9% per annum
USD25,680,000	September 21, 2011	September 21, 2016	From US$ London Interbank Offered Rate ("LIBOR") to 2.91% per annum
At December 31, 2012 and 2013, and June 30, 2014			
USD16,340,286	May 29, 2012	March 31, 2017	From 6 months LIBOR plus 0.375% to 1.51% per annum
RMB1,000,000,000	March 18, 2008	December 20, 2017	From RMB 7 days Repo rate plus 1.45% to 5.9% per annum
RMB1,000,000,000	December 22, 2008	December 20, 2017	From RMB 7 days Repo rate plus 1.25% to 5.9% per annum
USD25,680,000	September 21, 2011	September 21, 2016	From US$ LIBOR to 2.91% per annum

THE COMPANY

	At June 30, 2014
	Liabilities
	RMB'000
Interest rate swap contracts	352,680
Analysed for financial reporting purpose based on remaining contractual maturity:	
Non-current	245,946
Current	106,734
	352,680

Interest rate swap contracts

Notional amounts	Commencement dates	Maturity dates	Interest rates
At June 30, 2014			
RMB1,000,000,000	March 18, 2008	December 20, 2017	From RMB 7 days Repo rate plus 1.45% to 5.9% per annum
RMB1,000,000,000	December 22, 2008	December 20, 2017	From RMB 7 days Repo rate plus 1.25% to 5.9% per annum

31. RESTRICTED BANK DEPOSITS, CASH AND CASH EQUIVALENTS/OTHER DEPOSITS OVER THREE MONTHS

THE GROUP

Restricted bank deposits mainly represent fixed rate deposit in bank to secure the letter of credit for suppliers.

The Group's cash and cash equivalents comprise cash, bank deposits and deposits in CGN Finance, which carry interest at prevailing market rates ranging from 0.020% to 3.500%, 0.005% to 3.250%, 0.005% to 3.250% and 0.005% to 3.080% per annum at December 31, 2011, 2012, 2013 and June 30, 2014 respectively.

As at December 31, 2011, 2012, 2013 and June 30, 2014, the bank deposits and deposits in CGN Finance, of RMB1,878,250,000, RMB2,285,610,000, RMB2,752,446,000 and RMB386,240,000 carry fixed rate interests ranging from 3.300% to 3.500%, 2.800% to 3.250%, 3.025% to 3.250% and 3.080% to 3.300% per annum respectively with original maturity more than three months.

Deposits in CGN Finance amounted to approximately RMB10,853,463,000, RMB5,224,301,000, RMB7,788,500,000 and RMB7,510,474,000 as at December 31, 2011, 2012, 2013 and June 30, 2014, respectively.

THE COMPANY

The Company's cash and cash equivalents comprise bank deposits and deposits in CGN Finance which carry interests at prevailing market rates of 0.005% per annum at June 30, 2014.

32. TRADE AND OTHER PAYABLES

THE GROUP

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to third parties	1,692,524	1,744,246	1,861,384	1,887,013
Amounts due to fellow subsidiaries	4,311	11,189	35,454	31,781
Receipts in advance from ultimate holding company	400	14,570	3,840	2,530
Receipts in advance from joint ventures	153	12,107	29,116	519
Receipts in advance from associates	6,097	2,230	1,211	1,746
Receipts in advance from fellow subsidiaries	6,598	26,711	454	550
Receipts in advance from a non-controlling shareholder with significant influence over a subsidiary	24,525	36,530	177,456	–
Receipts in advance from third parties	26,139	70,539	52,017	28,033
Total trade payables	1,760,747	1,918,122	2,160,932	1,952,172
Bills payable to a fellow subsidiary *(note)*	–	1,760,167	–	–
Construction payables to third parties	1,697,781	1,227,565	1,088,504	937,606
Construction payables to fellow subsidiaries	3,527,086	5,463,532	6,156,483	1,544,698
Construction payables to a non-controlling shareholders with significant influence	–	2,826	740	–
Value added tax and other tax payables	213,298	191,985	165,386	140,174
Staff cost payables	64,540	70,333	99,133	104,639
Dividends payables to a non-controlling shareholder	–	2,335	–	–
Interests on notes payable	84,894	86,915	89,301	381,826
Other payables and accruals to third parties	1,049,208	459,516	589,600	45,122
Total other payables	6,636,807	9,265,174	8,189,147	3,154,065
	8,397,554	11,183,296	10,350,079	5,106,237

Note: The bills payable is for construction cost of nuclear power plant.

The credit period on purchases of goods ranges from 180 days to 360 days. The Group has financial risk management policies in place to ensure all payables are settled within the credit frame.

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

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

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	1,760,747	1,917,415	2,160,899	1,952,172
1 to 2 years	–	707	33	–
	1,760,747	1,918,122	2,160,932	1,952,172

33. AMOUNTS DUE TO RELATED PARTIES/ULTIMATE HOLDING COMPANY

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Other payable to ultimate holding company	13,749,992	3,411,745	1,418,993	2,672,349
Other payables to fellow subsidiaries	4,793,863	131,820	166,710	95,508
Other payables to non-controlling shareholders with significant influence	287,081	7,866	–	–
Other payables to associates	347	135,572	239,337	53,849
Other payable to a joint venture	8	–	–	–
	18,831,291	3,687,003	1,825,040	2,821,706

The amounts are unsecured, interest-free and repayable on demand.

THE COMPANY

The amounts are unsecured, interest-free and repayable on demand.

34. LOANS FROM ULTIMATE HOLDING COMPANY/A FELLOW SUBSIDIARY/LONG-TERM PAYABLES TO ULTIMATE HOLDING COMPANY

THE GROUP

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Secured	3,221,763	3,225,778	3,083,866	2,991,610
Unsecured	13,555,199	26,625,500	16,642,500	11,502,650
	16,776,962	29,851,278	19,726,366	14,494,260

Certain borrowings were secured by prepaid lease payment, nuclear facilities and tariff collection right of the Group. Details are shown in note 45.

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities				
Loans from a fellow subsidiary repayable after twelve months	3,167,589	3,041,414	3,099,504	3,191,610
Loans from ultimate holding company repayable after twelve months	–	400,000	400,000	400,000
Payables to ultimate holding company repayable after twelve months	5,530,000	5,530,000	5,530,000	5,530,000
Current liabilities				
Loans from ultimate holding company	6,472,700	19,368,000	9,131,000	3,721,650
Loans from a fellow subsidiary	1,606,673	1,511,864	1,565,862	1,651,000
	16,776,962	29,851,278	19,726,366	14,494,260
Repayable within one year				
– RMB loans	8,079,373	20,879,864	10,696,862	5,372,650
Repayable from one to two years				
– RMB loans	54,173	184,364	584,362	400,000
– RMB long-term payable	–	–	3,530,000	3,530,000
– Euro loans	–	–	1,941	1,950
Repayable from two to five years				
– RMB loans	172,854	977,454	785,192	785,198
– RMB long-term payable	5,530,000	5,530,000	2,000,000	2,000,000
– Euro loans	1,886	4,691	5,822	5,851
Repayable over five years				
– RMB loans	2,931,134	2,263,959	2,110,543	2,386,910
– Euro loans	7,542	10,946	11,644	11,701
	16,776,962	29,851,278	19,726,366	14,494,260

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

	At December 31,						At June 30,	
	2011		2012		2013		2014	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Fixed rate loans and payables	8,664,825	5.31	9,018,330	5.27	9,033,930	5.24	8,941,730	5.23
Floating rate loans	8,112,137	6.03	20,832,948	5.76	10,692,436	5.75	5,552,530	6.09
	16,776,962		29,851,278		19,726,366		14,494,260	

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

THE COMPANY

	At June 30, 2014
	RMB'000
Non-current liabilities	
RMB long-term payables to ultimate holding company:	
From one to two years	3,530,000
From two to five years	2,000,000
	5,530,000

The amounts are unsecured, carried fixed interest rate from 3.90% to 5.93% per annum.

35. BANK AND OTHER BORROWINGS

Bank Borrowings

	At December 31,			At June 30, 2014
	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000
Secured	31,309,521	40,029,846	50,374,518	55,739,828
Unsecured	1,780,465	540,206	748,091	1,149,005
	33,089,986	40,570,052	51,122,609	56,888,833
Carrying amount repayable based on repayment terms:				
Within one year	3,045,940	2,709,184	2,400,783	2,918,748
More than one year, but within two years	2,081,722	1,956,225	3,998,742	4,611,430
More than two years, but within five years	7,434,246	10,104,107	11,905,081	13,458,416
More than five years	20,528,078	25,800,536	32,818,003	35,900,239
	33,089,986	40,570,052	51,122,609	56,888,833
Less: Amounts due within one year shown under current liabilities	(3,045,940)	(2,709,184)	(2,400,783)	(2,918,748)
Amounts shown under non-current liabilities	30,044,046	37,860,868	48,721,826	53,970,085

Bank borrowings were secured by certain prepaid lease payment, nuclear facilities and tariff collection rights of the Group. Details are shown in note 45.

Save for the bank borrowing of RMB3,000,000,000 as at December 31, 2013 and June 30, 2014, which is guaranteed by the ultimate holding company, the remaining balances are unguaranteed.

Bank borrowings denominated in currencies other than the functional currencies are set out below:

	At December 31,			At June 30, 2014
	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000
EURO	3,788,061	3,933,379	3,742,036	3,537,310
USD	322,349	278,527	269,552	258,930
GBP	920,801	774,606	574,706	533,315
	5,031,211	4,986,512	4,586,294	4,329,555

The carrying amount of the bank borrowings and the weighted average effective interest rates are as below:

	At December 31,						At June 30,	
	2011		2012		2013		2014	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Fixed rate bank borrowings	15,515,755	6.28	15,942,823	6.27	14,430,874	6.24	13,894,286	6.21
Floating rate bank borrowings	17,574,231	5.93	24,627,229	6.04	36,691,735	5.62	42,994,547	5.59
	33,089,986		40,570,052		51,122,609		56,888,833	

The floating rate bank borrowings are arranged at the interest rate based on benchmark interest rates of the People's Bank of China or LIBOR.

Borrowings from a financial institution

On May 8 and May 30, 2014, Yangjiang Nuclear entered into two sales and purchases contracts of manufacturing equipment, with carrying amounts of approximately RMB816,223,000 and RMB778,275,000, with a financial institution at cash considerations of approximately RMB449,694,000 and RMB503,773,000 respectively. At the same time, Yangjiang Nuclear entered into finance lease contracts with the financial institution to lease back the manufacturing equipment. Pursuant to the finance lease agreement, the lease term is 2 years with fixed interest at 4.1% per annum and Yangjiang Nuclear could repurchase the manufacturing equipment at a nominal value of RMB1 at the end of the lease term. In the opinion of the directors, the sales and lease back arrangement is solely for financing purpose. As such, the arrangements are accounted for as borrowings secured by the manufacturing equipment.

	At June 30, 2014
	RMB'000
Within one year	–
In more than one year and not more than five years	953,467
In more than five years	–
Less: Amount due for settlement within 12 months (show under current liabilities)	–
Amount due for settlement after 12 months	953,467

36. NOTES PAYABLE

THE GROUP AND THE COMPANY

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Listed in the PRC				
Guaranteed corporate bond issued in 2002 *(note a)*	4,000,000	4,000,000	4,000,000	4,000,000
Guaranteed corporate bond issued in 2007 *(note b)*	2,000,000	2,000,000	2,000,000	2,000,000
Unguaranteed corporate bond issued in 2010 *(note c)*	2,500,000	2,500,000	2,500,000	2,500,000
	8,500,000	8,500,000	8,500,000	8,500,000

Notes:

(a) In 2002, the Group issued guaranteed corporate bond with an aggregate principal amount of RMB4 billion (the "2002 Corporate Bond") at the issue price of 100%. The 2002 Corporate Bond, which bear fixed interest at the rate of 4.50% per annum payable annually, are unconditionally and irrevocably guaranteed by China Development Bank. The 2002 Corporate Bond shall become immediately due and payable in the event of the failure to perform or observe certain conditions set out in the trust deed which include, inter alia, the negative pledge given by China Development Bank. The 2002 Corporate Bond will mature on November 11, 2017 at the principal amount.

(b) In 2007, the Group issued guaranteed corporate bond with an aggregate principal amount of RMB2 billion (the "2007 Corporate Bond") at the issue price of 100%. The 2007 Corporate Bond, which bear fixed interest at the rate of 5.90% per annum payable annually, are unconditionally and irrevocably guaranteed by Agricultural Bank of China. The 2007 Corporate Bond shall become immediately due and payable in the event of the failure to perform or observe certain conditions set out in the trust deed which include, inter alia, the negative pledge given by Agricultural Bank of China. The 2007 Corporate Bond will mature on December 20, 2022 at the principal amount.

(c) In 2010, the Group issued corporate bond with an aggregate principal amount of RMB2.5 billion (the "2010 Corporate Bond") at the issue price of 100%. The 2010 Corporate Bond bear fixed interest at the rate of 4.60% per annum payable annually. The 2010 Corporate Bond will be mature on May 12, 2020 at the principal amount.

37. DEFERRED INCOME

	RMB'000
At January 1, 2011	176,784
Government grants received	103,310
Released to profit or loss	(1,408)
At December 31, 2011	278,686
Government grants received	182,955
Released to profit or loss	(16,692)
At December 31, 2012	444,949
Government grants received	193,307
Released to profit or loss	(19,807)
At December 31, 2013	618,449
Government grants received	3,652
Released to profit or loss	(10,041)
At June 30, 2014	612,060

The Group received government subsidies approximately RMB103,310,000, RMB182,955,000, RMB193,307,000 and RMB3,652,000 for each of the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 for the development of nuclear power plant and related technology. The amounts are treated as deferred income and will be released to profit or loss over the estimated useful lives of intangible assets, property, plant and equipment and upon future expenditure to be incurred.

38. PROVISIONS

The Group has made the following provisions in the Financial Information:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current liability				
Provision for spent fuel management	1,820,423	1,152,924	736,819	394,543
Non-current liabilities				
Provision for low and medium level radioactive waste management	119,834	131,085	142,335	148,677
Provision for nuclear power plant decommissioning	1,015,448	1,085,661	1,144,158	1,329,048
	1,135,282	1,216,746	1,286,493	1,477,725
	2,955,705	2,369,670	2,023,312	1,872,268

The movements of provisions are shown as follows:

	Provision for spent fuel management	Provision for low and medium level radioactive waste management	Provision for nuclear power plant decommissioning	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2011	1,861,194	109,934	902,955	2,874,083
Additions	796,877	14,006	73,959	884,842
Interest expense	–	–	64,417	64,417
Paid	(837,648)	–	–	(837,648)
Exchange differences	–	(4,106)	(25,883)	(29,989)
At December 31, 2011	1,820,423	119,834	1,015,448	2,955,705
Additions	786,961	11,474	–	798,435
Interest expense	–	–	71,647	71,647
Paid	(1,454,460)	–	–	(1,454,460)
Exchange differences	–	(223)	(1,434)	(1,657)
At December 31, 2012	1,152,924	131,085	1,085,661	2,369,670
Additions	731,817	13,999	–	745,816
Interest expense	–	–	76,048	76,048
Paid	(1,147,922)	–	–	(1,147,922)
Exchange differences	–	(2,749)	(17,551)	(20,300)
At December 31, 2013	736,819	142,335	1,144,158	2,023,312
Additions	394,963	5,496	136,783	537,242
Interest expense	–	–	42,728	42,728
Paid	(737,239)	–	–	(737,239)
Exchange differences	–	846	5,379	6,225
At June 30, 2014	394,543	148,677	1,329,048	1,872,268

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

Provision for spent fuel management

Pursuant to the Interim Measures for the Administration of the Collection and Use of the Nuclear Power Plant Spent Fuel Treatment and Disposal Fund《核電站乏燃料處理處置基金徵收使用管理暫行辦法》issued by Ministry of Finance of PRC, National Development and Reform Commission and Ministry of Industry and Information Technology of PRC, the Group is required to make contributions to a spent fuel treatment and disposal fund. Such fund is used by the relevant government authorities for the treatment and disposal of spent fuel, covering transportation, away-from-reactor storage and post-treatment of spent fuel. The management estimates the amount of provision for spent fuel management by taking into account the regulatory environment and government's policies relating to the storage and disposal of spent fuel fund, as well as the charge imposed by the government authorities, which is at the rate of RMB0.026 per kilowatt based on the volume of electricity actually sold during the Relevant Periods.

Provision for low and medium level radioactive waste management

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

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

Provision for nuclear power plant decommissioning

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

The provision is estimated based on the expected construction cost for decommissioning taking into consideration the most recent developments in regulations, past experience in decommissioning of shut-down plants and recommendations from industry experts.

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

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

In the opinion of management of the Group, the decommissioning is expected to commence from 2034 to 2054 based on the expected useful life of nuclear power plant.

39. PAID-IN/SHARE CAPITAL

The paid-in capital of the Group at December 31, 2011, 2012 and 2013 represents the aggregate paid-in capital of companies directly held by the ultimate holding company prior to the Reorganization. The balance of the share capital at June 30, 2014 represents the registered and paid share capital of the Company.

Details of movements of the registered share capital of the Company are as follow:

	Share capital/ number of shares	Unpaid share capital	Paid share capital
	RMB'000/'000	RMB'000	RMB'000
Ordinary shares of RMB1.00 each			
At the date of establishment	35,300,000	(7,395,357)	27,904,643
Issue of shares	–	–	7,395,357
At June 30, 2014	35,300,000	–	35,300,000

The Company was established on March 25, 2014 and the registered share capital was RMB35,300,000,000 divided into 35,300,000,000 ordinary shares of RMB1.00 each.

On April 25, May 9 and June 5, 2014, a total of 7,395,356,630 shares of RMB1.00 each were issued to CGNPC, CNNC and Hengjian Investment at an aggregate consideration of approximately RMB10,124 million in cash.

40. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of equity interests and voting power held by non-controlling interests					Profit (loss) allocated to non-controlling interests					Accumulated non-controlling interests			
		Year ended December 31,			At June 30,		Year ended December 31,			Six months ended June 30,		Year ended December 31,			At June 30,
		2011	2012	2013	2013	2014	2011	2012	2013	2013	2014	2011	2012	2013	2014
					(unaudited)		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GNPJVC	PRC	25.00%	25.00%	25.00%	25.00%	25.00%	638,690	639,984	633,536	399,328	424,963	1,602,843	2,090,322	2,026,733	1,756,965
CGN Investment	PRC	22.22%	22.22%	22.22%	22.22%	22.22%	(784)	157,914	192,466	91,154	99,200	1,668,220	1,897,214	2,012,577	2,152,929
Ninghe Investment	PRC	43.38%	43.38%	43.38%	43.38%	43.38%	(637)	165	40,814	1,092	(67,007)	1,445,527	1,815,256	2,099,130	2,132,340
Yangjiang Nuclear	PRC	24.00%	24.00%	24.00%	24.00%	24.00%	–	–	–	–	58,947	1,144,430	1,808,270	2,270,270	2,621,681
Individually immaterial subsidiaries with non-controlling interests							31,627	34,645	10,034	3,389	1,912	229,853	234,309	231,402	215,604
							668,896	832,708	876,850	494,963	518,015	6,090,873	7,845,371	8,640,112	8,879,519

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup elimination.

GNPJVC

	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	6,841,143	7,365,509	7,374,630	5,940,832
Non-current assets	3,972,124	3,923,779	3,705,136	3,669,438
Current liabilities	3,230,091	1,512,539	1,354,378	895,124
Non-current liabilities	1,171,801	1,415,459	1,618,449	1,687,285

	Year ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2013	Six months ended June 30, 2013	Six months ended June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	5,822,712	5,658,149	5,424,279	2,926,131	3,178,984
Expenses	3,267,953	3,098,211	2,890,137	1,328,819	1,479,133
Profit for the year/period	2,554,759	2,559,938	2,534,142	1,597,312	1,699,851
Other comprehensive (expenses) income for the year/period	(440,893)	(10,461)	(255,876)	(130,635)	72,526
Total comprehensive income for the year/period	2,113,866	2,549,477	2,278,266	1,466,677	1,772,377
Dividends paid to non-controlling interests	1,255,941	149,890	633,155	633,155	712,863
Net cash inflow from operating activities	2,557,967	2,460,652	2,607,497	877,187	1,627,771
Net cash inflow (outflow) from investing activities	1,295,272	(180,780)	(101,459)	(140,554)	(105,041)
Net cash outflow from financing activities	(4,057,172)	(1,687,226)	(2,570,374)	(2,578,517)	(2,851,393)
Net cash (outflow) inflow	(203,933)	592,646	(64,336)	(1,841,884)	(1,328,663)

CGN Investment

	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	177	618,425	148	242,713
Non-current assets	7,511,268	8,537,933	9,970,699	9,688,781
Current liabilities	3,705	618,043	913,344	242,344
Non-current liabilities	–	–	–	–

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	–	714,870	866,422	410,236	446,445
Expenses	3,528	4,185	235	–	–
(Loss) profit and total comprehensive (expenses) income for the year/period	(3,528)	710,685	866,187	410,236	446,445
Dividends paid to non-controlling interests	–	135,542	202,945	–	–
Net cash inflow from operating activities	177	152	8,277	100	221
Net cash (outflow) inflow from investing activities	(7,511,268)	(913,112)	34,973	318,145	728,142
Net cash inflow (outflow) from financing activities	7,511,268	929,891	(43,656)	(326,828)	(485,798)
Net cash inflow (outflow)	177	16,931	(406)	(8,583)	242,565

Ninghe Investment

	At December 31,			At June 30, 2014
	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	148	528	541	584
Non-current assets	3,333,712	4,185,636	4,927,845	4,920,658
Current liabilities	1,617	1,617	89,450	5,752
Non-current liabilities	–	–	–	–

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	–	–	98,209	–	–
Expenses	1,469	(380)	4,123	2,517	154,465
(Loss) profit and total comprehensive (expenses) income for the year/period	(1,469)	380	94,086	2,517	(154,465)
Dividends paid to non-controlling interests	–	–	36,308	–	–
Net cash inflow from operating activities	148	380	13	–	41
Net cash outflow from investing activities	(3,333,712)	(851,924)	(644,000)	–	(147,320)
Net cash inflow from financing activities	3,333,712	851,924	644,000	–	147,322
Net cash inflow	148	380	13	–	43

Yangjiang Nuclear

	At December 31,			At June 30, 2014
	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	210,037	517,552	1,617,719	3,338,484
Non-current assets	24,413,009	36,521,185	46,860,444	50,210,775
Current liabilities	8,029,567	9,336,341	8,750,153	4,852,589
Non-current liabilities	11,825,020	20,167,937	30,268,551	37,772,998

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	–	–	–	–	818,776
Expenses	–	–	–	–	573,163
Profit and total comprehensive income for the year/period	–	–	–	–	245,613
Net cash (outflow) inflow from operating activities	–	(342,546)	(418,333)	367,776	731,028
Net cash outflow in investing activities	(9,223,983)	(6,822,347)	(9,061,194)	(2,730,560)	(7,966,571)
Net cash inflow from financing activities	9,249,923	7,162,844	9,703,044	3,391,326	8,128,355
Net cash inflow (outflow)	25,940	(2,049)	223,517	1,028,542	892,812

Changes in the Group's ownership interests in subsidiaries

In 2011, the Group disposed of 17% and 7% of its equity interest in Yangjiang Nuclear to a state-owned enterprise, and an associate, CGNPC Fund I respectively, which reducing its equity interest to 76% at a total cash consideration of approximately RMB1,829,185,000. The difference between the proportionate share of net assets disposed of amounted to RMB1,152,000 and the consideration received are credited to capital reserve.

41. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to equity owners through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Group consists of debt, which includes loans from ultimate holding company, payables to ultimate holding company, borrowings from a financial institution and a fellow subsidiary, bank borrowings and notes payable, as disclosed in notes 34, 35 and 36 respectively, net of restricted bank deposit, bank balances, deposits in a financial institution and cash, and equity attributable to owners of the Company, comprising paid-in capital, retained earnings and other reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

42. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

THE GROUP

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Derivative financial instruments classified as held for trading	192,763	243,535	305,334	250,931
Loans and receivables (including cash and cash equivalents)	17,472,902	18,163,585	11,830,919	11,259,586
Available-for-sale financial assets	110,000	2,090,411	2,475,071	2,505,613
	17,775,665	20,497,531	14,611,324	14,016,130
Financial liabilities				
Derivative financial instruments classified as held for trading	391,017	374,085	261,022	364,712
Amortized cost	85,318,583	93,436,957	91,094,614	88,590,951
	85,709,600	93,811,042	91,355,636	88,955,663

THE COMPANY

	At June 30, 2014
	RMB'000
Financial assets	
Loans and receivables (including cash and cash equivalents)	14,830,973
Financial liabilities	
Derivative financial instruments classified as held for trading	352,680
Amortized cost	16,808,387
	17,161,067

b. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, amounts due from related parties, loan to/amounts due from a subsidiary and fellow subsidiaries, interests on notes payables, amounts due/payables to ultimate holding company, notes payable and derivative financial instruments. The Group's major financial instruments include trade and bills receivables, other receivables, amounts due from/to ultimate holding company, fellow subsidiaries and other related parties, derivative financial instruments, restricted bank deposits, cash and cash equivalents, other deposits over three months, trade and other payables, loans to fellow subsidiaries, loans from/payables to fellow subsidiaries and ultimate holding company, bank borrowings, borrowings from a financial institution and notes payable. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Company is exposed to fair value interest rate risk which arises from fixed rate loan to a subsidiary, notes payable, payables to the ultimate holding company and interest rate swap. The Group is exposed to fair value interest rate risk which arises from fixed rate bank borrowings, borrowing from a financial institution, notes payable, restricted bank deposits, deposits over three months, loans to/from fellow subsidiaries, loans from/payables to ultimate holding company and interest rate swap.

In addition, the Company is also exposed to cash flow interest rate risk which arises from cash and cash equivalents which carry interest at prevailing market rates during the Relevant Periods. The Group is exposed to cash flow interest rate risk which arises from floating rate bank borrowings, loans from a fellow subsidiary and ultimate holding company and cash and cash equivalents. The Company and Group uses interest rate swap to reduce exposure to interest rate fluctuations associated with floating-rate debt. The Company's and Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for cash and cash equivalents, floating rate bank borrowings, loans from a fellow subsidiary and ultimate holding company and interest rate swap at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period was outstanding for the whole year/period. A 10 basis point increase or decrease in interest rate on cash and cash equivalents and a 50 basis point increase or decrease in interest rate on floating rate bank borrowings, loans from a fellow subsidiary and ultimate holding company and forward interest rate of interest rate swap are used which represent management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 10 basis points higher/lower for cash and cash equivalents with all other variable held constant, the Group's post-tax profit for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 would increase/decrease by approximately RMB8,408,000, RMB4,676,000, RMB5,491,000 and RMB3,228,000 respectively.

If interest rates had been 50 basis points higher/lower for floating rate bank borrowings, loans from a fellow subsidiary and ultimate holding company with all other variables held constant, the Group's post-tax profit (net of interest capitalized) for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 would decrease/increase by approximately RMB47,675,000, RMB95,091,000, RMB62,062,000 and RMB25,399,000 respectively.

If the forward interest rate of interest rate swap contracts had been 50 basis points higher and all other variables were held constant, the Group's post-tax profit for the years ended December 31, 2011, 2012, 2013 and six months ended June 30, 2014 would increase by approximately RMB62,766,000, RMB64,949,000 and RMB114,769,000 and RMB50,796,000 respectively.

If the forward interest rate of interest rate swap contracts had been 50 basis points lower and all other variables were held constant, the Group's post-tax profit for the years ended December 31, 2011, 2012, 2013 and six months ended June 30, 2014 would decrease by approximately RMB47,940,000, RMB59,951,000, RMB87,419,000 and RMB43,688,000 respectively.

In the opinion of the management, the sensitivity analysis is unrepresentative of the interest rate risk as the year/period end exposure does not reflect the exposure during the relevant year/period.

The Company's exposure on cash flow interest rate risk is not material during the six months ended June 30, 2014 and therefore, no sensitivity analysis is presented.

(ii) Currency risk

The Group's exposure to currency risk is attributable to cash and cash equivalents, trade and other receivables, trade and other payables, loans from a fellow subsidiary and bank borrowings which are denominated in the currencies other than the functional currency of the relevant group entities. In addition, the Group entered into foreign currency forward contracts and currency swap contracts during the Relevant Periods which exposed the Group to currency risk. The management manages and monitors this exposure to ensure appropriate measures are implemented on a timely and effective manner. In addition, the Company did not have any foreign currency denominated monetary items at the end of each reporting period.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities other than the functional currency of the relevant group entities at the end of each reporting period are as follows:

	Assets				Liabilities			
	At December 31,			At June 30,	At December 31,			At June 30,
	2011	2012	2013	2014	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RMB	1,279,257	1,580,964	1,165,509	2,194,124	1,875,429	1,251,061	1,024,783	734,872
USD	478,360	425,787	84,464	357,264	463,794	422,916	528,519	276,243
EURO	25,420	68,238	37,694	42,940	4,296,197	4,241,277	3,999,354	3,698,283
GBP	268	716	13,023	1,000	941,643	802,972	624,789	574,902

Sensitivity analysis

The sensitivity analysis below has been determined based on a 5% increase/decrease in functional currency of respective group entities against the relevant foreign currencies. 5% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in the Group's post-tax profit, where functional currency of respective group entities had strengthened 5% against the relevant foreign currency. For a 5% weakening of functional currency of respective group entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year/period.

	For the year ended December 31,			Six months ended June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Increase (decrease) in the Group's profit for the year/period				
– if HKD strengthens against RMB	25,337	(14,021)	(5,981)	(62,018)
– if RMB strengthens against USD	(546)	(108)	16,652	(3,038)
– if RMB strengthens against EURO	181,508	177,354	168,371	155,352
– if RMB strengthens against GBP	40,008	34,096	26,000	24,391
	246,307	197,321	205,042	114,687

In relation to foreign currency forward contracts, if the forward exchange rate had been 5% higher and all other variables were held constant, the Group's post-tax profit for the years ended December 31, 2011, 2012, 2013 and six months ended June 30, 2014 would decrease by approximately RMB45,176,000 RMB124,335,000, RMB84,951,000 and RMB83,170,000 respectively.

If the forward exchange rate had been 5% lower and all other variables were held constant, the Group's post-tax profit for the years ended December 31, 2011, 2012, 2013 and six months ended June 30, 2014 would increase by approximately RMB45,133,000, RMB124,335,000, RMB84,951,000 and RMB95,342,000 respectively.

If the exchange rate of the currency swap contract had been 5% higher and all other variables were held constant, the Group's post-tax profit for the years ended December 31, 2011, 2012, 2013 and six months ended June 30 2014 would increase by approximately RMB86,545,000, RMB78,503,000, RMB54,953,000 and RMB59,557,000 respectively.

If the exchange rate had been 5% lower and all other variables were held constant, the Group's post-tax profit for the years ended December 31, 2011, 2012, 2013 and six months ended June 30, 2014 would decrease by approximately RMB158,122,000, RMB101,434,000, RMB84,628,000 and RMB82,785,000 respectively.

In the opinion of the management, the sensitivity analysis is unrepresentative of the foreign currency risk as the year/period exposure does not reflect the exposure during the relevant year/period.

(iii) Other price risk

The Group is exposed to other price risk through its available-for-sale investments that are measured at fair value at the end of the reporting period. In the opinion of the management, a reasonably possible change in key inputs to the valuation model would not result in a material change in fair value of the available-for-sale investments.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. At the end of the reporting period, the Company's and Group's maximum exposure is arising from the carrying amount of the respective recognized financial assets as stated in the Company's and consolidated statement of financial position.

The Group has concentration of credit risk as 92%, 74%, 84% and 82% of the total trade receivables was due from the Group's largest customers in PRC and Hong Kong as at December 31, 2011 2012, 2013 and June 30, 2014 respectively. The Group's remaining customers individually contribute less than 10% of the total trade receivables of the Group.

In the opinion of management, the Group has no significant credit risk with these largest customers as the Group maintains long-term and stable business relationships with these companies. For other trade and other receivables, the management of the Group performs an ongoing individual credit evaluation of their customers' and counterparties' financial conditions, and are of the opinion that the outstanding debts are recoverable.

The Group has concentration of credit risk on amounts due from the ultimate holding company as at December 31, 2011, 2012, 2013 and June 30, 2014. Credit risk is considered as limited because the ultimate holding has positive operating result and/or cash flows.

Regarding balances with other related parties, the management of the Group assesses the recoverability by reviewing their financial position and results periodically and considers the credit risk to be insignificant.

In addition, the Group has concentration of credit risk arising from derivative financial instruments which are deposited or contracted with several banks and financial institutions.

The credit risk on liquid funds and derivative financial instruments are limited because the counterparties are banks and financial institutions with good reputation.

The Company has concentration of credit risk on loan to a subsidiary and amounts due from subsidiaries and fellow subsidiaries at June 30, 2014. Credit risk is considered as limited because the subsidiaries have positive operating result and/or cash flows.

Other than the above mentioned concentration of credit risk, the Group does not have any other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn banking and loan facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and notes payable to ensure compliance with loan covenants.

The management of the Group is satisfied that the Group will have sufficient financial resources to meet its future obligations and commitment as the Group has unutilized facilities from banking and financial institution of approximately RMB76,788,523,000 as at June 30, 2014.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

In addition, the following tables detail the Group's liquidity analysis for its derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of each reporting period and projected exchange rates. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

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	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2011						
Trade and other payables	N/A	8,120,344	–	–	8,120,344	8,120,344
Amounts due to related parties	N/A	18,831,291	–	–	18,831,291	18,831,291
Notes payable	4.86%	413,000	1,652,000	9,763,294	11,828,294	8,500,000
Loans from ultimate holding company						
– floating rate	6.06%	6,764,749	–	–	6,764,749	6,472,700
Payables to ultimate holding company						
– fixed rate	4.63%	256,039	6,390,717	–	6,646,756	5,530,000
Loans from a fellow subsidiary						
– floating rate	5.91%	1,648,980	35,545	89,261	1,773,786	1,639,437
– fixed rate	6.50%	255,253	1,532,640	2,670,050	4,457,943	3,134,825
Bank borrowings						
– floating rate	5.93%	2,390,034	7,370,127	15,794,931	25,555,092	17,574,231
– fixed rate	6.28%	2,647,219	8,156,997	11,284,968	22,089,184	15,515,755
		41,326,909	25,138,026	39,602,504	106,067,439	85,318,583
Derivatives – net settlement						
Foreign currency forward contracts		4,140	–	–	4,140	3,560
Currency swaps		–	–	76,012	76,012	12,698
Interest rate swaps		93,293	255,583	60,852	409,728	374,759
		97,433	255,583	136,864	489,880	391,017

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 to 5 years	over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2012						
Trade and other payables	N/A	10,828,624	–	–	10,828,624	10,828,624
Amounts due to related parties	N/A	3,687,003	–	–	3,687,003	3,687,003
Notes payable	4.86%	413,000	5,652,000	5,350,294	11,415,294	8,500,000
Loans from ultimate holding company						
– floating rate	6.09%	20,245,990	–	–	20,245,990	19,368,000
– fixed rate	4.50%	18,000	436,000	–	454,000	400,000
Payables to ultimate holding company						
– fixed rate	4.63%	256,039	6,134,678	–	6,390,717	5,530,000
Loans from a fellow subsidiary						
– floating rate	5.93%	1,414,103	65,694	127,377	1,607,174	1,464,948
– fixed rate	6.50%	382,461	1,376,108	2,930,832	4,689,401	3,088,330
Bank borrowings						
– floating rate	6.04%	2,331,513	11,378,362	22,726,346	36,436,221	24,627,229
– fixed rate	6.27%	2,872,930	8,364,344	10,940,127	22,177,401	15,942,823
		42,449,663	33,407,186	42,074,976	117,931,825	93,436,957
Derivatives – net settlement						
Foreign currency forward contracts		–	2,191	–	2,191	2,152
Interest rate swaps		100,819	294,254	–	395,073	371,933
		100,819	296,445	–	397,264	374,085

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 to 5 years	over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2013						
Trade and other payables	N/A	9,920,599	–	–	9,920,599	9,920,599
Amounts due to related parties	N/A	1,825,040	–	–	1,825,040	1,825,040
Notes payable	4.86%	413,000	5,457,647	5,131,647	11,002,294	8,500,000
Loans from ultimate holding company						
– floating rate	5.81%	9,526,384	–	–	9,526,384	9,131,000
– fixed rate	4.50%	18,000	418,000	–	436,000	400,000
Payables to ultimate holding company						
– fixed rate	4.63%	256,039	5,878,639	–	6,134,678	5,530,000
Loans from a fellow subsidiary						
– floating rate	5.37%	1,455,155	83,210	163,851	1,702,216	1,561,436
– fixed rate	6.41%	383,459	1,554,447	2,617,823	4,555,729	3,103,930
Bank borrowings						
– floating rate	5.62%	2,692,759	17,436,795	31,228,484	51,358,038	36,691,735
– fixed rate	6.24%	2,668,336	7,546,451	9,618,421	19,833,208	14,430,874
		29,158,771	38,375,189	48,760,226	116,294,186	91,094,614
Derivatives – net settlement						
Currency swaps		–	4,795	–	4,795	2,912
Interest rate swaps		97,155	192,354	–	289,509	258,110
		97,155	197,149	–	294,304	261,022

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 to 5 years	over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At June 30, 2014						
Trade and other payables	N/A	4,932,685	–	–	4,932,685	4,932,685
Amounts due to related parties	N/A	2,821,706	–	–	2,821,706	2,821,706
Notes payable	4.86%	413,000	5,457,647	5,131,647	11,002,294	8,500,000
Borrowings from a financial institution	4.10%	19,614	1,006,112	–	1,025,726	953,467
Loans from ultimate holding company						
– floating rate	6.17%	3,892,547	–	–	3,892,547	3,721,650
– fixed rate	4.50%	18,000	418,000	–	436,000	400,000
Payables to ultimate holding company						
– fixed rate	4.63%	256,039	5,878,639	–	6,134,678	5,530,000
Loans from a fellow subsidiary						
– floating rate	5.93%	1,758,531	83,060	164,194	2,005,785	1,830,880
– fixed rate	6.41%	193,052	1,577,663	2,739,081	4,509,796	3,011,730
Bank borrowings						
– floating rate	5.59%	3,253,727	20,261,444	37,854,540	61,369,711	42,994,547
– fixed rate	6.21%	2,984,071	7,678,757	7,286,231	17,949,059	13,894,286
		20,542,972	42,361,322	53,175,693	116,079,987	88,590,951
Derivatives – net settlement						
Foreign currency forward contracts		4,677	3,087	–	7,764	6,717
Interest rate swaps		111,715	271,930	–	383,645	357,995
		116,392	275,017	–	391,409	364,712

THE COMPANY

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 to 5 years	over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At June 30, 2014						
Interests on notes payable	N/A	406,880	–	–	406,880	406,880
Amount due to ultimate holding company	N/A	2,371,507	–	–	2,371,507	2,371,507
Notes payable	4.86%	413,000	5,457,647	5,131,647	11,002,294	8,500,000
Payables to ultimate holding company						
– fixed rate	4.63%	256,039	5,715,200	–	5,971,239	5,530,000
		3,447,426	11,172,847	5,131,647	19,751,920	16,808,387
Derivatives – net settlement						
Interest rate swaps		108,526	269,632	–	378,158	352,680

The amounts included above for floating interest rate instruments for non-derivative financial liabilities are subject to change if changes in floating variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

Fair value measurement

Fair value measurement for financial instruments not measured at fair value on a recurring basis

The fair value of financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Financial Information approximate their fair values.

Fair value measurements for financial instruments measured at fair value on a recurring basis

Some of the Group's and Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these instruments are determined:

Financial assets/ liabilities	Fair value at December 31, 2011 Asset	Liabilities	December 31, 2012 Asset	Liabilities	December 31, 2013 Asset	Liabilities	June 30, 2014 Asset	Liabilities	Fair value hierarchy	Valuation technique and key inputs
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
The Group										
Foreign currency forward contracts *(see note 30)*	71,591	3,560	95,555	2,152	127,223	–	100,548	6,717	Level 2	Discounted Cash Flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties
Currency swap contracts *(see note 30)*	121,172	12,698	147,980	–	178,111	2,912	150,383	–	Level 2	Discounted Cash Flow Future cash flows are estimated based on exchange rates at the end of the reporting period and contract exchange rates, discounted at a rate that reflects the credit risk of various counterparties Monte Carlo Simulation Model Black Scholes Model Key inputs are U.S. swap for 2-30 years, Swap rate, CNY-denominated interest rate, price volatility, risk free rate, contract exchange rates
Interest rate swap contracts *(see note 30)*	–	374,759	–	371,933	–	258,110	–	357,995	Level 2	Discounted Cash Flow Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties Monte Carlo Simulation Model Black Scholes Model Key inputs are U.S. swap for 2-30 years, Swap rate, CNY-denominated interest rate, price volatility, risk free rate, contract interest rates
The Company										
Interest rate swap contracts	N/A	N/A	N/A	N/A	N/A	N/A	–	352,680	Level 2	Discounted Cash Flow Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties Monte Carlo Simulation Model Black Scholes Model Key inputs are U.S. swap for 2-30 years, Swap rate, CNY-denominated interest rate, price volatility, risk free rate, contract interest rates

Financial assets	Fair value at December 31, 2011 RMB'000	December 31, 2012 RMB'000	December 31, 2013 RMB'000	June 30, 2014 RMB'000	Fair value hierarchy	Valuation technique	Key inputs	Significant unobservable inputs (note 1)
The Group								
Available-for-sale investment – 10% equity interest in Taishan Nuclear *(see note 21)*	N/A	1,980,411	2,365,071	2,395,613	Level 3	Assets based approach	Materials cost Labour cost	Materials cost Labour cost

Note 1: In the opinion of the management of the Group, a reasonably possible change in significant unobservable inputs is not expected to result in significant change in fair value of the available-for-sale investment and therefore sensitivity analysis is not presented.

Reconciliation of Level 3 fair value measurements

	Available-for-sales investments
	RMB'000
At January 1, 2011 and December 31, 2011	–
Reclassification of 10% retained interest in Taishan Nuclear from interests in associates to available-for-sale investments *(note 19)*	1,908,276
Total gain recognized in other comprehensive income	72,135
At December 31, 2012	1,980,411
Total gain recognized in other comprehensive income	62,260
Capital injection	322,400
At December 31, 2013	2,365,071
Total gain recognized in other comprehensive income	30,542
At June 30, 2014	2,395,613

All gain for the years/period relate to the unlisted equity interest in Taishan Nuclear held at the end of the reporting period and reported as "gain on available-for-sale investment" in other comprehensive income.

43. CAPITAL COMMITMENTS

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of acquisition and construction of property, plant and equipment contracted for but not provided in the Financial Information	51,937,482	36,923,771	36,764,938	35,094,891

The Group's share of the capital commitments made jointly with the other venturer relating to its joint venture, Ningde Nuclear, is as follows:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of acquisition and construction of property, plant and equipment contracted for but not provided in the Financial Information	10,026,393	4,339,757	1,876,427	2,551,112

44. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	13,493	23,106	24,430	30,489
In the second to fifth years inclusive	20,571	47,179	38,362	50,762
Over five years	6,204	32,426	28,228	36,397
	40,268	102,711	91,020	117,648

Operating lease payments represent fixed rentals payable by the Group for certain of its office premises. Lease of rented premises are negotiated with fixed lease term for 1 to 20 years.

