

**Shenzhen Nanshan Power Co., Ltd.**  
**SEMI-ANNUAL REPORT 2013**

Notice No.: 2013-027

**13 August 2013**

## **Section I. Important Notice, Contents and Paraphrase**

**Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Shenzhen Nanshan Power Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.**

**All directors are attended the Board Meeting for report deliberation.**

**The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either.**

**Chairman of the company Yang Haixian, managing director Fu Bo, CFO Lu Xiaoping and financial management manager Huang Jian hereby confirm the truthfulness and completeness of the Financial Report in the Semi-annual Report 2013.**

**The report has been prepared in both Chinese and English, for any discrepancies, the Chinese version shall prevail.**

**Please read the full report seriously, concerning the forward-looking statements with future planning involved in the Semi-Report, they do not constitute a substantial commitment for investors. Investors are advised to exercise caution of investment risks.**

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## Paraphrase

Items	Refers to	Definition
Company, the Company, Shen Nan Dian	Refers to	Shenzhen Nanshan Power Co., Ltd.
Shen Nan Dian Zhongshan Co	Refers to	Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.
Shen Nan Dian Dongguan Co	Refers to	Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd
Shen Nan Dian Engineering Co.,	Refers to	Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.
Shen Nan Dian Environment Protection Co.,	Refers to	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.
Server Co.,	Refers to	Shenzhen Server Petrochemical Supplying Co., Ltd.
New Power, New Power Co.,	Refers to	Shenzhen New Power Industrial Co., Ltd.
Singapore Company	Refers to	Shen Nan Energy (Singapore) Co., Ltd.
Shenzhong Properties Company	Refers to	Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd
Shenzhong Real Estate Company	Refers to	Zhongshan Shenzhong Real Estate Development Co., Ltd
Syndidome Co.,	Refers to	Hong Kong Syndidome Co., Ltd.
Jiangxi Nuclear Power	Refers to	CPI Jiangxi Nuclear Power Co., Ltd.

## Section II Company profile

### I. Company Profile

Short form for share	Shen Nan Dian A, Shen Nan Dian B	Code for share	000037, 200037
Listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	深圳南山热电股份有限公司		
Abbr. of Chinese name of the Company(if applicable)	深南电 A、深南电 B		
Legal Representative	Yang Haixian		

### II. Contact person and ways

	Secretary of the Board	Rep. of securities affairs
Name	Hu Qin	-
Contact adds.	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province	-
Tel.	0755-26948888	-
Fax.	0755-26003684	-
E-mail	investor@nspower.com.cn	-

### III. Others

#### 1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

☐ Applicable    ☒ Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2012.

#### 2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

☐ Applicable    ☒ Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2012.

### **3. Registration changes of the Company**

Whether registration has changed in reporting period or not

☐ Applicable    ☒ Not applicable

Date/place for registration of the Company, registration number for enterprise legal license, number of taxation registration and organization code have no change in reporting period, found more details in Annual Report 2012.

### **4. Other relevant information**

Whether other relevant information has changed in reporting period or not

☐ Applicable    ☒ Not applicable

## Section III. Accounting data and summary of financial indexes

### I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

☐ Yes ☒ No

	Current period	Same period of last year	Increase/decrease in this report y-o-y (%)
Operating revenue (RMB)	565,476,934.91	705,842,198.56	-19.89%
Net profit attributable to shareholders of the listed company(RMB)	-101,535,348.67	-105,739,436.64	-3.98%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-110,880,260.43	-128,966,580.86	-14.02%
Net cash flow arising from operating activities(RMB)	505,430,314.24	121,728,257.73	315.21%
Basic earnings per share (RMB/Share)	-0.17	-0.18	-5.56%
Diluted earnings per share (RMB/Share)	Not applicable	Not applicable	-
Weighted average ROE (%)	-6.78%	-6.22%	-0.56%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end (%)
Total assets (RMB)	5,567,046,294.66	5,536,067,729.98	0.56%
Net assets attributable to shareholder of listed company(RMB)	1,447,384,079.13	1,548,919,427.80	-6.56%

### II. Difference of accounting data under CAS and IAS

The net profit and net assets in and out of China stays the same in reporting period.

### III. Items and amounts of extraordinary profit (gains)/loss

In RMB

Item	Amount	Note
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	1,478,830.68	-

Other non-operating income and expenditure except for the aforementioned items	460,940.17	-
Import VAT refunds for natural gas	10,739,822.79	-
Impact on minority shareholders' equity (post-tax)	-3,334,681.88	-
Total	9,344,911.76	--



## Section IV. Report of the Board of Directors

### I. Introduction

As the prediction at the beginning of the year, economy condition in Guangdong province presented a steady state in the first half of the year, demands of power for whole society growth steady in a low speed, the province overall electricity market shows a balance in terms of supply and demand. Being affected by more supplying ability to Shenzhen from provincial grid, electricity purchased outside rising rapidly and the dilemma condition of power subsidy from the government, the generating capacity of 9E gas turbine power plant still suffer a lot in restriction. At the same time, Guangdong Province continued to use subsidies standards of 2012 in 2013, that is, annual gas processing fees implemented the principle of “balance of payments, determine expenditures on income”, no new subsidy policy for local gas turbine power enterprise come up, than the price of natural gas continued to operating in a high level.

Under the premise of ensuring safety in production, to all difficulties the abovementioned, the company further tapped the potential for consumption reduction and increased income and decreased expenditure in reporting period. However, due to a serious shortage of generating capacity, the electricity prices were still hanging upside, subsidies could not cover the actual cost of electricity; the Company was still in a loss.