The Group as lessor

For each of the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, rental income earned by the Group from its investment property for approximately RMB20,511,000, RMB19,608,000, RMB18,556,000, RMB6,991,000 (unaudited) and RMB6,821,000 respectively.

All of the properties leased out have committed tenants for 1 to 3 years without termination options granted to tenants.

At the end of each reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	4,809	1,389	3,991	6,654
In the second to fifth years inclusive	1,141	–	3,154	2,534
	5,950	1,389	7,145	9,188

45. PLEDGE OF ASSETS

At the end of each reporting period, the assets with following carrying amounts were pledged to banks and related parties to secure the letter of credit, loans from banks, related parties and a financial institution granted to the Group, Taishan Nuclear and Hongyanhe Nuclear:

		At December 31,			At June 30,
	Notes	2011	2012	2013	2014
		RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	15	21,110,539	19,401,689	18,732,049	20,111,174
Interests in associates	19	9,469,506	–	–	–
Trade receivables representing tariff collection rights	26	1,135,667	1,056,890	959,983	943,309
Prepaid lease payments	23	32,911	32,219	30,920	30,270
Bank deposits	31	16,070	14,306	7,132	7,168
Available-for-sale investments	21	–	1,980,411	2,365,071	2,395,613
		31,764,693	22,485,515	22,095,155	23,487,534

At December 31, 2011, 2012, 2013 and June 30, 2014, the tariff collection rights of Lingdong Nuclear, Yangjiang Nuclear and Ling'ao Nuclear were pledged to secure the banking facilities, loans from banks and related parties.

46. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

Save as disclosed elsewhere in the Financial Information, the Group entered into the following transactions with related parties, during the Relevant Periods:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of goods to ultimate holding company	6,681	501	–	–	4,260
Sales of goods to fellow subsidiaries	73,706	141,977	128,732	67,388	31,356
Sales of goods to a joint venture	7,696	848	35,197	7,282	1,689
Sales of goods to associates	7,853	246	7,494	4,091	1,068
Sales of electricity to a non-controlling shareholder with significant influence over the relevant subsidiary	4,048,243	3,920,397	3,776,336	1,839,981	1,962,905
Sales of property to a fellow subsidiary	–	47,060	–	–	–
Service revenue from fellow subsidiaries	449,768	514,990	500,835	93,363	234,904
Service revenue from ultimate holding company	32,354	22,797	22,633	14,009	34,286
Service revenue from joint ventures	3,053	24,912	94,442	41,033	115,477
Service revenue from associates	109,106	64,450	94,741	21,910	35,265
Purchase of nuclear fuel from a fellow subsidiary	719,374	349,740	928,098	359,045	747,077
Construction cost payable to and acquisition of property, plant and equipment from fellow subsidiaries	6,311,584	8,063,971	6,629,449	3,107,072	2,532,840
Service fee to a non-controlling shareholder with significant influence over the relevant subsidiary	3,004	–	15,078	–	–
Service fee to ultimate holding company	288	623	130,299	33,914	27,946
Rental income from fellow subsidiaries	8,524	8,791	9,465	1,365	2,372

(b) Disposal/acquisition of equity interests with related parties

In 2011, the Group disposed of available-for-sale investments, including 17% and 16.46% equity interests in CGN Wind and CGN Energy Development Co., Ltd. to a fellow subsidiary and the ultimate holding company at cash consideration of approximately RMB524,185,000 and RMB1,093,668,000 respectively and recognized a gain of RMB30,003,000.

In 2011, the Group disposed of 7% equity interest in Yangjiang Nuclear to its associate. Details are set out in note 40.

In 2012, the Group disposed of certain of its equity interests in associates to fellow subsidiaries. Details are set out in note 19.

In 2013, the Group disposed of its entire equity interest in Lingwan Nuclear to the ultimate holding company. Details are set out in note 48.

(c) Compensation of key management personnel

The remuneration of key management during the year/period were as follows:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other allowances	71	578	1,149	569	912
Discretionary bonus	78	641	828	416	806
Retirement benefit schemes contributions	11	88	146	71	107
	160	1,307	2,123	1,056	1,825

The remuneration of key management is determined having regard to the performance of individuals and market trends.

(d) Significant transactions with other government-related entities

The Group is ultimately controlled by the PRC government and the Group operates in an economic environment predominated by the entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

In addition to transactions and balances with ultimate holding company, fellow subsidiaries, associates, joint ventures and non-controlling shareholders with significant influence over the subsidiaries disclosed in note 46(a) and elsewhere in the Financial Information, significant related party transactions and balances conducted with other government-related entities in the normal course of businesses of the Group for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of electricity	10,923,414	12,593,777	12,491,467	5,944,238	7,116,944
Service fee for disposal of spent fuel	796,877	786,961	731,817	357,715	394,963

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	1,402,171	1,353,203	1,308,058	1,277,960

The transactions conducted with government-related entities are based on terms as set out in the underlying agreements, based on statutory rates or market prices or actual cost incurred, or as mutually agreed.

The Group has entered into various transactions, including deposits placements, borrowings (other than notes payable) and other general banking facilities, with banks and financial institution which are government-related entities. Thus, the related interest income and expenses are with government-related entities.

47. ACQUISITION OF A SUBSIDIARY

In July 2012, the Group acquired additional equity interests of 21% in CGN Simulation Technology from third parties at cash consideration of approximately RMB4,868,000 at which time, control was passed to the Group. As such, the Group's equity interest increased from 54% to 75% and reclassified from a joint venture to a subsidiary of the Group.

The fair values of the identifiable assets and liabilities of CGN Simulation Technology as at the date of acquisition:

	RMB'000
Non-current assets	
Property, plant and equipment	10,645
Deferred tax assets	6
Deposit paid	11,025
Current assets	
Inventories	13,524
Trade and other receivables	1,902
Restricted bank deposits	2,579
Bank balances and cash	40,545
Current liability	
Trade and other payables	(36,363)
	43,863
Non-controlling interest *(note)*	(10,966)
Bargain purchase gain	(4,343)
Previously held interest in joint venture	(23,686)
Total consideration paid	4,868

Note: Non-controlling interest in CGN Simulation Technology at acquisition date was measured by reference to the proportionate share of fair value of identifiable assets and liabilities at the date of acquisition.

Net cash inflow arising on acquisition

	RMB'000
Total consideration paid	(4,868)
Add: cash and cash equivalents acquired	40,545
Net inflow of cash and cash equivalents in respect of the acquisition of CGN Simulation Technology	35,677

The contribution of CGN Simulation Technology to the Group's revenue and profit is insignificant.

48. DISPOSAL OF A SUBSIDIARY

In March 2013, the Group disposed of its entire equity interest in Lingwan Nuclear to the ultimate holding company at a cash consideration of RMB50,000,000.

The net assets of Lingwan Nuclear at the date of disposal were as follows:

	Carrying amount
	RMB'000
Non-current assets	
Property, plant and equipment	1,900
Prepaid lease payment	10,690
Current assets	
Prepayments	133,000
Bank balances and cash	37,704
Current liability	
Other payables	(133,294)
Net assets disposed of	50,000
Consideration receivable	(50,000)
Gain on disposal	–
Analysis of net inflow of cash and cash equivalents in respect of the disposal of Lingwan Nuclear:	
Consideration received	50,000
Cash and cash equivalents disposed of	(37,704)
	12,296

B. DIRECTORS' REMUNERATION

Save as disclosed herein, no remuneration has been paid or is payable by the Group to the directors of the Company during the Relevant Periods.

C. SUBSEQUENT EVENTS

The following events took place subsequent to June 30, 2014:

(1) On August 6, 2014, the Group entered into an equity transfer agreement with CGN Services Group to transfer the entire 70% equity interest of Yangjiang Site Development to CGN Services Group for a cash consideration of approximately RMB311,920,000. The transaction was completed on August 8, 2014.

(2) According to the board resolution passed on September 17, 2014, a special dividend was approved in an amount equal to the retained earnings from March 25, 2014 up to the listing date to the existing shareholders including CGNPC, CNNC and Hengjian Investment. The amount of the special dividend will be determined after a special review by an independent auditor in the PRC to be conducted after the listing.

(3) On October 30, 2014, the Group entered into an equity transfer agreement with CGNPC (the "Equity Transfer Agreement") to acquire from CGNPC a 12.5% equity interest in Taishan Nuclear and a 60% equity interest in 台山核電產業投資有限公司 Taishan Nuclear Power Industry Investment Co., Ltd., one of Taishan Nuclear's existing shareholders at a consideration of approximately RMB9,700,196,000 after the listing. The effectiveness of this Equity Transfer

Agreement is conditional upon (i) obtaining all required approvals from the relevant PRC government authorities and (ii) the listing of the Company's H Shares on the Stock Exchange. Upon completion of the proposed acquisitions and together with the 10% equity interest currently held by the Group, the Group will (directly or indirectly) beneficially own a total of 51% equity interest in Taishan Nuclear. Taishan Nuclear will become a subsidiary of the Group. Details are set out in section headed "SUMMARY" and "Business – Proposed Acquisitions" to the Prospectus.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies now comprising the Group have been prepared in respect of any period subsequent to June 30, 2014.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Deloitte.
德勤

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Hong Kong

November 27, 2014

The Directors
CGN Power Co., Ltd.
China International Capital Corporation Hong Kong Securities Limited
Merrill Lynch Far East Limited
ABCI Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to 台山核電合營有限公司 Taishan Nuclear Power Joint Venture Co., Ltd. ("Taishan Nuclear") for each of the three years ended December 31, 2011, 2012, 2013 and six months ended June 30, 2014 (the "Relevant Periods") for inclusion in the prospectus dated November 27, 2014 (the "Prospectus") in connection with the initial public offering of the shares of 中國廣核電力股份有限公司 CGN Power Co., Ltd. ("CGN") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Taishan Nuclear was established in the People's Republic of China (the "PRC") on July 5, 2007 as a limited liability company under the Company Law of the PRC and became a sino-foreign equity joint venture company since December 11, 2009. Taishan Nuclear has adopted December 31 as its financial year end date for statutory financial reporting purposes. 中國廣核集團有限公司 China General Nuclear Power Corporation (formerly known as 中國廣東核電集團有限公司 China Guangdong Nuclear Power Corporation Limited) ("CGNPC") is the ultimate holding company.

Pursuant to an equity transfer agreement dated October 30, 2014 entered into between CGN and CGNPC, CGN agreed to acquire 60% equity interest of 台山核電產業投資有限公司 Taishan Nuclear Power Industry Investment Co., Ltd. ("Taishan Investment") from CGNPC, which holds 47.5% equity interest of Taishan Nuclear, and 12.5% equity interest of Taishan Nuclear from CGNPC. Taishan Nuclear is engaged in the investment, construction, operation and management of the two nuclear power generating units and ancillary facilities in Taishan. As at June 30, 2014, the nuclear power plant is still under construction stage and has not commenced operation.

The statutory financial statements of Taishan Nuclear for the Relevant Periods, were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC ("PRC GAAP") and audited by Shu Lun Pan Certified Public Accountants LLP Guangdong Branch for the year ended December 31, 2011, and Shine Wing Certified Public Accountants Shenzhen Branch for the years ended December 31, 2012 and 2013, all are certified public accounting firm registered in the PRC.

The directors of Taishan Nuclear have prepared financial statements of Taishan Nuclear in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB").

We have carried out audit procedures in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements. No adjustments are deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of Taishan Nuclear who approved their issue. The directors of CGN are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Taishan Nuclear as at December 31, 2011, 2012, 2013 and June 30, 2014, and of the results and cash flows of Taishan Nuclear for the Relevant Periods.

The comparative statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity of Taishan Nuclear for the six months ended June 30, 2013 together with the notes thereon have been extracted from the unaudited financial information for the same period (the "June 30, 2013 Financial Information") which was prepared by the directors of Taishan Nuclear solely for the purpose of this report. We have reviewed the June 30, 2013 Financial Information in accordance with the International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the IAASB. Our review of the June 30, 2013 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the June 30, 2013 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the June 30, 2013 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRSs.

A. FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,			Six months ended June 30,	
		2011	2012	2013	2013	2014
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest income	6	31,420	25,707	22,536	3,351	8,536
(Loss) gain arising from changes in fair value of derivative financial instruments		(83,109)	55,952	23,747	(25,324)	1,670
Administrative expenses		(48,670)	(49,932)	(40,651)	(22,193)	(24,123)
Finance costs	7	–	–	–	–	–
Other gains and losses	8	668,084	(202,198)	20,964	375,303	(18,839)
Profit (loss) before taxation		567,725	(170,471)	26,596	331,137	(32,756)
Taxation	9	(148,235)	44,859	(4,641)	(83,270)	4,917
Profit (loss) and total comprehensive income (expense) for the year/period	10	419,490	(125,612)	21,955	247,867	(27,839)

STATEMENTS OF FINANCIAL POSITION

	NOTES	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	31,205,807	43,062,766	53,294,773	56,983,326
Intangible asset	14	248,739	317,580	387,275	400,915
Prepaid lease payments	15	418,547	687,647	730,598	791,898
Derivative financial instruments	16	46,651	31,603	30,650	33,689
VAT recoverable	18	338,147	1,472,048	2,087,061	2,330,988
Deposit for construction cost of property, plant and equipment		237,547	121,728	174,591	98,391
Amount due from a related party	19	106,329	142,175	–	–
		32,601,767	45,835,547	56,704,948	60,639,207
CURRENT ASSETS					
Inventories	17	–	629	2,777	4,352
Prepaid lease payments	15	14,034	14,034	15,213	16,626
Derivative financial instruments	16	73,861	75,793	29,845	14,035
Other receivables	18	16,006	17,706	7,023	3,400
Amounts due from related parties	19	61,990	39,189	183,444	178,174
Cash and cash equivalents	20	1,980,000	960,336	954,726	1,111,546
Other deposits over three months	20	885,000	100,000	951,438	–
		3,030,891	1,207,687	2,144,466	1,328,133
CURRENT LIABILITIES					
Other payables and accruals	21	1,060,363	543,565	576,690	592,026
Amounts due to related parties	22	221,814	68,494	87,858	77,096
Derivative financial instruments	16	42,213	1,461	–	–
Bank borrowings – due within one year	23	2,895,625	1,567,829	3,963,107	2,719,100
Loans from fellow subsidiaries	24	386,000	686,000	600,000	750,000
		4,606,015	2,867,349	5,227,655	4,138,222
NET CURRENT LIABILITIES		(1,575,124)	(1,659,662)	(3,083,189)	(2,810,089)
TOTAL ASSETS LESS CURRENT LIABILITIES		31,026,643	44,175,885	53,621,759	57,829,118
NON-CURRENT LIABILITIES					
Deferred tax liabilities	25	217,766	172,907	177,548	172,631
Bank borrowings – due after one year	23	12,834,711	25,335,559	31,516,067	34,856,280
Loan from ultimate holding company	26	–	800,000	800,000	800,000
Loans from fellow subsidiaries	24	85,624	104,485	104,893	404,795
Deferred income	27	6,526	7,948	22,310	22,310
Notes payable	28	–	–	–	600,000
Derivative financial instruments	16	1,418	–	–	–
		13,146,045	26,420,899	32,620,818	36,856,016
NET ASSETS		17,880,598	17,754,986	21,000,941	20,973,102
CAPITAL AND RESERVES					
Paid-in capital	29	16,740,000	16,740,000	19,964,000	19,964,000
Reserves		1,140,598	1,014,986	1,036,941	1,009,102
TOTAL EQUITY		17,880,598	17,754,986	21,000,941	20,973,102

STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Capital Surplus	Retained profits	Total
	RMB'000	RMB'000 (Note a)	RMB'000	RMB'000
At January 1, 2011	14,640,224	378,516	342,592	15,361,332
Profit and total comprehensive income for the year	–	–	419,490	419,490
Capital contributions	2,099,776	–	–	2,099,776
At December 31, 2011	16,740,000	378,516	762,082	17,880,598
Loss and total comprehensive expense for the year	–	–	(125,612)	(125,612)
At December 31, 2012	16,740,000	378,516	636,470	17,754,986
Profit and total comprehensive income for the year	–	–	21,955	21,955
Capital contributions	3,224,000	–	–	3,224,000
At December 31, 2013	19,964,000	378,516	658,425	21,000,941
Loss and total comprehensive expense for the period	–	–	(27,839)	(27,839)
At June 30, 2014	19,964,000	378,516	630,586	20,973,102
At January 1, 2013	16,740,000	378,516	636,470	17,754,986
Profit and total comprehensive income for the period (unaudited)	–	–	247,867	247,867
Capital contributions (unaudited)	1,600,000	–	–	1,600,000
At June 30, 2013 (unaudited)	18,340,000	378,516	884,337	19,602,853

Note:

(a) Capital surplus represents the excess of capital contribution by the equity holders over the paid-in capital of Taishan Nuclear.

STATEMENTS OF CASH FLOWS

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
OPERATING ACTIVITIES					
Profit (loss) before taxation	567,725	(170,471)	26,596	331,137	(32,756)
Adjustments for:					
Interest income	(31,420)	(25,707)	(22,536)	(3,351)	(8,536)
Depreciation of property, plant and equipment	1,825	2,007	2,818	958	1,398
Unrealized loss (gain) on fair value changes of derivative financial instruments	78,608	(17,179)	(28,892)	20,057	(1,854)
Net foreign exchange (gain) loss	(668,104)	202,184	(20,920)	(375,304)	22,161
Loss (gain) on disposals of property, plant and equipment	20	14	(44)	1	(3,322)
Operating cash flows before movements in working capital	(51,346)	(9,152)	(42,978)	(26,502)	(22,909)
Increase in inventories	–	(629)	(2,148)	(1,386)	(1,575)
Decrease (increase) in derivative financial instruments	67,319	(11,875)	74,332	39,317	14,625
NET CASH FROM (USED IN) OPERATING ACTIVITIES	15,973	(21,656)	29,206	11,429	(9,859)
INVESTING ACTIVITIES					
Payments for intangible assets	(55,270)	(68,841)	(69,695)	(33,358)	(13,640)
Purchase of property, plant and equipment	(9,448,221)	(12,399,382)	(9,158,118)	(3,813,976)	(2,914,960)
Payments for land use rights	(432,581)	(283,134)	(59,343)	(55,554)	(70,662)
Interest received	31,420	25,707	22,536	3,351	8,536
Proceeds from disposals of property, plant and equipment	9	16	88	–	78,335
Government grants received	2,424	1,422	14,362	–	–
Advances to a related party	(62,134)	(30,427)	(11,416)	(5,398)	(2,443)
Repayment from a related party	134,660	–	–	–	–
Withdrawal of deposits with original maturity over three months	–	2,315,000	1,400,000	400,000	3,803,731
Placement of deposits with original maturity over three months	(885,000)	(1,530,000)	(2,251,438)	(544,964)	(2,852,293)
NET CASH USED IN INVESTING ACTIVITIES	(10,714,693)	(11,969,639)	(10,113,024)	(4,049,899)	(1,963,396)
FINANCING ACTIVITIES					
New bank borrowings raised	13,491,184	14,896,764	9,652,337	4,181,796	4,226,790
Repayment for bank borrowings	(2,815,215)	(3,897,505)	(1,062,541)	(249,182)	(2,144,128)
Capital contribution	2,099,776	–	3,224,000	1,600,000	–
Interest paid	(388,709)	(1,011,194)	(1,566,533)	(741,061)	(952,624)
Bank charges paid	(150,975)	(142,067)	(90,950)	(29,556)	(50,103)
Loans from fellow subsidiaries	2,161,712	725,603	1,765,000	240,000	450,000
Repayments to fellow subsidiaries	(1,967,306)	(406,742)	(1,851,000)	(686,000)	–
Loan from ultimate holding company	–	800,000	540,000	390,000	–
Repayment to ultimate holding company	–	–	(540,000)	–	–
Proceeds from notes payable	–	–	–	–	600,000
NET CASH FROM FINANCING ACTIVITIES	12,430,467	10,964,859	10,070,313	4,705,997	2,129,935
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,731,747	(1,026,436)	(13,505)	667,527	156,680
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	266,822	1,980,000	960,336	960,336	954,726
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(18,569)	6,772	7,895	(17,810)	140
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	1,980,000	960,336	954,726	1,610,053	1,111,546

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION

Taishan Nuclear was established as a limited liability company on July 5, 2007 with an operating period of 52 years and became a sino-foreign equity joint venture since December 11, 2009. The parent and the ultimate holding company of Taishan Nuclear is CGNPC, a state-owned enterprise in the PRC controlled by State-Owned Assets Supervision and Administration Commission of the State Council ("SASAC") of the PRC Government.

The registered office and the principal place of business of Taishan Nuclear is situated at No.46, Qiaohu Street, Taicheng, Taishan City, Guangdong Province, the PRC.

Taishan Nuclear is principally engaged in the investment, construction, operation and management of the two nuclear power generating units and ancillary facilities in Taishan. As at June 30, 2014, the nuclear power plant is still under construction stage and it has not commenced operation.

The Financial Information is presented in RMB, which is also the functional currency of Taishan Nuclear.

In preparing the Underlying Financial Statements, the management of Taishan Nuclear has given careful consideration to the future liquidity in light of the fact that as at June 30, 2014, its current liabilities exceeded its current assets by approximately RMB2,810,089,000. Taking into account the unutilized banking and loan facilities of RMB17,063,175,000 that is available to Taishan Nuclear as at June 30, 2014, details are set out in note 30, the management of Taishan Nuclear is confident that Taishan Nuclear will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis. Accordingly, the Underlying Financial Statements have been prepared on a going concern basis.

2. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, Taishan Nuclear has consistently applied International Accounting Standards ("IASs"), IFRSs, amendments and interpretations issued by the IASB which are effective for the accounting period beginning on January 1, 2014 throughout the Relevant Periods.

At the date of this report, the IASB has issued the following new and revised IASs, IFRSs and amendments that are not yet effective. Taishan Nuclear has not early applied these new and revised IASs, IFRSs and amendments.

IFRS 9	Financial Instruments[2]
IFRS 14	Regulatory Deferral Accounts[4]
IFRS 15	Revenue from Contracts with Customers[6]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after July 1, 2014

2 Effective for annual periods beginning on or after January 1, 2018

3 Effective for annual periods beginning on or after July 1, 2014, with limited exceptions

4 Effective for first annual IFRS financial statements beginning on or after January 1, 2016

5 Effective for annual periods beginning on or after January 1, 2016

6 Effective for annual periods beginning on or after January 1, 2017

The directors of Taishan Nuclear anticipate that the application of the new and revised IASs, IFRSs and amendments will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance which for the Relevant Periods continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit," which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

The Financial Information is prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Taishan Nuclear takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except leasing transactions that are within the scope of IAS 17 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of assets*.

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

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

Revenue recognition

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to Taishan Nuclear and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are not recognized until there is reasonable assurance that Taishan Nuclear will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which Taishan Nuclear recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that Taishan Nuclear should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated in the statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress is carried at cost, less recognized impairment loss, if any. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with Taishan Nuclear's accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of tangible and intangible assets

At the end of each reporting period, Taishan Nuclear reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, Taishan Nuclear estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. Any impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Intangible assets

Internally-generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses.

Facilitation and related costs represent salaries and other directly attributable expenditure incurred by Taishan Nuclear for training the nuclear engineers for future operation and management of nuclear power units. The amount is amortized on a straight-line basis over the remaining terms of the employment contracts of the engineers after the completion of training.

Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Taishan Nuclear as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the relevant lease term.

Leasehold land and buildings

When a lease includes both land and building elements, Taishan Nuclear assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to Taishan Nuclear, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the statements of financial position and is amortized over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of Taishan Nuclear, transactions in currencies other than the functional currency (foreign currencies) are recorded in the functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefits scheme which are classified as defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions unless the costs incurred qualified for recognition as an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before taxation as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Taishan Nuclear's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Taishan Nuclear expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories less costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized in the statements of financial position when Taishan Nuclear becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Taishan Nuclear's financial assets are classified as financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which the interest income, if any, is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL (i.e. derivative financial instruments classified as held for trading) are measured at fair value, with changes in fair value arising from remeasurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss and is included in the line item "(Loss) gain arising from changes in fair value of derivative financial instruments."

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables, amounts due from related parties, cash and cash equivalents and deposits over three months) are carried at amortized cost using the effective interest method, less any identified impairment at the end of each reporting period (see accounting policy in respect of impairment loss on loans and receivables below).

Interest income is recognized by applying the effective interest rate except for short-term receivables where the recognition of interest would be immaterial.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Taishan Nuclear derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Taishan Nuclear derecognizes financial liabilities when, and only when, Taishan Nuclear's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by Taishan Nuclear are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Taishan Nuclear after deducting all of its liabilities. Equity instruments issued by Taishan Nuclear are recorded at the proceeds received, net of direct issue cost.

Financial liabilities

Taishan Nuclear's financial liabilities are classified as financial liabilities at FVTPL and other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities at FVTPL (i.e. derivative financial instruments held or trading) are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss and is included in the line item "(loss) gain arising from changes in fair value of derivative financial instruments."

Other financial liabilities

Other financial liabilities including other payables, amounts due to related parties, loans from fellow subsidiaries, loan from ultimate holding company, notes payable and bank borrowings are subsequently measured at amortized cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense, if any, is included in net gains or losses.

4. CRITICAL JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of Taishan Nuclear's accounting policies, which are described in note 3, the directors of Taishan Nuclear are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying Taishan Nuclear's accounting policies and that have the most significant effect on the amounts recognized in the Financial Information.

Facilitation and related costs

Facilitation and related costs represent salaries and other directly attributable expenditure incurred by Taishan Nuclear for training the nuclear engineers who would be involved in the future operation and management of nuclear power units. Pursuant to the employment contracts, these engineers are obligated to compensate Taishan Nuclear for the training and related costs incurred during the training period for early termination of employment contracts. As such, the management is of the opinion that such compensation creates a financial barrier to these engineers and effectively prevents them from leaving Taishan Nuclear. Taking into account the expected positive future cash flows from nuclear power operation, the management considers that the expenditure met the definition of an intangible asset as Taishan Nuclear controls these engineers in its nuclear power operation from which future economic benefits are expected to flow to Taishan Nuclear. The amount will be amortized on a straight-line basis over the remaining terms of the employment contracts of the engineers ranging from five to eight years after the completion of training.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on the value-in-use calculations or fair value less costs of disposal. Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates assumption in the cash flow projections, could materially affect the net present value in the impairment test. If there is a significant adverse change in the assumptions used in the future cash flow projections, an impairment loss may be recognized in profit or loss.

As at December 31, 2011, 2012, 2013 and June 30, 2014, the carrying value of property, plant and equipment is approximately RMB31,205,807,000, RMB43,062,766,000, RMB53,294,773,000 and RMB56,983,326,000 respectively.

Fair value of derivative financial instruments

As described in note 16, the directors of Taishan Nuclear use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates, to the extent possible, and adjusted for specific features of the instrument. Any changes in the inputs to the valuation model will lead to changes in the fair value estimation of the instruments.

As at December 31, 2011, 2012, 2013 and June 30, 2014, the fair values of derivative financial assets are approximately RMB120,512,000, RMB107,396,000, RMB60,495,000 and RMB47,724,000 respectively. As at 31 December 2011, 2012 and 2013 and June 30, 2014, the fair values of derivative financial liabilities are approximately RMB43,631,000, RMB1,461,000, nil and nil respectively.

5. SEGMENT INFORMATION

During the Relevant Periods, Taishan Nuclear was solely in the process of constructing nuclear power plants for electricity generation. As Taishan Nuclear has not commenced operation, there is no segment revenue.

The information reported to the board of directors, the chief operating decision makers, for the purpose of resource allocation and assessment of performance, is with reference to profit before taxation without taking into account any unrealized gain (loss) arising from changes in fair value of derivative financial instruments. As such, Taishan Nuclear has a single operating segment. The reconciliation from segment result to profit (loss) before taxation is as follows:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Segment profit (loss)	646,333	(187,650)	(2,296)	351,194	(34,610)
Add: Unrealized (loss) gain arising from changes in fair value of derivative financial instruments	(78,608)	17,179	28,892	(20,057)	1,854
Profit (loss) before taxation reported in the Financial Information	567,725	(170,471)	26,596	331,137	(32,756)

Geographical information

Taishan Nuclear's non-current assets are all located in the PRC.

6. INTEREST INCOME

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income from bank deposits	7,475	13,396	7,199	360	3,803
Interest income from fellow subsidiaries *(note)*	23,945	12,311	15,337	2,991	4,733
	31,420	25,707	22,536	3,351	8,536

Note:

Interest income from fellow subsidiaries include interest from deposits placed with CGN Finance (as defined in note 20) and other receivable from CGN Taishan (as defined in note 19).

7. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Bank charges	150,975	142,067	90,950	29,556	50,103
Interest on bank borrowings					
– wholly repayable within five years	79,762	271,678	443,152	186,479	289,000
– not wholly repayable within five years	338,058	789,580	1,097,067	531,494	643,650
Interest on loans from fellow subsidiaries	19,029	27,642	16,103	12,495	17,690
Interest on loan from ultimate holding company	–	4,300	51,411	30,724	18,000
Interest on notes payable	–	–	–	–	3,146
Less: Interest income on temporary investment from borrowings	(9,934)	(15,093)	(7,731)	(4,793)	(4,362)
Less: Capitalized in construction in progress	(577,890)	(1,220,174)	(1,690,952)	(785,955)	(1,017,227)
	–	–	–	–	–

All borrowings are arranged to finance the construction of nuclear power plant and facilities and the related finance costs are capitalized in the property, plant and equipment.

8. OTHER GAINS AND LOSSES

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(Loss) gain on disposals of property, plant and equipment	(20)	(14)	44	(1)	3,322
Net foreign exchange gain (loss)	668,104	(202,184)	20,920	375,304	(22,161)
	668,084	(202,198)	20,964	375,303	(18,839)

9. TAXATION

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Enterprise Income Tax	–	–	–	–	–
Deferred tax charge (credit) *(note 25)*	148,235	(44,859)	4,641	83,270	(4,917)
	148,235	(44,859)	4,641	83,270	(4,917)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of Taishan Nuclear is 25% during the Relevant Periods.

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit (loss) before taxation	567,725	(170,471)	26,596	331,137	(32,756)
Tax at Enterprise Income Tax rate of 25%	141,931	(42,618)	6,649	82,784	(8,189)
Tax effects of expenses not deductible for tax purpose	180	458	–	81	75
Others	6,124	(2,699)	(2,008)	405	3,197
Tax charge (credit) for the year/period	148,235	(44,859)	4,641	83,270	(4,917)

10. PROFIT (LOSS) AND TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR/PERIOD

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit (loss) and total comprehensive income (expense) for the year/period has been arrived at after charging (crediting):					
Auditor's remuneration	61	142	143	43	175
Directors' emoluments *(Note 11)*	1,198	1,264	1,138	676	761
Staff costs	292,782	341,148	359,945	184,164	201,476
Contributions to retirement benefit scheme	12,137	16,270	22,709	10,966	12,511
Total staff costs	304,918	357,418	382,654	195,130	213,987
Less: Capitalized in construction in progress	(247,925)	(297,300)	(297,073)	(162,407)	(187,454)
Less: Capitalized in intangible assets	(26,469)	(29,785)	(52,764)	(14,873)	(7,101)
Amount included in administrative expenses	30,524	30,333	32,817	17,850	19,432
Amortization of prepaid lease payments	–	14,034	15,213	7,207	7,949
Less: Capitalized in construction in progress	–	(14,034)	(15,213)	(7,207)	(7,949)
Amount included in administrative expenses	–	–	–	–	–
Depreciation of property, plant and equipment	27,278	32,289	45,883	15,403	22,682
Less: Capitalized in construction in progress	(25,453)	(30,282)	(43,065)	(14,445)	(21,284)
Amount included in administrative expenses	1,825	2,007	2,818	958	1,398

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Year ended December 31, 2011	Directors' fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:					
Gao Ligang	–	520	485	52	1,057
Guo Limin *(Note 1)*	–	117	14	10	141
	–	637	499	62	1,198
Non-executive directors:					
Li Jing *(Note 2)*	–	–	–	–	–
Fan Heming	–	–	–	–	–
Xing Jianhua	–	–	–	–	–
Matthieu Poissun *(Note 2)*	–	–	–	–	–
Robert Pays	–	–	–	–	–
Michel Pierrat *(Note 2)*	–	–	–	–	–
Zou Yongping *(Note 2)*	–	–	–	–	–
	–	–	–	–	–
	–	637	499	62	1,198

Notes:

1. Appointed as executive director of Taishan Nuclear on November 25, 2011.

2. Resigned during 2011.

Year ended December 31, 2012	Directors' fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:					
Gao Ligang	–	–	–	–	–
Guo Limin	–	561	635	68	1,264
	–	561	635	68	1,264
Non-executive directors:					
Dai Zhonghua *(Note 3)*	–	–	–	–	–
Fan Heming	–	–	–	–	–
Li Mingliang *(Note 2)*	–	–	–	–	–
Song Xudan *(Note 1)*	–	–	–	–	–
Robert Pays	–	–	–	–	–
Stéphane Lebeau *(Note 4)*	–	–	–	–	–
Xing Jianhua	–	–	–	–	–
	–	–	–	–	–
	–	561	635	68	1,264

Notes:

1. Appointed as non-executive director of Taishan Nuclear on August 1, 2012.

2. Appointed as non-executive director of Taishan Nuclear on July 10, 2012.

3. Appointed as non-executive director of Taishan Nuclear on June 20, 2012.

4. Appointed as non-executive director of Taishan Nuclear on December 15, 2012.

Year ended December 31, 2013	Directors' fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:					
Gao Ligang	–	–	–	–	–
Guo Limin	–	601	463	74	1,138
Non-executive directors:					
Dai Zhonghua	–	–	–	–	–
Fan Heming	–	–	–	–	–
Li Mingliang	–	–	–	–	–
Robert Pays	–	–	–	–	–
Song Xudan	–	–	–	–	–
Stéphane Lebeau	–	–	–	–	–
Xing Jianhua	–	–	–	–	–
	–	–	–	–	–
	–	601	463	74	1,138

Six months ended June 30, 2013	Directors' fees RMB'000 (unaudited)	Salaries and other allowances RMB'000 (unaudited)	Discretionary bonus RMB'000 (unaudited)	Retirement benefit scheme contributions RMB'000 (unaudited)	Total RMB'000 (unaudited)
Executive directors:					
Gao Ligang	–	–	–	–	–
Guo Limin	–	291	351	34	676
Non-executive directors:					
Dai Zhonghua	–	–	–	–	–
Fan Heming	–	–	–	–	–
Li Mingliang	–	–	–	–	–
Robert Pays	–	–	–	–	–
Song Xudan	–	–	–	–	–
Stéphane Lebeau	–	–	–	–	–
Xing Jianhua	–	–	–	–	–
	–	–	–	–	–
	–	291	351	34	676

Six months ended June 30, 2014	Directors' fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:					
Gao Ligang	–	–	–	–	–
Guo Limin	–	346	379	36	761
Non-executive directors:					
Dai Zhonghua	–	–	–	–	–
Fan Heming	–	–	–	–	–
Li Mingliang	–	–	–	–	–
Robert Pays	–	–	–	–	–
Song Xudan	–	–	–	–	–
Stéphane Lebeau	–	–	–	–	–
Xing Jianhua	–	–	–	–	–
	–	–	–	–	–
	–	346	379	36	761

During the Relevant Periods, no fees or other emoluments were paid or payable by Taishan Nuclear to executive director Gao Ligang and any of the non-executive directors, who are also directors or employees of the respective equity holders as the payments of their emoluments were borne by the respective equity holders, and there is no reasonable basis to allocate the amounts to Taishan Nuclear.

Other allowances includes travel allowance, housing subsidies and other welfares.

Five Highest Paid Individuals

Of the five individuals with the highest emoluments in Taishan Nuclear, none is director of Taishan Nuclear for the year ended December 31, 2011, and only one is director of Taishan Nuclear for the years ended December 31, 2012 ,2013 and six months ended June 30, 2013 (unaudited) and 2014 respectively, whose emoluments are included in the disclosure above.

The emoluments of the remaining individuals for the years ended December 31, 2011, 2012, 2013 and for the six months ended June 30, 2013 (unaudited) and 2014 were as follows:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other allowances	2,720	1,853	2,054	1,082	1,299
Discretionary bonus	4,059	3,022	2,442	1,460	1,628
Retirement benefit scheme contributions	258	255	278	126	128
	7,037	5,130	4,774	2,668	3,055

Discretionary bonus is determined by reference to the performance of the director or employee during respective reporting period.

The emoluments of the remaining individuals are within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
				(unaudited)	
Not exceeding HKD1,000,000	–	–	–	4	4
HKD1,000,001 to HKD1,500,000	–	–	2	–	–
HKD1,500,001 to HKD2,000,000	5	4	2	–	–
	5	4	4	4	4

During the Relevant Periods, no remuneration was paid by Taishan Nuclear to directors or any of the above remaining individuals with the highest emoluments in Taishan Nuclear as an inducement to join or upon joining Taishan Nuclear or as compensation for loss of office.

12. EARNINGS PER SHARE

No earnings per share information is presented after considering the capital structure of Taishan Nuclear.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Office and Electronic equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At January 1, 2011	236,010	1,613	31,153	20,392,445	20,661,221
Additions	–	2,067	25,069	10,568,300	10,595,436
Disposals	–	–	(39)	–	(39)
Transfer	160,123	–	–	(160,123)	–
At December 31, 2011	396,133	3,680	56,183	30,800,622	31,256,618
Additions	–	–	17,755	11,871,523	11,889,278
Disposals	–	–	(45)	–	(45)
Transfer	145,572	–	–	(145,572)	–
At December 31, 2012	541,705	3,680	73,893	42,526,573	43,145,851
Additions	–	–	19,574	10,258,360	10,277,934
Disposals	–	–	(145)	–	(145)
Transfer	157,331	–	–	(157,331)	–
At December 31, 2013	699,036	3,680	93,322	52,627,602	53,423,640
Additions	–	–	11,021	3,782,898	3,793,919
Disposals	–	–	(2,219)	(82,683)	(84,902)
At June 30, 2014	699,036	3,680	102,124	56,327,817	57,132,657
DEPRECIATION					
At January 1, 2011	12,752	368	10,423	–	23,543
Provided for the year	17,402	410	9,466	–	27,278
Eliminated on disposals	–	–	(10)	–	(10)
At December 31, 2011	30,154	778	19,879	–	50,811
Provided for the year	19,473	699	12,117	–	32,289
Eliminated on disposals	–	–	(15)	–	(15)
At December 31, 2012	49,627	1,477	31,981	–	83,085
Provided for the year	30,713	699	14,471	–	45,883
Eliminated on disposals	–	–	(101)	–	(101)
At December 31, 2013	80,340	2,176	46,351	–	128,867
Provided for the period	16,147	350	6,185	–	22,682
Eliminated on disposals	–	–	(2,218)	–	(2,218)
At June 30, 2014	96,487	2,526	50,318	–	149,331
CARRYING VALUES					
At December 31, 2011	365,979	2,902	36,304	30,800,622	31,205,807
At December 31, 2012	492,078	2,203	41,912	42,526,573	43,062,766
At December 31, 2013	618,696	1,504	46,971	52,627,602	53,294,773
At June 30, 2014	602,549	1,154	51,806	56,327,817	56,983,326

All the buildings are situated on land in the PRC under medium-term lease. As at December 31, 2011, 2012, 2013 and June 30, 2014, Taishan Nuclear is in process of obtaining the relevant property ownership certificates for buildings with aggregate carrying value of approximately RMB123,656,000, RMB262,172,000, RMB208,333,000 and RMB203,345,000 respectively. In the opinion of the directors of Taishan Nuclear, the relevant property ownership certificates can be obtained in due time without incurring significant costs.

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis and after taking into account of their estimated residual value, at the following years:

Buildings	shorter of the remaining lease term of land and useful lives of 20 – 40 years
Motor vehicles	5 years
Office and electronic equipment	5 years

14. INTANGIBLE ASSETS

	RMB'000
At January 1, 2011	193,469
Additions	55,270
At December 31, 2011	248,739
Additions	68,841
At December 31, 2012	317,580
Additions	69,695
At December 31, 2013	387,275
Additions	13,640
At June 30, 2014	400,915

The amount represents facilitation and related costs incurred by Taishan Nuclear for training the nuclear engineers. The nuclear engineers were still under the training period as at June 30, 2014. The amount will be amortized on a straight-line basis over the remaining terms of the employment contracts with the nuclear engineers from five to eight years after the completion of training.

15. PREPAID LEASE PAYMENTS

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	418,547	687,647	730,598	791,898
Current assets	14,034	14,034	15,213	16,626
	432,581	701,681	745,811	808,524

The amounts represent the medium-term land use rights in the PRC for a period of 50 years.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Foreign exchange forward contracts				
Assets				
Non-current	46,651	31,603	30,650	33,689
Current	73,861	75,793	29,845	14,035
	120,512	107,396	60,495	47,724
Liabilities				
Non-current	1,418	–	–	–
Current	42,213	1,461	–	–
	43,631	1,461	–	–

The derivative financial instruments are classified into current and non-current assets/liabilities based on the remaining contractual maturity.

At the end of each reporting periods, the major terms of the outstanding foreign currency forward contracts are as follows:

Total notional amount	Range of maturity dates	Range of forward exchange rates
At December 31, 2011		
Buy EURO345,360,000	From January 20, 2012 to October 22, 2013	EURO: USD1.2341 to 1.2492
Buy EURO165,000,000	From January 20, 2012 to March 25, 2013	EURO: RMB6.7398 to 8.5505
At December 31, 2012		
Buy EURO260,286,000	From January 22, 2013 to April 27, 2017	EURO: USD1.2419 to 1.2920
Buy EURO25,000,000	From March 15, 2013 to June 14, 2013	EURO: RMB8.1912 to 8.3960
At December 31, 2013		
Buy EURO100,966,000	From April 2, 2014 to April 27, 2017	EURO: USD1.2420 to 1.2920
At June 30, 2014		
Buy EURO82,216,000	From July 2, 2014 to April 27, 2017	EURO: USD1.2420 to 1.2920

Note: The above derivatives were measured at fair values at the end of each reporting period and changes in fair value are recognized in the profit or loss. Their fair values were determined by Asset Appraisal Limited, an independent valuer, based on appropriate valuation technique. Details are set out in note 30. The address of Asset Appraisal Limited is Room 901, 9/F, On Hong Commercial Building, 145 Hennessy Road, Wan Chai, Hong Kong.

17. INVENTORIES

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Materials and consumable parts	–	629	2,777	4,352

18. OTHER RECEIVABLES

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
– Non-current				
VAT recoverable *(note)*	338,147	1,472,048	2,087,061	2,330,988
– Current asset				
Other receivables	16,006	17,706	7,023	3,400

Note: The amount was arisen from Taishan Nuclear's expenditure on construction of nuclear power plant, and expected to be utilized after commencement of operation of the nuclear power plant.

19. AMOUNTS DUE FROM RELATED PARTIES

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Other receivables from fellow subsidiaries	37,582	14,741	177,659	172,320
Other receivable from ultimate holding company	24,408	24,448	5,277	5,854
Other receivable from an equity holder	–	–	508	–
	61,990	39,189	183,444	178,174
Non-current				
Other receivable from a fellow subsidiary	106,329	142,175	–	–

The other receivable from 中廣核台山第二核電有限公司 CGN Taishan No. 2 Nuclear Power Co, Ltd. ("CGN Taishan"), a fellow subsidiary, amounting to RMB106,329,000, RMB142,175,000, RMB160,704,000 and RMB166,857,000 as at December 31, 2011, 2012, 2013 and June 30, 2014 represents the amounts advanced to CGN Taishan, and is unsecured, carried interest at 90% of benchmark interest rates of the People's Bank of China ("RMBBLR") per annum. The effective interest rate is 5.904%, 5.400%, 5.400% and 5.400% per annum as at December 31, 2011, 2012, 2013 and June 30, 2014 respectively. This amount was settled in July 2014. Other receivables from other related parties are unsecured, interest-free and repayable on demand.

Taishan Nuclear's amounts due from related parties denominated in foreign currency is set out below:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
EURO	–	–	2,449	10,884

20. CASH AND CASH EQUIVALENTS/DEPOSITS OVER THREE MONTHS

Cash and cash equivalents comprise cash held by Taishan Nuclear, bank deposits and deposits in 中廣核財務有限責任公司 CGN Finance Co., Ltd. ("CGN Finance"), a fellow subsidiary, and a financial institution in the PRC which carried interest ranging from 0.36% to 3.10%, 0.35% to 2.60%, 0.35% to 2.60% and from 0.35% to 2.60% per annum at December 31, 2011, 2012, 2013 and June 30, 2014 respectively.

As at December 31, 2011, 2012, 2013 and June 30, 2014, the bank deposits and deposits in CGN Finance, amounting to RMB885,000,000, RMB100,000,000, RMB951,438,000 and nil is carried interest at market rates ranging from 0.380% to 3.500%, 0.380% to 3.050%, 1.356% to 3.050% and nil per annum respectively with original maturity of more than three months.

Deposits in CGN Finance amounted to RMB1,257,566,000, RMB160,023,000, RMB926,614,000 and RMB271,199,000 as at December 31, 2011, 2012, 2013 and June 30, 2014 respectively.

The balances of cash and cash equivalents/deposits over three months that are denominated in foreign currencies are set out below:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
EURO	304,317	448,823	901,945	331,691
USD	227,124	15,875	981	246,985
Total	531,441	464,698	902,926	578,676

21. OTHER PAYABLES AND ACCRUALS

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Payable for construction cost of property, plant and equipment	928,114	358,753	326,667	365,394
Bills payable	39,724	15,215	40,000	–
Interest payable	90,188	167,000	205,713	224,558
Accruals	2,337	2,597	4,310	2,074
	1,060,363	543,565	576,690	592,026

Taishan Nuclear's other payables denominated in foreign currencies are set out below:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
EURO	334,370	56,709	31,069	701
USD	23,078	–	–	–
HKD	–	–	3,293	–
GBP	609	630	630	658
Total	358,057	57,339	34,992	1,359

22. AMOUNTS DUE TO RELATED PARTIES

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Construction payables to fellow subsidiaries	145,837	42,996	49,616	45,089
Construction payable to ultimate holding company	21,198	21,198	27,244	23,696
Construction payable to an equity holder	54,779	–	2,939	–
Interest payable to fellow subsidiaries	–	–	1,259	1,711
Interest payable to ultimate holding company	–	4,300	6,800	6,600
	221,814	68,494	87,858	77,096

The amounts are unsecured, interest-free and repayable on demand.

Taishan Nuclear's amounts due to related parties denominated in foreign currency are set out below:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
EURO	54,779	–	5,042	–

23. BANK BORROWINGS

	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	15,730,336	26,903,388	35,479,174	37,575,380
Secured borrowings *(Note)*	11,834,711	21,543,168	26,773,278	29,087,654
Unsecured borrowings	3,895,625	5,360,220	8,705,896	8,487,726
	15,730,336	26,903,388	35,479,174	37,575,380

Note: As at the end of each reporting periods, the entire equity interests of Taishan Nuclear and the future electricity tariff collection rights were pledged to secure the loan facilities from banks.

	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount repayable*:				
Within one year	2,895,625	1,567,829	3,963,107	2,719,100
More than one year, but within two years	–	1,501,466	2,469,274	2,208,613
More than two years, but within five years	5,403,621	3,133,635	4,266,248	6,212,297
More than five years	7,431,090	20,700,458	24,780,545	26,435,370
	15,730,336	26,903,388	35,479,174	37,575,380
Less: Amounts due within one year shown under current liabilities	(2,895,625)	(1,567,829)	(3,963,107)	(2,719,100)
Amounts shown under non-current liabilities	12,834,711	25,335,559	31,516,067	34,856,280

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The following is an analysis of Taishan Nuclear's bank borrowings by variable and fixed interest rates:

	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Variable interest rate borrowings	9,549,017	17,117,338	22,797,788	23,907,218
Fixed interest rate borrowings	6,181,319	9,786,050	12,681,386	13,668,162
	15,730,336	26,903,388	35,479,174	37,575,380

The ranges of effective interest rates (which are also equal to contracted interest rates) on Taishan Nuclear's bank borrowings are as follows:

	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
Variable interest rate				
– RMB Loan	90% of RMBBLR to RMBBLR 5.90% to 6.56%	90% of RMBBLR to RMBBLR 5.40% to 6.00%	90% of RMBBLR to RMBBLR 5.40% to 6.00%	90% of RMBBLR to RMBBLR 5.40% to 6.00%
– EURO and USD Loan	London Interbank Offered Rate ("LIBOR") plus 0.55% to LIBOR plus 4.10% 1.93% to 5.48%	LIBOR plus 0.55% to LIBOR plus 4.20% 1.22% to 4.87%	LIBOR plus 0.70% to LIBOR plus 4.20% 1.32% to 4.82%	LIBOR plus 0.70% to LIBOR plus 4.20% 1.32% to 4.82%
Fixed interest rate	4.33% to 8.1%	4.00% to 5.15%	3.20% to 5.15%	3.20% to 5.15%

Taishan Nuclear's bank borrowings denominated in foreign currencies are set out below:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
EURO	7,789,309	9,779,754	11,431,818	11,888,060
USD	1,467,136	3,589,875	5,283,004	5,121,715
Total	9,256,445	13,369,629	16,714,822	17,009,775

24. LOANS FROM FELLOW SUBSIDIARIES

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
RMB loan repayable on March 1, 2012 *(note a)*	75,000	–	–	–
RMB loan repayable on March 14, 2012 *(note a)*	311,000	–	–	–
RMB loan repayable on March 25, 2013 *(note a)*	–	386,000	–	–
RMB loan repayable on May 16, 2013 *(note a)*	–	300,000	–	–
RMB loan repayable on December 15, 2014 *(note b)*	–	–	600,000	600,000
RMB loan repayable on November 20, 2014 *(note c)*	–	–	–	150,000
	386,000	686,000	600,000	750,000
Non-current: *(Note d)*				
RMB loan repayable on November 17, 2034, secured fixed rate loan at 6.642% per annum	53,990	70,940	70,940	70,940
EURO loan repayable on November 17, 2029, secured variable rate loan at LIBOR plus 0.7% per annum	31,634	33,545	33,953	33,855
RMB loan repayable on June 27, 2017, unsecured fixed rate loan at 6.00% per annum	–	–	–	300,000
	85,624	104,485	104,893	404,795

Notes:

(a) The amounts are unsecured, carried interest at 90% of RMBBLR per annum. The effective interest rate is 5.904% and 5.400% as at December 31, 2011 and 2012 respectively.

(b) The amount is unsecured, carried fixed interest at 4.55% per annum.

(c) The amount is unsecured, carried fixed interest at 6.00% per annum.

(d) As at the end of each reporting periods, the entire equity interests of Taishan Nuclear and the future electricity tariff collection rights were pledged to secure the loan facilities from banks and CGN Finance. Pursuant to the loan agreements, no repayment on demand clause was included.

25. DEFERRED TAX LIABILITIES

	Exchange difference arising from borrowings
	RMB'000
At January 1, 2011	69,531
Charge to profit or loss	148,235
At December 31, 2011	217,766
Credit to profit or loss	(44,859)
At December 31, 2012	172,907
Charge to profit or loss	4,641
At December 31, 2013	177,548
Credit to profit or loss	(4,917)
At June 30, 2014	172,631

26. LOAN FROM ULTIMATE HOLDING COMPANY

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
RMB loan repayable on October 25, 2015, unsecured fixed rate loan at 4.50% per annum	–	800,000	800,000	800,000

27. DEFERRED INCOME

	RMB'000
At January 1, 2011	4,102
Government grant received	2,424
At December 31, 2011	6,526
Government grant received	1,422
At December 31, 2012	7,948
Government grant received	14,362
At December 31, 2013 and June 30, 2014	22,310

Taishan Nuclear received a government subsidy of approximately RMB2,424,000, RMB1,422,000, RMB14,362,000 and nil for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 respectively for the construction and development of nuclear power plant. The amounts are treated as deferred income and will be released to profit or loss over the estimated useful lives of completed nuclear power plant. No amount is recognized in other income during the Relevant Periods as the nuclear power plant is still at construction stage and has not commenced operation.

28. NOTES PAYABLE

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted and unguaranteed corporate bonds *(note a)*	–	–	–	600,000

Note:

(a) On May 26, 2014, Taishan Nuclear issued corporate bonds with an aggregate principal amount of RMB600 million (the "2014 Corporate Bond") at its principal amount. The 2014 Corporate Bond bears fixed interest at the rate of 6.60% per annum payable annually. The 2014 Corporate Bond will be matured on May 26, 2017 at the principal amount.

29. PAID-IN CAPITAL

The registered capital of Taishan Nuclear is fully paid up by equity holders as follows:

	At December 31,				At December 31, 2013 and June 30, 2014	
	2011		2012			
Equity holders	RMB'000	Ratio	RMB'000	Ratio	RMB'000	Ratio
		%		%		%
CGNPC	5,976,180	35.70	2,092,500	12.50	2,495,500	12.50
Guangdong Nuclear Investment Co., Ltd.	5,741,820	34.30	1,674,000	10.00	1,996,400	10.00
E.D.F. International	5,022,000	30.00	5,022,000	30.00	5,989,200	30.00
Taishan Investment	–	–	7,951,500	47.50	9,482,900	47.50
Total	16,740,000	100.00	16,740,000	100.00	19,964,000	100.00

In 2011 and 2013, an additional registered capital of RMB2,099,776,000 and RMB3,224,000,000 was contributed to Taishan Nuclear by the equity holders on a pro-rata basis respectively.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At December 31,			At June 30, 2014
	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	3,049,325	1,259,406	2,096,631	1,293,120
Derivative financial instruments classified as held for trading	120,512	107,396	60,495	47,724
	3,169,837	1,366,802	2,157,126	1,340,844
Financial liabilities				
Amortized cost	17,481,800	29,103,335	37,644,305	40,797,223
Derivative financial instruments classified as held for trading	43,631	1,461	–	–
	17,525,431	29,104,796	37,644,305	40,797,223

b. Financial risk management objectives and policies

Taishan Nuclear's major financial instruments include derivative financial instruments, other receivables, amounts due from related parties, cash and cash equivalents, deposits over three months, other payables, amounts due to related parties, loans from fellow subsidiaries, notes payable, loan from ultimate holding company and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with the financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Taishan Nuclear's foreign currency risk exposure is mainly derived from bank balances, deposits in CGN Finance, amounts due from/to related parties, bank borrowings, loans from fellow subsidiaries and other payables denominated in foreign currencies. Taishan Nuclear has entered into foreign currency forward contracts to reduce its foreign currency risk. In addition, the directors of Taishan Nuclear will monitor the foreign currency exposure closely and will consider taking other appropriate actions to reduce foreign currency exposure should the need arise.

The carrying amounts of Taishan Nuclear's monetary assets and monetary liabilities denominated in foreign currencies at the end of each reporting periods are as follows:

	Assets				Liabilities			
	At December 31,			At June 30,	At December 31,			At June 30,
	2011	2012	2013	2014	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
EUR	304,317	448,823	904,394	342,575	8,210,092	9,870,008	11,501,882	11,922,616
USD	227,124	15,875	981	246,985	1,490,214	3,589,875	5,283,004	5,121,715
HKD	–	–	–	–	–	–	3,293	–
GBP	–	–	–	–	609	630	630	658

Sensitivity analysis

Taishan Nuclear is mainly exposed to the fluctuations in USD and EURO against RMB, the functional currency of Taishan Nuclear.

The following table details Taishan Nuclear's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies as at the end of each reporting period. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation as at the end of each reporting period for a 5% change in foreign currencies rates. A positive number below indicates an increase in post-tax profit or a decrease in post-tax loss, and vice versa.

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
– if RMB weaken against EURO	(296,625)	(353,294)	(397,406)	(434,252)
– if RMB weaken against USD	(47,366)	(134,025)	(198,076)	(182,802)
– if RMB weaken against HKD	–	–	(123)	–
– if RMB weaken against GBP	(23)	(24)	(24)	(25)
	(344,014)	(487,343)	(595,629)	(617,079)
– if RMB strengthen against EURO	296,625	353,294	397,406	434,252
– if RMB strengthen against USD	47,366	134,025	198,076	182,802
– if RMB strengthen against HKD	–	–	123	–
– if RMB strengthen against GBP	23	24	24	25
	344,014	487,343	595,629	617,079

In relation to the foreign currency forward contracts, the sensitivity analyses have been determined for derivatives at the end of the reporting period as shown below:

If the forward exchange rate of the foreign currency forward contracts had been 5% higher and all other variables were held constant, the post-tax profit for the years ended December 31, 2011, 2013 and six months ended June 30, 2013 would increase by approximately RMB152,700,000, RMB31,435,000 and RMB53,817,000 (unaudited) respectively. The post-tax loss for the years ended December 31, 2012 and six months ended June 30, 2014 would decrease by approximately RMB88,562,000 and RMB25,345,000 respectively.

If the forward exchange rate of the foreign currency forward contracts had been 5% lower and all other variables were held constant, the post-tax profit for the years ended December 31, 2011, 2013 and six months ended June 30, 2013 would decrease by approximately RMB152,700,000, RMB31,435,000 and RMB53,817,000 (unaudited) respectively. The post-tax loss for the years ended December 31, 2012 and six months ended June 30, 2014 would increase by approximately RMB88,562,000 and RMB25,345,000 respectively.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the year/period.

(ii) Interest rate risk

Taishan Nuclear is exposed to fair value interest rate risk which arises from fixed rate bank borrowings (note 23), loans from fellow subsidiaries (note 24), loan from ultimate holding company (note 26) and notes payable (note 28) during the Relevant Periods.

Taishan Nuclear is also exposed to cash flow interest rate risk which arises from variable-rate bank balances and deposits in CGN Finance (note 20), other receivable from a fellow subsidiary (note 19), bank borrowings (note 23) and loans from fellow subsidiaries (note 24) which carry interest at prevailing market rates during the Relevant Periods.

Taishan Nuclear currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank balances, deposits in CGN Finance bank borrowings and loans from fellow subsidiaries at the end of each reporting period. The analysis is prepared assuming the amount of bank balances and deposits outstanding at the end of each reporting periods was outstanding for the whole year/period. A 30 basis point increase or decrease in interest rate on bank balances and deposits are used which represent management's assessment of the reasonably possible changes in interest rates.

No sensitivity analysis is prepared for the other receivable from a fellow subsidiary as a reasonable change in the interest rate would not lead to a material financial impact.

If interest rate had been increased by 30 basis points on bank balances and deposits (other than temporary deposits from specific borrowings), Taishan Nuclear's post-tax profit would be increased by approximately RMB3,507,000, RMB4,069,000 and RMB1,971,000 (unaudited) for the years ended December 31, 2011, 2013 and six months ended June 30, 2013 respectively. The post-tax loss would be decreased by approximately RMB1,050,000 and RMB672,000 for the year ended December 31, 2012 and six months ended June 30, 2014 respectively. The entire impact in relation to loans from fellow subsidiaries and bank borrowings would be capitalized in the construction in progress.

Liquidity risk

In the management of the liquidity risk, Taishan Nuclear monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Taishan Nuclear's operations. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Taishan Nuclear relies on bank borrowings and loans from fellow subsidiaries and ultimate holding company as a significant source of liquidity. At the end of each reporting periods, Taishan Nuclear has the following undrawn bank borrowing facilities:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate				
– expiring within one year	1,016,906	100,000	–	85,000
– expiring beyond one year	23,421,205	16,222,685	12,992,375	7,710,579
Variable rate				
– expiring within one year	11,049,321	300,000	2,018,291	10,000
– expiring beyond one year	5,699,509	6,051,739	3,969,185	9,257,596
	41,186,941	22,674,424	18,979,851	17,063,175

The following table details Taishan Nuclear's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Taishan Nuclear can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from interest rate at the end of each reporting periods.

In addition, the following table details Taishan Nuclear's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash outflows on derivative financial liabilities that settle on a net basis. The liquidity analysis for Taishan Nuclear's derivative financial instruments are prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity and interest rate risk tables

	Weighted average interest rate	On demand or less than 6 months	6-12 months	1 to 3 years	3 to 5 years	Over 5 years	Total undiscounted cash flow	Total carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2011								
Financial liabilities								
Non-derivative financial liabilities								
Other payables	N/A	1,058,026	–	–	–	–	1,058,026	1,058,026
Amounts due to related parties	N/A	221,814	–	–	–	–	221,814	221,814
Loans from fellow subsidiaries	5.74	392,581	2,120	8,480	8,480	177,415	589,076	471,624
Bank borrowings	5.20	1,745,776	1,903,233	1,340,735	6,390,801	15,048,234	26,428,779	15,730,336
		3,418,197	1,905,353	1,349,215	6,399,281	15,225,649	28,297,695	17,481,800
Derivatives – net settlement								
Foreign currency forward contracts		40,653	1,768	1,476	–	–	43,897	43,631
At December 31, 2012								
Financial liabilities								
Non-derivative financial liabilities								
Other payables	N/A	540,968	–	–	–	–	540,968	540,968
Amounts due to related parties	N/A	68,494	–	–	–	–	68,494	68,494
Loan from ultimate holding company	4.50	18,000	18,000	866,200	–	–	902,200	800,000
Loans from fellow subsidiaries	5.34	699,358	2,434	9,734	9,734	188,178	909,438	790,485
Bank borrowings	5.37	1,062,266	1,901,905	11,561,423	2,647,842	28,173,943	45,347,379	26,903,388
		2,389,086	1,922,339	12,437,357	2,657,576	28,362,121	47,768,479	29,103,335
Derivatives – net settlement								
Foreign currency forward contracts		1,470	–	–	–	–	1,470	1,461
At December 31, 2013								
Financial liabilities								
Non-derivative financial liabilities								
Other payables	N/A	572,380	–	–	–	–	572,380	572,380
Amounts due to related parties	N/A	87,858	–	–	–	–	87,858	87,858
Loan from ultimate holding company	4.50	18,000	18,000	830,200	–	–	866,200	800,000
Loans from fellow subsidiaries	4.60	18,475	617,395	9,102	9,102	176,933	831,007	704,893
Bank borrowings	5.22	3,810,650	1,764,182	14,591,501	2,245,511	32,737,541	55,149,385	35,479,174
		4,507,363	2,399,577	15,430,803	2,254,613	32,914,474	57,506,830	37,644,305
At June 30, 2014								
Financial liabilities								
Non-derivative financial liabilities								
Other payables	N/A	589,952	–	–	–	–	589,952	589,952
Amounts due to related parties	N/A	77,096	–	–	–	–	77,096	77,096
Loan from ultimate holding company	4.50	18,000	18,000	812,200	–	–	848,200	800,000
Loans from fellow subsidiaries	5.09	777,569	11,254	345,616	9,016	173,828	1,317,283	1,154,795
Bank borrowings	5.08	2,117,187	2,452,573	9,777,890	4,743,807	41,910,465	61,001,922	37,575,380
Notes payable	6.60	19,800	19,800	675,460	–	–	715,060	600,000
		3,599,604	2,501,627	11,611,166	4,752,823	42,084,293	64,549,513	40,797,223

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Taishan Nuclear. The credit risk on derivative financial instruments are limited because the counterparties are banks with high credit ratings and stated-owned banks with good reputation. The credit risk on deposits in banks and financial institution are limited because the counterparties are reputable financial institutions.

Taishan Nuclear has concentration of credit risk as 91%, 91%, 96% and 98% of the receivables as at the end of each reporting periods was due from ultimate holding company and fellow subsidiaries. The directors of Taishan Nuclear consider the credit risk to be insignificant as the ultimate holding company and fellow subsidiaries have good creditworthiness.

Fair value

Fair value for financial instruments not measured at fair value on a recurring basis

The fair value of financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Financial Information approximate their fair values.

Fair value measurements recognized in the statements of financial position

The following table gives information about how the fair value of the financial assets and financial liabilities at FVTPL is determined.

	Fair value as at				
Financial assets/ liabilities	**December 31, 2011** **RMB'000**	**December 31, 2012** **RMB'000**	**December 31, 2013** **RMB'000**	**June 30, 2014** **RMB'000**	**Fair value hierarchy, valuation technique and key inputs**
Foreign currency forward contracts *(see note 16)*	Non-current assets: RMB46,651 Current assets: RMB73,861 Current liabilities: RMB42,213 Non-current liabilities: RMB1,418	Non-current assets: RMB31,603 Current assets: RMB75,793 Current liabilities: RMB1,461	Non-current assets: RMB30,650 Current assets: RMB29,845	Non-current assets: RMB33,689 Current assets: RMB14,035	Level 2 Discounted cash flow. Future cash flow are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

31. CAPITAL RISK MANAGEMENT

Taishan Nuclear manages its capital to ensure that Taishan Nuclear will be able to continue as a going concern while maximising the return to equity holders through the optimization of the debt and equity balance. Taishan Nuclear's overall strategy remains unchanged during the Relevant Periods.

The capital structure of Taishan Nuclear consists of bank borrowings, loan from ultimate holding company, loans from fellow subsidiaries and equity attributable to equity holders of Taishan Nuclear, comprising paid-in capital, reserves including retained profits.

The management of Taishan Nuclear reviews the capital structure on a regular basis. Based on recommendations of the management, Taishan Nuclear will balance its overall capital structure through capital injection from equity holders as well as the issue of new debt and the redemption of existing debt.

32. CAPITAL COMMITMENTS

	At December 31,			At June 30,
	2011	**2012**	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the Financial Information	16,369,988	8,661,780	5,497,640	5,080,650

33. LEASE COMMITMENTS

At the end of each reporting period, Taishan Nuclear had commitments for future minimum lease payments in the respect of rented premises under non-cancellable operating leases which fall due as follows:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	2,445	–	38	19

Leases of rented premises are negotiated with fixed monthly rental for terms for one to two years.

34. RETIREMENT CONTRIBUTIONS PLAN

The employees of Taishan Nuclear are members of a state-managed retirement benefits scheme operated by the PRC government. Taishan Nuclear is required to contribute certain percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of Taishan Nuclear with respect to the retirement benefits scheme is to make the specified contributions.

35. RELATED PARTY TRANSACTIONS

(i) In addition to those disclosed in notes, 6, 7, 19, 20, 22, 24 and 26 to the Financial Information, during the Relevant Periods, Taishan Nuclear entered into the following material transactions with its fellow subsidiaries and an equity holder, E.D.F. International, as below:

	Year ended December 31,			For the year ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fellow subsidiaries:					
Service fee paid, capitalized in construction in progress	789,993	482,839	318,689	128,622	179,115
Purchase of property, plant and equipment	28,267	4,646	7,343	4,231	5,354
Disposal of property, plant and equipment	–	–	–	–	78,335
Equity holder:					
Service fee paid, capitalized in construction in progress	32,049	28,169	89,384	26,182	13,051

In connection with the management service provided by the fellow subsidiaries on the construction of the nuclear power plant, the fellow subsidiaries also procured construction materials from external suppliers on behalf of Taishan Nuclear.

(ii) Compensation of key management personnel

The remuneration of directors and other members of key management were as follows:

	Year ended December 31,			For the year ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short-term benefits	3,397	3,667	4,364	2,148	2,979
Discretionary bonus	4,925	3,811	3,599	2,496	3,276
Post-employment benefits	337	484	563	251	296
	8,659	7,962	8,526	4,895	6,551

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

(iii) Significant transactions with other government-related entities

Taishan Nuclear is ultimately controlled by the PRC government and Taishan Nuclear operates in an economic environment predominated by the entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

In addition to transactions and balances with the ultimate holding company, fellow subsidiaries, and equity holder with significant influence disclosed in note 35(i) above and elsewhere in this Financial Information, significant related party transactions and balances conducted with other government-related entities in the normal course of businesses of Taishan Nuclear for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Purchases of property, plant and equipment	2,882,620	3,371,820	1,928,026	1,028,503	622,075

On May 26, 2014, the Company issued the 2014 Corporate Bond with an aggregate principal amount of RMB600 million at its principal amount to government-related entities. The 2014 Corporate Bond bears fixed interest at the rate of 6.60% per annum payable annually. The 2014 Corporate Bond will be matured on May 26, 2017 at the principal amount. The issuing cost paid for the 2014 Corporate Bond to the government-related entities was RMB900,000 and the related interest was approximately RMB3,146,000 for the six months period ended June 30 2014.

The transactions conducted with government-related entities are based on terms as set out in the underlying agreements, market prices or actual cost incurred, or as mutually agreed.

Taishan Nuclear has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with banks and financial institution which are government-related entities. All of its bank deposits and borrowings are with government-related entities.

B. DIRECTORS' REMUNERATION

Under the arrangements currently in force, the aggregate emoluments payable by Taishan Nuclear to the directors for the year ending December 31, 2014 is estimated to be approximately RMB1,100,000.

C. SUBSEQUENT EVENTS

No significant event took place subsequent to June 30, 2014.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Taishan Nuclear have been prepared in respect of any period subsequent to June 30, 2014.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Deloitte.
德勤

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Hong Kong

November 27, 2014

The Directors
CGN Power Co., Ltd.
China International Capital Corporation Hong Kong Securities Limited
Merrill Lynch Far East Limited
ABCI Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to 台山核電產業投資有限公司 Taishan Nuclear Power Industry Investment Co., Ltd. ("Taishan Investment") for the period from December 8, 2011 (date of establishment) to December 31, 2011, the two years ended December 31, 2012 and 2013, and the six months ended June 30, 2014 (the "Relevant Periods") for inclusion in the prospectus dated November 27, 2014 (the "Prospectus") in connection with the initial public offering of the shares of 中國廣核電力股份有限公司 CGN Power Co., Ltd. ("CGN") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Taishan Investment was established in the People's Republic of China (the "PRC") on December 8, 2011 as a limited liability company under the Company Law of the PRC. It has adopted December 31 as its financial year end date for statutory financial reporting purpose. 中國廣核集團有限公司 China General Nuclear Power Corporation (formerly known as 中國廣東核電集團有限公司 China Guangdong Nuclear Power Corporation Limited) ("CGNPC") is the parent and ultimate holding company.

Pursuant to an equity transfer agreement dated October 30, 2014 entered into between CGN and CGNPC, CGN agreed to acquire 60% equity interest of Taishan Investment from CGNPC. Taishan Investment is an investment holding company.

The statutory financial statements of Taishan Investment for the Relevant Periods were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC ("PRC GAAP")and were audited by Shu Lun Pan Certified Public Accountants LLP Guangdong Branch for the period from December 8, 2011 (date of establishment) to December 31, 2011, and Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch for the two years ended December 31, 2012 and 2013, all are certified public accounting firms registered in the PRC.

The directors of Taishan Investment have prepared financial statements of Taishan Investment, in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB").

We have carried out audit procedures in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements. No adjustments are deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of Taishan Investment who approved their issue. The directors of CGN are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Taishan Investment as at December 31, 2011, 2012, 2013 and June 30, 2014, and of the results and cash flows of Taishan Investment for the Relevant Periods.

The comparative statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity of Taishan Investment for the six months ended June 30, 2013 together with the notes thereon have been extracted from the unaudited financial information of Taishan Investment for the same period (the "June 30, 2013 Financial Information") which was prepared by the directors of Taishan Investment solely for the purpose of this report. We have reviewed the June 30, 2013 Financial Information in accordance with the International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the IAASB. Our review of the June 30, 2013 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the June 30, 2013 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the June 30, 2013 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRSs.

A. FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	December 8, 2011 (date of establishment) to December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2013	Six months ended June 30, 2013	Six months ended June 30, 2014
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest income		6	1	23	13	1
Administrative expenses		(4,533)	(3,940)	(778)	(3)	(14)
Share of result of an associate		–	(35,183)	10,428	117,737	(13,224)
(Loss) profit before taxation		(4,527)	(39,122)	9,673	117,747	(13,237)
Taxation	5	–	–	–	–	–
(Loss) profit and total comprehensive (expense) income for the year/period	6	(4,527)	(39,122)	9,673	117,747	(13,237)

STATEMENTS OF FINANCIAL POSITION

	NOTES	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Interest in an associate	8	–	9,031,180	10,573,008	10,559,784
Deposit for interest in an associate		9,066,363	–	–	–
		9,066,363	9,031,180	10,573,008	10,559,784
CURRENT ASSET					
Cash and cash equivalents	9	6	600	578	575
CURRENT LIABILITIES					
Other payables		4,533	9,066	766	776
Amount due to ultimate holding company	10	–	–	9,033	9,033
		4,533	9,066	9,799	9,809
NET CURRENT LIABILITIES		(4,527)	(8,466)	(9,221)	(9,234)
TOTAL ASSETS LESS CURRENT LIABILITY AND NET ASSETS		9,061,836	9,022,714	10,563,787	10,550,550
CAPITAL AND RESERVES					
Paid-in capital	11	30,000	30,000	30,000	30,000
Reserves		9,031,836	8,992,714	10,533,787	10,520,550
TOTAL EQUITY		9,061,836	9,022,714	10,563,787	10,550,550

STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Capital surplus	Statutory reserve	Accumulated losses/ retained earnings	Total
	RMB'000	RMB'000 (Note a)	RMB'000 (Note b)	RMB'000	RMB'000
At December 8, 2011 (date of establishment)	30,000	9,036,363	–	–	9,066,363
Loss and total comprehensive expense for the period	–	–	–	(4,527)	(4,527)
At December 31, 2011	30,000	9,036,363	–	(4,527)	9,061,836
Loss and total comprehensive expense for the year	–	–	–	(39,122)	(39,122)
Transfer	–	–	382	(382)	–
At December 31, 2012	30,000	9,036,363	382	(44,031)	9,022,714
Profit and total comprehensive income for the year	–	–	–	9,673	9,673
Contribution by owners	–	1,531,400	–	–	1,531,400
Transfer	–	–	194	(194)	–
At December 31, 2013	30,000	10,567,763	576	(34,552)	10,563,787
Loss and total comprehensive expense for the period	–	–	–	(13,237)	(13,237)
At June 30, 2014	30,000	10,567,763	576	(47,789)	10,550,550
At January 1, 2013	30,000	9,036,363	382	(44,031)	9,022,714
Profit and total comprehensive income for the period (unaudited)	–	–	–	117,747	117,747
Contribution by owners (unaudited)	–	760,000	–	–	760,000
At June 30, 2013 (unaudited)	30,000	9,796,363	382	73,716	9,900,461

Notes:

(a) Capital surplus represents the excess of capital contribution from equity owners of Taishan Investment over the paid-in capital of Taishan Investment.

(b) As stipulated by the relevant laws in the PRC, Taishan Investment is required to maintain a statutory reserve fund. The statutory reserve is 10% of profit after taxation of Taishan Investment according to Taishan Investment's statutory financial statements under PRC GAAP. No appropriation is required if the balance of the statutory reserve has reached 50% of the registered capital of Taishan Investment. The surplus reserve can be used to make up losses or for conversion into capital.

STATEMENTS OF CASH FLOWS

	December 8, 2011 (date of establishment) to December 31, 2011	Year ended December 31,		Six months ended June 30,	
		2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
OPERATING ACTIVITIES					
(Loss) profit before taxation	(4,527)	(39,122)	9,673	117,747	(13,237)
Share of result of an associate	–	35,183	(10,428)	(117,737)	13,224
Interest income	(6)	(1)	(23)	(13)	(1)
Operating cash flows before movements in working capital	(4,533)	(3,940)	(778)	(3)	(14)
Increase (decrease) in other payables	4,533	4,533	733	(33)	10
Cash generated from (used in) operations	–	593	(45)	(36)	(4)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	–	593	(45)	(36)	(4)
INVESTING ACTIVITY					
Payments made for acquisition and investment in an associate	(9,066,363)	–	(1,531,400)	(760,000)	–
Interest received	6	1	23	13	1
NET CASH (USED IN) FROM INVESTING ACTIVITY	(9,066,357)	1	(1,531,377)	(759,987)	1
FINANCING ACTIVITY					
Capital injection	9,066,363	–	1,531,400	760,000	–
NET CASH FROM FINANCING ACTIVITY	9,066,363	–	1,531,400	760,000	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6	594	(22)	(23)	(3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	–	6	600	600	578
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR,	6	600	578	577	575

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION

Taishan Investment was established on December 8, 2011 as a limited liability company incorporated with an operating period of 60 years. Taishan Investment is principally engaged in the investment holding of 台山核電合營有限公司 Taishan Nuclear Power Joint Venture Co., Ltd. ("Taishan Nuclear"). The registered office and principal place of business of Taishan Investment is situated at Room 502, Bank of China Building, No. 46, Qiaohu Street, Taicheng, Taishan City, Guangdong Province, the PRC.

The directors of Taishan Investment considered the parent and ultimate holding company is CGNPC, a state-owned enterprise in the PRC controlled by State-Owned Assets Supervision and Administration Commission of the State Council ("SASAC") of the PRC Government.

The Financial Information is presented in RMB, which is also the functional currency of Taishan Investment.

In preparing the Underlying Financial Statements, the directors of Taishan Investment have given careful consideration to the future liquidity of Taishan Investment in light of the fact that the current liabilities exceeded its current assets by approximately RMB4,527,000, RMB8,466,000, RMB9,221,000 and RMB9,234,000 at December 31, 2011, 2012, 2013 and June 30, 2014 respectively. The Underlying Financial Statements have been prepared on a going concern basis because CGNPC has agreed to provide adequate funds for Taishan Investment to meet in full its financial obligations as they fall due for the foreseeable future.

2. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, Taishan Investment has consistently applied International Accounting Standards ("IASs"), IFRSs, amendments and interpretations issued by the IASB which are effective for the accounting period beginning on January 1, 2014 throughout the Relevant Periods.

At the date of this report, the IASB has issued the following new and revised IASs, IFRSs and amendments that are not yet effective. Taishan Investment has not early applied these new and revised IASs, IFRSs and amendments.

IFRS 9	Financial Instruments[2]
IFRS 14	Regulatory Deferral Accounts[4]
IFRS 15	Revenue from Contracts with Customers[6]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after July 1, 2014
2 Effective for annual periods beginning on or after January 1, 2018
3 Effective for annual periods beginning on or after July 1, 2014, with limited exceptions
4 Effective for first annual IFRS financial statements beginning on or after January 1, 2016
5 Effective for annual periods beginning on or after January 1, 2016
6 Effective for annual periods beginning on or after January 1, 2017

The directors of Taishan Investment anticipate that the application of the new and revised IASs, IFRSs and amendments will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance which for the Relevant Periods continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit," which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

The Financial Information is prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Taishan Investment takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except leasing transactions that are within the scope of IAS 17 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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

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

Revenue recognition

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to Taishan Investment and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Taishan Investment as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the relevant lease term.

Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when Taishan Investment becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Taishan Investment's financial assets are generally classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables representing cash and cash equivalents are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on loans and receivables below).

Interest income is recognized by applying the effective interest rate.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For loans and receivables measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Taishan Investment derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Taishan Investment derecognizes financial liabilities when, and only when, Taishan Investment's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by Taishan Investment are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Taishan Investment after deducting all of its liabilities. Equity instruments issued by Taishan Investment are recorded at the proceeds received, net of direct issue cost.

Taishan Investment's financial liabilities are generally classified as other financial liabilities.

Other financial liabilities

Other financial liabilities representing amount due to ultimate holding company and other payables which is repayable on demand are subsequently measured at cost.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before taxation as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Taishan Investment's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Taishan Investment expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Interest in an associate

An associate is an entity over which Taishan Investment has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in the Financial Information using the equity method of accounting. Under the equity method, an interest in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize Taishan Investment's share of the profit or loss and other comprehensive income of the associate. When Taishan Investment's share of losses of an associate exceeds Taishan Investment's interest in that associate (which includes any long-term interests that, in substance, form part of Taishan Investment's net interest in the associate), Taishan Investment discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that Taishan Investment has incurred legal or constructive obligations or made payments on behalf of the associate.

An interest in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the interest in an associate, any excess of the cost of the investment over Taishan Investment's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of Taishan Investment's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the interest is acquired.

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognize any impairment loss with respect to Taishan Investment's interest in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

4. SEGMENT INFORMATION

Information reported to the board of directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of performance focuses only on its share of result of and its interest in an associate which is the same as that presented in the statements of profit or loss and other comprehensive income and statements of financial position. The principal activity of Taishan Investment is investment holding with its sole investment in an associate located in the PRC.

5. TAXATION

No provision for taxation has been made as Taishan Investment has no assessable profit during the Relevant Periods.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of Taishan Investment is 25% during the Relevant Periods.

	December 8, 2011 (date of establishment) to December 31, 2011	Year ended December 31,		Six months ended June 30,	
		2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
(Loss) profit before taxation	(4,527)	(39,122)	9,673	117,747	(13,237)
Tax at the enterprise income tax rate of 25%	(1,132)	(9,781)	2,418	29,437	(3,309)
Tax effect of share of result of an associate	–	8,796	(2,607)	(29,434)	3,306
Utilization of tax losses previously not recognized	–	–	–	(3)	–
Tax effect of tax losses not recognized	1,132	985	189	–	3
Taxation for the year/period	–	–	–	–	–

Taishan Investment had unused tax losses of RMB4,527,000, RMB8,466,000, RMB9,221,000 and RMB9,234,000 as at 31 December 2011, 2012, 2013 and June 30, 2014 respectively, available for offset against future profits. No deferred tax asset has been recognized due to the unpredictability of future profit stream. The unused tax losses would be expired as follows:

	At December 31,			As at June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
2016	4,527	4,527	4,527	4,527
2017	–	3,939	3,939	3,939
2018	–	–	755	755
2019	–	–	–	13
Total	4,527	8,466	9,221	9,234

6. (LOSS) PROFIT AND TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR/PERIOD

	December 8, 2011 (date of establishment) to December 31, 2011	Year ended December 31,		Six months ended June 30,	
		2012	2013	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
(Loss) profit for the year/period has been arrived at after charging:					
Auditor's remuneration	–	5	6	–	10

During the Relevant Periods, no fees or other emoluments were paid or payable by Taishan Investment to the directors or employees of Taishan Investment, who were also the employees of CGNPC, as the payments of their emoluments were from CGNPC and there is no reasonable basis to allocate the amounts to Taishan Investment.

7. EARNINGS PER SHARE

No earnings per share information is presented after considering the capital structure of Taishan Investment.

8. INTEREST IN AN ASSOCIATE

	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of investment in an associate – unlisted	–	9,066,363	10,597,763	10,597,763
Share of post-acquisition losses	–	(35,183)	(24,755)	(37,979)
	–	9,031,180	10,573,008	10,559,784

Particulars of Taishan Nuclear are as follows:

Name of associate	Principal activities	Place of establishment and operation	Proportion of paid-in capital and voting power held by Taishan Investment – At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014	At date of this report 2014
Taishan Nuclear	Nuclear power generation*	PRC	–	47.50%	47.50%	47.50%	47.50%

* Not yet commence operation

On October 10, 2012, Taishan Investment completed the acquisition of 47.50% equity interest in Taishan Nuclear at a consideration of RMB9,066,363,000. Details are set out in note 14.

As at October 10, 2012, the fair values of net identifiable assets of Taishan Nuclear were approximately RMB19,082,760,000. The fair values have been arrived at based on a valuation carried out by China Enterprise Appraisals Co., Ltd., independent qualified professional valuer not connected with Taishan Investment and Taishan Nuclear, who has appropriate qualifications. The address of China Enterprise Appraisals Co., Ltd. is Room 901, Fanli Plaza, Chaoyangmenwai Street, Beijing, the PRC. The valuation was determined by using an asset-based model, taking into account current replacement cost of the power plant under construction.

At December 31, 2012, 2013 and June 30, 2014, Taishan Investment's entire equity interest in Taishan Nuclear was pledged to banks to secure Taishan Nuclear's banking and loan facilities.

Summarized financial information in respect of Taishan Nuclear which are accounted for using equity accounting and prepared using IFRSs is set out below.

	At December 31, 2011	At December 31, 2012	At December 31, 2013	At June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	–	1,207,687	2,144,466	1,328,133
Non-current assets	–	45,835,547	56,704,948	60,639,207
Current liabilities	–	2,867,349	5,227,655	4,138,222
Non-current liabilities	–	26,420,899	32,620,818	36,856,016

	December 8, 2011 (date of establishment) to December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2013	Six months ended June 30, 2013	Six months ended June 30, 2014
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	–	–	–	–	–
(Loss) profit and total comprehensive (expense) income for the year/period	–	(74,070)	21,955	247,867	(27,839)
Dividend received from associate	–	–	–	–	–

Reconciliation of the above summarized financial information to the carrying amount of Taishan Investment's interest in Taishan Nuclear recognized in the Financial Information:

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Net assets of the associate	–	17,754,986	21,000,941	20,973,102
Proportion of Taishan Investment's interest in Taishan Nuclear	–	47.50%	47.50%	47.50%
Effect of fair value adjustment relating to nuclear power plant under construction	–	597,561	597,561	597,561
Carrying amount of Taishan Investment's interest in Taishan Nuclear	–	9,031,180	10,573,008	10,559,784

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by Taishan Investment, bank deposits and deposits in 中廣核財務有限公司 CGN Finance Co., Ltd. ("CGN Finance"), a fellow subsidiary and a financial institution in the PRC, carried interest at prevailing market rates ranging from 0.36% to 0.50%, 0.35% to 0.50%, 0.35% to 0.50% and 0.35% to 0.50% per annum at December 31, 2011, 2012, 2013 and June 30, 2014 respectively.

10. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount is unsecured, non-interest bearing and repayable on demand.

11. PAID-IN CAPITAL

At the end of respective reporting periods, the registered capital of Taishan Investment is fully paid up by owners as follows:

Owners	RMB'000	Ratio %
CGNPC	18,000	60.00
Guangdong Yudean Group Company Limited	12,000	40.00
Total	30,000	100.00

12. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loans and receivables (cash and cash equivalents)	6	600	578	575

	At December 31,			At June 30,
	2011	2012	2013	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liability				
Cost	–	–	9,033	9,043

b. Financial risk management objectives and policies

Taishan Investment's major financial instruments include other payables, amount due to ultimate holding company and cash and cash equivalents. Details of the financial instruments are disclosed in respective notes.

Management monitors and manages the financial risks relating to Taishan Investment through internal risk assessment which analyses exposures by degree and magnitude of risks. These risks include credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to Taishan Investment's exposure to these kinds of risks or the manner in which it manages and measures these risks.

Credit risk

Taishan Investment's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the end of respective reporting periods in relation to bank balances and deposits in CGN Finance is the carrying amount of these assets as stated in the statements of financial position.

The credit risk on deposits in bank and CGN Finance are limited because the counterparties are reputable financial institutions.

Liquidity risk

Taishan Investment relies on financing from its owners to manage its liquidity risk. The undiscounted cash flows in respect of amount due to ultimate holding company which is repayable on demand is the same as its carrying amount at the end of respective reporting periods.

Fair value

The fair value of financial asset and financial liability are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial asset and financial liability recorded at cost or amortized cost in the Financial Information approximate their fair values.

13. CAPITAL RISK MANAGEMENT

Taishan Investment manages its capital to ensure that Taishan Investment will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance, Taishan Investment's overall strategy remains unchanged during the Relevant Periods.

The capital structure of Taishan Investment consists of paid-in capital and reserves.

The management of Taishan Investment reviews the capital structure on a regular basis. Based on recommendations of the management, Taishan Investment will balance its overall capital structure.

14. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to related party transactions and balances disclosed in notes 6, 9 and 10, during the Relevant Periods, Taishan Investment received interest income from CGN Finance, a fellow subsidiary, which the amounts involved were insignificant.

Deposits in CGN Finance amounted to approximately RMB6,000, RMB204,000, RMB179,000 and RMB176,000 as at December 31, 2011, 2012, 2013 and June 30, 2014 respectively.

In December 2011, Taishan Investment entered into a sales and purchases agreement with GNIC, a fellow subsidiary, and CGNPC to acquire 24.3% and 23.2% equity interest in Taishan Nuclear from GNIC and CGNPC at cash consideration of approximately RMB4,638,161,000 and RMB4,428,202,000 respectively. The acquisition was completed at October 10, 2012.

B. SUBSEQUENT EVENTS

No significant event took place subsequent to June 30, 2014.

C. DIRECTORS' REMUNERATION

Under the arrangements currently in force, no emolument will be payable by Taishan Investment to the directors for the year ending December 31, 2014.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Taishan Investment have been prepared in respect of any period subsequent to June 30, 2014.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The information set out in this appendix does not form part of the Accountants' Report prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix IA, Appendix IB and Appendix IC to this Prospectus ("Accountants' Reports"), and is included in this Prospectus for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Reports set forth in Appendix IA, Appendix IB and Appendix IC to this Prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2014 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Global Offering been completed as at June 30, 2014 or at any future dates. It is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2014 as set out in the Accountants' Report in Appendix IA to this Prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2014(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share(3)(4)	
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on the Offer Price of HK$2.78 per Share	29,079,834	18,961,958	48,041,792	1.09	1.38
Based on the Offer Price of HK$2.43 per Share	29,079,834	16,565,690	45,645,524	1.03	1.31

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2014 is based on the consolidated net assets of the Group attributable to owners of the Company of approximately RMB29,832,240,000 adjusted for intangible assets of approximately RMB828,184,000 net of non-controlling interests of approximately RMB75,778,000 as extracted from the Accountants' Report set out in Appendix IA to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on 8,825,000,000 H Shares at the Offer Price of HK$2.43 and of HK$2.78, being the low-end or the high-end of the stated offer price range, per Offer Share, after deduction of the underwriting fees and other related expenses payable by the Company (other than expenses already recognised in profit or loss up to June 30, 2014). It does not take into account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK$1 to RMB0.79170, which was the rate prevailing on November 19, 2014. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is calculated based on 44,125,000,000 Shares, comprising 35,300,000,000 Shares in issue at June 30, 2014 and 8,825,000,000 H Shares to be issued under the Global Offering. It does not take into account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is converted from RMB into Hong Kong dollars at the rate of HK$1.00 to RMB0.79170. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

(5) No adjustment has been made to the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2014 to reflect any trading result or other transaction of the Group entered into subsequent to June 30, 2014.

B. UNAUDITED PRO FORMA FORECAST BASIC EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share for the year ending December 31, 2014 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2014. The unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results of the Group for the year ending December 31, 2014 following the Global Offering or any future periods.

Forecast consolidated net profit attributable to the owners of the Company for the year ending December 31, 2014(1)	not less than RMB5,468.1 million
Unaudited pro forma forecast earnings per Share(2)	RMB0.13

Notes:

(1) The bases and assumptions on which the forecast consolidated net profit for the year ending December 31, 2014 attributable to owners of the Company has been prepared are summarized in Appendix III to this Prospectus.

(2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated net profit attributable to owners of the Company for the year ending December 31, 2014 and a weighted average of approximately 41,562 million shares assumed to be issued and outstanding during the year ending December 31, 2014 on the assumption that the Reorganization and Global Offering had been completed on January 1, 2014. The number of shares does not take into account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option. No account has been taken of any additional income the Group may have earned from the estimated net proceeds from the Global Offering.

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Independent Reporting Accountants' assurance report on the compilation of pro forma financial information

TO THE DIRECTORS OF CGN POWER CO., LTD.

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of CGN Power Co., Ltd (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the statement of unaudited pro forma adjusted consolidated net tangible assets of the Group as at June 30, 2014, and the unaudited pro forma forecast earnings per share for the year ending December 31, 2014, as set out on pages IIA-1 to IIA-3 of Appendix IIA to the prospectus issued by the Company dated November 27, 2014 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IIA-1 to IIA-3 of Appendix IIA to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's financial position as at June 30, 2014 and the Group's earnings per share for the year ending December 31, 2014 as if the Global Offering had taken place at June 30, 2014 and January 1, 2014, respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the three years ended December 31, 2013 and the six months ended June 30, 2014, on which an accountants' report set out in Appendix IA to the Prospectus has been published and information about the Group's profit forecast for the year ending December 31, 2014, on which no audit or review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at June 30, 2014 or January 1, 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
November 27, 2014

The information set out in this appendix does not form part of the Accountants' Reports prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix IA, Appendix IB and Appendix IC to this Prospectus, and is included in this Prospectus for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Reports set forth in Appendix IA, Appendix IB and Appendix IC to this Prospectus.

UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION

As set out in the section "History, Reorganization and Corporate Structure" and "Business," the Group entered into equity transfer agreement, dated October 30, 2014 with CGNPC (the "Taishan Equity Transfer Agreement") that, after the Global Offering, the Group will acquire from CGNPC a 12.5% equity interest in Taishan Nuclear Power Joint Venture Co., Ltd. ("Taishan Nuclear") and a 60% equity interest in Taishan Nuclear Power Industry Investment Co., Ltd. ("Taishan Investment"), one of Taishan Nuclear's existing equity holders with 47.5% equity interest in Taishan Nuclear (the "Proposed Acquisitions"). Currently, the Group owned 10% equity interest in Taishan Nuclear and accounts for the investment as available-for-sale investments. Upon completion of the Proposed Acquisitions, Taishan Investment would become a 60% owned subsidiary of the Group. The Group would obtain an effective equity interest of 51% in Taishan Nuclear through its wholly owned subsidiary and Taishan Investment.

The effectiveness of the Taishan Equity Transfer Agreement is conditional upon (i) obtaining all required approvals from the relevant PRC government authorities and (ii) the listing of the H Shares on The Stock Exchange of Hong Kong Limited.

The unaudited pro forma combined statement of financial position of the Group, Taishan Nuclear and Taishan Investment (collectively referred to as the "Enlarged Group") has been prepared to illustrate the effect of the Proposed Acquisitions on the financial position of the Group as if the Proposed Acquisitions have been completed on June 30, 2014.

The unaudited pro forma combined statement of financial position of the Enlarged Group is prepared based on the (i) audited consolidated statement of financial position of the Group as at June 30, 2014 extracted from the Accountants' Report of the Group set out in Appendix IA, (ii) audited statement of financial position of Taishan Nuclear as at June 30, 2014 extracted from the Accountants' Report of Taishan Nuclear set out in Appendix IB, and (iii) audited statement of financial position of Taishan Investment as at June 30, 2014 extracted from the Accountants' Report of Taishan Investment set out in Appendix IC, after making pro forma adjustments relating to the Proposed Acquisitions that are (i) directly attributable to the Proposed Acquisitions; and (ii) factually supportable as if the Proposed Acquisitions have been completed on June 30, 2014.

The unaudited pro forma combined statement of financial position of the Enlarged Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Enlarged Group at June 30, 2014 following the completion of the Proposed Acquisitions or at any future dates.

Assuming at high-end offer price

	The Group	Taishan Nuclear	Taishan Investment	Pro forma adjustments: Estimated net proceeds from Global Offering	Pro forma adjustments: Elimination	Notes	Pro forma Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
	Note 1	Note 2	Note 3	Note 4	Note 5		
NON-CURRENT ASSETS							
Property, plant and equipment	89,607,304	56,983,326	–	–	(89,033)	5(a)	146,501,597
Intangible assets	828,184	400,915	–	–	–		1,229,099
Investment properties	731,155	–	–	–	–		731,155
Interests in associates	6,709,461	–	10,559,784	–	(10,559,784)	5(b)	6,709,461
Interests in joint ventures	4,356,250	–	–	–	–		4,356,250
Available-for-sale investments	2,505,613	–	–	–	(2,395,613)	5(c)	110,000
Deferred tax assets	96,340	–	–	–	22,258	5(a)	118,598
Derivative financial instruments	153,586	33,689	–	–	–		187,275
Value added tax recoverable	2,497,773	2,330,988	–	–	–		4,828,761
Prepaid lease payments	1,572,221	791,898	–	–	–		2,364,119
Deposits for property, plant and equipment and construction cost of property, plant and equipment	610,748	98,391	–	–	–		709,139
	109,668,635	60,639,207	10,559,784	–	(13,022,172)		167,845,454
CURRENT ASSETS							
Inventories	9,438,131	4,352	–	–	–		9,442,483
Properties under development	271,685	–	–	–	–		271,685
Completed properties for sale	44,485	–	–	–	–		44,485
Prepaid lease payments	45,860	16,626	–	–	–		62,486
Trade and bills receivables	2,137,650	–	–	–	(2,104)	5(d)	2,135,546
Prepayments and other receivables	1,228,226	3,400	–	–	–		1,231,626
Amounts due from related parties	320,000	178,174	–	–	(2,261)	5(d)	495,913
Loans to fellow subsidiaries	450,000	–	–	–	–		450,000
Derivative financial instruments	97,345	14,035		–	–		111,380
Restricted bank deposits	7,168	–	–	–	–		7,168
Cash and cash equivalents	7,828,048	1,111,546	575	18,961,958	(9,700,196)	5(e)	18,201,931
Other deposits over three months	386,240	–	–	–	–		386,240
	22,254,838	1,328,133	575	18,961,958	(9,704,561)		32,840,943

Assuming at high-end offer price

	The Group	Taishan Nuclear	Taishan Investment	Pro forma adjustments: Estimated net proceeds from Global Offering	Pro forma adjustments: Elimination	Notes	Pro forma Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
	Note 1	Note 2	Note 3	Note 4	Note 5		
CURRENT LIABILITIES							
Trade and other payables	5,106,237	592,026	776	–	–		5,699,039
Amounts due to related parties	2,821,706	77,096	9,033	–	(4,365)	5(d)	2,903,470
Loans from ultimate holding company	3,721,650	–	–	–	–		3,721,650
Loans from a fellow subsidiary	1,651,000	750,000	–	–	–		2,401,000
Income tax payable	321,240	–	–	–	–		321,240
Provisions	394,543	–	–	–	–		394,543
Bank borrowings – due within one year	2,918,748	2,719,100	–	–	–		5,637,848
Derivative financial instruments	113,137	–	–	–	–		113,137
	17,048,261	4,138,222	9,809	–	(4,365)		21,191,927
NET CURRENT ASSETS/LIABILITIES	5,206,577	(2,810,089)	(9,234)	18,961,958	(9,700,196)		11,649,016
TOTAL ASSETS LESS CURRENT LIABILITIES	114,875,212	57,829,118	10,550,550	18,961,958	(22,722,368)		179,494,470
NON-CURRENT LIABILITIES							
Bank borrowings – due after one year	53,970,085	34,856,280	–	–	–		88,826,365
Notes payable	8,500,000	600,000	–	–	–		9,100,000
Deferred tax liabilities	1,276,931	172,631	–	–	(99,803)	5(c)	1,349,759
Deferred income	612,060	22,310	–	–	–		634,370
Provisions	1,477,725	–	–	–	–		1,477,725
Derivative financial instruments	251,575	–	–	–	–		251,575
Borrowings from a financial institution	953,467	–	–	–	–		953,467
Loans from fellow subsidiaries	3,191,610	404,795	–	–	–		3,596,405
Loans from ultimate holding company	400,000	800,000	–	–	–		1,200,000
Payables to ultimate holding company	5,530,000	–	–	–	–		5,530,000
	76,163,453	36,856,016	–	–	(99,803)		112,919,666
NET ASSETS	38,711,759	20,973,102	10,550,550	18,961,958	(22,622,565)		66,574,804

Assuming at high-end offer price

	The Group	Taishan Nuclear	Taishan Investment	Pro forma adjustments: Estimated net proceeds from Global Offering	Pro forma adjustments: Elimination	Notes	Pro forma Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
	Note 1	Note 2	Note 3	Note 4	Note 5		
CAPITAL AND RESERVES							
Paid-in capital/share capital	35,300,000	19,964,000	30,000	8,825,000	(19,994,000)	5(g)	44,125,000
					(12,922,369)	5(a), 5(b), 5(c)	
					(9,700,196)	5(e)	
					(10,273,126)	5(f)	
Reserves	(5,467,760)	1,009,102	10,520,550	10,136,958	19,994,000	5(g)	3,297,159
Equity attributable to owners of the Company	29,832,240	20,973,102	10,550,550	18,961,958	(32,895,691)		47,422,159
Non-controlling interests	8,879,519	–	–	–	10,273,126	5(f)	19,152,645
TOTAL EQUITY	38,711,759	20,973,102	10,550,550	18,961,958	(22,622,565)		66,574,804

Notes to Pro forma adjustments:

(1) The balances are extracted from the audited consolidated statement of financial position of the Group as at June 30, 2014 set out in Appendix IA.

(2) The balances are extracted from the audited statement of financial position of Taishan Nuclear as at June 30, 2014 set out in Appendix IB.

(3) The balances are extracted from the audited statement of financial position of Taishan Investment as at June 30, 2014 set out in Appendix IC.

(4) The estimated net proceeds from the Global Offering are based on 8,825,000,000 H Shares at the Offer Price of HK$2.78 being the high-end of the stated offer price range, per Offer Share, after deduction of the underwriting fees and other related expenses payable by the Company (other than expenses already recognised in profit or loss up to June 30, 2014). It does not take into account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK$1 to RMB0.79170, which was the rate prevailing on November 19, 2014. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or at any other rates or at all.

(5) The Proposed Acquisitions are considered as business combinations involving entities under common control because the Group, Taishan Nuclear and Taishan Investment are ultimately controlled by CGNPC, both before and after the Proposed Acquisitions, and that control is not transitory. As a result, the Proposed Acquisitions would be accounted for using the principles of merger accounting.

(5)(a) The adjustment is to eliminate the unrealized profit of property, plant and equipment sold by the Group to Taishan Nuclear and the related tax effect.

(5)(b) Taishan Investment directly owns 47.5% equity interest in Taishan Nuclear and accounts for the investment in Taishan Nuclear as an associate using equity method. The adjustment is to eliminate the investment in Taishan Nuclear owned by Taishan Investment upon consolidation of Taishan Nuclear by the Group using the principles of merger accounting.

(5)(c) The Group owns 10% equity interest in Taishan Nuclear and accounts for the investment in Taishan Nuclear as available-for-sale investments. The adjustment is to eliminate the investment in Taishan Nuclear owned by the Group upon consolidation of Taishan Nuclear by the Group using the principles of merger accounting and the related tax effect.

(5)(d) The adjustments are to eliminate intra-group balances among the Group, Taishan Nuclear and Taishan Investment.

(5)(e) The adjustment represents the payment of cash consideration and related transaction costs amounting to approximately RMB9,700 million pursuant to the Taishan Equity Transfer Agreement and the corresponding adjustment to reserve as deemed distribution to CGNPC.

(5)(f) The adjustment represents the recognition of non-controlling interests, being 49% equity interest in the net assets of Taishan Nuclear and 40% equity interest in the net assets of Taishan Investment (excluding its interest in Taishan Nuclear accounted for as interest in an associate).

(5)(g) The adjustment is to eliminate the paid-in capital of Taishan Nuclear and Taishan Investment upon consolidation using the principles of merger accounting.

(6) No adjustment has been made to reflect any trading result or other transaction of the Enlarged Group subsequent to June 30, 2014.

Assuming at low-end offer price

	The Group	Taishan Nuclear	Taishan Investment	Pro forma adjustments: Estimated net proceeds from Global Offering	Pro forma adjustments: Elimination	Notes	Pro forma Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
	Note 1	Note 2	Note 3	Note 4	Note 5		
NON-CURRENT ASSETS							
Property, plant and equipment	89,607,304	56,983,326	–	–	(89,033)	5(a)	146,501,597
Intangible assets	828,184	400,915	–	–	–		1,229,099
Investment properties	731,155	–	–	–	–		731,155
Interests in associates	6,709,461	–	10,559,784	–	(10,559,784)	5(b)	6,709,461
Interests in joint ventures	4,356,250	–	–	–	–		4,356,250
Available-for-sale investments	2,505,613	–	–	–	(2,395,613)	5(c)	110,000
Deferred tax assets	96,340	–	–	–	22,258	5(a)	118,598
Derivative financial instruments	153,586	33,689	–	–	–		187,275
Value added tax recoverable	2,497,773	2,330,988	–	–	–		4,828,761
Prepaid lease payments	1,572,221	791,898	–	–	–		2,364,119
Deposits for property, plant and equipment and construction cost of property, plant and equipment	610,748	98,391	–	–	–		709.139
	109,668,635	60,639,207	10,559,784	–	(13,022,172)		167,845,454
CURRENT ASSETS							
Inventories	9,438,131	4,352	–	–	–		9,442,483
Properties under development	271,685	–	–	–	–		271,685
Completed properties for sale	44,485	–	–	–	–		44,485
Prepaid lease payments	45,860	16,626	–	–	–		62,486
Trade and bills receivables	2,137,650	–	–	–	(2,104)	5(d)	2,135,546
Prepayments and other receivables	1,228,226	3,400	–	–	–		1,231,626
Amounts due from related parties	320,000	178,174	–	–	(2,261)	5(d)	495,913
Loans to fellow subsidiaries	450,000	–	–	–	–		450,000
Derivative financial instruments	97,345	14,035		–	–		111,380
Restricted bank deposits	7,168	–	–	–	–		7,168
Cash and cash equivalents	7,828,048	1,111,546	575	16,565,690	(9,700,196)	5(e)	15,805,663
Other deposits over three months	386,240	–	–	–	–		386,240
	22,254,838	1,328,133	575	16,565,690	(9,704,561)		30,444,675

Assuming at low-end offer price

	The Group	Taishan Nuclear	Taishan Investment	Pro forma adjustments: Estimated net proceeds from Global Offering	Pro forma adjustments: Elimination	Notes	Pro forma Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
	Note 1	Note 2	Note 3	Note 4	Note 5		
CURRENT LIABILITIES							
Trade and other payables	5,106,237	592,026	776	–	–		5,699,039
Amounts due to related parties	2,821,706	77,096	9,033	–	(4,365)	5(d)	2,903,470
Loans from ultimate holding company	3,721,650	–	–	–	–		3,721,650
Loans from a fellow subsidiary	1,651,000	750,000	–	–	–		2,401,000
Income tax payable	321,240	–	–	–	–		321,240
Provisions	394,543	–	–	–	–		394,543
Bank borrowings – due within one year	2,918,748	2,719,100	–	–	–		5,637,848
Derivative financial instruments	113,137	–	–	–	–		113,137
	17,048,261	4,138,222	9,809	–	(4,365)		21,191,927
NET CURRENT ASSETS/LIABILITIES	5,206,577	(2,810,089)	(9,234)	16,565,690	(9,700,196)		9,252,748
TOTAL ASSETS LESS CURRENT LIABILITIES	114,875,212	57,829,118	10,550,550	16,565,690	(22,722,368)		177,098,202
NON-CURRENT LIABILITIES							
Bank borrowings – due after one year	53,970,085	34,856,280	–	–	–		88,826,365
Notes payable	8,500,000	600,000	–	–	–		9,100,000
Deferred tax liabilities	1,276,931	172,631	–	–	(99,803)	5(c)	1,349,759
Deferred income	612,060	22,310	–	–	–		634,370
Provisions	1,477,725	–	–	–	–		1,477,725
Derivative financial instruments	251,575	–	–	–	–		251,575
Borrowings from a financial institution	953,467	–	–	–	–		953,467
Loans from fellow subsidiaries	3,191,610	404,795	–	–	–		3,596,405
Loans from ultimate holding company	400,000	800,000	–	–	–		1,200,000
Payables to ultimate holding company	5,530,000	–	–	–	–		5,530,000
	76,163,453	36,856,016	–	–	(99,803)		112,919,666
NET ASSETS	38,711,759	20,973,102	10,550,550	16,565,690	(22,622,565)		64,178,536

Assuming at low-end offer price

	The Group	Taishan Nuclear	Taishan Investment	Pro forma adjustments: Estimated net proceeds from Global Offering	Pro forma adjustments: Elimination	Notes	Pro forma Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
	Note 1	Note 2	Note 3	Note 4	Note 5		
CAPITAL AND RESERVES							
Paid-in capital/share capital	35,300,000	19,964,000	30,000	8,825,000	(19,994,000)	5(g)	44,125,000
					(12,922,369)	5(a), 5(b), 5(c)	
					(9,700,196)	5(e)	
					(10,273,126)	5(f)	
Reserves	(5,467,760)	1,009,102	10,520,550	7,740,690	19,994,000	5(g)	900,891
Equity attributable to owners of the Company	29,832,240	20,973,102	10,550,550	16,565,690	(32,895,691)		45,025,891
Non-controlling interests	8,879,519	–	–	–	10,273,126	5(f)	19,152,645
TOTAL EQUITY	38,711,759	20,973,102	10,550,550	16,565,690	(22,622,565)		64,178,536

Notes to Pro forma adjustments:

(1) The balances are extracted from the audited consolidated statement of financial position of the Group as at June 30, 2014 set out in Appendix IA.

(2) The balances are extracted from the audited statement of financial position of Taishan Nuclear as at June 30, 2014 set out in Appendix IB.

(3) The balances are extracted from the audited statement of financial position of Taishan Investment as at June 30, 2014 set out in Appendix IC.

(4) The estimated net proceeds from the Global Offering are based on 8,825,000,000 H Shares at the Offer Price of HK$2.43 being the low-end of the stated offer price range, per Offer Share, after deduction of the underwriting fees and other related expenses payable by the Company (other than expenses already recognised in profit or loss up to June 30, 2014). It does not take into account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK$1 to RMB0.79170, which was the rate prevailing on November 19, 2014. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or at any other rates or at all.

(5) The Proposed Acquisitions are considered as business combinations involving entities under common control because the Group, Taishan Nuclear and Taishan Investment are ultimately controlled by CGNPC, both before and after the Proposed Acquisitions, and that control is not transitory. As a result, the Proposed Acquisitions would be accounted for using the principles of merger accounting.

The adjustments represent:

(5)(a) The adjustment is to eliminate the unrealized profit of property, plant and equipment sold by the Group to Taishan Nuclear and the related tax effect.

(5)(b) Taishan Investment directly owns 47.5% equity interest in Taishan Nuclear and accounts for the investment in Taishan Nuclear as an associate using equity method. The adjustment is to eliminate the investment in Taishan Nuclear owned by Taishan Investment upon consolidation of Taishan Nuclear by the Group using the principles of merger accounting.

(5)(c) The Group owns 10% equity interest in Taishan Nuclear and accounts for the investment in Taishan Nuclear as available-for-sale investments. The adjustment is to eliminate the investment in Taishan Nuclear owned by the Group upon consolidation of Taishan Nuclear by the Group using the principles of merger accounting and the related tax effect.

(5)(d) The adjustments are to eliminate intra-group balances among the Group, Taishan Nuclear and Taishan Investment.

(5)(e) The adjustment represents the payment of cash consideration and related transaction costs amounting to approximately RMB9,700 million pursuant to the Taishan Equity Transfer Agreement and the corresponding adjustment to reserve as deemed distribution to CGNPC.

(5)(f) The adjustment represents the recognition of non-controlling interests, being 49% equity interest in the net assets of Taishan Nuclear and 40% equity interest in the net assets of Taishan Investment (excluding its interest in Taishan Nuclear accounted for as interest in an associate).

(5)(g) The adjustment is to eliminate the paid-in capital of Taishan Nuclear and Taishan Investment upon consolidation using the principles of merger accounting.

(6) No adjustment has been made to reflect any trading result or other transaction of the Enlarged Group subsequent to June 30, 2014.

Deloitte.
德勤

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Hong Kong

Independent Reporting Accountants' assurance report on the compilation of pro forma financial information

TO THE DIRECTORS OF CGN POWER CO., LTD.

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of CGN Power Co., Ltd (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma combined statement of financial position of the Group, Taishan Nuclear Power Joint Venture Co., Ltd ("Taishan Nuclear") and Taishan Nuclear Power Industry Investment Co., Ltd ("Taishan Investment") (the Group, together with Taishan Nuclear and Taishan Investment, collectively referred to as the "Enlarged Group") as at June 30, 2014 and related notes, as set out on pages IIB-1 to IIB-9 of Appendix IIB to the prospectus issued by the Company dated November 27, 2014 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IIB-1 to IIB-9 of Appendix IIB to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition from China General Nuclear Power Corporation a 12.5% equity interest in Taishan Nuclear and a 60% equity interest in Taishan Investment, one of Taishan Nuclear's existing equity holders with 47.5% equity interest in Taishan Nuclear (the "Proposed Acquisitions") on the Group's financial position as if the Proposed Acquisitions had been taken place at June 30, 2014. As part of this process, information about the financial position of the Group has been extracted by the Directors from the Group's financial statements for the three years ended December 31, 2013 and the six months ended June 30, 2014, on which an accountants' report set out in Appendix IA to the Prospectus have been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event and transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at June 30, 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event and transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event and transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
November 27, 2014

(A) *The forecast of the consolidated profit attributable to the owners of the Company for the year ending December 31, 2014 is set out in the paragraph headed "Profit Forecast for the year ending December 31, 2014" under the section headed "Financial Information."*

I. BASES AND ASSUMPTIONS FOR PROFIT FORECAST

The principal accounting policies adopted in the preparation of the profit forecast for the year ending December 31, 2014 are consistent in all material respects with those adopted by our Group as set out in the Accountants' Report of our Group included in Appendix IA to the Prospectus and which are in conformity with International Financial Reporting Standards.

The relevant bases and assumptions for the profit forecast are the best estimates that the Directors and the senior management of our Group could make as at the date of this Prospectus. Our Group has made the profit forecast on the basis of the audited consolidated results of the Group for the six months ended June 30, 2014, the unaudited consolidated results based on management accounts of the Group for the three months ended September 30, 2014 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2014.

1 Operational Environment

1.1 The current national policies or the political, legal, financial and economic environment in the PRC will not change significantly;

1.2 The relevant laws and regulations affecting the nuclear industry in the PRC will not change significantly enough to affect the operation of the nuclear businesses of our Group;

1.3 There will be no material changes in the inflation rate, interest rates or foreign currency changes rates in the PRC, from those prevailing as of the date of the prospectus of the Group;

1.4 The interest rates set by The People's Bank of China for bank loans will not change significantly up to December 31, 2014;

1.5 The operations of our Group will not be affected by any disruption in the supply of nuclear materials, labor dispute, technical barrier and any other uncontrollable event;

1.6 The technical, safety and environmental protection standards for nuclear power generation and electricity sales, the requirements for the disposal of spent fuel and the taxation policies on nuclear businesses in the PRC will not change significantly to materially affect the operation of our Group;

1.7 No uncontrollable external event such as war, military dispute, plague or natural disaster will occur to affect the operations of our Group;

1.8 Our Group will experience no material accident that will cause significant harm to human, the environment and the society during power generation or in respect of its power generation facilities, and has sufficient insurance coverage for the potential losses;

1.9 There will be no material changes in the bases or rates of taxation, surcharges and other government levies or the policies with respect to imposition of such taxation, surcharges or government levies, in the territories in which the Group operates.

2 Profit Forecast

2.1 We have assumed that up to December 31, 2014, (i) our Group will be able to retain the Directors, senior management and other necessary talents or recruit suitable talents to fill their vacancies in a timely manner to ensure the normal business operation of our Group, (ii) our Group will continue to operate new nuclear power facilities under the current mode, (iii) the operation of our Group will not be affected due to the shortage of nuclear materials, and (iv) the operation of our Group will not be affected due to the shortage of key equipment;

2.2 The forecast for the domestic on-grid tariff during the forecast period is made by the Directors in accordance with the relevant national and local policies, and the forecast for the prices of offshore electricity sales is made by the Directors based on the long-term contracts already entered into;

2.3 The cost of uranium fuel during the forecast period is calculated by the Directors based on the purchase cost of uranium fuel amortized against the estimated power generation for that period;

2.4 The disposal expenses for spent fuel during the forecast period is calculated by the Directors in accordance with the relevant national policy; it is assumed that this policy will not change significantly up to December 31, 2014;

2.5 The amounts and costs of the short-term and long-term borrowings during the forecast period are calculated by the Directors in accordance with the loan agreements and the credit limits granted;

2.6 The fair value of the derivative financial instruments is estimated based on generally accepted valuation models by reference to market parameters, to the extent possible, that are available as of the time of preparation of such data. The fair value of the derivative financial instruments are dependent on market conditions and other factors that are beyond our control. A fair value loss amounting to approximately RMB240.8 million has been included in the profit forecast. Any changes to market conditions will lead to significant change to the estimated fair value of the financial instruments. The fair value of the derivative financial instruments and/or any increase or decrease in the fair value of the derivatives may differ significantly from our estimate;

2.7 The government subsidy during the forecast period is estimated by the Directors in accordance with the national policy on VAT refund for the nuclear power industry in the PRC on the assumption that there will be no material changes on the relevant national policy.

3 Other Relevant Bases and Assumptions

3.1 There will be no material change in accounting standards which may have significant impact on the preparation of the profit forecast;

3.2 The operation and the financial performance of our Group will not be materially affected by any of the risk factors set out in the section headed "Risk Factors" in the Prospectus.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter, prepared for inclusion in this prospectus, received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the forecast of the consolidated profit attributable to the owners of the Company for the year ending December 31, 2014.

Deloitte.
德勤

德勤•關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

The Board of Directors
CGN Power Co., Ltd.

China International Capital Corporation Hong Kong Securities Limited
Merrill Lynch Far East Limited
ABCI Capital Limited

Dear Sirs,

CGN Power Co., Ltd. ("the Company")

Profit Forecast for The Year Ending December 31, 2014

We refer to the forecast of the consolidated profit attributable to owners of the Company for the year ending December 31, 2014 ("the Profit Forecast") set forth in the section headed Financial Information in the prospectus of the Company dated November 27, 2014 ("the Prospectus").

Responsibilities

The Profit Forecast has been prepared by the directors of the Company based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as "the Group") for the six months ended June 30, 2014, the unaudited consolidated results based on management accounts of the Group for the three months ended September 30, 2014 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2014.

The Company's directors are solely responsible for the Profit Forecast. It is our responsibility to form an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

Basis of opinion

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Forecast in accordance with the assumptions made by the directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the directors of the Company as set out in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report on the historical financial information of the Group for the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 dated November 27, 2014, the text of which is set out in Appendix IA to the Prospectus.

Other matters

We draw to your attention that the directors of the Company have disclosed in the section headed "Profit Forecast" in Appendix III to the Prospectus that in preparing the Profit Forecast, the directors of the Company have assumed a loss in fair value of the derivative financial instruments amounting to approximately RMB240.8 million, which are estimated based on the assumptions as set out in the section headed "Bases and Assumptions" in Appendix III. The actual increase or decrease in the fair value of the derivative financial instruments is likely to be different from the amount estimated. Should any increase or decrease in the fair value of the derivative financial instruments differ from the amount estimated by the directors of the Company, such differences would have the effect of increasing or decreasing the consolidated profit of the Group for the year ending December 31, 2014 attributable to the owners of the Company. Our opinion is not qualified in respect of this matter.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
November 27, 2014

The Directors
CGN Power Co., Ltd.
Science & Technology Building
No. 1001 Shangbuzhong Road
Shenzhen, Guangdong Province
PRC 518031

November 27, 2014

Dear Sirs,

We refer to the forecast of the consolidated profit attributable to the equity holders of CGN Power Co., Ltd. (the "Company," and together with the companies that will form part of its group upon listing (the "Group")) for the year ending December 31, 2014 (the "Profit Forecast") as set out in the prospectus issued by the Company dated November 27, 2014 (the "Prospectus").

We understand that the Profit Forecast, for which the Directors of the Company are solely responsible, has been prepared by the directors of the Company based on the audited consolidated results of the Group for the six months ended June 30, 2014, the unaudited management accounts for the three months ended September 30, 2014 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2014.

We have discussed with you the bases and assumptions made by the directors of the Company as set out in Appendix III to the Prospectus upon which the Profit Forecast has been made. We have also considered the letter dated November 27, 2014 addressed to yourselves and ourselves from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, we are of the opinion that the Profit Forecast, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

For and on behalf of

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Merrill Lynch Far East Limited
55/F, Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong

ABCI Capital Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

This appendix contains a summary of laws and regulations in respect of taxation and foreign exchange in Hong Kong and the PRC.

A. TAXATION IN THE PRC

Taxes Applicable to Joint-Stock Limited Companies

Enterprise Income Tax

Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》, "Income Tax Law") was promulgated on March 16, 2007, effective on January 1, 2008. The Income Tax Law regulates the rate of enterprise income tax at 25%. According to the Notice on the Implementation of the Transitional Preferential Tax Policies (《國務院關於實施企業所得稅過渡優惠政策的通知》), or Circular 39, issued by the State Council on December 26, 2007, enterprises established before promulgation of the Income Tax Law and entitled to benefit from a preferential tax rate as per the tax laws and administrative regulations then prevailing may gradually shift to the tax rate defined by the Income Tax Law within five years after effectiveness of the Income Tax Law. Those entitled to the preference of fixed tax holiday or fixed-term tax reductions may continue to benefit in the same manner according to the requirements of Circular 39 until expiration of the tax holiday or the term of the preference. For those who have not benefited from such preference due to the failure to realize profit, the preference will be applied starting from the effective date of the Income Tax Law, January 1, 2008.

Business Tax

According to the *Provisional Regulations on Business Tax of The People's Republic of China* (《中華人民共和國營業稅暫行條例》) in effect since January 1, 1994 and amended on November 10, 2008 and the *Detailed Rules for Implementation of the Provisional Regulations of The People's Republic of China on Business Tax* (《中華人民共和國營業稅暫行條例實施細則》) in effect since January 1, 1994 and first amended on December 15, 2008, latest amended on October 28, 2011, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC shall pay business tax.

Value-added Tax (VAT)

According to the *Provisional Regulations on Value-added Tax of the People's Republic of China* (《中華人民共和國增值稅暫行條例》) in effect since January 1, 1994 and amended on November 10, 2008 and the *Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax* (《中華人民共和國增值稅暫行條例實施細則》) in effect since January 1, 1994 and first amended on December 15, 2008, latest amended on October 28, 2011, all institutions and individuals selling goods or providing processing, repairing or replacement services or importing goods within the PRC shall pay VAT.

The tax rate of 13% shall be levied on general taxpayers selling or importing grain, edible vegetable oil, tap water, heating supply, air-conditioning, gas, liquefied petroleum gas, natural gas, marsh gas, coal products for civil use, books, newspapers, magazines, feedstuff, chemical fertilizer, pesticide, farming machines, films for agricultural use and other goods specified by the State Council. The rate applicable to goods exported by taxpayers shall be zero unless otherwise prescribed by the State Council.

The rate of 17% shall be levied on taxpayers selling or importing goods other than the abovementioned items, and to taxpayers providing processing, repair or replacement services.

A tax rate of 3% is applicable to goods sold or taxable services provided by small-scale taxpayers. A small- scale taxpayer is defined as a taxpayer engaged in the manufacturing of goods or the supply of taxable services, or primarily dealing in the manufacturing of goods or supply of taxable services while concurrently engaged in the wholesale or retail of goods as secondary operations, and has annual taxable sales (hereinafter referred to as "taxable sales") of less than RMB500,000; or a taxpayer engaged in business other than those set forth above and having annual taxable sales of less than RMB800,000.

Individuals, non-enterprise institutions, and enterprises not frequently incurring taxable activities with annual taxable income beyond the figure set for small-scale taxpayers shall be treated as small-scale taxpayers for the purpose of VAT payment.

The withholding agent of the VAT should be: (i) the domestic agents of foreign entities or individuals, who provide taxable services within the territory of the PRC but have no business institutions in the PRC; or (ii) the purchaser of the services in case there is no domestic agent.

Stamp Tax

According to the *Provisional Regulations on Stamp Tax of the People's Republic of China* (《中華人民共和國印花稅暫行條例》) and *the Detailed Rules for Implementation of the Provisional Regulations on Stamp Tax of the People's Republic of China* (《中華人民共和國印花稅暫行條例實施細則》) as brought into effect on October 1, 1988, all institutions and individuals executing or receiving taxable documents within the PRC shall pay stamp tax. The list of taxable documents includes purchase and sale contracts, processing contracts, construction project contracts, property lease contracts, cargo freight contracts, warehousing and storage contracts, loan contracts, property insurance contracts, technical contracts, other documents that resemble a contract in nature, title transfer deeds, business account books, certificates of rights, licenses and other taxable documents specified by the Ministry of Finance.

Pursuant to the *Notice on Certain Policies Related to Stamp Tax issued by the Ministry of Finance and State Administration of Taxation* (《財政部、國家稅務總局關於印花稅若干政策的通知》) on November 27, 2006, the electricity sale and purchase contracts entered into by the power generators and the grid companies are purchase and sale contracts taxable at the rate of 0.3‰.

Taxes Applicable to Shareholders of Companies

Dividend-related Tax

According to the *Law on Individual Income Tax of the People's Republic of China* (《中華人民共和國個人所得稅法》), hereinafter referred to as the "*Individual Income Tax Law*") brought into effect on September 10, 1980, most recently amended on June 30, 2011, individual income tax at the rate of 20% shall be levied on dividends of H shares received by any and all foreign individuals that are non-Chinese residents.

According to the Circular on Questions Concerning Withholding and Remitting Enterprise Income Tax for Dividends Received by Oversea H-share Holders (Enterprise shareholders) from Chinese Resident Enterprises (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (國稅函[2008]897號) issued by the State Administration of Taxation on November 6, 2008, enterprise income tax at the rate of 10% shall be levied on dividends of H-shares of 2008 and thereafter received by any overseas enterprise shareholders that are non-Chinese residents from Chinese resident enterprises.

According to the Official Reply of the State Administration of Taxation on Issues Concerning Levying Enterprise Income Tax on Dividends of B Shares and Other Shares Obtained by Non-resident Enterprises (國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆)(國稅函[2009]394號) issued by the State Administration of Taxation on July 24, 2009, where Chinese resident enterprises that have shares (A share, B share and overseas shares) publicly issued and listed in and outside of China pay dividends for the year ended 2008 and years thereafter to non-resident enterprise shareholders, enterprise income tax at the rate of 10% shall be unifiedly withheld in respect for all dividend payments for the year in question and remitted. Where non-resident enterprise shareholders need to enjoy tax treatments specified in tax agreements, relevant provisions of tax agreements shall apply.

Share transfer-related tax

As the *Notice of the State Administration of Taxation Concerning the Taxation of Gains on Transfer and Dividends from Shares (Equities) Received by Foreign Investment Enterprises, Foreign Enterprises and Foreign Individuals* "Guo Shui Fa [1993] No.045", which previously stipulated that the proceeds from transfer of H shares by oversea individuals were exempted from income tax, was abolished by the *Notice of General Office of the State Council Concerning Cleanup of the Regulations* "Guo Fa Ban [2010] No.28", there are no prevailing policies that provide explicit guidelines on the tax liability of oversea individuals for the proceeds from transfer of H shares. In the event that such oversea individuals constitute PRC fiscal residents defined by relevant regulations, or that the shares to be held by such oversea individuals in a company will exceed 25% of its total share capital, since the *Notice of the Ministry of Finance and the State Administration of Taxation concerning the Continued Individual Income Tax Exemption for Individuals' Proceeds from Share Transfers* "Cai Shui Zi [1998] No.61" was not applied to H shares, such oversea investors may have to pay individual income tax according to the relevant regulations of *Individual Income Tax Law of the PRC*.

Estate duty or inheritance tax

There is no estate duty or inheritance tax levied in China at present.

THE PRC LAWS AND REGULATIONS CONCERNING FOREIGN EXCHANGE CONTROL

The *Regulations on Management of Foreign Exchanges of the People's Republic of China* (《中華人民共和國外匯管理條例》), "Foreign Exchange Regulations") promulgated by the State Council, implemented on April 1, 1996, first amended on January 14, 1997 and further amended on August 6, 2008, is applicable to to the receipts, payments or business activities in China that are transacted in foreign currencies by domestic institutions, individuals, foreign institutions and foreign individuals visiting China. The second amendment of the Foreign Exchange Regulations on August 6, 2008 substantially changed the regulatory system by abolishing the compulsory sale principle of the exchange income under current items, which means enterprises and individuals have the option either to sell to banks or keep the exchange income.

The *Regulations on Control of Foreign Exchange Settlements, Sales and Payments* (《結匯、售匯及付匯管理規定》) issued by PBOC on June 20, 1996 and implemented on July 1, 1996 governs the foreign exchange settlements, purchases, foreign exchange account openings and payments to foreign countries that are incurred in China by domestic institutions, individual residents, foreign organizations' institutions in China and foreign individuals visiting China.

PBOC publicizes the exchange rates between RMB and other major foreign currencies on each business day. The exchange rates are determined by reference to the preceding day's trading prices of RMB against major foreign currencies in the inter-bank foreign exchange market.

The PRC government has been loosening its control over foreign exchange purchases. Any Chinese enterprise in need of foreign currencies in their day-to-day business activities, trade and non-trade operations, import business and payment of foreign debts may purchase foreign currencies from designated banks, provided that they submit the required appropriate supporting documents. In addition, if foreign-funded enterprises are in need of foreign currencies for distributing dividends, capital bonuses or profits to foreign investors, the amount so needed after payment of the appropriate dividend tax may be drawn from the enterprises' foreign exchange accounts maintained with designated banks. If the foreign currency in such an account is insufficient, the foreign- funded enterprise may apply to the government authority in charge for purchasing the necessary amount of foreign currency from a designated bank to cover the deficiency.

In foreign exchange transactions, designated banks may freely determine applicable exchange rates based on the rates publicized by PBOC and subject to certain governmental restrictions.

Including the *Notice Concerning Foreign Exchange Control of Overseas-listed Enterprises*, (《關於境外上市企業外匯管理有關問題的通知》) as jointly promulgated by China Securities Regulatory Commission ("CSRC") and the State Administration of Foreign Exchange ("SAFE"), came into effect on January 13, 1994, the *Notice Concerning Further Improving Foreign Exchange Control of Overseas-listed Enterprises* (《關於進一步完善境外上市外匯管理有關問題的通知》), jointly issued by CSRC and SAFE, took effect on September 1, 2002, the *Notice Concerning Improving Foreign Exchange Control of Overseas Listings* (《關於完善境外上市外匯管理有關問題的通知》) issued by SAFE ,took effect on September 9, 2003 and the *Notice Concerning Foreign Exchange Control of Overseas Listings* (《關於境外上市外匯管理有關問題的通知》) issued by SAFE, took effect on March 1, 2005. However, all the Notices above shall be abolished in the meantime since the Notice Concerning Foreign Exchange Control of Overseas Listings (《關於境外上市外匯管理有關問題的通知》) issued by SAFE, took effect on January 28, 2013, and it provides that:

(i) A domestic company shall, within 15 working days upon initial offerings of overseas listing, fulfill the procedure with the Administration of Foreign Exchange at the place of registration.

(ii) Where any domestic shareholder of a domestic company intends to increase or reduce overseas holdings upon overseas listing, shall fulfill the procedure with the Administration of Foreign Exchange at the place of registration.

(iii) A domestic company shall, based on its registration certificate of overseas listing, open respective special domestic account for the initial offerings (or additional offerings) and buy-back business at the bank where it is located so as to handle corresponding funds remittance and transfer.

(iv) A domestic shareholder of a domestic company shall, based on his/her registration certificate of overseas holdings, open respective special domestic account for increasing (or reducing) overseas holdings business at the bank where his/her domicile is located so as to handle corresponding funds remittance and transfer.

(v) Where a domestic company or its domestic shareholder needs to open special overseas accounts for the purpose of handling overseas listing business, the scope of balance of such special overseas accounts shall meet certain requirements.

(vi) A domestic company's collected funds of overseas listing may be transferred back to corresponding special domestic accounts or kept in special overseas accounts, provided that the use of such funds shall comply with the Prospectus or corporate bonds collection documents, shareholders' circulars, resolutions of the Shareholders' Meetings and other publicly disclosed documents. Where the funds as collected by issuing corporate bonds convertible into stocks need to be transferred back, such funds shall be transferred to the special foreign debt account and used pursuant to relevant regulations on foreign debt administration; in the event of the funds as collected by issuing other forms of securities, such funds shall be transferred to corresponding special domestic accounts with respect to overseas listing.

(vii) Where a domestic company intends to buy back overseas stocks, it is feasible to use overseas funds in compliance with relevant regulations or remit from home.

(viii) Where a domestic shareholder intends to increase his/her overseas holdings according to regulations, it is feasible to use overseas funds in compliance with relevant regulations or remit from home.

(ix) The domestic shareholder's capital income obtained due to reducing or transferring overseas holdings or the domestic company's withdrawing from overseas securities market etc. shall be transferred back to the special domestic account with respect to reducing holdings within two years upon acquirement of the aforesaid income.

(x) In principle, the reasonable charges with respect to overseas listing paid by a domestic company to overseas supervisory authorities, stock exchanges, underwriters, lawyers, accountants or other overseas institutions shall be deducted from the raised funds of overseas listing; in the event of remitting from home (inclusive of remitting via foreign currency purchase), the company shall follow the procedure of the bank.

(xi) Where a domestic company withdraws from overseas securities market, it shall, within 15 working days upon withdrawal, handle the cancellation of overseas listing registration by presenting the photocopy of the competent authority's reply, withdrawal announcement and other proof for truthfulness to the Administration of Foreign Exchange at the place of registration.

PRC LAWS AND REGULATIONS

The PRC legal system

The PRC legal system is based on the PRC Constitution (《中華人民共和國國憲法》) (hereinafter referred to as the "Constitution") and is made up of written laws, administrative regulations, local regulations and rules, regulations on the exercise of autonomy and separate rules and regulations of State Council departments, rules and regulations of local governments and international treaties of which the PRC government is a signatory. Court judgments do not constitute legally binding precedents, although judgments may be used for judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "Legislation Law"), the National People's Congress ("NPC") and the standing committee of the NPC ("Standing Committee") are empowered to exercise the legislative power of the State. The NPC enacts and amends basic laws governing criminal offences, civil affairs, the State organs and other matters. The Standing Committee enacts and amends laws other than those that shall be formulated by the NPC, and during the period of adjournment of the NPC, the Standing Committee may partially supplement and amend the laws enacted by the NPC, but not in contradiction to the basic principles of such laws. The State Council is the highest organ of state administration and enacts administrative regulations based on the Constitution and laws. The people's congresses at the provinces, autonomous regions and municipalities directly under the PRC government and their standing committees may, in light of the specific circumstances and actual needs of their respective administrative areas, enact local regulations, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, the PBOC, the National Audit Office of the PRC as well as other state organs endowed with administrative functions directly under the State Council may, according to laws, administrative regulations, decisions and orders of the State Council, formulate ministerial rules within their authorities. The people's governments of the provinces, autonomous regions, and municipal cities directly under the PRC government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipal cities. The people's congresses of the national autonomous regions have the power to enact autonomous regulations and separate regulations on the basis of the political, economic and cultural characteristics of the local nationalities that reside in the area.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The force of laws is greater than that of administrative regulations, local regulations, and rules. The force of administrative regulations is greater than that of local regulations and rules. The force of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The force of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee has the power to annul any administrative regulation that contravenes the Constitution and laws, to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or local regulation which has been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipal cities directly under the PRC government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipal cities directly under the PRC government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at the lower level.

The power to interpret laws is vested in the Standing Committee by the Constitution. According to Resolutions of the Standing Committee on Improving Interpretation of (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee shall provide interpretations or make stipulations by means of decrees. Interpretation of questions involving the specific application of laws and decrees in court trials shall be provided by the Supreme People's Court. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and supervisory authorities. In cases where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipal cities directly under the PRC government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the supervisory authorities under the people's governments of provinces, autonomous regions and municipal cities directly under the PRC government.

The PRC judicial system

According to the Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) (hereinafter referred to as the "Law of Organization of the People's Courts"), the People's Courts consist of the Supreme People's Court, the local people's courts, the military courts and other special people's courts.

The local people's courts comprise the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are further divided into civil, criminal and administrative divisions. The intermediate people's courts have divisions similar to those of the basic people's courts, and other special divisions, such as the intellectual property division, where necessary.

The people's courts at lower levels are subject to supervision of the people's courts at higher levels. The people's procuratorates also have the power to exercise legal supervision over the litigation proceedings of people's courts at the same level or below. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the people's courts at all levels.

The people's courts have adopted a "second instance as final" appellate system. A party may appeal against a judgment or ruling by the people's court of first instance to the people's court at the next higher level prior to the judgment or the ruling of the first instance is legally effective. The judgment or the ruling of the second instance by the people's court at the next higher level is final and legally binding. First judgments or rulings by the Supreme People's Court are final as well. However, in the case that the Supreme People's Court or the people's court at a higher level finds definite error(s) in the legally effective judgment or ruling by the people's court at a lower level, or the presiding judge of the people's court finds definite error(s) in the legally effective judgment by the court over which he/she presides, the case may then be retried in accordance with the judicial supervisory procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the "Civil Procedure Law") sets forth provisions for the jurisdiction of the people's 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. A civil case is generally heard by a local court in the defendant's place of domicile. The parties to a contract may, by express agreement, select a court of jurisdiction where civil actions may be brought, provided that the court of jurisdiction is located in the places which have actual connection with the dispute, including either the plaintiff's or the defendant's place of domicile, or the place of execution or implementation, or the place of the object of the action, and provided that the provisions of the Civil Procedure Law regarding jurisdiction by level and exclusive jurisdiction shall not be violated.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. Should the judicial system of a foreign country limit the litigation rights of PRC citizens or enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country.

If any party to a civil action refuses to comply with a legally effective judgment or ruling by a people's court or an effective award by an arbitration tribunal in the PRC, the other party may apply to the people's court for the compulsory enforcement of the judgment, ruling or award. However, specific time limits are imposed on the right to apply for such compulsory enforcement. The time limit for the submission of an application for enforcement shall be two years. The suspension or termination of the time limit for the submission of an application for enforcement shall be governed by the provisions on the suspension or termination of the statute of limitation.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party 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 the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country on the mutual recognition and enforcement of judgments and rulings, or if the judgment or ruling satisfies the court's examination based on the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in the violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons related to the public interest.

The PRC Company Law, Special Regulations and Mandatory Provisions

On December 29, 1993, the Company Law of the PRC was adopted by the standing committee of the Eighth NPC, which came into effect on July 1, 1994 and was amended for the first time on December 25, 1999, the second time on August 28, 2004, the third time on October 27, 2005 and the fourth time on December 28, 2013. The newly amended Company Law of the PRC (hereinafter referred to as the new "Company Law") was implemented on March 1, 2014.

The Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (hereinafter referred to as the "Special Provisions") were adopted at the 22nd Standing Committee Meeting of the State Council on July 4, 1994. The Special Provisions were formulated according to the then applicable Article 85 and Article 155 of the Company Law and apply to the overseas share issue and listing of joint stock limited companies.

The Mandatory Provisions in Articles of Association of Joint Stock Limited Companies to be Listed Overseas (hereinafter referred to as the "Mandatory Provisions") were promulgated by the former Securities Commission of the State Council and the former State Economic System Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Therefore, the Mandatory Provisions have been incorporated into the Articles of Association (which are summarized in Appendix VI).

1. General provisions

A "joint stock limited company" (hereinafter referred to as "a company") is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they hold, and the liability of the company is limited to the full amount of all the assets it owns.

A company must conduct its business in accordance with law and public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liability associated with the debts of the invested enterprises.

2. Incorporation

A company may be incorporated by promotion or public subscription. A company may be incorporated by two to 200 promoters, but at least half of the promoters must reside in the PRC.

A company incorporated by promotion is one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, unless otherwise provided, the promoters are required to subscribe for not less than 35% of the total shares of the company, and the remaining shares can be offered to the public or specific persons.

The Company Law provides that for companies incorporated by way of promotion, the registered capital shall be the total capital subscribed for by all promoters as registered with the relevant administrative bureau for industry and commerce. For companies incorporated by the promoters, the entire registered capital is subscribed for by the promoters. Shares in the company shall not be offered to others unless the registered capital has been fully paid up. For companies incorporated by way of public subscription, the registered capital is the amount of total paid-up capital as registered with the relevant administrative bureau for industry and commerce. The promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed by law if such assets are to be contributed as capital.

The latest revision of the Company Law no longer imposes restrictions on minimum amount or requirements for payment deadlines of paid-up registered capital. However, if there are laws, administrative regulations and other requirements imposed by the State Council provide for payment deadlines of paid-up registered capital or minimum amount of a joint stock company with limited liability, such laws, administrative regulations and requirements shall prevail.

For companies incorporated by way of subscription, the promoters shall convene an inaugural meeting within 30 days after the issued shares have been completely paid up, and shall give notice to all subscribers or make a public announcement of the date of the inaugural meeting 15 days prior to the meeting. The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. Matters to be dealt with at the inaugural meeting include adopting the draft articles of association proposed by the promoters and electing the board of directors and the board of supervisors of the company. Any resolution of the meeting shall be approved by subscribers with more than half of the voting rights of those present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the company. A company is formally established and has the qualification of a legal person once the registration has been approved by the relevant administrative bureau for industry and commerce and a business licence has been issued.

The promoters of a company shall individually and jointly be liable for: (i) the payment of all expenses and liabilities incurred in the incorporation process if the company cannot be incorporated; (ii) the repayment of subscription monies to the subscribers together with interest at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

3. Share capital

The promoters of a company may make capital contributions in cash, or in kind that can be valued in currency and transferable according to laws such as intellectual property rights or land-use rights based on their appraised value.

There is no limit under the Company Law as to the percentage of shares held by an individual shareholder in a company. If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares.

A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in RMB and subscribed for in foreign currency.

Pursuant to the Special Regulations and the Mandatory Provisions, overseas listed shares issued to foreign investors and investors from Hong Kong, Macau and Taiwan are defined as overseas-listed-foreign-invested shares, and those issued to investors within the PRC other than the aforementioned areas are defined as domestic shares. Qualified Foreign Institutional Investors ("QFII") approved by the China Securities Regulatory Commission (hereinafter referred to as "CSRC") may hold domestic listed shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Detailed measures shall be specified by the State Council based on the Special Regulations. The share offering price may be equal to or in excess of par value, but shall not be less than par value. The transfer of shares by shareholders shall be conducted in legally established stock exchanges or via other methods as stipulated by the State Council.

No modification registration shall be made to the registrar of shareholders within twenty (20) days prior to the shareholders' meeting being held or within five (5) days prior to the benchmark date set for the purpose of distributing dividends. However, if there are laws that provide for the change of registers of members for a listed company, such provisions shall prevail.

4. Increase in capital

Pursuant to the Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in general meeting. Except for above-mentioned conditions of obtaining approval at the general meeting required by the Company Law, the Securities Law requires the following conditions for a company to offer new shares to the public: (i) the company is a complete and well-operated organization; (ii) the company is capable of making profits continuously and maintaining a healthy financial status; (iii) no false records or significant irregularities in its financial statements over the last three years; (iv) the company is able to fulfill any other requirements as prescribed by the securities administration authority of the State Council as approved by the State Council.

The public offer requires the approval of the securities administration authority of the State Council. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

5. Reduction of share capital

A company may reduce its registered capital in accordance with the following procedures stipulated by the Company Law:

- the company shall prepare a balance sheet and an inventory of assets;
- the reduction of general meeting registered capital must be approved by shareholders in the general meeting;
- the company shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in newspapers within 30 days of the resolution approving the reduction in capital being passed;
- creditors of the company may require the company to clear its debts or provide guarantees covering the debts within the statutory time limit; and
- the company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction in registered capital.

6. Repurchase of shares

A company shall not purchase its own shares other than for the following purposes:

- to reduce the registered capital by cancelling its shares or to merge with another company holding its shares;
- to grant shares as a reward to the staff of the company;
- to purchase the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a general meeting; or
- other purposes permitted by laws and administrative regulations.

If a company acquired its own shares for reducing its registered capital, such shares shall be cancelled within ten days from the date of acquisition; or in the case of merging with another company which holds its shares or at the request of its shareholders against a resolution regarding a merger or separation, such shares shall be transferred or cancelled within six months. The shares repurchased by the company as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any fund for the repurchase shall be paid out of after-tax profits of the company, and the shares repurchased shall be transferred to the staff of the company within one year. The Mandatory Provisions stipulate that upon obtaining approvals from relevant supervisory authorities in accordance with the articles of association of the company, a company may, for the aforementioned purposes, repurchase its issued shares by way of a general offer to its shareholders or purchase on a stock exchange or through on-market contract.

7. *Transfer of shares*

Shares may be transferred in accordance with the relevant laws and regulations. A shareholder shall transfer his/her shares in stock changes established pursuant to laws or by other means as stipulated by the State Council. Registered shares may be transferred by endorsement or in any other manner specified in applicable laws and regulations. Bearer shares are transferred by delivering the shares to relevant transferees. There shall be no registration of any change of shareholders during the period 20 days prior to the general meeting or 5 days before the dividend distribution.

Shares held by the promoter(s) of a company shall not be transferred within one (1) year from the date of incorporation of the company. Shares issued by a company prior to the public offer of its shares shall not be transferred within one (1) year from the date of its shares being listed on a stock exchange.

Directors, supervisors and senior executives of the company shall not transfer over 25% of the total shares they hold in the company each year during their term of office, and shall not transfer shares of the company held by each of them within one (1) year from the listing date.

8. *Shareholders*

The articles of association of a company set forth the shareholders' rights and obligations and are binding on all the shareholders. Pursuant to the Company Law and the Mandatory Provisions, a shareholder's rights include:

- the right to attend in person or appoint a representative to attend the general meeting and to vote in respect of the amount of shares held;
- the right to transfer his/her shares in accordance with applicable laws and regulations as well as the articles of association;
- the right to inspect the company's articles of association, shareholders' registers, records of short-term debentures, minutes of general meeting, board resolutions, supervisor resolutions and financial accounting reports, and to put forward proposals or raise questions on the business operations of the company;
- if a resolution approved by the general meeting or by the board of directors violates any law or regulation, or infringes on the shareholders' lawful rights and interests, the right to institute an action in a people's court demanding that the infringing action be stopped;
- the right to receive dividends based on the number of shares held; and
- any other shareholders' rights specified in the articles of association.

The obligations of shareholders include: abide by the articles of association of the company; pay the subscription monies in respect of shares subscribed for; be liable for debts and liabilities of the company to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up; no abuse of shareholders' rights to damage the interests of the company or other shareholders of the company; no abuse of the independent status of the company as a legal person and its joint stock companies with limited liability as to damage the interests of the creditors of the company; and any other obligation specified in the articles of association of the company.

9. General meeting

The general meeting is the organ of authority of a company, which exercises its functions and powers in accordance with the Company Law. The general meeting exercises the following functions and powers:

- to decide on operational policies and investment plans of the company;
- to elect or remove the directors and supervisors who are not representatives of the employees;
- to decide on matters relevant to remuneration of directors and supervisors;
- to review and approve reports of the board of directors;
- to review and approve reports of the board of supervisors or the supervisors;
- to review and approve annual financial budgets and financial accounts proposed by the company;
- to review and approve proposals for profit distribution and for recovery of losses of the company;
- to decide on increase and reduction of the registered capital of the company;
- to decide on bond issuances of the company;
- to decide on merger, division, dissolution and liquidation of the company and other issues;
- to amend the articles of association of the company; and
- other functions and powers specified in the articles of association of the company.

The annual general meeting must be convened once a year. An extraordinary general meeting shall be held within two months after the occurrence of any of the following circumstances:

- the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number specified in the articles of association of the company;
- the losses of the company which are not made up reach one-third of the total paid-up share capital of the company;
- as requested by a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the company;
- when deemed necessary by the board of directors;

- as suggested by the board of supervisors; or
- other matters required by the articles of association.

The general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board of directors.

The notice to convene an annual general meeting and an extraordinary general meeting shall be given 20 days and 15 days, respectively, before the general meeting pursuant to the Company Law, and 45 days before the general meeting pursuant to the Special Regulations and the Mandatory Provisions, stating the matters to be reviewed at the general meeting. Under the Special Regulations and the Mandatory Provisions, shareholders intending to attend are required to send written confirmations of their attendance to the company 20 days before the general meeting.

According to the Special Regulations, at the annual general meeting of the company, shareholders with 5% or more of the voting rights in the company are entitled to propose to the company in writing new proposals to be reviewed at the general meeting, which if within the functions and powers of the general meeting, are required to be added to the agenda of the general meeting. Shareholders present at the general meeting possess one vote for each share they hold. However, the company shall have no vote for any of its own shares the company holds. Resolutions proposed at the general meeting shall be approved by more than half of the voting rights cast by shareholders present in person (including those represented by proxies) at the general meeting, except that such resolutions as merger, division or reduction of registered capital, the issue of bonds or short-term debentures, the change in the form of the company or the amendment to the articles of association, shall be approved by shareholders with more than two-thirds of the voting rights cast by shareholders present (including those represented by proxies).

A shareholder may entrust a proxy to attend a general meeting. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the authorization scope. There is no specific provisions in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting, although the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% of the voting rights in the company have been received 20 days before the proposed date, or if that 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders again by public announcement of the matters to be considered at the meeting and the date and place of the meeting, and the annual general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class.

Holders of domestic invested shares and holders of overseas-listed-foreign invested shares are deemed to be different classes of shareholders for this purpose.

10. Directors

A company shall have a board of directors, which shall consist of 5 to 19 members. The term of office of the directors shall be provided for by the articles of association, but each term of office shall not exceed three years. The directors may hold consecutive terms upon re-election.

Meetings of the board of directors shall be convened at least twice a year. A notice of meeting shall be given to all directors and supervisors at least ten days before the meeting. As for extraordinary meetings convened by the board of directors, the way of giving notice and the notice period may be otherwise determined.

Under the Company Law, the board of directors exercises the following functions and powers:

- to convene the general meeting and report on its work to the shareholders;
- to implement the resolution of the general meeting;
- to decide on the company's business plans and investment plans;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's proposals for profit distribution and for recovery of losses;
- to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;
- to prepare plans for the merger, division or dissolution of the company;
- to decide on the company's internal management structure;
- to appoint or dismiss the company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;
- to formulate the company's basic management system; and
- other functions and powers as specified in the articles of association.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Interim board meetings may be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within ten days of receiving such proposal, and preside over the meeting. Meetings of the board of directors could be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the Company Law, the following persons may not act as a director of a company:

- persons without capacity or restricted capacity to undertake civil liabilities;
- persons who have committed the offence of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offence, where less than five years have elapsed since the date of the completion of implementation of this deprivation;

- persons who are former directors, factory managers or managers of a company or enterprise that has been bankrupt and has been liquidated due to mismanagement, and those persons are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

- persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and who are personally liable, and less than three years have elapsed since the date of the revocation of the business license; or

- persons who have a relatively large amount of debt due and outstanding; or other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in Appendix VI).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises the following functions and powers (including but not limited to):

- to preside over general meetings and convene and preside over meetings of the board of directors; and

- to check on the implementation of the resolutions of the board of directors.

The legal representative of a company, in accordance with the company's articles of association, may be the chairman, any executive director if no board of director for that limited liability company or the manager, but the Mandatory Provisions require that the legal representative of the company be the chairman. The Special Regulations provide that a company's directors, supervisors, managers and other officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect the interests of the company and not to use their positions for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in Appendix VI) contains further elaborations of such duties.

11. Supervisors

A company shall have a board of supervisors composed of not less than three members. Each term of office of a supervisor is three years, and the supervisors may hold consecutive terms upon re-election. The board of supervisors is made up of shareholders representatives and an appropriate proportion of the company's staff representatives; and the percentage of the number of the company's staff representatives shall not be less than one-third. Directors and senior management shall not act as supervisors.

The board of supervisors exercises the following functions and powers:

- check the financial affairs of the company;

- supervise the directors and senior management in the performance of their duties, and to put forward proposals on the removal of any director or senior manager who violates laws, administrative regulations, the articles of association or any resolution of the shareholders' meeting;

- require the director or senior manager to make corrections if his act is detrimental to the interests of the company;

- propose the convening of extraordinary general meetings, and to convene and preside over shareholders' meetings when the board of directors fails to exercise the function of convening and presiding over shareholders' meetings;
- put forward proposals at general meetings;
- initiate actions against directors or senior management; and
- other functions and duties as provided for by the articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply *mutatis mutandis* to supervisors of a company.

12. Managers and senior executives

A company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

- manage the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;
- arrange for the implementation of the company's annual business and investment plans;
- formulate plans for the establishment of the company's internal management structure;
- formulate the basic administration system of the company;
- formulate the company's internal rules;
- recommend the appointment and dismissal of deputy managers and any financial officer and appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors);
- attend board meetings as a non-voting attendant; and
- other powers conferred by the board of directors or the company's articles of association.

The Special Regulations and the Mandatory Provisions provide that the other senior executives of a company include the financial officers, secretary of the board of directors and other executives as specified in the articles of association of the company. The circumstances under which a person is disqualified from being a director of a company described above apply *mutatis mutandis* to managers and officers of the company. The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of the company. The provisions of the Mandatory Provisions regarding the senior executives of a company have been incorporated in the Articles of Association (a summary of which is set out in Appendix VI).

13. Duties of directors, supervisors, managers and senior executives

Directors, supervisors, managers and other senior executives of a company are required under the Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company. Each director, supervisor, manager and senior officer of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company unless permitted by the relevant laws and regulations or by the shareholders.

Any directors, supervisors, managers and other senior executives who contravenes any laws, regulations or the company's articles of association in the performance of his duties which results in any loss to the company shall be personally liable to the company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor, manager and other senior executives of a company owe fiduciary duties to the company and are required to perform their duties faithfully and to protect the interests of the company and not to make use of their positions in the company for their own benefit.

14. Finance and accounting

A company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the responsible financial department of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited and verified as provided by law.

A company shall make available its financial statements at the company for the inspection by the shareholders at least 20 days before the convening of the annual general meeting. A company established by the public subscription method must publish its financial statements.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve (except where such reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders' meeting or the general meeting, the company may make an allocation to a discretionary common reserve from the after-tax profits. If the aggregate balance of the company's statutory surplus reserve is not enough to make up for the losses of the company of the previous year, the current year's profits shall first be used for making good the losses before the statutory surplus reserve is set aside according to the provisions of the preceding paragraph.

After the losses have been made up and statutory surplus reserves have been set aside, the remaining profits shall be distributed to shareholders in proportion to the number of shares held by shareholders as in the case of a joint stock limited company, except as otherwise provided in the articles of association.

The capital common reserve of a joint stock limited company is made up of the premium over the nominal value of the shares of the company on issue, and other amounts required by the financial department of the State Council to be treated the capital reserve.

The company's common reserves shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company, but the capital reserve shall not be used for making up the company's losses. Where the statutory surplus reserve is converted into registered capital, the balance of the statutory surplus reserve shall not be less than 25% of the registered capital after such conversion.

15. Appointment and retirement of auditors

The Special Regulations require a company to employ an independent PRC qualified accounting firm to audit the company's annual report and review and check other financial reports.

The auditors are to be appointed for a term commencing from the close of an annual general meeting and ending at the close of the next annual general meeting.

If a company removes or ceases to continue to appoint the auditors, it is required by the Special Regulations to give prior notice to the auditors and the auditors are entitled to make representations before the shareholders in general meeting. The appointment, removal or non re-appointment of auditors shall be decided by the shareholders at general meetings and shall be filed with the CSRC for record.

16. Distribution of profits

The Special Regulations provide that the dividends and other distributions to be paid to holders of overseas-listed-foreign-invested shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

17. Amendments to articles of association

Any amendments to the company's articles of association must be made in accordance with the procedures set forth in the company's articles of association. As for matters involving the company's registration, the company shall modify its registration with the companies' registration authority.

18. Dissolution and liquidation

A company may apply for the declaration of insolvency by reason of its inability to pay debts as they fall due. After the people's court has made a declaration of the company's insolvency, the shareholders, the relevant authorities and the relevant professionals shall form a liquidation committee to conduct the liquidation of the company.

Under the Company Law, a company shall be dissolved in any of the following events:

(1) the term of its operations set down in the company's articles of association has expired or events of dissolution specified in the company's articles of association have occurred;

(2) the shareholders in a general meeting have resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or demerger;

(4) the company is subject to the revocation of business license, a closure order or dismissal in accordance with laws; or

(5) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the people's court for the dissolution of the company.

Where the company is dissolved in the circumstances described in (1), (2), (4) and (5) above, a liquidation committee must be formed within 15 days from the date of dissolution. Members of the liquidation committee shall be appointed by the shareholders in the general meeting. If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the people's court for its establishment. The liquidation committee shall notify the company's creditors within 10 days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

- handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- notify creditors or issue public notices;
- deal with and settle any outstanding business of the company;
- pay any tax overdue;
- settle the company's financial claims and liabilities;
- handle the surplus assets of the company after its debts have been paid off; and
- represent the company in civil lawsuits.

If the company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and labor insurance expenses, tax overdue and debts of the company. Any surplus assets shall be distributed to the Shareholders of the company in proportion to the number of Shares held by them.

Upon entering into liquidation procedures, a company shall not engage in operating activities unrelated to the liquidation. If the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must immediately apply to the people's court for a declaration for bankruptcy. Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the general meeting. Thereafter, the report shall be submitted to the company registration authority in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of the liquidation committee is liable to indemnify the company and its creditors with respect to any loss arising from his willful or material default.

19. Overseas listing

The shares of a company could be listed on overseas stock exchange after obtaining approval from the CSRC. In accordance with the Circular on Relevant Issues Concerning Enterprises' Application for Overseas Listing issued by the CSRC, (中國證券監督管理委員會關於企業申請境外上市有關問題的通知, the "1999 Circular") issued in July 14, 1999, domestic companies were required to achieve the following requirements for overseas listings: (a) an annual after-tax profit of at least RMB60,000,000 for the latest year; (b) net assets of not less than RMB400,000,000; (c) a fundraising size of not less than US$50 million based on a reasonably expected price/earnings ratio.

The 1999 Circular was replaced by the Regulatory Guidelines for the Application Documents and Examination Procedures for Overseas Share Issuance and Listing by Joint Stock Companies (關於股份有限公司境外發行股票和上市申報文件及審核程序的監管指引, the "New Guidelines") which was issued on December 20, 2012, and came into force on January 1, 2013. The New Guidelines abolished the foregoing thresholds and stipulate that all joint stock companies legally incorporated under Company Law are entitled to apply to the CSRC for overseas share issuance and listing.

Under the New Guidelines, a PRC domestic company may submit its primary overseas listing application to overseas regulatory authorities and stock exchanges after the CSRC has accepted its oversea listing application for processing, and may submit its official application to overseas regulatory authorities and stock exchanges for hearing after the CSRC has examined and approved its overseas listing application. The approval from the CSRC is valid for 12 months from the issuance date.

On January 28, 2013, SAFE promulgated the Circular on Certain Issues Concerning the Foreign Exchange Administration for Overseas Listings (國家外匯管理局關於境外上市外匯管理有關問題的通知), pursuant to which a domestic company shall go through formalities of foreign exchange registration with the relevant exchange authority for the overseas listing within 15 business days after its initial public offerings.

20. Loss of H share certificates

In the event H share certificates in registered form are either stolen or lost, shareholder may, in accordance with the relevant provision set out in the PRC Civil Procedure Law, apply to a people's court for a declaration that such certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates (which has been incorporated in the Articles of Association, a summary of which is set out in Appendix VI).

21. Suspension and termination of listing

Pursuant to the new Securities Law amended on August 31, 2014, the trading of shares of a company on a stock exchange may be suspended if so decided by the securities administration department of the State Council under one of the following circumstances:

(1) the registered capital or shareholding distribution no longer complies with the necessary requirements for a listed company;

(2) the company failed to make public its financial position in accordance with the requirements or there is false information in the company's financial report with the possibility of misleading investors;

(3) the company has committed a major breach of the law;

(4) the company has incurred losses for three (3) consecutive years; or

(5) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (1) above, or the company has refused to rectify the situation in the case described in (2) above, or the company fails to become profitable in the next subsequent year in the case described in (4) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

22. Merger and demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

Securities law and other relevant regulations

The PRC has promulgated a number of regulations that relate to the issue and trading of Shares and disclosure of information by a company. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for co-coordinating the drafting of securities regulations, formulating securities related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC.

The CSRC is the regulatory body of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking research and analysis. In 1998, the State Council consolidated the Securities Committee and the CSRC, and the CSRC has taken the original functions of the Securities Committee since then.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Liability Companies. These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information related to joint stock limited liability companies with domestically listed foreign shares.

The Securities Law took effect on July 1, 1999 and was revised for the first time as at August 28, 2004, for the second time on October 27, 2005, for the third time on June 29, 2013 and for the fourth time on August 31, 2014. This is the first national securities law in the PRC, and it is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the Securities Law provides that a company must obtain prior approval from the State Council's regulatory authorities to list shares outside the PRC. Article 239 of the Securities Law provides that specific measures with respect to shares of companies in the PRC that are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Arbitration and enforcement of arbitral awards

The Arbitration Law of the People's Republic of China (the "Arbitration Law") was passed by the Standing Committee on August 31, 1994, became effective on September 1, 1995 and amended on August 27, 2009. It is applicable to contract disputes and other property disputes between natural persons, legal persons and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Listing Rules and the Mandatory Provisions require an arbitration clause to be included in a company's articles of association and, in the case of the Listing Rules, also in contracts with each of the directors and supervisors, to the effect that whenever any disputes or claims arise between holders of H Shares and the company; holders of H Shares and the directors, supervisors, manager or other senior executives; or holders of H Shares and holders of domestic shares, with respect to any disputes or claims in relation to the companies affairs or as a result of any rights or obligations arising under its articles of association, the PRC Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration. Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall comply with the arbitration. Disputes with respect to the definition of shareholders and disputes related to a company's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Rules or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

Under the Arbitration Law and PRC Civil Procedure Law, an arbitral award is final and binding on the parties.

HONG KONG LAWS AND REGULATIONS

Summary of Material Differences Between Hong Kong and PRC Company Law

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Hong Kong Companies Ordinance, Hong Kong Companies (Winding up and Miscellaneous Provisions) Ordinance and supplemented by common law and rules of equity that apply to Hong Kong. The Company, which is a joint stock limited company established in the PRC, is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of the material differences between the Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

(1) Corporate existence

Under Hong Kong company law, a company having share capital, is incorporated and will acquire an independent corporate existing after the company registrar of Hong Kong issuing a certificate of incorporation. A company may be incorporated as a public company or a private company. Pursuant to the Hong Kong Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain preemptive provisions. A public company's articles of association do not contain such preemptive provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or public subscription. A joint stock limited company has no minimum capital requirement except for the special provisions of any other laws, administrative regulations and decisions of the State Council.

Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company.

(2) Share capital

Under Hong Kong law, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares. The PRC Company Law does not provide for authorized share capital other than registered capital. For joint stock limited companies incorporated by promotion, the registered capital is the total share capital subscribed by all promoters that registered at the registration authority. Where a joint stock limited company is incorporated by public subscription, the registered capital is the total paid-up capital that registered at the registration authority. Any increase in registered capital must be approved by the shareholders in a general meeting and by the relevant PRC governmental and regulatory authorities when applicable.

Under the Securities Law, a company which is authorized by the relevant securities administration authority to list its shares on a stock exchange must have a total share capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets that may be valued in currency and lawfully transferable. For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or under-valuation of the assets. There is no such restriction on a Hong Kong company under Hong Kong law.

(3) Restrictions on shareholding and transfer of shares

Under PRC law, the domestic shares ("domestic shares") in the share capital of a joint stock limited company which are denominated and subscribed for in Renminbi may only be subscribed or traded by the domestic investors and qualified foreign institutional investors of the PRC. The overseas listed foreign shares ("foreign shares") issued by a joint stock limited company which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, as well as other qualified domestic institutions.

Under the PRC Company Law, shares in a joint stock limited company held by its promoters cannot be transferred within one year after the date of establishment of the company. Shares in issue prior to the company's public offering cannot be transferred within one year from the listing date of the shares on the Stock Exchange. Shares in a joint stock limited company held by its directors, supervisors and senior management and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law except for the six-month lock-up on the company's issue of shares and the 12 month lock-up on the Controlling Shareholders' disposal of shares as described in the section entitled "Underwriting" in this Prospectus.

(4) Financial assistance for acquisition of shares

Although the PRC Company Law does not contain any provision prohibiting or restricting a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries providing such financial assistance similar to those under Hong Kong company law.

(5) Variation of class rights

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed regarding variations of class rights. These provisions have been incorporated in the Articles of Association, which are summarized in Appendix VI.

Under the Hong Kong Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question, (iii) by agreement of all the members of a Hong Kong company or (iv) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions. The Company (as required by the Listing Rules and the Mandatory Provisions) has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign invested shares and domestic shares are defined in the Articles of Association as different classes of shareholders, provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances: (i) the Company issues domestic shares and listed foreign invested shares, separately or simultaneously, once every 12-month period, pursuant to a Shareholders' special resolution, not more than 20% of each of the issued domestic shares and issued overseas listed foreign invested shares existing as of the date of the Shareholders' special resolution; (ii) the plan for the issue of domestic shares and listed foreign invested shares upon its establishment is implemented within 15 months following the date of approval by the CSRC; and (iii) upon approval by the CSRC, the shareholders of domestic shares of the Company transfer their shares to overseas investors and such shares are listed and traded in foreign markets.

(6) Directors

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration made by directors of the interests in material contracts; restrictions on directors' authority in making major dispositions; restrictions on companies providing certain benefits, prohibitions against compensation for loss of office without shareholders' approval. The PRC Company Law provides restrictions on interested directors voting on the resolution at a meeting of the board of directors when such resolution relates to an enterprise which the director is interested or connected. The Mandatory Provisions, however, contain requirements and restrictions on major dispositions and specify the circumstances under which a director may receive compensation for loss of office, all of which provisions have been incorporated in the Articles of Association, a summary of which is set out in Appendix VI.

(7) Board of Supervisors

Under the PRC Company Law, the directors and senior management of a joint stock limited company is subject to the supervision and inspection of a Board of Supervisors but there is no mandatory requirement for the establishment of a Board of Supervisors for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

(8) Derivative action by minority shareholders

Hong Kong law permits minority shareholders to start a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company, if such directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law gives shareholders of a joint stock limited company the right to initiate proceedings in the people's court to restrain the implementation of any resolution passed by the shareholders in a general meeting, or by the board of directors, that violates any law or infringes the lawful rights and interests of the shareholders. The PRC Company Law also provides that the shareholder can initiate proceedings if the director or senior management of a company violates the law, administrative regulation or articles of association of such company and thus infringes the shareholder's interest. The Mandatory Provisions further provide remedies to the company against directors, supervisors and senior management in breach of their duties to the company. In addition, every director and supervisor of a joint stock limited company applying for a listing of its foreign shares on the Stock Exchange is required to give an undertaking in favor of the company to comply with the company's articles of association. This allows minority shareholders to act against the directors and supervisors in default.

(9) Protection of minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of the Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC Company Law provides that where any company encounters any serious difficulty in its operations or management such that the interests of the shareholders will face serious loss if the company continues to exist and such difficulty cannot be resolved by any other means, the shareholders holding 10% or more of the voting rights of all the issues shares of the company may plead the people's court to dissolve the company. The Mandatory Provisions, however, contain provisions to the effect that a controlling shareholder may not exercise its voting rights to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual interests of other shareholders which is prejudicial to the interests of the shareholders generally or of some part of the shareholders of a company.

(10) Notice of shareholders' meetings

Under the PRC Company Law, notice of a shareholders' annual general meeting must be given not less than 20 days before the meeting, or, not less than 15 days before a shareholders' interim general meeting. In the case of a company having bearer shares, a public announcement of a shareholders' general meeting must be made at least 30 days prior to it being held. Under the Special Regulations and the Mandatory Provisions, 45 days' written notice must be given to all shareholders and shareholders who wish to attend the meeting must reply in writing 20 days before the date of the meeting. For a company incorporated in Hong Kong, the minimum notice periods of a general meeting convened for passing an ordinary resolution and a special resolution are 14 days and 21 days, respectively. The notice period for an annual general meeting is 21 days.

(11) Quorum for shareholders' meetings

Under Hong Kong law, the quorum for a general meeting is two members unless the articles of association of the company otherwise provide. For one member companies, one member will be a quorum.

The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that a company's general meeting can be convened when replies to the notice of that meeting have been received from shareholders whose shares represent 50% of the voting rights in the company at least 20 days before the proposed date of the meeting. If that 50% level is not achieved, the company shall within five days notify its shareholders by public announcement and the shareholders' general meeting may be held thereafter.

(12) Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting. Under the PRC Company Law, the passing of any resolution requires more than one half of the votes cast by shareholders present in person or by proxy at a shareholders' general meeting except in cases of proposed amendment to the articles of association, increase or reduction of share capital, and merger, demerger or dissolution of a joint stock limited company or changes to the company status, which require two-thirds or more of votes cast by shareholders with the right to vote present at a shareholders' general meeting.

(13) Financial disclosure

A company is required under the PRC Company Law to make available at its office for inspection by shareholders its financial reports and other relevant annexes 20 days before the annual general meeting of shareholders. In addition, a company established by way of public offering under the PRC Company Law must publish its financial position. The annual balance sheet has to be verified by registered accountants. The Hong Kong Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be laid before the company in its annual general meeting, not less than 21 days before such meeting. A company is required under the PRC law to prepare its financial statements in accordance with the PRC accounting standards. The Mandatory Provisions require that the company must, in addition to preparing accounts according to the PRC standards, have its accounts prepared and audited in accordance with International Accounting Standards or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC accounting standards.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

(14) Information on directors and shareholders

The PRC Company Law gives the shareholders of a company the right to inspect the articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the articles of association, shareholders of a company have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors similar to that available to shareholders of Hong Kong companies under Hong Kong law.

(15) Receiving agent

Under both the PRC Company Law and Hong Kong law, dividends once declared become debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while that under the PRC law is two years. The Mandatory Provisions require that the company should appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of foreign shares dividends declared and all other monies owed by a joint stock limited company in respect of such foreign shares.

(16) Corporate reorganization

Corporate reorganizations involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company to another company in the course of being wound up voluntarily pursuant to section 237 of the Hong Kong Companies (Winding up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to section 673, Division 2 of Part 13 of the Hong Kong Companies Ordinance which requires the sanction of the court. Under PRC Company Law, the merger, demerger, dissolution, liquidation or change to the forms of a company has to be approved by shareholders at general meeting.

(17) Arbitration of disputes

In Hong Kong, disputes between shareholders and a company incorporated in Hong Kong or its directors may be resolved through the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC at the claimant's choice.

(18) Mandatory deductions

Under the PRC Company Law, a company shall draw 10% of the profits as its statutory reserve fund before it declare any dividends after taxation. The company may not be required to deposit the statutory reserve fund if the aggregate amount of the statutory reserve fund has accounted for 50% of the company's registered capital. After the company has drawn statutory reserve fund from the after-tax profits, it may, upon a resolution made by the shareholders, draw a discretionary reserve fund from the after-tax profits. There are no such requirements under Hong Kong law.

(19) Remedies of a company

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, remedies of the company similar to those available under the Hong Kong law (including rescission of the relevant contract and recovery of profits made by a director, supervisor or officer) have been in compliance with the Listing Rules.

(20) Dividends

Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. A company shall not exercise its powers to forfeit any unclaimed dividend in respect of its listed foreign shares until after the expiry of the applicable limitation period.

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors, senior management owe a fiduciary duty towards a company and are not permitted to engage in any activities which compete with or damage the interests of the company.

(21) Closure of register of shareholders

The Hong Kong Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas the articles of association of a company provide, as required by the PRC Company Law, that share transfers may not be registered within 30 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Listing Rules

The Listing Rules provide additional requirements which apply to an issuer which is incorporated in the PRC as a joint stock limited company and seeks a primary listing or whose primary listing is on the Stock Exchange. Set out below is a summary of such principal additional requirements which apply to the Company.

(1) Compliance adviser

A company seeking listing on the Stock Exchange is required to appoint a compliance adviser acceptable to the Stock Exchange for the period from its listing date up to the date of the publication of its first full year's financial results, to provide the company with professional advice on continuous compliance with the Listing Rules and all other applicable laws, regulations, rules, codes and guidelines, and to act at all times, in addition to the company's two authorized representatives, as the principal channel of communication with the Stock Exchange. The appointment of the compliance adviser may not be terminated until a replacement acceptable to the Stock Exchange has been appointed.

If the Stock Exchange is not satisfied that the compliance adviser is fulfilling its responsibilities adequately, it may require the company to terminate the compliance adviser's appointment and appoint a replacement.

The compliance adviser must keep the company informed on a timely basis of changes in the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to the company.

It must act as the company's principal channel of communication with the Stock Exchange if the authorized representatives of the company are expected to be frequently outside Hong Kong.

(2) Accountants' report

An accountants' report for a PRC issuer will not normally be regarded as acceptable by the Stock Exchange unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong or under International Standards on Auditing or China Auditing Standards. Such report will normally be required to conform to Hong Kong or international accounting standards or China Accounting Standards for Business Enterprises in the case of a PRC issuer that has adopted China Accounting Standards for Business Enterprises for the preparation of its annual financial statements.

(3) Process agent

The Company is required to appoint and maintain a person authorized to accept service of process and notices on its behalf in Hong Kong throughout the period during which its securities are listed on the Stock Exchange and must notify the Stock Exchange of his appointment, the termination of his appointment and his contact particulars.

(4) Public shareholdings

If at any time there are existing issued securities of a PRC issuer other than foreign shares ("foreign shares") which are listed on the Stock Exchange, the Listing Rules require that the aggregate amount of such foreign shares held by the public must constitute not less than 25% of the issued share capital and that such foreign shares for which listing is sought must not be less than 15% of the total issued share capital if the company has an expected market capitalization at the time of listing of not less than HK$50,000,000. The Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% if the company has an expected market capitalization at the time of listing of over HK$10,000,000,000.

(5) Independent non-executive directors and supervisors

The independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the general body of shareholders will be adequately represented. The supervisors of a PRC issuer must have the character, expertise and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors.

Subject to governmental approvals and the provisions of the Articles of Association, the company may repurchase its own H shares on the Stock Exchange in accordance with the provisions of the Listing Rules. Approval by way of special resolution of the holders of domestic shares and the holders of H shares at separate class meetings conducted in accordance with the Articles of Association is required for share repurchases. In seeking approvals, the company is required to provide information on any proposed or actual purchases of all or any of its equity securities, whether or not listed or traded on the Stock Exchange. The Directors must also state the consequences of any purchases which will arise under either or both of the Code on Takeovers and Mergers and any similar PRC law of which the directors are aware, if any.

Any general mandate given to the directors to repurchase the foreign shares must not exceed 10% of the total amount of existing issued foreign shares of the company.

(6) Mandatory provisions

With a view to increasing the level of protection afforded to investors, the Stock Exchange requires the incorporation, in the articles of association of a PRC company whose primary listing is on the Stock Exchange, of the Mandatory Provisions and provisions relating to the change, removal and resignation of auditors, class meetings and the conduct of the board of supervisors of the company. Such provisions have been incorporated into the Articles of Association, a summary of which is set out in Appendix VI.

(7) Redeemable shares

The company must not issue any redeemable shares unless the Stock Exchange is satisfied that the relative rights of the holders of the foreign shares are adequately protected.

(8) Pre-emptive rights

Except in the circumstances mentioned below, the directors of a company are required to obtain the approval by a special resolution of shareholders in general meeting, and the approvals by special resolutions of the holders of domestic shares and foreign shares (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the company's Articles of Association, prior to (1) authorizing, allotting, issuing or granting shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities; or (2) any major subsidiary of the company making any such authorization, allotment, issue or grant so as materially to dilute the percentage equity interest of the company and its shareholders in such subsidiary.

No such approval will be required, but only to the extent that, the existing shareholders of the company have by special resolution in general meeting given a mandate to the directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of the existing domestic shares and foreign shares as of the date of the passing of the relevant special resolution or of such shares that are part of the company's plan at the time of its establishment to issue domestic shares and foreign shares and which plan is implemented within 15 months from the date of approval by the CSRC; or where upon approval by securities supervision or administration authorities of State Counsel, the shareholders of domestic invested shares of the company transfer its shares to overseas investors and such shares are listed and traded in foreign markets.

(9) Supervisors

The company is required to adopt rules governing dealings by its Supervisors in securities of the company in terms no less exacting than those of the model code (set out in Appendix 10 to the Listing Rules) issued by the Stock Exchange.

The company is required to obtain the approval of its shareholders at a general meeting (at which the relevant Supervisor and his associates shall not vote on the matter) prior to the company or any of its subsidiaries entering into a service contract of the following nature with a Supervisor or proposed Supervisor of the company or its subsidiary: (1) the term of the contract may exceed three years; or (2) the contract expressly requires the company to give more than one year's notice or to pay compensation or make other payments equivalent to the remuneration more than one year.

The remuneration committee of the company or an independent board committee must form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the company and its shareholders as a whole and advise shareholders on how to vote.

(10) Amendment to the Articles of Association

The company is required not to permit or cause any amendment to be made to its Articles of Association which would cause the same to cease to comply with the Mandatory Provisions of the Listing Rules and the Mandatory Provisions or the PRC Company Law.

(11) Documents for inspection

The company is required to make available at a place in Hong Kong for inspection by the public and its Shareholders free of charge, and for copying by shareholders at reasonable charges the following:

- a complete duplicate register of shareholders;
- a report showing the state of the issued share capital of the Company;
- the company's latest audited financial statements and the reports of the Directors, auditors and Supervisors (if any) thereon;
- special resolutions of the company;
- reports showing the number and nominal value of securities repurchased by the company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between Domestic Shares and H Shares);
- a copy of the latest annual return led with the Shenzhen Administration for Industry and Commerce; and
- for shareholders only, copies of minutes of meetings of shareholders.

(12) Receiving agents

The company is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owing in respect of the H Shares to be held, pending payment, in trust for the holders of such H Shares.

(13) Statements in H share certificates

The company is required to ensure that all of its listing documents and H share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect that the acquirer of shares:

- agrees with the company and each Shareholder of the company, and the company agrees with each shareholder of the company, to observe and comply with the PRC Company Law, the Special Regulations, the Articles of Association and other relevant laws and administrative regulations;
- agrees with the company, each shareholder, Director, Supervisor, manager and officer of the company, and the company acting for itself and for each Director, Supervisor, manager and officer of the company agrees with each shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC

Company Law or other relevant laws and administrative regulations concerning the affairs of the company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

- agrees with the company and each shareholder of the company that the H Shares are freely transferable by the holder thereof; and

- authorizes the company to enter into a contract on his behalf with each Director, Supervisors, Managers and officer of the company whereby each such Director and officer undertakes to observe and comply with his obligation to shareholders as stipulated in the Articles of Association.

(14) Compliance with the PRC Company Law, the Special Regulations and the Articles of Association

The company is required to observe and comply with the PRC Company Law, the Special Regulations and the Articles of Association.

(15) Contract between the Company and its Directors, officers and Supervisors

The company is required to enter into a contract in writing with every Director and officer containing at least the following provisions:

- an undertaking by the Director or officer to the company to observe and comply with the PRC Company law, the Special Regulations, the Articles of Association, the Codes on Takeovers and Mergers and Share Repurchases and an agreement that the company shall have the remedies provided in the Articles of Association and that neither the contract nor his office is capable of assignment;

- an undertaking by the Director or officer to the company acting as agent for each shareholder to observe and comply with his obligations to shareholders as stipulated in the Articles of Association;

- an arbitration clause which provides that whenever any differences or claims arise from that contract, the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant law and administrative regulations concerning the affairs of the company between the company and its Directors or officers and between a holder of H Shares and a Director or officer of the company, such differences or claims will be referred to arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its Securities Arbitration Rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. Such arbitration will be final and conclusive;

- if the party seeking arbitration elects to arbitrate the dispute or claim at HKIAC, then either party may apply to have such arbitration conducted in Shenzhen according to the Securities Arbitration Rules of HKIAC;

- PRC laws shall govern the arbitration of disputes or claims referred to above, unless otherwise provided by law or administrative regulations;

- the award of the arbitral body is final and shall be binding on the parties thereto;

- the company is also required to enter into a contract in writing with every supervisor containing statements in substantially the same terms; and
- disputes over who is a shareholder and over the share registrar do not have to be resolved through arbitration.

(16) Subsequent listing

The company must not apply for the listing of any of its foreign shares on a PRC stock exchange unless the Stock Exchange is satisfied that the relative rights of the holders of foreign shares are adequately protected.

(17) English translation

All notices or other documents required under the Listing Rules to be sent by the company to the Stock Exchange or to holders of H Shares are required to be in the English language, or accompanied by a certified English translation.

(18) General

If any change in the PRC law or market practices materially alters the validity or accuracy of any of the basis upon which the additional requirements have been prepared, then the Stock Exchange may impose additional requirements or make listing of the equity securities of a PRC issuer, including the company, subject to special conditions as the Stock Exchange considers appropriate. Whether or not any such changes in the PRC law or market practices occur, the Stock Exchange retains its general power under the Listing Rules to impose additional requirements and make special conditions in respect of the company's listing.

Other Legal and Regulatory Provisions

Upon the company's listing, the provisions of the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Repurchases and such other relevant ordinances and regulations as may be applicable to companies listed on the Stock Exchange will apply to the company.

Securities Arbitration Rules

The Articles of Association provide that certain claims arising from the Articles of Association, PRC Company Law and other applicable laws shall be arbitrated at either the CIETAC or the HKIAC in accordance with their respective rules. The Securities Arbitration Rules of the HKIAC contain provisions allowing an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Stock Exchange so that PRC parties and witnesses may attend.

Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties, including witnesses and the arbitrators, being permitted to enter Shenzhen for the purpose of the hearing. Where a party (other than a PRC party), or any of its witnesses, or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and China Taiwan.

Any person wishing to have detailed advice on PRC law or the laws of any jurisdiction is recommended to seek independent legal advice.

This Appendix set out summaries of the main clauses of our Articles of Association adopted on April 15, 2014, and its subsequent amendments which shall become effective as of the date on which the H Shares are listed on the Stock Exchange. As the main purpose of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not necessarily contain all information that is important for investors. As discussed in the appendix headed "Appendix VIII – Documents Delivered to the Registrar of Companies and Available for Inspection" to this Prospectus, the full document of the Articles of Association in Chinese is available for examination.

1 DIRECTORS AND BOARD OF DIRECTORS

(a) Power to allocate and issue shares

The Articles of Association does not contain clauses that authorize the Board of Directors to allocate or issue shares. The Board of Directors shall prepare suggestions for share allotment or issue, which are subject to approval by the Shareholders at the Shareholders' general meeting in the form of a special resolution. Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws and administrative regulations.

(b) Power to dispose assets of our Company or our subsidiaries

If the sum of the expected value of the fixed assets to be disposed of, and the amount or value of the cost received from the fixed assets of our Company disposed of within the four months immediately preceding a suggestion for disposal exceeds 33% of the value of fixed assets of our Company, as indicated on the latest audited balance sheet submitted to the Shareholders at the Shareholders' meeting, the Board of Directors shall not dispose of or agree to dispose of such fixed assets without the prior approval of shareholders at the Shareholders' general meeting. The above disposal refers to the transfer of rights and interests in certain assets, but does not include the provision of guarantees with fixed assets. The validity of the transactions with respect to the disposal of fixed assets of our Company shall not be affected by the violation of the above restrictions contained in the Articles of Association.

(c) Indemnification or compensation for loss of office

As provided in the contract entered into between our Company and the Directors or Supervisors in connection with their emoluments, the Directors and Supervisors are entitled to compensation or other payments for loss of office or retirement as a result of the acquisition of our Company, subject to the approval of the Shareholders at the general Shareholders' meeting in advance. Acquisition of our Company refers to any of the following circumstances:

(i) An offer made to all the Shareholders; or

(ii) An offer made by any person such that the offeror will become the Controlling Shareholder of our Company (as defined in the Articles of Association).

If the relevant Director or Supervisor fails to comply with the above requirements, any payment received shall belong to the person who sells the shares for accepting the aforesaid offer. The Director or Supervisor shall bear all expenses arising from the distribution of such payments to the person in a proportional manner and all related expenses shall not be deducted from these payments distributed.

(d) Loans to Directors, Supervisors or other management personnel

Our Company shall neither provide the Directors, Supervisors or senior management of our Company or our parent company with loans or loan guarantees either directly or indirectly nor provide persons related to the above personnel with loans or loan guarantees.

The following transactions are exempted from the above clauses:

(i) Our Company provides our subsidiaries with loans or loan guarantees;

(ii) Our Company provides any of the Directors, Supervisors or senior management with loans, loan guarantees or any other funds pursuant to the employment contracts approved at the Shareholders' meeting to pay all expenses incurred by Directors, Supervisors or senior management for the purpose of our Company in the performance of their duties; and

(iii) In case that the normal scope of business of our Company covers the provision of loans or loan guarantees, our Company may provide any of the Directors, Supervisors or senior management or other related personnel with loans or guarantees for loans, provided that the loans or loan guarantees shall be normal commercial conditions.

In the event that our Company provides loans in violation of this restriction, the person who receives the loan(s) must pay off the loan(s) immediately, regardless of the conditions attached to the loans. Any loan guarantees provided by our Company in violation of the above requirements shall not be mandatorily enforced against us, unless under the following circumstances:

(i) The loan provider unknowingly provides loans to personnel related to the Directors, Supervisors or senior management of our Company or our parent company; or

(ii) The collateral provided by our Company is sold lawfully by the lender to the buyer in good faith.

For the purpose of the above provisions, "guarantee" includes the acts of the guarantor bearing the liabilities or providing properties to ensure that the obligor performs the obligations.

(e) Provide financial aid for acquiring the Shares or shares of any of our subsidiaries

Pursuant to the Articles of Association:

(i) Our Company or our subsidiaries shall not provide any financial assistance at any time or in any manner to personnel that acquire or plan to acquire our Shares. Such personnel include any who undertake obligations, directly or indirectly, from acquiring the Shares, and

(ii) Our Company or any of our subsidiaries shall not provide personnel mentioned in the preceding paragraph with financial aid at any time or in any manner to mitigate or exempt the obligations of the above personnel.

The following transactions are not prohibited:

(i) Related financial aid provided by our Company in good faith which is in our interest and the main purpose of which is not to acquire our Shares or is an incidental part of a master plan of our Company;

(ii) The lawful distribution of our properties by way of dividend;

(iii) Distribution of dividends in the form of shares;

(iv) Reducing the registered capital, redeeming the Shares or adjusting the equity structure pursuant to the Articles of Association;

(v) Our Company grants loans within our scope of business and in the ordinary course of our business, provided that such loans shall not result in reduction in the net assets of our Company or even if the net assets are reduced, this financial aid is paid from the profit available for distribution; and

(vi) Our Company provides the employee stock ownership plan with funds, provided that such loans shall not result in reduction in the net assets of our Company or, even if the net assets are reduced, this financial aid is paid from the profit available for distribution.

For the purpose of the above provisions:

(i) "Financial aid" includes, but is not limited to:

(aa) Gifts;

(bb) Guarantees (including acts of the guarantor assuming liabilities or providing property to ensure that the obligor performs the obligations), compensation (excluding compensation arising from mistakes of our Company), release or waiver of rights;

(cc) Provision of loans or signing of contracts whereby our Company performs some obligations before others, change of the parties to the loans/contracts as well as the assignment of the rights in the loans/contracts; or

(dd) Financial aid provided by our Company in any other manner when it is insolvent, has no net assets, or will suffer significant decreases in net assets.

(ii) "Assuming obligations" includes an obligor undertaking obligations by signing agreements or making arrangements (no matter whether the agreements or arrangements are enforceable on demand or bearing the obligations by itself or jointly with any other person) or changing its financial status in any other manner.

(f) Disclose matters relating to the contract rights of our Company and voting on the contract/s

When any of the Directors, Supervisors and senior management has material interests in the contracts, transactions or arrangements that our Company has entered into or plans to enter into in any manner directly or indirectly (except for employment contracts that our Company has entered into with the Directors, Supervisors and senior management), the above personnel shall disclose the nature and degree of their interests to the Board of Directors as soon as possible no matter whether the above contracts, transactions, arrangements or suggestions are subject to the approval of the Board of Directors in normal circumstances.

With respect to any contract, transaction, arrangement or proposal in which a Director or his associates have a material interest, subject to such certain exceptions available under the Listing Rules or such exceptions as the Stock Exchange may approve, the Director shall withdraw and not participate in voting; and the Director shall not be included when determining whether the number of directors attending the meeting reaches a quorum.

Unless the Directors, Supervisors and senior management who have interests have made disclosure to the Board of Directors in accordance with the above requirements and the Board of Directors approves the matters at the meeting in which they are not included in the quorum nor participate in voting, our Company shall have the right to cancel the contracts, transactions or arrangements, except where the opposite party is a party that has acted in good faith without knowledge of the acts of related Directors, Supervisors and senior management violating their obligations.

Where associates of the Directors, Supervisors and senior management have interests in certain contracts, transactions and arrangements, the related Directors, Supervisors and senior management shall be deemed to have interests.

(g) Remuneration

Our Company shall sign written agreements with the Directors and Supervisors regarding remuneration, which shall be subject to prior approval of the general Shareholders' meeting, including:

(i) Remuneration for providing services as the Directors, Supervisors or senior management of our Company;

(ii) Remuneration for providing services as the Directors, Supervisors or senior management of our subsidiaries;

(iii) Remuneration for providing other services for management of our Company and our subsidiaries; and

(iv) Compensation received by the Directors or Supervisors as a result of loss of position or retirement.

No Director or Supervisor shall institute any litigation against our Company over any interests payable relative to the above unless provided for in the above contracts.

(h) Resignation, Appointment and Dismissal

None of the following persons shall serve as our Director, Supervisor or senior management:

(i) Anyone who has no civil capacity or has limited civil capacity;

(ii) Anyone who has been convicted of the offense of corruption, bribery, embezzlement, larceny, or disrupting the social economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence;

(iii) Anyone who has served as director, factory manager or manager of a company or enterprise that is bankrupt and liquidated as a result of improper management, was personally liable for the bankruptcy of the company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of the company or enterprise;

(iv) Anyone who has served as the legal representative of a company or enterprise whose business license was revoked due to violation of the law, was personally liable, and is within three years of the date on which the business license of our Company or enterprise was revoked;

(v) Anyone who has a large sum of debt, which was not paid at maturity;

(vi) Anyone who is investigated by the judicial agencies for violation of criminal law and whose case is pending;

(vii) Anyone who may not serve as a head of the company pursuant to the provisions of the laws and administrative regulations, or regulations of the competent authorities;

(viii) Anyone who is not a natural person;

(ix) Anyone judged by the competent agencies to have violated the provisions of relevant securities laws, has been involved in deceptive or dishonest acts and is within five years of the date on which the judgment was made; or

(x) Other circumstances which are applicable pursuant to the provisions of the laws and administrative regulations, or regulations of the competent authorities.

The validity of the acts of the Directors, Supervisor or senior management on behalf of our Company to bona fide third parties shall not be affected by any irregularities in their appointment, election or qualifications.

The Board of Directors consists of nine directors and these are elected at the general Shareholders meeting. The Directors need not hold any of our Shares.

The chairman shall be elected and dismissed by a vote of more than one half of the Directors. Subject to compliance with related laws and administrative regulations, the general Shareholders' meeting may remove any Director whose term has not expired by an ordinary resolution without affecting any claim for damages that may be made pursuant to any contract.

The Directors serve three-year terms. Upon expiration of the term, the Director may be re-elected.

Written notice concerning proposed nomination of a director candidate and indication of the candidate's intention to accept the nomination shall be sent to our Company seven days before the general Shareholders' meeting is convened (the period shall commence on the day after the dispatch of the notice of the general meeting appointed for such election by our Company).

(i) Power to Obtain Loans

The Articles of Association does not include any special provision regarding the manner in which the Directors may exercise the right to obtain loans or the manner in which such a right is created except (a) the provision regarding the power of the Directors to develop schemes for our Company to issue bonds, and (b) the provision that the bond issue must be approved by the Shareholders through a special resolution at the general Shareholders' meeting.

(j) Responsibilities

The Directors, Supervisors and senior management shall bear the obligations of good faith and diligence towards our Company. In the event of violation of obligations owed to our Company by the Directors, Supervisors and senior management, we shall have the right to take the following measures in addition to various rights and remedial measures stipulated in legal and administrative regulations:

(i) Require related Directors, Supervisors or senior management to compensate our Company for losses sustained as a result of their neglect of duty;

(ii) Cancel any contract or transaction entered into between the Company and related Directors, Supervisors or senior management as well as any contract or transaction entered into between our Company and any third person when the third person knew or should have known that the Directors, Supervisors or senior management acting on behalf of our Company violated their obligations owed to our Company;

(iii) Require the relevant Directors, Supervisors or senior management to turn over the proceeds obtained from the violation of their obligations;

(iv) Recover funds collected by the relevant Directors, Supervisors or senior management that should have been collected for our Company, including but not limited to commissions;

(v) Require the relevant Directors, Supervisors or senior management to return the interest earned or that may be earned from funds that should have been paid to our Company.

When performing their responsibilities, the Directors, Supervisors and senior management must comply with the principle of integrity and shall not put themselves in situations where their own interests may conflict with the obligations they have undertaken. This principle includes, but is not limited to, performing the following obligations:

(i) Sincerely taking the best interests of our Company as the starting point of any action;

(ii) Exercising one's rights within but not exceeding the scope of authority;

(iii) Exercising conferred discretionary powers personally without being manipulated by others; not transferring discretionary powers to other persons unless and to the extent permitted by laws and administrative regulations or with the informed consent of shareholders given in a general meeting;

(iv) Treating Shareholders of the same type equally and Shareholders of different types fairly;

(v) Entering into any contract, transaction or arrangement with our Company is not allowed, unless in line with the Articles of Association or otherwise by the approval of the general Shareholders' meeting with its full knowledge;

(vi) Seeking private gain using the properties of our Company in any manner is not allowed, unless agreed by the general Shareholders' meeting with its full knowledge;

(vii) Using one's position to take bribes or other illegal gains is not allowed, nor is any form of embezzlement of our property, including, but not limited to, opportunities beneficial to our Company;

(viii) Accepting commissions associated with transactions of our Company is not allowed unless agreed by the general Shareholders' meeting with its full knowledge;

(ix) Compliance with the Articles of Association, discharging duties in a faithful manner, safeguarding the interests of our Company rather than seeking private gain by taking advantage of one's position and authority in our Company;

(x) Competing with our Company in any manner is not allowed, unless agreed by the Shareholders at the general Shareholders' meeting with its full knowledge;

(xi) Misappropriation of our funds or lending these funds to others is not allowed, nor is depositing the assets of our Company in an account opened in one's own name or other names, nor is using the assets of our Company to provide guarantees for the debts of the Shareholders or other individuals; and

(xii) Disclosure of any confidential information relating to our Company obtained during employment is not allowed without the consent of the general shareholders' meeting with its full knowledge; unless in the interest of our Company, using such information is also not allowed; however, under the following circumstances the information may be disclosed to a court or other competent government agencies as required by: (1) the provisions of the law; (2) the public interest; (3) the interest of the Directors, Supervisors or senior management.

The Directors, Supervisors and senior management may not direct the following personnel or institutions ("related personnel") to do acts that Directors, Supervisors and senior management are prohibited from doing:

(i) Spouses or minor children of the Directors, Supervisors and senior management;

(ii) Trustors of the Directors, Supervisors and senior management or the persons mentioned in (i);

(iii) Partners of the Directors, Supervisors and senior management or persons mentioned in (i) and (ii);

(iv) The company under de facto control by the Directors, Supervisors and senior management individually or jointly with the persons or other directors, supervisors and senior management of companies mentioned in (i), (ii) and (iii); or

(v) Directors, Supervisors or senior management of the controlled companies mentioned in (iv).

The good faith obligation owed by the Directors, Supervisors and senior management may not necessarily terminate with the expiration of their terms; their obligation to keep the trade secrets of our Company in confidence shall survive the expiration of their terms, until such secrets become public available. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time from the occurrence of the events to the time of resignation, as well as the circumstances and conditions under which the relationship with our Company is terminated.

Except as otherwise provided in the Articles of Association, liabilities of Directors, Supervisors and senior management arising from the violation of specific duties may be released by informed shareholders in general meetings.

Apart from the obligations set forth in related laws, administrative regulations or the listing rules of the stock exchange where the Shares are listed, the Directors, Supervisors or senior management shall assume the following obligations for each of the Shareholders when exercising their rights and performing their responsibilities:

(i) They may not cause our Company to operate beyond the scope of business indicated on our business license;

(ii) They shall sincerely take the best interests of our Company as the starting point of any action;

(iii) They may not deprive our Company of our properties in any manner, including, but not limited to, opportunities beneficial to our Company; and

(iv) They may not deprive the Shareholders of personal rights and interests, including, but not limited to, the right to receive dividends distributed and to vote, except for restructuring of our Company approved at the general Shareholders' meeting pursuant to the provisions of the Articles of Association.

The Directors, Supervisors and senior management have the responsibility when exercising their rights or carrying out their obligations to act with the care, diligence and skill due from a reasonably prudent person under similar circumstances.

2 MODIFICATION OF THE ARTICLES OF ASSOCIATION

We may amend the Articles of Association based on the provisions of the relevant laws, administrative regulations and Articles of Association.

Where the amendment of the Articles of Association involves our registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

3 SPECIAL VOTING PROCEDURES OF CLASSIFIED SHAREHOLDERS

Any Shareholder who holds different types of Shares is a classified Shareholder. Any plan of our Company to change or abolish the rights of a classified Shareholder is subject to the approval of the general Shareholders' meeting in the form of a special resolution and the approval of the affected classified Shareholders at a separately convened Shareholders' meeting in accordance with the Articles of Association before it can be implemented. The rights of a classified Shareholder shall be viewed as changed or abolished under any of the following circumstances:

(a) Increase/reduce the number of the classified Shares, or increase/reduce the number of classified Shares with equal or more voting rights, distribution rights and other privileges than this type of classified Shares;

(b) Convert all or part of the classified Shares into other types or convert another type of Shares, partly or wholly, into this type of classified Shares or grant such conversion right;

(c) Cancel/reduce the right of the classified Shares to obtain dividends generated or cumulative dividends;

(d) Reduce/cancel the right of the classified Shares to receive dividends on a priority basis or the priority right to receive property distribution in the liquidation of our Company;

(e) Increase/cancel or reduce the right of the classified Shares to convert Share rights, options rights, voting rights, transfer rights, and pre-emptive rights, or the right to obtain the securities of our Company;

(f) Cancel/reduce the right of the classified Shares to receive funds payable of our Company in specified currencies;

(g) Create new classified Shares entitled to equal or more voting rights, distribution rights, or other privileges than the classified Shares;

(h) Impose restrictions on the transfer of ownership of the classified Shares or increase such restrictions;

(i) Issue subscription or conversion rights for this or other classified Shares;

(j) Increase the rights and privileges of other types of Shares;

(k) The restructuring plan of our Company may constitute different types of Shareholders to assume responsibilities disproportionately; or

(l) Amend or abolish clauses stipulated in our Articles of Association.

Whether or not the affected classified Shareholders have voting rights at the general Shareholders' meeting, in the event of matters described above from (b) through (h), (k) and (l), they have voting rights at the classified Shareholders' meeting, but the Shareholders that have interests at stake (as defined in our Articles of Association) shall have no voting rights at the classified Shareholders' meeting.

The resolution of the classified Shareholders' meeting shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the classified Shareholders' meeting.

When convening a classified Shareholders' meeting, 45 days (excluding the date of the meeting) before the meeting is convened, our Company shall send a written notice to inform all registered holders of the classified Shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. Shareholders planning to attend the meeting shall send our Company a written reply concerning attendance at the meeting 20 days before the meeting.

In the event that the number of shares with voting power represented by Shareholders planning to attend the meeting accounts for more than one half of the total number of said classified Shares with voting power at the meeting, our Company may convene a classified Shareholders' meeting. If this number is not reached, our Company shall again inform the Shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement or other forms stipulated in our Articles of Association and our Company may convene a classified Shareholders' meeting once the announcement or other forms of notice stipulated in our Articles of Association is delivered.

The notice of the classified Shareholders' meeting needs only to be sent to the Shareholders who have the right to vote at the meeting.

Insofar as possible, any classified Shareholders' meeting shall be held in accordance with the same procedures as those of the general Shareholders' meeting, and any clause that relates to the procedures for convening the general Shareholders' meeting in the Articles of Association shall apply to any classified Shareholders' meeting.

Apart from the holders of other classified Shares, the holders of Domestic Shares and the holders of overseas listed foreign Shares are considered as different classified Shareholders.

The special procedures for voting by classified Shareholders shall not apply under the following circumstances:

(a) Upon the approval by a special resolution at the general Shareholders' meeting, our Company either separately or concurrently issues Domestic Shares and overseas-listed foreign shares once every 12 months , and the number of those shares to be issued shall not account for more than 20% of each of its outstanding shares;

(b) The plan to issue Domestic Shares and overseas listed foreign Shares upon the establishment of our Company is completed within 15 months of the date of approval by the securities regulatory agency of the State Council; or

(c) Upon the approval by the securities regulatory authorities of the State Council, the unlisted Shares held by our Shareholders become listed or traded on an overseas stock exchange.

4 SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY MAJORITY VOTE

The resolutions of the Shareholders' meeting are categorized as ordinary resolutions and special resolutions.

An ordinary resolution can be adopted by a simple majority of the votes held by the Shareholders (including proxies) attending the general Shareholders' meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the Shareholders (including proxies) attending the general Shareholders' meeting.

5 VOTING RIGHTS (GENERALLY ON A POLL AND RIGHT TO DEMAND A POLL)

The ordinary Shareholders have the right to attend or appoint a proxy to attend and vote at the general shareholders' meeting. When voting at the general shareholders' meeting, the shareholder (or proxy) may exercise his or her voting rights in accordance with the number of shares with voting power held with each share representing one vote.

When voting at a general meeting, shareholders (including their proxies) who are entitled to two or more votes are not required to vote against or in favor with their total number of votes.

When the number of dissenting votes equals the number of supporting votes, the chairman of the meeting is entitled to one additional vote.

6 GENERAL SHAREHOLDERS' MEETINGS

The general shareholders' meetings are divided into annual general shareholders' meetings and extraordinary general meetings. General shareholders' meetings are called by the Board of Directors. The annual general shareholders' meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

7 ACCOUNTING AND AUDITS

(a) Financial and accounting policies

Our Company shall develop its financial accounting policies pursuant to PRC laws, administrative regulations, as well as accounting standards developed by the competent department in charge of finance under the State Council.

The Board of Directors shall submit the financial reports of our Company, as required by the laws, administrative regulations or directives promulgated by local governments and competent authorities to be prepared by our Company, at every annual Shareholders' meetings.

Apart from the Chinese accounting standards for business enterprises and regulations, the financial reports of our Company shall also conform to international accounting standards and the accounting standards of overseas jurisdiction in which the Shares are listed. In the event of any major discrepancy between the financial reports prepared in accordance with the two accounting standards, such difference must be provided in the notes to the financial reports. As to the distribution of after-tax profits of our Company in a fiscal year, the after-tax profits indicated on the two financial reports, whichever is lower, shall prevail.

Our Company shall make its financial reports available for inspection by the Shareholders 20 days before the annual general Shareholders' meeting is convened. Each Shareholder is entitled to obtain one copy of the financial report.

Our Company shall send the aforesaid reports to each of the holders of overseas-listed foreign Shares by the manner as stipulated in the Articles of Association of our Company or by postage-paid mail at least 21 days before the annual general Shareholders' meeting is convened and the recipient's address shall be the address as shown in the register of Shareholders.

Our Company's interim results or financial information published or disclosed by our Company shall at the same time be prepared in accordance with PRC accounting standards, regulations, international accounting standards as well as the accounting standards of the overseas jurisdiction in which the Shares are listed.

Our Company must publish the financial reports twice in each fiscal year. Interim financial reports shall be published within 60 days of the end of the first six months of a fiscal year, while the annual financial report shall be published within 120 days of the completion of each fiscal year. Whereas there are separate provisions by the overseas securities regulatory authorities in which the Shares are listed, those provisions shall prevail.

The Company shall not keep any accounting books other than those specified by law.

(b) Appointment and Dismissal of Accountants

Our Company shall appoint an accounting firm with independent qualifications that meets appropriate requirements of the state to be responsible for auditing its annual report and reviewing its other financial reports.

The term of the accounting firm appointed by our Company shall start at the close of the annual general Shareholders' meeting and continue until the close of the next annual Shareholders' meeting.

Without prejudice to the right of the accounting firm to claim for compensation (if any) for being dismissed and replaced, the Shareholders may replace the accounting firm through an ordinary resolution at the general Shareholders' meeting prior to the expiration of the term of any accounting firm notwithstanding the terms and conditions of the contract howsoever entered into between our Company and the accounting firm.

Remuneration of the accounting firm and the manner in which the remuneration is determined shall be decided on by the Shareholders at the general Shareholders meeting. The remuneration of the accounting firm appointed by the Board of Directors shall be confirmed by the Board of Directors.

Appointment, dismissal/replacement or termination of the contract of the accounting firm by our Company is subject to the resolution of the Shareholders at the general Shareholders' meeting and shall be filed with the securities regulatory agency of the State Council.

Before dismissing, reappointing, replacing or terminating the contract with the accounting firm, our Company shall send a notice to the accounting firm in advance notifying it of the matters relating to the dismissal, reappointment, replacement or contract termination, and the accounting firm shall be entitled to attend the general Shareholders' meeting and make a statement.

In the event that the accounting firm requests to resign, it shall declare to the general Shareholders' meeting whether our Company is affected by any improprieties.

The accounting firm shall resign by sending a written resignation notice to our Company's legal address. The notice shall take effect on the date of delivery to that address or on the date specified in the notice, whichever is later.

The notice shall include the following statements:

(i) Its resignation does not include any statement that should be disclosed to the Shareholders or creditors of our Company; or

(ii) Any statement that should be disclosed.

Within 14 days of receipt of the notice mentioned above, our Company shall send the copy of the notice to related competent agencies. If the notice includes statements mentioned in (ii) of the preceding paragraph, our Company shall retain a copy thereof for perusal by the Shareholders and deliver such copy in accordance with Articles of Association or send a copy of the above-mentioned statements to shareholders of overseas listed foreign invested shares in accordance with the addresses registered on the register of Shareholders by postage-prepaid mail.

In the event that the resignation notice of the accounting firm includes any statement that should be disclosed to the Shareholders or creditors, the accounting firm may request the Board of Directors to convene an extraordinary general meeting to hear its explanations regarding the resignation.

8 NOTIFICATION AND AGENDA OF GENERAL SHAREHOLDERS' MEETINGS

The general Shareholders' meeting is the authorized organ of our Company that can perform duties and exercise powers in accordance with the law.

Apart from special circumstances such as where our Company is in crisis, without the approval of a special resolution of the general Shareholders' meeting, our Company shall not enter into a contract with any person other than the Directors, Supervisors and senior management that would make a person responsible for the management of all or part of the main business of our Company.

Under any of the following circumstances, the Board of Directors shall convene an extraordinary general meeting within two months:

(a) The number of Directors is less than the number specified in the PRC Company Law or less than two thirds of the number required in the Articles of Association;

(b) The uncovered losses of our Company reach one-third of its total paid-in share capital;

(c) The Shareholders with 10% or more voting power separately or jointly request to convene an extraordinary general meeting in writing;

(d) The Board of Directors considers it necessary or the Supervisory Committee proposes convening an extraordinary general meeting; or

(e) Any other circumstances stipulated in laws, administrative regulations, regulations of the competent authorities or the Articles of Association.

When convening a general Shareholders' meeting, our Company shall send a written notice to inform all registered Shareholders of the matters to be deliberated at the meeting as well as the date and venue of the meeting 45 days before it is convened (excluding the date of meeting). Shareholders planning to attend shall send to our Company a written reply to that effect 20 days before the meeting is held.

At our Company's general Shareholders' meeting, the Shareholders jointly holding 3% or more Shares with voting power are entitled to submit written proposals to our Company.

Our Company shall calculate the number of Shares with voting power represented by the Shareholders planning to attend the general Shareholders' meeting in accordance with the written replies received 20 days before the meeting is convened. In the event that the number of Shares with voting power represented by the Shareholders planning to attend reaches more than one half of our total number of Shares with voting power, our Company may convene the general Shareholders' meeting. If this number is not reached, our Company shall again inform the Shareholders of the matters to be deliberated and the date and venue of the meeting within five days in the form of an announcement or other forms stipulated in our Articles of Association before the general Shareholders' meeting may be convened.

The notice of the general Shareholders' meeting shall be in writing and meet the following requirements:

(a) Specified venue, date and time of the meeting;

(b) Specified matters to be deliberated at the meeting;

(c) Provision to the Shareholders of the detailed information and contract and the materials and explanations about the cause and consequence necessary for the Shareholders to make sound decisions about the matters to be deliberated. This principle includes, but is not limited to, the provision of the detailed terms and contract(s), if any, of the proposed transaction(s) and proper explanations about related causes and effects when our Company proposes merger/s, redemption of shares, restructuring of stock capital or other restructuring;

(d) In the event that any of the Directors, Supervisors, president or other senior management has material interests at stake in matters to be deliberated, the nature and extent of the interests at stake shall be disclosed. If the matters to be deliberated affect any Director, Supervisor, president or other senior management as a Shareholder in a manner different from how they affect other Shareholders of the same type, the difference shall be explained;

(e) Inclusion of the full text of any special resolution to be proposed for adoption at the meeting;

(f) A clear explanation that the Shareholder is entitled to attend and vote at the general Shareholders' meeting, or to appoint one or more entrusted representative to attend and vote at the meeting on his or her behalf and that such may not necessarily be Shareholders;

(g) Specified delivery time and place of the power of attorney for proxy voting of the meeting; and

(h) Name and Telephone Numbers of permanent contact for meeting affairs.

The notice of the general Shareholders' meeting and circular of the Company shall be sent in announcement, person or by postage-paid mail, to the holders of H Shares in accordance with the relevant provisions of the Listing Rules regardless of whether such Shareholders have the right to vote at the general Shareholders' meeting, and each recipient's address shall be according to the address indicated on the register of Shareholders. For holders of Domestic Shares, the notice of our general Shareholders' meeting may be given in the form of an announcement.

This announcement shall be published in one or more newspapers designated by the securities governing authority of the State Council within a period of 45 to 50 days before the meeting is convened. Once the announcement is made, all holders of Domestic Shares shall be deemed to have received the notice of our general Shareholders' meeting.

For holders of overseas listed foreign shares, the announcement of our general Shareholders' meeting may be published in one or more newspapers designated by the HKEx, at least including one Chinese and one English publication accessible via websites designated by our company or the Stock Exchange. Once the announcement is made, all holders of overseas listed foreign shares shall be deemed to have received the notice of our general Shareholders' meeting.

The Shareholders who wish to convene an extraordinary general meeting or classified Shareholders' meeting in accordance with the following procedures:

(a) Shareholders who separately or jointly hold 10% or more of the Shares carrying voting rights may request the Board to convene an extraordinary general meeting or classified Shareholders' meeting by signing a written requirement or several copies with the same format and to illustrate the subject of the meetings. The Board shall convene an extraordinary general meeting or classified Shareholders' meeting as soon as practicable upon receipt of the foresaid written requirement. The aforesaid number of share holdings is calculated as at the date of the submission of the written requirement by the Shareholders.

(b) In the event that the Board cannot or fails to perform its duty to convene a meeting, the Supervisory Committee shall convene and chair the meeting in time; if the Supervisory Committee fails to convene and chair the meeting, the Shareholders who separately or jointly hold more than 10% of the Shares of our Company within more than 90 consecutive days may convene and chair by themselves.

If the Shareholders call and convene a meeting by themselves since the Board cannot convene a meeting in accordance with the foresaid requirement, the expenses reasonably arising therefrom shall be borne by our Company and deducted from the amounts due to the Directors as a result of loss of office.

Shareholders who separately or jointly hold more than 3% of the Shares of our Company may submit a temporary proposal to the Board in writing within 10 days from the convening of the general Shareholders' meeting; the Board shall notify other shareholders within two days of receipt of the proposal and submit this temporary proposal to the general Shareholders' meeting for consideration The contents of the temporary proposal shall fall into the category of the terms of reference of the general Shareholders' meeting and it shall have an explicit subject and specific resolutions.

Apart from aforesaid matters, the convener shall not amend the proposals stated in the notice of the general Shareholders' meeting or add new proposals upon issuance of the announcement on the notice of the general Shareholders' meeting.

The general Shareholders' meeting shall be convened by the Board and chaired by the chairman; if the chairman is unable to or fails to perform his duties, the general Shareholders' meeting shall be chaired by a director co-elected by more than half of the directors. If the Board is unable to or fails to perform its duty to convene the general Shareholders' meeting, the Supervisory Committee shall convene and chair the meeting in time; if the Supervisory Committee is unable to or fails to perform its duty to convene the general Shareholders' meeting, the shareholders who separately or jointly hold more than 10% of our Company's shares within more than 90 consecutive days may convene and chair the meeting by themselves, and the present shareholders may elect the chairman. If the Shareholders are unable to elect the chairman due to any reason, the shareholder (including his proxy) presented at the meeting who hold the shares carrying the maximum voting rights shall act as the chairman of the meeting.

The following matters shall be approved by the general Shareholders' meeting through ordinary resolutions:

(a) Work report of the Board of Directors and Supervisory Committee;

(b) Plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;

(c) Appointment or dismissal, remuneration and payment methods of the members of the Board of Directors and those members of Supervisory Committee not appointed to the committee as staff representatives;

(d) Annual budget/final account report, balance sheet, income and other financial statements of our Company; and

(e) Other matters in addition to those approved by special resolution stipulated in the laws, administrative regulations or the Articles of Association.

The following matters shall be approved by special resolution at the general Shareholders' meeting:

(a) Our Company's capital stock increases/decreases and issues of any type of shares, warrants and other similar securities;

(b) Our Company's bond issues;

(c) Division, merger, dissolution and liquidation of our Company and the change of form of our Company;

(d) Amendment of the Articles of Association; and

(e) Other matters as required by the laws, administrative regulations or the Articles of Association, and as approved by ordinary resolution of the general Shareholders' meeting which are believed could materially affect our Company and need to be approved by special resolution.

9 SHARE TRANSFERS

All fully paid up overseas listed foreign shares listed in Hong Kong shall be exempted from any restriction on the right of transfer (except when permitted by the Stock Exchange) and shall also be exempted from all liens pursuant to the Articles of Association.

However, unless the overseas listed foreign Shares listed in Hong Kong meet the following conditions, the Board of Director may refuse to recognize any transfer document without giving a reason:

(a) The payment to our Company of HK$2.50 per transfer document or the maximum fee provided by the Stock Exchange at that time to register the share transfer documents and other documents that are related to or may affect the ownership of the Shares;

(b) The transfer documents only involve overseas listed foreign Shares listed in Hong Kong;

(c) The stamp duty chargeable on the transfer documents has been paid and this has been registered in accordance with the regulations of the Stock Exchange;

(d) The relevant Share certificate, and upon the reasonable request of the Board of Directors, any evidence in relation to the right of the transferor to transfer the Shares has been submitted;

(e) If the Shares are to be transferred to joint holders, the number of the joint holders shall not exceed four; and

(f) Our Company does not have any lien on the relevant Shares.

If our Company refuses to register the share transfer, the Board of Directors shall deliver to the transferor and the transferee a notice of refusal to register within two months from the formal application.

No change may be made to the information in the register of Shareholders as a result of the share transfer within 30 days before the general Shareholders' meeting is convened or within five days prior to the record date on which our Company has decided to distribute dividends.

10 RIGHTS OF OUR COMPANY TO BUY BACK OUR OUTSTANDING ISSUED SHARES

Under any of the following circumstances, our Company may buy back our outstanding issued Shares pursuant to the requirements of the laws, administrative rules and regulations and the Articles of Association:

(a) Cancellation of the shares to reduce our Company's share capital;

(b) Merger with other companies which hold these Shares;

(c) Granting Shares to our staff as incentives;

(d) Buying back the Shares from Shareholders who vote against any resolutions adopted at the general Shareholders' meeting concerning the merger and division of our Company; or

(e) Other circumstances as required by the laws and administrative regulations and as approved by the competent authorities of the PRC.

In the event our Company buys back the Shares for reasons stated in (a) through (c) of the preceding paragraph, related resolutions must be adopted at the general Shareholders' meeting. If our Company buys back the Shares according to the provision of the preceding paragraph under the circumstances set forth in (a), the shares bought back must be cancelled within ten days of the date on which they are bought back. In the event of the circumstances set forth in (b) and (d) the Shares bought back must be transferred or cancelled within six months.

In the event that our Company buys back the Shares pursuant to the provisions of (c) in the preceding paragraph, the Shares bought back may not exceed 5% of the total Shares issued. The fund used for such buyback must be allocated from the after-tax net profit of our Company and the Shares bought back must be transferred to the staff within one year.

Our Company may buy back Shares in any of the following ways:

(a) Making a comprehensive buyback offer on a pro-rata basis to all Shareholders;

(b) Buying back Shares through public trading on the securities exchange;

(c) Buying back Shares by an agreement outside a stock exchange;

(d) In other ways approved by the competent authorities of the PRC.

Where our Company buys back the Shares by an agreement outside a stock exchange, it shall obtain prior approval at the general Shareholders' meeting pursuant to the Articles of Association. Likewise, subject to the prior approval of the general Shareholders' meeting, our Company may dissolve or change the contract signed in the aforesaid manner or waive any of its rights in the contract. As for the redeemable Shares that our Company is entitled to buy back, if they are not bought back in the market or by bidding, the price may not exceed a certain maximum limit. If the Shares are bought back by bidding, a proposal to bid must be made to all Shareholders on equal terms. Any contract entered into in connection with a proposed share buy back may include, but is not limited to, an agreement of consents to undertake the obligation to buy back the Shares and obtain the rights to buy them back.

Our Company shall not transfer any contract that buys back the Shares or any rights conferred under the contract.

Unless our Company has entered into the liquidation process, we must observe the following provisions for the buyback of issued Shares:

(a) Where our Company buys back Shares at book value, the funds shall be deducted from the book balance of our distributable earnings and the proceeds obtained from the issue of new Shares to buy back the old Shares;

(b) Where our Company buys back the Shares at a premium to the book value, the portion of funds equivalent to book value shall be deducted from the book balance of our distributable earnings and the proceeds obtained from the issue of new Shares made for the purpose of buying back of Shares, while the portion of funds higher than book value shall be dealt with in the following manner:

(i) Where the Shares bought back were issued at book value, the funds shall be deducted from the book balance of our distributable earnings;

(ii) Where the Shares bought back were issued at a premium to the book value, the funds shall be deducted from the book balance of our distributable earnings and the proceeds obtained from the issue of new Shares made for the purpose of buying back of Shares. However, the amount deducted from the proceeds obtained from the issue of new Shares shall not exceed the total premium amount obtained when the Shares bought back were issued or the amount (including the premium amount of the issue of new shares) in our capital reserve account when the Shares are bought back.

(c) The funds paid by our Company for the following purposes shall be allocated from our distributable earnings:

(i) To obtain the right to buy back the Shares;

(ii) To modify any contract to buy back the Shares;

(iii) To release any obligation of our Company under the share buyback contract.

(d) After the total book value of the cancelled Shares is deducted from our registered capital pursuant to the relevant provisions, the amount deducted from the distributable earnings for paying up the book value portion of the Shares bought back shall be credited to our capital reserve account.

11 DIVIDEND AND DISTRIBUTION METHODS

Our Company may distribute dividends by way of cash, shares or other methods permitted by laws, administrative regulations, rules of regulatory authorities or regulatory rules of listing place. When our Company pays cash dividends and other funds to the holders of Domestic Shares, payment shall be made in Renminbi.

When our Company pays cash dividends and other funds to holders of overseas listed foreign Shares, payment shall be denominated in Renminbi and paid in Hong Kong dollars. The foreign exchange required by our Company to pay cash dividends and other funds to holders of overseas listed foreign Shares shall be handled in accordance with the related regulations of SAFE.

Our Company shall appoint, on behalf of holders of overseas listed foreign Shares, receiving agents to receive dividends and other payable funds that are distributed with respect to our overseas listed foreign Shares and the receiving agent shall be a trust company registered under the Trustee Ordinance.

The receiving agents appointed by our Company shall comply with related provisions of the laws or the securities exchange where the Shares are listed.

12 SHAREHOLDER PROXIES

Any shareholder who is entitled to attend and vote at our general Shareholders' meeting has the right to appoint one or more persons (who may not necessarily be shareholders) as his or her shareholder proxy to attend and vote at the meeting in his or her place. Pursuant to the authorization of the Shareholder, the proxy may exercise the following rights:

(a) Speak for the Shareholder at the general Shareholders' meeting;

(b) Demand a poll individually or with others;

(c) Exercise the right to vote by a show of hands or a poll, but the shareholder proxy may only exercise the right to vote by a poll when more than one proxy is appointed.

The shareholder proxy appointment shall be in writing and shall be signed by the appointor or a person duly authorized in writing. Where the appointor is a legal person, the stamp of the legal person shall be affixed, or signed by the Director or a duly authorized agent. The power of attorney must be kept at the residential address or other location designated in the notice convening the meeting no later than 24 hours before the meeting at which the power of attorney is put to vote is convened or 24 hours before the designated time at which the resolution is adopted. If the power of attorney is signed by another person authorized by the appointor by means of power of attorney or other instrument of authorization, the power of attorney or other instrument must be verified by a notary. The power of attorney or other instrument verified by the notary must be kept together with the power of attorney appointing the entrusted representative at our residential address or other location designated at the notice convening the meeting.

Where the appointor is a legal person, a power of attorney may be signed by its duly authorized person to authorize its legal representative or any person authorized by resolutions of its board of directors or other governing body to attend our general Shareholders' meeting as a representative.

Any form sent by the Directors to the Shareholder for appointing a shareholder proxy shall allow the Shareholder, according to his or her free will, to instruct the proxy to vote and provide instructions separately for matters to be put to vote on each item on the meeting agenda. The power of attorney shall specify that the shareholder proxy may vote at his or her own discretion if the Shareholder does not provide instructions.

The votes of the shareholder proxy given pursuant to the terms of an instrument of proxy shall remain valid notwithstanding the previous death, loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given, provided that our Company does not receive written notice concerning such matters before the related meeting is convened.

13 REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

Pursuant to the understanding reached and agreement entered into between the competent agency in charge of securities under the State and the overseas securities regulatory agency, our Company may keep overseas a register of the holders of the overseas listed foreign Shares and entrust an overseas entity to manage it. The original register of the holders of the overseas listed foreign Shares listed in Hong Kong shall be kept in Hong Kong.

Our Company shall keep a copy of the register of the holders of the overseas listed foreign Shares at our residential address. The overseas entrusted entity shall at all times maintain consistency between the original and copy of the register of the holders of the overseas listed foreign Shares.

In case of inconsistency between the original and copy of the register of the holders of the overseas listed foreign Shares, the original shall prevail.

Our Company must keep a complete register of Shareholders. The register of Shareholders shall include the following:

(a) Register of Shareholders kept at our residential address other than those specified in (b) and (c);

(b) Register of the holders of our overseas listed foreign Shares kept at the location of the stock exchange where such Shares are listed;

(c) Register of Shareholders kept in other locations according to the decision of the Board of Directors as required for the listing of the Shares.

Different parts of the Shareholders' register shall not overlap. The transfer of Shares registered in a certain part of the register of Shareholders shall not be registered elsewhere in the register of Shareholders as long as the Shares remain registered. Any alteration or rectification to any part of the register of Shareholders shall be made in accordance with the laws in the place where such part of the register of Shareholders is maintained.

No change of the register of Shareholders as a result of share transfer shall be made within 30 days before the general Shareholders' meeting is convened or within five days prior to the record date on which our Company decides to pay dividends.

When our Company convenes a general Shareholders' meeting, pays dividends, goes into liquidation or is involved in other actions that require the confirmation of equities, the Board of Directors shall fix a date as the equity registration date, upon expiration of which the Shareholders whose names appear on the register of Shareholders shall be the Shareholders.

Any person who objects to the register of Shareholders and requests to register his or her name (title) in the register of Shareholders or to remove his or her name (title) from the register of Shareholders may apply to the court with jurisdiction to amend the register of Shareholders.

The Shareholders are entitled to obtain certain information, including but not limited to:

(a) The Articles of Association upon payment of a fee;

(b) The right to inspect and copy the following after paying a reasonable fee:

    (i) All parts of the register of Shareholders;

    (ii) Personal data of the Directors, Supervisors and senior management;

    (iii) Status of the share capital of our Company;

    (iv) counterfoil of bonds of our Company;

    (v) latest audited financial statements and report of Board of Directors, Auditors and Board of Supervisors;

    (vi) extraordinary resolution of our Company;

    (vii) quantity and book value of securities repurchased by our Company since the previous accounting year, and report on the total amount, maximum and minimum prices paid for every securities repurchased, which shall be subdivided with respect to domestic and foreign shares;

(viii) latest annual declaration form submitted to industrial and commercial administrative departments or other competent departments on file;

(ix) Minutes of the general Shareholders' meeting, resolutions of the Board of Directors' meeting, resolutions of the supervisory committee meeting.

Whenever a Shareholder proposes to inspect the relevant information as described above or requests materials, he or she shall provide our Company with written documents certifying the type and number of the Shares held and our Company shall provide the relevant information and materials in accordance with the requirements of the Shareholder after verifying his or her identity.

14 QUORUM OF GENERAL SHAREHOLDERS' MEETINGS

If the number of Shares carrying voting rights represented by the Shareholders intending to attend the meeting reaches one half of the total number of Shares carrying voting rights, our Company may convene the general Shareholders' meeting. If the number of a class of Shares carrying voting rights represented by the Shareholders intending to attend the meeting exceeds one half of the total number of such class of Shares, our Company may convene a classified Shareholders' meeting. If the foresaid quorums are not achieved, the Company should again notify its shareholders, by public announcement, of the meeting subjects, meeting time and place. Having announced publicly, the Company can convene the general Shareholders' meeting, or the classified Shareholders' meeting.

15 RESTRICTIONS ON RIGHTS OF THE CONTROLLING SHAREHOLDERS

Apart from the obligations required in laws, administrative regulations or the listing rules of the stock exchange on which the Shares are listed, the Controlling Shareholder shall not make any decision that is detrimental to the interest of all or part of the Shareholders on the following issues by exercising his or her Shareholder voting rights:

(a) Releasing the Directors and Supervisors from the responsibility of acting honestly in the best interest of our Company;

(b) Permitting the Directors and Supervisors (for their own or others' interests) to deprive our Company of assets in any form, including, but not limited to, any opportunity that is beneficial to our Company;

(c) Permitting the Directors and Supervisors (for their own or others' interests) to deprive the Shareholders of their personal rights and interests, including, but not limited to, any dividend distribution or voting right, but excluding the restructuring of our Company approved at the general Shareholders' meeting pursuant to the Articles of Association.

16 COMPANY LIQUIDATION

Under any of the following circumstances, our Company shall be lawfully dissolved and liquidated:

(a) The general Shareholders' meeting adopts a resolution to dissolve our Company;

(b) Our Company needs to be dissolved for the purpose of merger or division;

(c) Our Company is declared legally bankrupt as a result of failure to pay debts as they fall due;

(d) The business license is revoked, or our Company is ordered to close or be eliminated according to applicable law;

(e) Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the Shareholders, and the difficulties may not be overcome through other means, Shareholders who hold more than 10% of the Shares carrying voting rights may request the court to dissolve our Company.

Where our Company is dissolved due to the provisions set forth in (a), (d) and (e) above, the liquidation team shall be established within 15 days and the personnel comprising the liquidation team shall be determined by the Board of Directors or the general Shareholders' meeting. In the event the liquidation team is not established during such period, the creditors can request the people's court to appoint relevant personnel to establish the liquidation team for liquidation. In the event that our Company is dissolved in accordance with the provisions set forth in (c) above, the people's court shall organize the Shareholders, related agencies and professionals to form the liquidation team pursuant to relevant provisions of the law.

If the Board of Directors decides to liquidate our Company (except where our Company is liquidated after declaring bankruptcy), the Board of Directors shall state in the notice of the general Shareholders' meeting convened for this purpose that the Board of Directors has performed a comprehensive investigation of the status of our Company and believes that our Company is able to payoff all of our debts within 12 months of the start of liquidation.

After the resolution to liquidate our Company is adopted by the general Shareholders' meeting, the powers and duties of the Board of Directors shall terminate immediately.

In accordance with the instructions of the general Shareholders' meeting, the liquidation team shall at least once a year report at the general Shareholders' meeting on the income and expenditure of the liquidation team, progress of the business and liquidation of our Company, and submit a final report at the general Shareholders' meeting upon completion of liquidation.

Within ten days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published in newspaper within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received. The liquidation team shall carry out registration of the creditors' claims.

The liquidation team shall exercise the following powers during the liquidation period:

(a) Take stock of our Company's assets and prepare a balance sheet and a list of assets respectively;

(b) Notify or publish an announcement to all creditors;

(c) Deal with and liquidate any pending business associated with our Company;

(d) Pay off all outstanding taxes, including taxes incurred in connection with liquidation;

(e) Settle claims and debts;

(f) Dispose of the remaining assets of our Company after paying up all the debts; and

(g) Represent our Company in any civil litigation proceedings.

After taking stock of the assets of our Company and preparing the balance sheet and list of properties, the liquidation team shall draw up a liquidation scheme and submit it to the Shareholders' meeting or the people's court for recognition.

In the event of liquidation in connection with dissolution of the Company and the liquidation team finds that, after taking stock of our Company's assets and preparing the balance sheet and list of assets, that the assets are insufficient to pay the debts, it shall immediately apply to the court to declare bankruptcy.

After our Company is declared insolvent by a ruling of the court, the liquidation team shall turn over matters regarding the liquidation to the court. Upon completion of liquidation of our Company, the liquidation team shall prepare a liquidation report, income and expenditure report and financial record during the liquidation period, which, after being verified by a China-registered accountant, shall be submitted to our general Shareholders' meeting or the people's court for recognition.

Within 30 days of the date of approval by the Shareholders' meeting or people's court, the liquidation team shall submit the above-mentioned documents to the company registration authority and apply for cancellation of our registration and publish an announcement on our termination.

17 OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR THE SHAREHOLDERS

(a) General Provisions

Our Company is a permanently existing joint stock limited liability company.

Our Company may invest in other limited liability companies or joint stock limited liability companies, provided that the liabilities of our Company to be invested in are limited to the amount of its capital contribution.

The Articles of Association is binding on our Company, the Shareholders, Directors, Supervisors and senior management. These Shareholders, Directors, Supervisors and Senior Management may assert their rights in connection with the affairs of our Company based on the Articles of Association. Pursuant to the Articles of Association, Shareholders may sue Shareholders, Shareholders may sue the Directors, Supervisors and senior management, Shareholders may sue our Company, and our Company may sue Shareholders, Directors, Supervisors and senior management.

(b) Our Company may increase stock capital by the following means:

(i) Issue new Shares to specified or unspecified investors;

(ii) Place new Shares with existing Shareholders;

(iii) Give new Shares to existing Shareholders;

(iv) Convert the reserve funds into share capital;

(v) Other means approved by the laws, administrative regulations and securities regulatory agency of the State Council.

Upon approval to increase our Company's stock capital according to the provisions of the Articles of Association, the matter shall be dealt with in accordance with the procedures of related laws and administrative regulations of the State.

Subject to compliance with related laws and administrative rules and regulations of the State, our Company may decrease our registered share capital in line with the provisions of the Articles of Association.

If our Company decreases our registered capital, we must prepare a balance sheet and a list of properties.

After our Company's reduction in capital, our registered capital may not be less than the statutory minimum amount.

(c) Shareholders

The Shareholders are persons lawfully holding the Shares and whose names (titles) are already listed in the register of Shareholders. Each Share of the same type has the same rights.

Shares issued by our Company to overseas investors and subscribed to in foreign currencies are known as foreign Shares. Foreign Shares that are listed overseas are known as overseas listed foreign Shares. Overseas investors refer to investors in other countries, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan who subscribe to the Shares issued by our Company. Domestic Shareholders refer to investors within the territory of the PRC that subscribe to the Shares issued by our Company. The rights of our ordinary Shareholders are as follows:

(i) To receive distribution of dividends and other forms of benefits according to the number of Shares held;

(ii) To participate in or appoint a shareholder proxy to participate in and exercise voting rights at the Shareholders' meeting;

(iii) To supervise and manage our business and operational activities, provide suggestions or submit queries;

(iv) To transfer the shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

(v) To obtain relevant information according to the provisions of the Articles of Association;

(vi) To participate in the distribution of the remaining assets of our Company according to the number of shares held upon our termination or liquidation;

(vii) Other rights conferred by laws, administrative regulations and the Articles of Association.

When any person is interested directly or indirectly in the shares of our Company, our Company shall not freeze or otherwise impair any of the rights attaching to any share by reason only that the person has failed to disclose his interests to our Company.

Our Company shall adopt the registered method for the Shares.

The Share certificates are signed by the chairman of the Board of Directors. Where the stock exchange on which the Shares are listed requires our other senior management to sign the Share certificates, they shall also be signed by other such personnel. The Share certificates shall become effective after being affixed with the stamp of our Company (including our securities stamp) or print-stamped. Affixing our Company stamp or our securities stamp to the Share certificates is subject to the authorization of the Board of Directors. The signature of the chairman of the Board of Directors or other related senior management may also be printed on the Share certificates.

If any person whose name appears in the register of Shareholders or requests to register his or her name (title) in the register of Shareholders loses his or her Share certificates (that is, "original Share certificates"), he or she may apply to our Company to reissue new Share certificates for those Shares.

In the event holder of Domestic Shares applies to our Company for a reissue after losing the Share certificates, the matter shall be dealt with pursuant to related provisions of the PRC Company Law.

In the event a holder of overseas listed foreign Shares applies to our Company for reissue after losing the Share certificates, the matter shall be dealt with pursuant to the laws and rules of the stock exchange where the original register of holders of the overseas listed foreign Shares is kept, or other related provisions. If a holder of H Shares loses Share certificates and applies for a replacement issue, the Share certificates shall be issued in compliance with the following requirements:

(i) The applicant shall submit the application in the standard format designated by our Company and attach a notary certificate or legal declaration. The contents of the notary certificate or legal declaration shall include the reason for the applicant's request, circumstances and evidence of loss of Share certificates, as well as a statement that nobody else may request to be registered as a Shareholder with respect to the pertinent Shares.

(ii) Before deciding to issue new Share certificates, our Company does not receive any statement in which any person other than the applicant requests to be registered as the Shareholder with respect to the Shares.

(iii) If our Company decides to issue new Share certificates to the applicant, we shall publish an announcement in a newspaper designated by the Board of Directors indicating that we plan to reissue new Share certificates. The announcement period shall be 90 days and the announcement shall be published at least once every 30 days.

(iv) Before publishing the announcement indicating that we plan to re-issue new Share certificates, our Company shall submit a copy of the announcement to be published to the securities exchange on which the Shares are listed and may publish the announcement after receiving a reply from the stock exchange confirming that the announcement has been displayed at the stock exchange. The period of displaying the announcement at the stock exchange is 90 days.

If the application for reissue of new Share certificates is not approved by the registered Shareholders of the related Shares, our Company shall mail the copy of the announcement to be published to the Shareholders.

(v) In the event that nobody raises any objection to the reissue of new Share certificates to our Company, upon expiration of the 90-day display period of the announcement specified in (iii) and (iv) above, the new Share certificates may be reissued according to the application.

(vi) When re-issuing new Share certificates, our Company shall immediately cancel the original Share certificates and register the cancellation and replacement issue on the register of Shareholders.

(vii) All expenses incurred by our Company from the cancellation of the original Share certificates and replacement issue of the new Share certificates shall be borne by the applicant. Before the applicant has provided reasonable security, our Company shall have the right to refuse to take any action.

(d) Shareholders Failing to be Contacted

Our Company is entitled to reclaim without payment the Shares of a Shareholder failing to be contacted under the circumstances indicated below and sell them to any other persons:

(i) Our Company has paid dividends at least three times on these Shares within 12 years, but no one has claimed the dividends during that period;

(ii) Upon expiration of the 12-year period, our Company publishes an announcement in a newspaper, indicating our intention to sell the Shares and notifies the Stock Exchange of such intention.

(e) Regulations on the Powers of the Board of Directors and Convening the Board of Directors' Meetings

The Board of Directors is responsible to the general Shareholders' meeting and exercises the following powers:

(i) To convene the general Shareholders' meeting and report on work to the general Shareholders' meeting;

(ii) Implement the resolutions of the general Shareholders' meeting;

(iii) Determine our business and investment plans;

(iv) Devise our annual financial budget and closing account plans;

(v) Devise our earnings distribution and loss offset plans;

(vi) Formulate the policy for plans for increasing or decreasing our registered capital, the issuance of corporate bonds or other securities, as well as the listing or the repurchase of the stock of our Company;

(vii) Formulate plans for major acquisition or disposal, corporate merger, separation, changing the form and dissolution of our Company;

(viii) Determine such matters as our external investment, purchase/sale of assets, asset pledge, entrusting wealth management and connected transaction within the scope authorized by the general Shareholders' meeting;

(ix) Review the matters on external guarantees provided by our Company pursuant to the laws and regulations as well as this Articles of Association;

(x) Decide on the setup of our Company's internal management organization;

(xi) Appoint or dismiss the president of our Company; based on the nomination of the president, appoint or dismiss our vice president and the chief financial offer, and determine their remuneration; appoint or dismiss the secretary of the Board of Directors, and determine their remuneration;

(xii) Make the modification plan to this Articles of Association;

(xiii) Set our basic management systems;

(xiv) Manage the disclosure of company information;

(xv) Establish a temporary working committee or team consisting of two or more Directors, which may exercise specific powers conferred by the Board of Directors;

(xvi) Other powers and duties authorized by the laws, administrative regulations, regulations of the competent authorities and this Articles of Association as well as the general Shareholders' meeting.

All of the above resolutions adopted by the Board of Directors, except those in (vi), (vii), (ix), (vii) and (xv) and those that must be approved by more than a two-thirds vote of the Directors otherwise specified in laws, administrative regulations and the Articles of Association, shall be approved by a simple majority of votes by the Directors.

Meetings of the Board of Directors shall be convened at least four times a year and be called by the chairman of the Board of Directors, and a notice of at least 14 days shall be sent to all Directors before the meeting is convened.

The chairman of the Board of Directors shall convene and preside over a special meeting of the Board of Directors within ten days since receiving the proposal in case of the occurrence of any one of the following events:

(i) When the shareholders representing over 10% of voting rights make a proposal;

(ii) When the chairman of the Board of Directors deems a special meeting necessary;

(iii) When over one third of directors make a proposal;

(iv) When the board of supervisors makes a proposal;

(v) When the president makes a proposal.

Notice of the special meeting of the Board of Directors and meeting documents shall be served to all directors five days before the meeting is convened in written form, including personal service, email, fax and so on.

The Directors shall attend the Board of Directors meeting in person. In the event that Directors are unable to attend the meeting for some reason, the Directors may appoint in writing other directors to attend the Board of Directors meeting. The proxy letter shall specify the proxy's name, entrusted matters, authority domain and the valid term, and shall be affixed with the signature or seal of the consignor. The director who attends the meeting on behalf of another director shall exercise the right of the director within the scope of authorization. If any director fails to attend the meeting of the Board of Directors or entrusts a proxy to be present on his/her behalf, such director shall be deemed to have waived his/her voting rights at that meeting.

Meetings of the Board of Directors shall be attended by more than one-half of the Directors (including Directors that appoint in writing other Directors to attend the Board of Directors in their place pursuant to the provisions of the Articles of Association) before the Board of Directors meeting can be convened. Each Director has one vote. Resolutions made by the Board of Directors must be approved by more than one-half of the Directors' votes.

Apart from certain exceptions specified in Note 1 of Appendix 3 to the Listing Rules or those permitted by the Stock Exchange, a director shall abstain from voting on passing of any contract or arrangement in which he/she himself/herself or any of his/her associates (as defined in the Listing Rules) is materially interested or any resolution proposed at a board meeting; such director shall not be counted in the quorum of the relevant meeting. Where the number of the directors who can vote on this matter is less than three, such issue shall be submitted to the general Shareholders' meeting for voting. If a substantial shareholder (holding 10% or more shares) or a director has a material conflict of interest in a matter to be considered by the Board of Directors, the matter would be dealt with by way of the meeting of the Board of Directors (rather than the written resolution). In addition, the independent non-executive Directors who do not have material interest in such matter should attend the meeting.

(f) Independent Director

The Board of Directors includes three independent Directors. The independent Directors shall carry out responsibilities in accordance with appropriate requirements of the laws, administrative rules and regulations, as well as regulations of the departments.

(g) Secretary of the Board of Directors

The secretary of the Board of Directors must be a natural person with the requisite expertise and experience and be appointed by the Board of Directors.

(h) Supervisory Committee

Our Company shall set up a Supervisory Committee.

The Supervisory Committee consists of three Supervisors and includes one chairman. The Supervisors serve three-year terms and may be re-elected. The chairman of the Supervisory Committee shall be elected and dismissed by more than a two-thirds vote of the members of the Supervisory Committee.

The Supervisory Committee shall consist of one staff representative of our Company. The Supervisors assumed by non-staff representatives shall be elected and dismissed by the general Shareholders' meeting. The Supervisors assumed by the staff representatives shall be elected and dismissed through the staff representatives meetings, staff meetings or through other forms of democratic election.

The Directors and senior management shall not also serve as Supervisors.

The Supervisory Committee shall convene at least two regular meetings every year. Where it is deemed necessary by the chairman of the Supervisory Committee or where other supervisors propose, the chairman shall convene extraordinary meetings of the Supervisory Committee. The chairman shall convene meetings of the Supervisory Committee. Notices and other documents of regular meeting shall be delivered to all supervisors ten days before the meetings in written form, including personal service, email, fax and so on. Notices and other documents in relation to extraordinary meetings of the Supervisory Committee shall be delivered five days before the meetings in written form, including personal service, email, fax and so on.

The Supervisory Committee lawfully exercises the following powers:

(i) Examine the financial standing of our Company;

(ii) Supervise the Directors and senior management to ensure that they do not, in performing their duties to our Company, act in contravention of any laws, administrative regulations or the Articles of Association, and to put forward suggestions for dismissing any directors or senior management who are in breach of the laws, administrative regulations, the Articles of Association or resolutions of the general Shareholders' meetings;

(iii) Require the Directors and senior management to take corrective measures when their actions are detrimental to our interests;

(iv) Verify the financial information such as the financial reports, business reports and profit distribution plans to be submitted by the Board to the general Shareholders' meetings and, should any queries arise, to authorize, in the name of our Company, a re-examination by the certified public accountants and practicing auditors;

(v) Submit proposals at the general Shareholders' meetings;

(vi) Propose to convene an extraordinary general meeting, where the Board of Directors fails to perform the duties in relation to convening or presiding over the general Shareholders' meeting as required by the PRC Company Law, to convene and preside over the general Shareholders' meeting;

(vii) Propose to convene extraordinary meetings of the Board of Directors;

(viii) Represent our Company in negotiating with or in bringing actions against the Directors and senior management;

(ix) Investigate any abnormalities relating to the operation of our Company; if necessary, to engage accounting firms, law firms and other professional institutions to assist it in its work, the expenses for which shall be borne by our Company;

(x) Other powers and duties stipulated in the Articles of Association.

The Supervisors shall attend the Board meeting as observers, query or provide suggestions on the resolutions of the Board meeting.

(i) President

Our Company includes one president, nominated, appointed or dismissed by the Board of Directors. The president is responsible to the Board of Directors and exercises the following powers:

(i) Take charge of the production and operational management of our Company, to organize the enforcement of resolutions of the Board of Directors and report to the Board of Directors on work;

(ii) Organize the implementation of the annual operation plans and investment schemes of our Company;

(iii) Formulate the structure scheme of the internal management agency of our Company;

(iv) Formulate the structure scheme of the branch of our Company;

(v) Formulate the substantial management system of our Company;

(vi) Formulate the detailed rules of our Company;

(vii) Propose to the Board of Directors the appointment or dismissal of the vice president, chief financial officer or other senior management of our Company;

(viii) Appoint or dismiss other management except those who shall be appointed or dismissed by the Board of Directors;

(ix) Determine the salaries, benefits, rewards and disciplinary measures for the staff of our Company, and to determine the appointment and dismissal of the staff of our Company;

(x) Propose to convene extraordinary meetings of the Board of Directors;

(xi) Other responsibilities authorized by the Articles of Association and the Board of Directors.

(j) Reserves

When the annual after-tax earnings of our Company are distributed, our Company must allocate 10% of the earnings to our statutory reserve. When the total amount of the statutory reserve reaches or exceeds 50% of our Company's registered capital, no more allocations need to be provided.

If our statutory reserve is insufficient to offset our losses incurred during the previous year, the earnings generated during the current year must be used to make up the losses before allocating the statutory reserve in accordance with the requirements set forth in the preceding paragraph.

After allocation to the statutory reserve from the after-tax earnings of our Company, we may also allocate to the reserves at will from after-tax earnings in line with the resolution(s) adopted at the general Shareholders' meeting.

After offsetting the losses and allocating to the reserve, all remaining earnings may be distributed to the Shareholders based on the proportion of respective shareholdings upon obtaining the approval from general Shareholders' meeting.

Our statutory reserves must be used only for offsetting our losses, expanding the scale of business and operations or for conversion into capital to increase our capital, but the capital reserve shall not be used to offset our losses.

(k) Settlement of Disputes

Our Company shall comply with the following rules governing the settlement of disputes:

(i) Whenever any disputes or claims occur between holders of the overseas listed foreign investment shares and our Company, holders of the overseas listed foreign investment shares and our Company's Directors, Supervisors or senior management, or holders of the overseas listed foreign investment shares and holders of domestic shares regarding the rights or obligations relating to the affairs of our Company conferred or imposed by the Articles of Association, the PRC Company Law or any other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.

Where the aforesaid dispute or claim of rights is referred to arbitration, the entire claim or the dispute as a whole must be referred to arbitration, and any parties who have a cause of action based on the same facts giving rise to the dispute or the claim or whose participation is necessary for the settlement of such dispute or claim, are bound by the award of the arbitration provided that such person is our Company or a shareholder of our Company, a director, a supervisor or senior management. Disputes in relation to the definition of shareholders and disputes in relation to the shareholders' register need not be resolved by arbitration;

(ii) A claimant may elect for arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body so elected by the claimant.

If a claimant elects for arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may request the arbitration to be conducted in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre;

(iii) The laws of the PRC are applicable to the arbitration for the disputes or claims of rights referred to in paragraph (i), unless otherwise provided in the laws and administrative regulations;

(iv) The award of an arbitration body shall be final and binding on all parties.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

We were established under the PRC law as a joint stock limited liability company by CGNPC, Hengjian Investment and CNNC as Promoters with an initial registered capital of RMB35,300,000,000 on March 25, 2014. We established a place of business in Hong Kong at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, and was registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance on June 26, 2014. Ms. Yung Mei Yee of 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong has been appointed as our Company's agent for the acceptance of service of process in Hong Kong.

As our Company was established in the PRC, our corporate structure and the Articles of Association are subject to the relevant PRC laws and regulations. The relevant PRC laws and regulatory provisions and a summary of the Articles of Association are set out in Appendices V and VI to this Prospectus, respectively.

B. Changes in the Share Capital of Our Company

At the time of our establishment as a joint stock limited liability company, our initial registered share capital was RMB35,300,000,000 divided into 35,300,000,000 Domestic Shares of nominal value of RMB1.00 each, all of which were fully paid up and were held by our Promoters.

Immediately upon completion of the Global Offering, without taking into account the exercise of the Over-allotment Option, our registered share capital will be increased to RMB44,125,000,000, made up of 34,417,500,000 Domestic Shares and 9,707,500,000 H Shares fully paid up or credited as fully paid up, representing 78.00% and 22.00% of the registered share capital, respectively.

Immediately upon completion of the Global Offering, assuming the Over-allotment Option is exercised in full, our registered share capital will be increased to RMB45,448,750,000, made up of 34,285,125,000 Domestic Shares and 11,163,625,000 H Shares fully paid up or credited as fully paid up, representing approximately 75.44% and 24.56% of the registered share capital, respectively.

Save as disclosed in this Appendix, there has been no alteration in the share capital of our Company since its establishment.

C. Written Resolutions Passed by Our Shareholders

On April 15, 2014, the Shareholders of the Company passed, among other things, the following resolutions:

a) the issue by the Company of H Shares with a nominal value of RMB1.00 each up to 15%-20% of the total issued share capital (after the issuing of H Shares) and subsequent listing of such H Shares on the Stock Exchange;

b) the granting of the Over-allotment Option in respect of no more than 15% of the number of H Shares issued as above-mentioned;

c) upon the approval of the relevant PRC regulatory authorities, the state-owned shareholders of the Company will transfer to the NSSF such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the Offer Shares (such number of Domestic Shares will be increased if the Over-allotment Option is exercised);

d) subject to the completion of the Global Offering, the Articles of Association have been approved and adopted, which shall only become effective from the Listing Date and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the PRC government; and

e) approving the Board to handle all matters relating to, among other things, the issue of H Shares and the listing of H Shares on the Stock Exchange.

On September 17, 2014, the Shareholders of the Company passed, among other things, the following resolutions:

a) subject to the completion of the Global Offering, the Board has been granted a general mandate to allot and issue H Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to take all necessary actions, provided that, the number of H Shares to be issued shall not exceed 20% of the number of our H Shares in issue as at the Listing Date; and

b) authorizing the Board to approve the terms and all other matters in respect of the issuance and registration of short-term corporate bonds, in a single tranche or separate tranches from time to time until December 31, 2016, for an aggregate size not exceeding RMB5,000 million, subject to the Company's operational needs, the then market conditions and approval of relevant regulatory authorities.

2. REORGANIZATION

In preparation for the Global Offering, we underwent our Reorganization, details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this Prospectus. As confirmed by King & Wood Mallesons, our legal adviser as to PRC law, our Reorganization complies with all applicable PRC laws and regulations and we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization. These approvals include:

a) On December 4, 2013, SASAC issued an approval document (Guo Zi Gai Ge [2013] No. 1005) approving the proposal relating to the Reorganization;

b) CEA appraised the underlying assets and issued an appraisal report on December 18, 2013 and the appraisal report was approved by SASAC (Guo Zi Chan Quan [2014] No. 108) on March 7, 2014;

c) On March 13, 2014, SASAC issued an approval document (Guo Zi Chan Quan [2014] No. 119) approving the Company's management plan of the state-owned shares;

d) On March 14, 2014, SASAC issued an approval document (Guo Zi Gai Ge [2014] No. 123) approving the establishment of the Company;

e) On March 24, 2014, the Promoters convened an inaugural meeting of our Company, at which, among other things, the establishment of our Company and the adoption of our initial Articles of Association were approved; and

f) On March 25, 2014, a new business license was issued by the Market Supervision Administration of Shenzhen Municipality, whereupon we were formally established as a joint stock limited company.

3. FURTHER INFORMATION ABOUT OUR SUBSIDIARIES

A. Principal Subsidiaries

Our principal subsidiaries (for the purpose of the Listing Rules) as of June 30, 2014 are set out under the financial statements in the Accountants' Report as included in Appendix IA to this Prospectus.

B. Changes in the Registered Capital of Our Subsidiaries

Save as disclosed below, there has been no alteration in the registered capital of any of our subsidiaries within the two years preceding the date of this Prospectus:

- The registered capital of Suzhou Nuclear Power Research Institute was increased from RMB340,000,000 to RMB368,750,000 on October 8, 2012 and further increased from RMB368,750,000 to RMB393,500,000 on August 20, 2013;
- The registered capital of Yangjiang Nuclear was increased from RMB7,566,000,000 to RMB8,239,750,000 on April 9, 2013, increased from RMB8,239,750,000 to RMB9,491,000,000 on September 2, 2013 and further increased from RMB9,491,000,000 to RMB11,522,000,000 on July 9, 2014;
- The registered capital of GNIC was increased from RMB750,000,000 to RMB16,000,000,000 on March 20, 2014;
- The registered capital of DNMC was decreased from RMB500,000,000 to RMB250,000,000 on July 4, 2014;
- The registered capital of Daya Bay Environment Protection was increased from RMB18,000,000 to RMB30,000,000 on October 9, 2014; and
- The registered capital of CNPRI was increased from RMB742,050,000 to RMB845,550,000 on November 5, 2014.

C. Sino-foreign Equity Joint Ventures

Information regarding the Sino-foreign equity joint ventures in which we are interested is set out below:

a) GNPJVC

Parties and equity interest	:	GNIC: 75% HKNIC: 25%
Term of joint venture	:	from January 26, 1985 to May 6, 2034
Date of establishment	:	January 26, 1985
Scope of business	:	Construction and operation of two sets of 900,000 kilowatts group of nuclear power station and sale of electricity to Guangdong and Hong Kong
Nature	:	Taiwan, Hong Kong, Macau and mainland equity joint venture
Total investment amount	:	USD4,000,000,000
Registered share capital	:	USD400,000,000

b) CGN Inspection Technology

Parties and equity interest	:	Suzhou Nuclear Power Research Institute: 75% Tecnatom, S.A.: 25%
Term of joint venture	:	October 23, 2007 to October 23, 2025
Date of establishment	:	October 23, 2007
Scope of business	:	research, development, application and technical services of inspection and maintenance of in-service power station; research, development, application and technical services of diagnostic testing technology (license management and qualifications maybe applicable according to relevant regulations); technology development of inspection equipment, professional tools and eddy current probes and ultrasound probe of in-service power station; sales of self-developed technological achievements
Nature	:	Sino-foreign equity joint venture
Total investment amount	:	RMB340,000,000
Registered share capital	:	RMB170,000,000

c) Beijing Ric Nuclear Instrument

Parties and equity interest	:	CNPRI: 51% Areva: 49%
Term of joint venture	:	December 9, 2010 to December 8, 2030
Date of establishment	:	December 9, 2010
Scope of business	:	design, integration, testing, sales of core measurement system; procurement and wholesale of core components of the measurement system; provision of such products and technology consultation (not involving state trading commodities; goods managed by quota license applicable to the relevant application procedures)
Nature	:	Sino-foreign equity joint venture
Total investment amount	:	RMB46,000,000
Registered share capital	:	RMB32,000,000

d) CGN Simulation Technology

Parties and equity interest	:	CNPRI: 75% Western Service Corporation-China LLC.: 25%
Term of joint venture	:	May 9, 2008 to May 8, 2018
Date of establishment	:	May 9, 2008
Scope of business	:	research, development, application and project contracting of simulation technology and control and information technology; software technology development and technical services
Nature	:	Sino-foreign equity joint venture
Total investment amount	:	RMB20,000,000
Registered share capital	:	RMB20,000,000

e) DNMC

Parties and equity interest	:	GNIC: 87.5% CLP Nuclear Power Operations & Management (China) Limited (中電核電運營管理(中國)有限公司): 12.5%
Term of joint venture	:	March 12, 2003 to March 12, 2053
Date of establishment	:	March 12, 2003
Scope of business	:	operation of nuclear power station and management of other power facilities, environmental protection and electricity related business; import and export business (not involving the projects banned by laws, administrative regulations and state council, approval should be obtained for projects with restriction)
Nature	:	Sino-foreign equity joint venture
Total investment amount	:	RMB650,000,000
Registered share capital	:	RMB250,000,000

All transfers of registered share capital in the above joint ventures are subject to pre-emptive rights of the joint venture partners set out in the joint venture contracts and their respective articles of association. The entitlements of joint venture partners to profits, dividends and other distributions of the above joint ventures are proportionate to their capital contribution ratios.

Upon expiration of a joint venture, the joint venture partners shall be entitled to the distributable assets proportionate to their capital contribution ratios, provided that the liquidation fees, payments to employees, taxes and debts have been paid in accordance with relevant legal procedure.

4. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of our business) within the two years immediately preceding the date of this Prospectus which are or may be material:

- the Reorganization Agreement entered into between CGNPC and our Company on March 28, 2014 in respect of the Reorganization;

- the Assignment Agreement of Corporate Bond entered into between CGNPC as assignor and our Company as assignee on March 28, 2014, pursuant to which our Company agreed to adhere to and be bound by all the duties and obligations of CGNPC imposed under the issue of corporate bonds amounting to RMB4,000,000,000 on November 11, 2002 for a term of 15 years, the issue of corporate bonds amounting to RMB2,000,000,000 on December 20, 2007 for a term of 15 years and the issue of corporate bonds amounting to RMB2,500,000,000 on May 12, 2010 for a term of 15 years;

- the equity transfer agreement of Yangjiang Site Development entered into between Yangjiang Nuclear and CGN Services Group Co., Ltd. (中廣核服務集團有限公司) on August 6, 2014, pursuant to which Yangjiang Nuclear agreed to transfer its 70% equity interest in Yangjiang Site Development to CGN Services Group Co., Ltd. (中廣核服務集團有限公司) for a consideration of RMB311,919,768.2;

- the Taishan Equity Transfer Agreement;

- the Non-competition Deed;

- the Hong Kong Underwriting Agreement;

- the cornerstone investment agreement dated November 21, 2014, entered into between China Southern Power Grid International (HK) Co., Limited, the Joint Representatives and the Company, pursuant to which China Southern Power Grid International (HK) Co., Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$100 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between China Yangtze Power International (Hongkong) Co., Ltd., CLSA Limited, the Joint Representatives and the Company, pursuant to which China Yangtze Power International (Hongkong) Co., Ltd. agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$100 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between CLP Nuclear Power Company Limited, Morgan Stanley & Co. International PLC, Morgan Stanley Asia Limited, The Hongkong and Shanghai Banking Corporation Limited, the Joint Representatives and the Company, pursuant to which CLP Nuclear Power Company Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of HK$400 million (inclusive of Brokerage Fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between China Development Bank International Holdings Limited, the Joint Representatives and the Company, pursuant to which China Development Bank International Holdings Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$110 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between GIC Private Limited, the Joint Representatives and the Company, pursuant to which GIC Private Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$100 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between OZ Master Fund, Ltd., Gordel Capital Limited, OZEA, L.P., OZ Global Equity Opportunities Master Fund, Ltd., OZ Asia Master Fund, Ltd., OZ Eureka Fund, L.P., OZC Global Equities Master Fund, L.P., OZ Enhanced Master Fund, Ltd., OZ ELS Master Fund, Ltd. (collectively, "OZ Funds"), the Joint Representatives and the Company, pursuant to which OZ Funds agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$100 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between Value Partners Hong Kong Limited, the Joint Representatives and the Company, pursuant to which Value Partners Hong Kong Limited agreed to procure certain investment funds or managed accounts to subscribe for, and failing which it will purchase, such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased for Hong Kong dollars equivalent of US$100 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between Gaoling Fund, L.P., YHG Investment, L.P., the Joint Representatives and the Company, pursuant to which Gaoling Fund, L.P. and YHG Investment, L.P. agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$100 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between China Reinsurance (Group) Corporation, China Life Reinsurance Company Ltd., China Property & Casualty Reinsurance Company Ltd., the Joint Representatives and the Company, pursuant to which China Reinsurance (Group) Corporation, China Life Reinsurance Company Ltd., China Property & Casualty Reinsurance Company Ltd. agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$75 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between China Life Insurance (Group) Company, the Joint Representatives and the Company, pursuant to which China Life Insurance (Group) Company agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$75 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between Cinda Sinorock Global Portfolio Limited Partnership I, the Joint Representatives and the Company, pursuant to which Cinda Sinorock Global Portfolio Limited Partnership I agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$50 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between China Alpha Fund Management Ltd, the Joint Representatives and the Company, pursuant to which China Alpha Fund Management Ltd agreed to nominate China Alpha II Fund Ltd and Global Integrity Alpha Fund Ltd to purchase, and failing which it will purchase, such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased for Hong Kong dollars equivalent of US$50 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between Minmetals Capital (Hong Kong) Limited, BOCI Asia Limited, the Joint Representatives and the Company, pursuant to which Minmetals Capital (Hong Kong) Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$50 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between North Industries Group Investment Management Company Ltd., the Joint Representatives and the Company, pursuant to which North Industries Group Investment Management Company Ltd. agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$50 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between Beijing Jingneng Clean Energy (Hong Kong) Co., Limited, Goldman Sachs (Asia) L.L.C., the Joint Representatives and the Company, pursuant to which Beijing Jingneng Clean Energy (Hong Kong) Co., Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$50 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between Chow Tai Fook Nominee Limited, BNP Paribas Securities (Asia) Limited, the Joint Representatives and the Company, pursuant to which Chow Tai Fook Nominee Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$30 million at the Offer Price;

- the cornerstone investment agreement dated November 21, 2014, entered into between E Fund Management Co., Ltd., CLSA Limited, the Joint Representatives and the Company, pursuant to which E Fund Management Co., Ltd. agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$100 million at the Offer Price; and

- the cornerstone investment agreement dated November 21, 2014, entered into between Guangzhou China Life Urban Development Industry Investment Enterprise (Limited Partnership), ICBC International Securities Limited, the Joint Representatives and the Company, pursuant to which Guangzhou Fund agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US$40 million at the Offer Price.

B. Our Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Owner	Place of Registration	Registration Number	Duration	Class
1.	Risk Monitor	CNPRI	PRC	7916824	2012.11.07-2022.11.06	42
2.	核電	Suzhou Nuclear Power Research Institute	PRC	5938234	2010.01.21-2020.01.20	16
3.	電力安全技術	Suzhou Nuclear Power Research Institute	PRC	5938232	2010.01.21-2020.01.20	16
4.	DNMC	DNMC	PRC	6234229	2010.03.07-2020.03.06	4
5.	大亞灣核電	DNMC	PRC	6234235	2010.03.07-2020.03.06	4

We have applied for the registration of the following trademarks in the PRC, the registration of which has not yet been granted:

No.	Applicant	Mark (Graph or Woods)	Application Date	Application Number	International Classification Number
1.	CNPRI		2013.02.06	12161230	6
2.	CNPRI	STEP-12	2013.12.06	13681345	11
3.	CNPRI	STEP-14	2013.12.06	13681369	11
4.	CNPRI	STEP	2013.12.06	13681386	11
5.	CNPRI	STEP-S	2013.12.06	13681399	11

We have been licensed by CGNPC to use the following trademark in the PRC and Hong Kong, which we consider to be material in relation to our Group's business:

No.	Applicant	Mark (graph or woods)	Application Date	Application Number	International Classification Number
1.	CGNPC	中广核 CGN	2014.01.21	302873089	1, 4, 6, 7, 9, 10, 11, 16, 17, 19, 35, 37, 39, 40, 41, 42, 45

Patents

As of the Latest Practicable Date, the following are patents that our subsidiaries have been granted in the PRC and which we consider to be or may be material to our business:

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
1.	A methodology to enhance the overall reliability of the safety injection system at the nuclear power station (一種提高核電站安注系統整體可靠性的方法)	DNMC	Invention	ZL200410077266.2	2004.12.03	2007.10.03
2.	Inhibition methodology for quadrant power tilt at PWR nuclear power stations (壓水堆核電站象限功率傾斜抑制方法)	DNMC	Invention	ZL200410052485.5	2004.12.03	2007.04.04

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
3.	Reactor core loading methodology at PWR nuclear power stations (壓水堆核電站反應堆堆芯裝載方法)	Ling'ao Nuclear/DNMC	Invention	ZL200410052484.0	2004.12.03	2007.07.25
4.	Diagnosis and treatment methodology of severe accidents at PWR nuclear power stations (壓水堆核電站嚴重事故的診斷和處理方法)	Ling'ao Nuclear/DNMC	Invention	ZL200510033875.2	2005.03.25	2008.11.26
5.	Rapid response methodology for handling mechanical seal leakage rate anomalies of the reactor coolant pump (核反應堆冷卻劑泵機械密封洩漏量異常的快速處理方法)	DNMC	Invention	ZL200610064578.9	2006.12.30	2011.06.01
6.	A controlling system and its monitoring methodology along with the subsystem at the nuclear power generating unit (一種核電機組的控制系統及其監控方法和子系統)	DNMC	Invention	ZL200710077121.6	2007.09.14	2009.12.30
7.	18-months refueling methodology for gigawatt-level PWR generating units (壓水堆核電站百萬千瓦機組 18個月換料方法)	DNMC	Invention	ZL200710077351.2	2007.09.26	2011.07.27

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
8.	Reactor core loading methodology for the initial fuel cycle of gigawatt-level PWR generating units in China (中國壓水堆核電站百萬千瓦機組首循環堆芯裝載方法)	DNMC	Invention	ZL200710124040.7	2007.10.19	2012.03.28
9.	A controlling methodology and system for nuclear power units and its alarm messages (一種核電機組及其報警信息控制方法和系統)	CGNPC/DNMC	Invention	ZL200810217032.1	2008.10.17	2011.04.13
10.	An operation monitoring system of the main pump at the nuclear power station (一種核電站主泵運行監控系統)	CGNPC/DNMC	Invention	ZL200810241508.5	2008.12.22	2011.01.19
11.	A methodology to accelerate the drainage of water in the primary circuit during the outage of nuclear power station (核電站大修期間加快一回路排水的方法)	Ling'ao Nuclear /CGNPC/DNMC	Invention	ZL200810241367.7	2008.12.22	2012.10.03
12.	A safety monitoring system for nuclear power station units (一種核電機組安全監控系統)	CGNPC/DNMC	Invention	ZL200810241507.0	2008.12.22	2013.05.08
13.	An accident monitoring system and methodology for nuclear power station units (一種核電機組的事故監控系統及其監控方法)	CGNPC/DNMC	Invention	ZL200810241509.X	2008.12.22	2012.12.05

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
14.	A system of the nuclear power station unit and its safety-control monitoring methodology and device (一種核電機組系統及其安全控制監控方法和裝置)	CGNPC/DNMC	Invention	ZL200910104835.0	2009.01.05	2011.01.12
15.	A test controlling system and monitoring equipment at nuclear power station (一種核電站試驗控制系統及核電站監測設備)	CGNPC/DNMC	Invention	ZL200910104834.6	2009.01.05	2012.03.14
16.	The controlling methodology for SO4+ pollution in the primary circuit during the startup after the outage of nuclear power station units (核電站機組大修後啟動過程一回路硫酸根污染的控制方法)	CGNPC/DNMC	Invention	ZL200910104857.7	2009.01.07	2012.10.31
17.	The analysis methodology for SO4+ pollution in the primary circuit during the startup after the outage of the nuclear power station units (核電站機組大修後啟動過程一回路硫酸根污染的分析方法)	CGNPC/DNMC	Invention	ZL200910104858.1	2009.01.07	2011.08.24
18.	An operation methodology for handling the control rod and its tools (一種控制棒處理的操作方法及其處理工具)	CGNPC/DNMC	Invention	ZL200910108973.6	2009.07.22	2012.07.25

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
19.	A boron recycling system for nuclear power stations (一種核電站硼回收系統)	CGNPC/DNMC	Invention	ZL200910108971.7	2009.07.22	2012.06.27
20.	Completely low neutron leakage advanced ¼ refueling methodology for the gigawatt-level PWR generating unit along with the associated safety analysis system (壓水堆核電站百萬千瓦機組完全低中子洩漏先進四分之一換料方法及其安全分析系統)	CGNPC/DNMC/CNPRI	Invention	ZL200910110296.1	2009.10.30	2013.07.17
21.	Hanging bracket of the burnable poison rod at the nuclear power station (formerly: A handling methodology for the burnable poison rod and the hanging bracket of the burnable poison rod in nuclear power station) (核電站可燃毒物棒吊掛架(原名為：一種核電站可燃毒物棒處理方法及可燃毒物棒吊掛架))	CGNPC/DNMC	Invention	ZL200910188552.9	2009.12.02	2012.07.25

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
22.	Installation structure of the spent fuel storage pool in the cooling and handling system of the spent fuel pool (formerly: Installation structure of the spent fuel storage pool in the PTR system) (乏燃料水池冷卻和處理系統中乏燃料貯存池安裝結構 (原名為：PTR系統中乏燃料貯存池安裝結構))	Ling'ao Nuclear/CGNPC/DNMC/CNPRI	Invention	ZL200910188550.X	2009.12.02	2012.10.03
23.	Preparation methodology for agents used in the experiment on the purifying capacity of the radioactive gas at nuclear power plant (核電廠放射性氣體淨化能力試驗用製劑的製備方法)	CGNPC/DNMC/China Institute for Radiation Protection	Invention	ZL201010193321.X	2010.06.07	2013.10.16
24.	A vacuum exhaust methodology of the primary circuit in PWR nuclear power station reactor (一種壓水堆核電站反應堆一回路抽真空排氣方法)	CGNPC/DNMC/CNPRI	Invention	ZL201010239433.4	2010.07.28	2013.01.02

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
25.	The entry methodology and system of the overall digital running program in nuclear power units (formerly: An overall digital running program and entry methodology in nuclear power units as well as the system) (一種核電機組數字化總體運行程序的進入方法及系統 (原名：一種核電機組數字化總體運行程序及其進入方法及系統))	CGNPC/DNMC	Invention	ZL201010582866.X	2010.12.10	2013.10.16
26.	The digitalization methodology, system and DCS controlling system of the overall program of the nuclear power generating unit (核電機組總體程序的數字化方法、系統及DCS控制系統)	CGNPC/DNMC	Invention	ZL201010582855.1	2010.12.10	2013.01.16
27.	The methodology and system for providing the emergency power supply to the nuclear power station (向核電站提供應急動力電源的方法和系統)	CGNPC/DNMC	Invention	ZL201110131119.9	2011.05.20	2012.12.05

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
28.	The methodology and system to enhance the reliability of the emergency power supply at the nuclear power station (一種提高核電站應急電源可靠性的方法和系統)	CGNPC/DNMC	Invention	ZL201110131086.8	2011.05.20	2012.12.05
29.	Prevention methodology for mechanical seal leakage anomaly in nuclear reactor coolant pumps (一種核反應堆冷卻劑泵機械密封洩漏量異常的預防方法)	CGNPC/DNMC	Invention	ZL201010514552.6	2010.10.21	2014.04.30
30.	A device for testing the overpressure of the hydraulic test of the primary circuit at the PWR nuclear power plant (一種用於檢測壓水堆核電廠一回路水壓試驗超壓的裝置)	CGN Operations/ CGNPC	Utility model	ZL201320647887.4	2013.10.18	2014.03.12
31.	Online sealing detection equipment for the reactor core measuring system at the PWR nuclear power plant (壓水堆核電廠堆芯測量系統在線密封性檢測設備)	CGN Operations/ CGNPC	Utility model	ZL201320647911.4	2013.10.18	2014.03.12
32.	Verticality measuring device for the extension sleeve of the refueling machine at nuclear power station (核電站換料機伸縮套筒垂直度測量裝置)	CGN Operations/ CGNPC	Utility model	ZL201320785824.5	2013.12.04	2014.05.21

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
33.	Secondary side cooling device for steam generators of the nuclear power station (核電站蒸發器二次側冷卻裝置)	CGN Operations/ CGNPC	Utility model	ZL201320818659.9	2013.12.13	2014.05.21
34.	Logic test device of reactor protection system for the nuclear power station (核電站反應堆保護系統邏輯電路測試裝置)	CGN Operations/ CGNPC	Utility model	ZL201320822136.1	2013.12.13	2014.06.11
35.	Closed-circuit television inspection device for the lid cover in the reactor pressure vessel (反應堆壓力容器頂蓋的閉路電視檢查裝置)	Suzhou Nuclear Power Research Institute	Invention	ZL200810107244.4	2008.09.28	2011.09.28
36.	Closed-circuit television inspection device for the voltage regulator at the nuclear power station (核電站穩壓器的閉路電視檢查裝置)	Suzhou Nuclear Power Research Institute/CGN Inspection Technology, Suzhou branch	Invention	ZL200810107393.0	2008.11.11	2010.08.11
37.	Data acquisition system for the meteorological station at the nuclear power plant (核電廠氣象觀測站數據採集系統)	Suzhou Nuclear Power Research Institute/CGNPC	Utility model	ZL201020228522.4	2010.06.18	2011.02.02
38.	Impressed current cathodic protection system for the drum-type rotating filter at the nuclear power station (核電站鼓形旋轉濾網外加電流陰極保護系統)	Suzhou Nuclear Power Research Institute/CGNPC/DNMC	Utility model	ZL201020235831.4	2010.06.23	2011.04.06
39.	A Zircaloy used in the Nuclear fuel cladding 一種核燃料包殼用鋯合金	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110005084.4	2011.01.12	2012.11.21

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
40.	A zirconium base alloy used in the nuclear reactor (一種用於核反應堆的鋯基合金)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110005085.9	2011.01.12	2012.11.21
41.	The defect information acquisition methodology based on the polycrystalline probe for ultrasonic testing (基於多晶探頭的超聲檢測缺陷信息採集方法)	Suzhou Nuclear Power Research Institute/CGNPC/CGN Inspection Technology	Invention	ZL201110094754.4	2011.04.15	2013.08.07
42.	A Low-tin Zircaloy used in material of nuclear reactor containment (一種核反應堆包殼材料用低錫鋯合金)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110147669.X	2011.06.02	2013.01.16
43.	A Zircaloy used in Nuclear Reactor (一種核反應堆用鋯合金)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110147676.X	2011.06.02	2013.01.16
44.	A Zircaloy used as structural material of nuclear pressurized water reactor (一種用作核壓水反應堆結構材料的鋯合金)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110147671.7	2011.06.02	2013.01.16
45.	A Zircaloy used in nuclear reactor fuel containment (一種核反應堆燃料包殼用鋯合金)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110147673.6	2011.06.02	2013.01.16
46.	A Zircaloy material used in nuclear pressurized water reactor and its preparation methodology (一種核壓水反應堆用鋯合金材料及其製備方法)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110147668.5	2011.06.02	2012.10.03

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
47.	A Zircaloy material and its preparation methodology (一種鋯合金材料及其製備方法)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110147670.2	2011.06.02	2012.07.25
48.	A Zircaloy material used in nuclear reactor fuel assembly (一種核反應堆燃料組件用鋯合金材料)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110147666.6	2011.06.02	2013.02.13
49.	A treatment technology and device for in-wall Shot-Peening (一種內壁噴丸強化處理工藝及裝置)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110155797.9	2011.06.10	2013.03.06
50.	A low-tin Zircaloy material used in nuclear reactor (一種核反應堆用低錫鋯合金材料)	Suzhou Nuclear Power Research Institute/CGN Engineering/CGNPC	Invention	ZL201110158482.X	2011.06.14	2013.01.16
51.	A low-tin Zircaloy material used in nuclear reactor fuel assembly (一種核反應堆燃料組件用低錫鋯合金材料)	Suzhou Nuclear Power Research Institute/CGN Engineering/CGNPC	Invention	ZL201110158481.5	2011.06.14	2013.01.16
52.	A Zircaloy material used in nuclear reactor (一種核反應堆用鋯合金材料)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110180102.2	2011.06.30	2013.06.12
53.	Zircaloy used in nuclear reactor (核反應堆用鋯合金)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110180039.2	2011.06.30	2013.07.10
54.	Heat treatment methodology after welding for pipes with different specifications (不等規格管道焊接接頭焊後熱處理方法)	Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201110358082.3	2011.11.14	2013.04.10

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
55.	Integrated collecting device for the environmental radiation data online system of the nuclear power plant (核電廠環境輻射數據在線系統一體化採集裝置)	Suzhou Nuclear Power Research Institute/CGNPC	Utility model	ZL201220064192.9	2012.02.27	2012.11.21
56.	Inspection device for the closed-circuit television of nuclear power station steam generators (核電站蒸汽發生器的閉路電視檢查裝置)	CGN Inspection Technology	Invention	ZL200810136272.9	2008.11.21	2010.08.11
57.	Weld radial detection equipment for nuclear reactor pressure vessel nozzle's safety end (核反應堆壓力容器接管安全端焊縫射線檢測設備)	CGN Inspection Technology/CNPRI	Invention	ZL200910115627.0	2009.06.30	2011.02.02
58.	Weld detection equipment and airbag components for nuclear reactor pressure vessel nozzle's safety end (核反應堆壓力容器接管安全端焊縫檢測設備及其氣囊組件)	CGN Inspection Technology/CNPRI	Invention	ZL200910115629.X	2009.06.30	2011.03.16
59.	Weld detection equipment and positioning methodology for nuclear reactor pressure vessel nozzle's safety end (核反應堆壓力容器接管安全端焊縫檢測設備及其定位方法)	CGN Inspection Technology /CNPRI	Invention	ZL200910115630.2	2009.06.30	2011.05.04

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
60.	Weld detection equipment for nuclear reactor pressure vessel nozzle's safety end (核反應堆壓力容器接管安全端焊縫檢測設備)	CGN Inspection Technology /CNPRI	Invention	ZL200910115628.5	2009.06.30	2011.05.04
61.	Radial inspection device for the weld between the bottom head and surge nozzle of nuclear power station voltage stabilizer (核電站穩壓器下封頭與波動管接管間焊縫射線檢查裝置)	CGN Inspection Technology	Invention	ZL201010101296.8	2010.01.22	2011.12.07
62.	Probe scanning device for reactor pressure vessel inspection machine (反應堆壓力容器檢查機的探頭掃查裝置)	CGN Inspection Technology/ CNPRI/CGNPC	Invention	ZL201010208509.7	2010.06.23	2012.07.11
63.	Probe structure at the front end for reactor pressure vessel inspection machine (反應堆壓力容器檢查機的前端探頭機構)	CGN Inspection Technology/ CNPRI/CGNPC	Invention	ZL201010208499.7	2010.06.23	2012.07.11
64.	Weld automation inspection equipment and positioning methodology for nuclear reactor pressure vessel's safety end (核反應堆壓力容器安全端焊縫自動化檢查設備及定位方法)	CGN Inspection Technology/ Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201010256801.6	2010.08.19	2012.08.22

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
65.	Multi-function inspection equipment for nuclear reactor pressure vessel's nozzle (核反應堆壓力容器管嘴多功能檢查設備)	CGN Inspection Technology/ CNPRI/CGNPC	Invention	ZL201010256812.4	2010.08.19	2012.08.08
66.	Weld ultrasonic inspection equipment for nuclear reactor pressure vessel's safety end (核反應堆壓力容器安全端焊縫超聲檢查設備)	CGN Inspection Technology/Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201010256842.5	2010.08.19	2012.12.26
67.	The probe holder of weld ultrasonic inspection equipment for nuclear reactor pressure vessel's safety end (核反應堆壓力容器安全端焊縫超聲檢查設備的探頭架)	CGN Inspection Technology/Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201010256821.3	2010.08.19	2012.12.26
68.	Radial inspection device for EPR reactor nuclear power station's voltage stabilizer (EPR堆型核電站穩壓器射線檢查裝置)	CGN Inspection Technology/ CGNPC/CNPRI	Invention	ZL201110327135.5	2011.10.25	2013.07.17
69.	Tube eddy current data remote analysis and management platform for steam generator at nuclear power station (核電站蒸汽發生器傳熱管渦流數據遠程分析及管理平台)	CGN Inspection Technology/Suzhou Nuclear Power Research Institute/CGNPC	Invention	ZL201210000738.9	2012.01.04	2013.10.16

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
70.	A reactor cavity syringe and reactor cavity injection system (一種堆腔注水器及堆腔注水系統)	CNPRI/CGNPC	Utility model	ZL201020197409.4	2010.05.20	2010.12.22
71.	A system for reactor core cooling, reactor cavity water filling and containment heat removal (堆芯冷卻、堆腔充水及安全殼熱量導出的系統)	CNPRI/CGNPC	Utility model	ZL201020215975.3	2010.06.04	2010.12.29
72.	Direct safety injection system used for nuclear reactor pressure vessel (用於核反應堆壓力容器的直接安注系統)	CNPRI/CGNPC	Utility model	ZL201020211920.5	2010.06.04	2011.01.05
73.	A security system for ensuring safety of the nuclear power station (一種用於保證核電站安全的安全系統)	CNPRI/CGNPC	Utility model	ZL201020227239.X	2010.06.17	2011.04.06
74.	An emergency feed water system for nuclear power station (一種用於核電站的應急給水系統)	CNPRI/CGNPC	Utility model	ZL201120001424.1	2011.01.05	2011.08.24
75.	A type of fuel assembly and the nuclear reactor core for which it is used (一種燃料組件及使用該燃料組件的核反應堆堆芯)	CNPRI	Invention	ZL200810067229.1	2008.05.14	2012.04.25
76.	An on-the-top passive emergency residual heat removal system for PWR (一種置頂式壓水堆非能動應急餘熱排出系統)	CNPRI/CGNPC	Utility model	ZL201120224674.1	2011.06.29	2012.01.11

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
77.	A reactor gravity filling water system (一種反應堆重力補水系統)	CNPRI/CGNPC	Utility model	ZL201220461047.4	2012.09.11	2013.04.03
78.	A cooling system and nuclear power station system used in the passive activating of nuclear power station (一種用於核電站的非能動啟動冷卻系統及核電站系統)	CNPRI/CGNPC	Utility model	ZL201220447271.8	2012.09.04	2013.04.03
79.	A passive spent fuel pool cooling system (一種非能動乏燃料水池冷卻系統)	CGNPC/CNPRI	Utility model	ZL201320023045.1	2013.01.16	2013.07.03
80.	Secondary side residual heat removal system with passive flow control device (帶有非能動流量控制裝置的二次側餘熱排出系統)	CGNPC/CNPRI	Utility model	ZL201320463515.6	2013.07.31	2014.01.15
81.	Containment cooling system (安全殼冷卻系統)	CGNPC/CNPRI	Utility model	ZL201320463523.0	2013.07.31	2014.01.15
82.	Secondary side blowdown system used for the mitigation of SGTE accident (用於蒸汽發生器傳熱管破裂事故緩解的二次側排放系統)	CGNPC/CNPRI	Utility model	ZL201320464621.6	2013.07.31	2013.12.25
83.	Passive PWR depressurization system (非能動壓水堆降壓系統)	CGNPC/CNPRI	Utility model	ZL201320464626.9	2013.07.31	2013.12.25
84.	Emergency water supply system for steam generator (蒸汽發生器應急給水系統)	CGNPC/CNPRI	Utility model	ZL201320464664.4	2013.07.31	2013.12.25

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
85.	Passive water supply and heat removal device for spent fuel pool (乏燃料水池非能動補水及熱量導出裝置)	CGNPC/CNPRI	Utility model	ZL201320629756.3	2013.10.12	2014.03.19
86.	Containment sump filter (安全殼地坑過濾器)	CGNPC/CNPRI	Invention	ZL200910107530.5	2009.05.25	2011.08.24
87.	A fuel handling device (一種燃料操作裝置)	CNPRI/CGNPC	Utility model	ZL200920261209.8	2009.12.09	2010.11.03
88.	A fuel handling device for a refueling machine (一種換料機燃料抓取裝置)	CNPRI/CGNPC	Utility model	ZL201020103946.8	2010.01.25	2010.12.29
89.	Primary vacuum exhaust gear and system for PWR nuclear power station (壓水堆核電站反應堆一回路抽真空排氣裝置和系統)	CNPRI/DNMC/CGNPC	Invention	ZL201010239825.0	2010.07.28	2013.05.08
90.	A monitoring methodology and device for rotating diode on an exciter (一種勵磁機的旋轉二極管狀態監測方法及裝置)	CNPRI/DNMC/CGNPC	Invention	ZL201010503307.5	2010.10.09	2013.04.10
91.	A drive circuit for control rod control system based on IGBT (一種基於 IGBT 的控制棒控制系統驅動電路)	CNPRI/CGNPC	Invention	ZL201010502034.2	2010.09.30	2013.05.08
92.	A detection methodology and device for filter performance (一種過濾器性能檢測方法及裝置)	CNPRI/CGNPC	Invention	ZL201010234888.7	2010.07.22	2012.12.19

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
93.	Containment sump filter and its filter tube structure (安全殼地坑過濾器的過濾筒結構及該安全殼地坑過濾器)	CNPRI/CGNPC	Invention	ZL201010234878.3	2010.07.22	2011.12.28
94.	Horizontal PWR nuclear power station containment sump filter (臥式壓水堆核電站安全殼地坑過濾器)	CNPRI/CGNPC	Invention	ZL201010234860.3	2010.07.22	2012.07.04
95.	A radioactive waste treatment methodology and device (一種放射性廢物處理方法及裝置)	CNPRI/CGNPC	Invention	ZL201110062940.X	2011.03.16	2013.03.13
96.	Mid- and low level radioactive waste disposals (中、低放射性核廢料處理裝置)	CNPRI/CGNPC	Utility model	ZL201320390583.4	2013.07.02	2013.12.25
97.	Microcurrent treatment device used in reactor nuclear instrument system outside the reactor (用於反應堆堆外核測量系統的微電流處理裝置)	CNPRI/CGNPC	Utility model	ZL201320464595.7	2013.07.31	2013.12.25
98.	An upper header for LDO fuel assembly (低壓降燃料組件上管座)	CNPRI/CGNPC	Utility model	ZL201120011575.5	2011.01.14	2011.08.10
99.	Anti-foreign material plate and device at the bottom for nuclear fuel assembly of light water reactor (輕水反應堆核燃料組件的防異物板及底部裝置)	CNPRI/CGNPC/Ling'ao Nuclear	Utility model	ZL201220213772.X	2012.05.14	2012.11.28
100.	A lower header and a device at the bottom (一種下管座及底部裝置)	CNPRI/CGNPC/Ling'ao Nuclear	Utility model	ZL201220213773.4	2012.05.14	2012.12.19

No.	Patent Name	Patentees	Class of Patents	Patent No.	Application Date	Grant Date
101.	A lower header and a device at the bottom for nuclear fuel assembly of light water reactor (輕水反應堆核燃料組件的下管座及底部裝置)	CNPRI/CGNPC/Ling'ao Nuclear	Utility model	ZL201220475065.8	2012.09.18	2013.04.03
102.	Fuel assembly hydraulics simulation (燃料組件水力學模擬體)	CNPRI/CGNPC	Utility model	ZL201320525781.7	2013.08.27	2014.01.22
103.	Guide tube and nuclear fuel assembly of light water reactor (套管式導向管及輕水堆核電站燃料組件)	CNPRI/CGNPC	Invention	ZL201110256564.8	2011.09.01	2014.03.19
104.	IO point to point methodology and device for simulation platform at nuclear power stations (一種用於核電站仿真平台的 IO 對點方法和 IO對點裝置)	CGN Simulation Technology/CGNPC	Invention	ZL201010282659.2	2010.09.14	2012.09.12

Under PRC law, a granted invention has a validity period of 20 years from the date of its application and a granted utility model has a validity period of ten years from the date of its application.

In respect of the jointly-owned patents with CGNPC described above, we are entitled to a complete and non-restricted use thereof under the Non-competition Deed and PRC law. In addition, in respect of jointly-owned patents with CGNPC and its associates described above, we have been advised by our PRC legal adviser, King & Wood Mallesons, that we have the rights to use such jointly owned patents independently and license others to use them by means of an ordinary license in the course of our business and operations. The joint patent owners who are not subsidiaries of CGNPC are Independent Third Parties.

Computer software copyrights

As of the Latest Practicable Date, we have registered the following copyrights, which we consider to be or may be material to our business:

No.	Owner	Name of Software	Registered Number	Registration Date
1.	DNMC	Nuclear fuel cycle information management and analysis system (核燃料循環信息管理與分析系統)	2006SR11280	2006.08.22
2.	DNMC	Computer program system (CPS) (程序數據庫系統 (CPS))	2007SR03130	2007.03.01
3.	DNMC	Experience feedback system (EFS) (經驗反饋系統 (EFS))	2007SR00574	2007.01.12
4.	DNMC	Electronic records generating system (電子文件生成系統)	2007SR15735	2007.10.12
5.	DNMC	Maintenance program management system MPM (維修大綱管理系統 MPM)	2008SR08902	2008.05.09
6.	DNMC	RCM analysis software (RCM分析軟件)	2009SR02471	2009.01.13
7.	DNMC	Takeover for operations information management system TIM (移交接產信息管理系統 TIM)	2009SR08472	2009.03.03
8.	DNMC	Decision supporting system for Daya Bay Nuclear Power Base emergency protective action (Abbreviation: OIL) V1.0 (大亞灣核電基地應急防護行動決策支持系統 (簡稱: OIL)V1.0)	2011SR031621	2011.05.25
9.	GNPJVC/DNMC/Ling'ao Nuclear/ Lingdong Nuclear/CNPRI/CGNPC	Solid waste handling and tracking management system for CGNPC Million-Kilowatt PWR nuclear power station (Abbreviation: RSWM) V1.0 (中廣核百萬千瓦級壓水堆核電站固體廢物處理跟蹤管理系統 (簡稱:RSWM)V1.0)	2011SR098529	2011.12.21
10.	CGNPC/DNMC/CNPRI/ GNPJVC/Ling'ao Nuclear/ Lingdong Nuclear	Tracking system software for CGNPC PWR nuclear power station handover industrial risk (Abbreviation: DRS) V1.0 (中廣核壓水堆核電站移交接產工業風險查詢系統軟件 (簡稱:DRS)V1.0)	2012SR031930	2012.04.24

No.	Owner	Name of Software	Registered Number	Registration Date
11.	Suzhou Nuclear Power Research Institute	Nuclear power station corrosion information integrated management system V1.0 (核電站腐蝕信息綜合管理系統 V1.0)	2010SR002617	2010.01.18
12.	Suzhou Nuclear Power Research Institute/CGNPC	Nuclear power station instrumentation control equipment aging information management system (核電站儀控設備老化信息管理系統)	2010SR050267	2010.09.21
13.	Suzhou Nuclear Power Research Institute	Nuclear power engineering equipment surveillance management information system (Abbreviation: EQSMIS) V1.0 (核電工程設備監造管理信息系統 (簡稱 EQSMIS) V1.0)	2010SR059912	2010.11.10
14.	Suzhou Nuclear Power Research Institute/CGNPC	Nuclear power plant cable lifetime extension supporting database system V1.0 (核電廠電纜延壽支撐數據庫系統 V1.0)	2010SR062899	2010.11.24
15.	Suzhou Nuclear Power Research Institute/CGNPC	Evaluation and management system for nuclear power engineering equipment manufacturing process (Abbreviation: NPCAS) V1.0 (核電工程設備製造工藝評定管理系統 (簡稱: NPCAS) V1.0)	2011SR071626	2011.10.08
16.	Suzhou Nuclear Power Research Institute/CGNPC	Reactor pressure vessel material aging database system V1.0 (反應堆壓力容器材料老化數據庫系統 V1.0)	2014SR019190	2014.02.18
17.	CGN Inspection Technology	Nuclear power station eddy current inspection video monitoring communication system software V1.0 (核電站渦流檢查視頻監控通訊系統軟件 V1.0)	2011SR081926	2011.11.11
18.	CGN Inspection Technology	Pipe wall crawler control software V1.0 for nuclear power station steam generator (核電站蒸汽發生器管壁爬行器控制軟件 V1.0)	2012SR121119	2012.12.08

No.	Owner	Name of Software	Registered Number	Registration Date
19.	CGN Inspection Technology	Electrical control software V1.0 for EPR nuclear power station reactor pressure vessel head cover eddy current inspection equipment (EPR核電站反應堆壓力容器頂蓋CRDM渦流檢查裝備電氣控制軟件 CRDM Control Software V1.0)	2013SR095059	2013.09.04
20.	CGN Inspection Technology	3-D virtual training software system V1.0 for EPR reactor pressure vessel non-destructive examination device (EPR堆型反應堆壓力容器無損檢測裝置三維虛擬培訓軟件系統 V1.0)	2014SR001025	2014.01.03
21.	CGNPC/CNPRI/DNMC	Computer control program software for Million-Kilowatt PWR nuclear power station LOCA margin monitoring system (百萬千瓦級壓水堆核電站 LOCA裕度監測系統計算控制程序軟件)	2011SR057503	2011.08.15
22.	CNPRI/CGNPC	Power cabinet control program for Million-Kilowatt PWR nuclear power station rod position system (百萬千瓦級壓水堆核電站棒位系統電源櫃控制程序)	2012SR090648	2012.09.22
23.	CNPRI/CGNPC	PLC control software for pressurized water reactors nuclear power station transshipment device (壓水堆核電站核燃料轉運裝置PLC控制軟件)	2012SR124340	2012.12.14
24.	CNPRI/CGNPC	MCCI calculation program under reactor severe accident (反應堆嚴重事故下MCCI計算程序)	2011SR006161	2011.02.12
25.	CNPRI/CGNPC	Reactor cavity injection IVR validity evaluation software under nuclear power station severe accident (核電站嚴重事故下堆腔注水 IVR有效性評估軟件)	2011SR008120	2011.02.21

No.	Owner	Name of Software	Registered Number	Registration Date
26.	CNPRI/CGNPC	Reactor core design graphical interface software (反應堆堆芯設計圖形界面軟件)	2013SR047115	2013.05.20
27.	CNPRI/CGNPC	Spring mechanics analysis software for nuclear fuel assembly compressing plate (核燃料組件壓緊板彈簧力學分析軟件)	2013SR041013	2013.05.06
28.	CGNPC/CNPRI	Fuel rod overall performance analysis software (燃料棒綜合性能分析軟件)	2013SR151136	2013.12.20
29.	CGN Simulation Technology	CPR1000 nuclear power simulation system V1.0 (CPR1000核電仿真系統 V1.0)	2009SR027512	2009.07.10
30.	CGN Simulation Technology	HTR nuclear power simulation system V1.0 (HTR核電仿真系統 V1.0)	2010SR007159	2010.02.09

In respect of the jointly-owned computer software copyrights with CGNPC described above, we are entitled to a complete and unrestricted use thereof under the Non-competition Deed and PRC law. In addition, in respect of jointly-owned computer software copyrights with CGNPC and its associates described above, we have been advised by our PRC legal adviser, King & Wood Mallesons, that we have the rights to use such jointly-owned computer software copyrights independently and license others to use them by means of an ordinary license in the course of our business and operations.

Domain names

As of the Latest Practicable Date, we have registered the following domain names:

No.	Domain Name	Registration Date	Expiration Date	Name of Registered Proprietor
1	cgnp.com.cn	2012.11.14	2017.11.14	our Company
2	dnmc.com.cn	2003.02.19	2015.02.19	DNMC
3	cnpri.com.cn	2006.09.19	2023.09.19	CNPRI
4	gnpep.com	2010.07.09	2015.07.09	Daya Bay Environment Protection

5. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

A. Particulars of Directors' and Supervisors' Contracts

Each of the executive Director and non-executive Directors entered into a service contract with our Company on July 18, 2014. The principal particulars of these service contracts comprise (a) a term of three years commencing from the date on which the relevant Shareholders' approvals for the appointment were obtained; and (b) termination provisions in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable rules and regulations.

Each of the Supervisors entered into a contract with our Company on July 18, 2014. Each contract contains provisions relating to compliance with relevant laws and regulations, observation of our Articles of Association and resolution of disputes by means of arbitration.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

B. Remuneration of Directors and Supervisors

The aggregate amounts of compensation (including fees, salaries, pension-defined contribution plans, housing allowances and other allowances, benefits in kind and discretionary bonuses) which were paid to the Directors and Supervisors during the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 were approximately nil, nil, nil and RMB1,064,000, respectively.

Save as disclosed above, no other payments have been paid or are payable by us to the Directors and Supervisors in respect of the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014.

There is no arrangement under which any Director has waived or agreed to waive future emoluments, nor has there been any waiver of emoluments by any Director during the current financial year.

Under the existing arrangements, the aggregate remuneration payable and benefits in kind granted to the Directors and the Supervisors for the year ending December 31, 2014 are estimated to be approximately RMB2,180,396.26 and RMB684,597.65, respectively.

Each of the Directors and the Supervisors is entitled to reimbursement for all reasonable expenses properly incurred in the performance of his duties.

6. DISCLOSURE OF INTERESTS

A. Disclosure of Interests

(a) Disclosure of the Directors' and Supervisors' interests in the registered capital of associated corporations of our Company

Immediately following completion of the Global Offering and assuming the Over-allotment Option is not exercised, none of our Directors, Supervisors and chief executive of our Company has any interest and/or short position in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to us and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

(b) Interests and short positions of the substantial shareholders in the Shares and underlying Shares

Save as disclosed in the section headed "Substantial Shareholders" in this Prospectus, our Directors, Supervisors and chief executive are not aware of any other person, not being a Director, Supervisor, or chief executive of our Company, who has an interest or short position in the Shares and underlying Shares of our Company which, once our H Shares are listed, would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

B. Disclaimers

Save as disclosed in this Prospectus:

a) none of the Directors or Supervisors or experts referred to under the paragraph headed "Consents of Experts" below is interested in the promotion of our Company, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to, our Company, or are proposed to be acquired or disposed of by or leased to our Company;

b) none of the Directors or Supervisors or experts referred to under the paragraph headed "Consents of Experts" below is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our business taken as a whole;

c) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties in the aforesaid paragraph:

   i. is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or

   ii. has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;

d) none of the Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange;

e) as of the Latest Practicable Date, none of the Directors, Supervisors, their respective associates, or any of the Shareholders (who to the knowledge of the Directors owns more than 5% of our issued share capital), had any interest in any of our top five suppliers and top five customers in respect of each of our business segments;

f) none of the Directors, Supervisors and chief executive of our Company has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by the Company pursuant to section 352 of the SFO or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the H Shares are listed on the Stock Exchange;

g) no amount, securities or benefit has been paid, allotted or given within the two years preceding the date of this Prospectus to the Promoters nor is any such amount, securities or benefit intended to be paid, allotted or given. None of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with our business; and

h) none of the Directors or Supervisors has been paid in cash or shares or otherwise by any person in respect of the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014 as an inducement to join or upon joining the Company, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

7. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under PRC law is likely to fall upon any member of our Group.

B. Litigation

Save as disclosed in the section headed "Business – Legal Proceedings and Legal Compliance" in this Prospectus, as of the Latest Practicable Date, we are not involved in any material litigation, arbitration, administrative proceedings or claims of material importance. So far as the Directors are aware, no such material litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

C. Joint Sponsors

Each of the Joint Sponsors, namely, China International Capital Corporation Hong Kong Securities Limited, Merrill Lynch Far East Limited and ABCI Capital Limited, has respectively declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, our H Shares. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

We have entered into engagement agreements with the Joint Sponsors respectively, pursuant to which we agreed to pay a total amount of USD3 million to the Joint Sponsors to act as the sponsors to our Company in the Global Offering.

D. Compliance Adviser

We have appointed China International Capital Corporation Hong Kong Securities Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary Expenses

Our estimated preliminary expenses are approximately RMB27,000,000 and are payable by us.

F. Promoters

The Promoters of our Company are CGNPC, Hengjian Investment and CNNC. Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus, no cash, security or benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the Promoters named above in connection with the Global Offering or the related transactions described in this Prospectus.

G. Qualification of Experts

The following are the qualifications of the experts which have given their opinion or advice which are contained in, or referred to in, this Prospectus:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (Dealing in securities), Type 2 (Dealing in futures contracts), Type 3 (Leveraged foreign exchange trading), Type 4 (Advising on securities), Type 5 (Advising on futures contracts) and Type 6 (Advising on corporate finance) of the regulated activities as defined under the SFO

Merrill Lynch Far East Limited	Licensed to conduct Type 1 (Dealing in securities), Type 2 (Dealing in futures contracts), Type 4 (Advising on securities), Type 6 (Advising on corporate finance) and Type 7 (Providing automated trading services) of the regulated activities as defined under the SFO
ABCI Capital Limited	Licensed to conduct Type 1 (Dealing in securities) and Type 6 (Advising on corporate finance) of the regulated activities as defined under the SFO
King & Wood Mallesons	PRC legal adviser
Deloitte Touche Tohmatsu	Certified Public Accountants
Beijing China Enterprise Appraisals Co., Ltd	Certified Public Valuers
China Nuclear Energy Association	Industry consultant

H. Consents of Experts

Each of the Joint Sponsors, Deloitte Touche Tohmatsu as our reporting accountants and independent auditors, Beijing China Enterprise Appraisals Co., Ltd as our certified public valuers, King & Wood Mallesons as our PRC legal adviser, and the China Nuclear Energy Association as our industry consultant has given and has not withdrawn its respective written consent to the issue of this Prospectus with the inclusion of any of its certificates, letters, opinions or reports (as the case may be) and the references to its name included herein in the form and context in which it is included.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is a total of HK$2.00 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, please refer to "Appendix IV – Taxation and Foreign Exchange."

J. No Material Adverse Change

Save as disclosed in this Prospectus, our Directors confirm that there has been no material adverse change in our financial or operational position since June 30, 2014.

K. Binding Effect

This Prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

L. Related Party Transactions

Within the two years immediately preceding the date of this Prospectus, our Group entered into the related party transactions mentioned in the section of this Prospectus headed "Connected Transactions" and in note 46 of the "Accountants' Report of the Company" in Appendix IA to this Prospectus.

M. Agency Fees or Commissions Received

Save as disclosed in this Prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years preceding the date of this Prospectus.

N. Restriction on Share Repurchase

For details of the restrictions on share repurchase by our Company, please refer to the paragraph headed "10 Rights of Our Company to Buy Back Our Outstanding Issued Shares" in "Appendix VI – Summary of Articles of Association."

O. Miscellaneous

Save as disclosed in this Prospectus:

a) Within the two years immediately preceding the date of this Prospectus, we have not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

b) No share or loan capital of our Group, if any, is under option or is agreed conditionally or unconditionally to be put under option;

c) No member of our Group has issued or agreed to issue any founder or management or deferred shares;

d) No member of our Group has issued or agreed to issue any debentures;

e) The Company has no outstanding convertible debt securities or debentures;

f) Within the two years immediately preceding the date of this Prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any of the shares or loan capital of the Company or any of our subsidiaries;

g) There is no arrangement under which future dividends are waived or agreed to be waived;

h) There has been no interruption in our business which may have or have had a material adverse effect on the financial position in the 12 months immediately preceding the date of this Prospectus;

i) No part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and

j) We currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law.

P. Bilingual Prospectus

The English language and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration include:

(a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) the written consents referred to in the section headed "Statutory and General Information – 7. Other Information – H. Consents of Experts" in Appendix VII to this Prospectus; and

(c) a copy of each of the material contracts referred to in the section headed "Statutory and General Information – 4. Further Information about our Business – A. Summary of Our Material Contracts" in Appendix VII to this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Shearman & Sterling at 12th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this Prospectus:

(a) the Articles of Association in Chinese;

(b) the accountant's report of the Company prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix IA to this Prospectus;

(c) The accountants' report of Taishan Nuclear prepared by Deloitte Touche Tohmatsu, the text of which is set out in "Appendix IB to this Prospectus;

(d) The accountants' report of Taishan Investment prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix IC to this Prospectus;

(e) The letter in relation to the unaudited pro forma financial information, the text of which is set out in Appendix IIA to this Prospectus;

(f) the letter in relation to the unaudited pro forma combined financial information of the enlarged group, the text of which are set out in Appendix IIB to this Prospectus;

(g) the letters from Deloitte Touche Tohmatsu and the Joint Sponsors in relation to the profit forecast, the texts of which are set out in Appendix III to this Prospectus;

(h) the PRC legal opinions issued by King & Wood Mallesons, our PRC legal adviser in respect of our general matters and property interests of the Group;

(i) the material contracts referred to in the section headed "Statutory and General Information – 4. Further Information about our Business – A. Summary of Our Material Contracts" in Appendix VII to this Prospectus;

(j) the written consents referred to in the section headed "Statutory and General Information – 7. Other Information – H. Consents of Experts" in Appendix VII to this Prospectus;

(k) the service contracts referred to in the section headed "Statutory and General Information – 5. Further Information about our Directors and Supervisors – A. Particulars of Directors' and Supervisors' Contracts" in Appendix VII to this Prospectus; and

(l) the PRC Company Law, the Special Regulations and the Mandatory Provisions together with unofficial English translations thereof.

中國廣核電力股份有限公司
CGN Power Co., Ltd.*

* For identification purposes only