### II. Main business analysis

#### Introduction

During the reporting period, the accumulative operating revenue of the Company was RMB 565,476,900, a 19.89% down as compared to the same period of last year, operating costs was RMB 911,164,200, a 20.55% down as compared to the same period of last year, which mainly due to the generating capacity reduced; Net profit attributable to owners of the parent company was RMB -101,535,300, basically the same as the period one year before; and the main reason for loss was that electricity prices were still hanging upside, subsidies could not cover the actual cost of electricity. As of 30 June 2013, the Company's total assets was about RMB 5.567 billion, net assets was RMB 1.609 billion and the asset-liability ratio was up to 71.10%.

#### Y-o-y changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease (%)	Reasons for changes
Operating revenue	565,476,934.91	705,842,198.56	-19.89%	-
Operating costs	911,164,225.22	1,146,829,174.36	-20.55%	-
Sales expenses	1,097,790.70	510,156.84	115.19%	Mainly because emergency handling charges for sludge transport from Shen Nan Dian Environment Protection Co., increased.
Administration expenses	45,078,741.44	50,598,310.93	-10.91%	-
Finance expenses	102,005,328.28	101,300,639.07	0.7%	-

Income tax expenses		638,646.90	-100%	Shen Nan Dian Dongguan Co., was at a loss in the period.
Net cash flow arising from operating activities	505,430,314.24	121,728,257.73	315.21%	Payable unpaid purchases of natural gas increased
Net cash flow arising from investment activities	-16,214,944.45	55,960,903.08	-128.98%	Expenditure of construction of long-term assets increased, recovery of investment funds decreased.
Net cash flow arising from financing activities	-398,063,841.88	-167,038,600.00	138.31%	Net financing decreased, financial costs increased.
Net increase of cash and cash equivalent	91,004,926.21	10,598,395.33	758.67%	Net cash flow from operating activities increased.

Major changes on profit composition or profit resources in reporting period

☐ Applicable ☒ Not applicable

No major changes on profit composition or profit resources occurred in reporting period.

The future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

☐ Applicable ☒ Not applicable

No future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

☐ Applicable ☒ Not applicable

Review on the previous business plan and its progress during reporting period

1. In reporting period, the Company achieved the safety management target of “Four Nos”, safety in production with 3,348 days in a row, providing an important guarantee for daily operation and sustainable development of the Company.
2. Being deliberated and approved in annual Board Meeting and Shareholders’ General Meeting, Shenzhong Real Estate Company and Shenzhong Property Company have implemented the vary pre-phrase works in terms of land development projects.
3. Active to comprehend relevant Xinjiang-supporting policy, participate in research of the Guangdong Xinjiang-supporting Project, investigate the power market and investment environment in Kashgar, furthermore, entered into a “Cooperation Framework Agreement for Investment and Development Projects” with local government.

### III. Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio (%)	Increase or decrease of	Increase or decrease of	Increase or decrease of gross
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				operating revenue over same period of last year (%)	operating cost over same period of last year (%)	profit ratio over same period of last year (%)
According to industries						
Energy	541,342,937.69	889,160,298.08	-64.25%	-20.84%	-21.43%	-24.68%
Engineering labor	510,000.00	2,408,143.85	-372.19%	6.25%	0.07%	-292.14%
Sludge drying	20,730,847.11	14,979,601.46	27.74%	5.87%	66.65%	-90.11%
Other revenue	2,072,210.23	4,522,366.87	-118.24%	18.35%	26.23%	-67.11%
According to products						
Power marketing	540,526,165.74	888,742,410.93	-64.42%	-20.58%	-20.97%	0.72%
Thermal marketing	816,771.95	417,887.15	48.84%	-75.15%	-94.08%	163.43%
Engineering labor	510,000.00	2,408,143.85	-372.19%	6.25%	0.07%	29.13%
Sludge drying	20,730,847.11	14,979,601.46	27.74%	5.87%	66.65%	-26.49%
Rent and other revenue	2,072,210.23	4,522,366.87	-118.24%	18.35%	26.23%	-13.61%
According to region						
Shenzhen area	30,931.69	49,564.19	-60.24%	-31.05%	-28.68%	-5.33%
Dongguan area	9,788.48	19,849.38	-102.78%	-11.25%	-12.61%	3.16%
Zhongshan area	15,827.52	21,702.85	-37.12%	7.73%	-3.43%	15.84%

#### IV. Core competitive-ness analysis

The Company, as a leader in the field of gas turbine generator, was honor the title of “The biggest gas turbine power generation enterprise in China”; it is the enterprise with the most 9E (PG9171E gas-steam combined-cycle generator-transformer unit) held so far, and also it is the President Unit of Guangdong Gas Turbine Generator Association. The Company realized transformation from traditional power plant to a energy cascade comprehensive utilization enterprise in terms of power, cooling and heat supplying (hot-water and steam) to areas as well as recycling treatment of sludge. The Company named as the “National Advanced Unit of Recycle Economy” by National Development and Reform Commission (NDRC) in October 2012, one of only forth advanced units in Guangdong Province. After two decades construction and development, the Company has training and absorbing a large number of gas turbine technology specialist, meanwhile, through reinforcing the communication and cooperation with the industry in same profession, created a gas turbine talent training base, which lay out a favorable foundation for the follow-up development of the enterprise.

With a favorable peaking performance in gas turbine, plus obviously environmental mitigation effect for natural gas, therefore, the gas turbine is indispensable to the economically developed coastal areas in particular, whether in terms of roles in emergency grid loading and regional security and environmental protection needs. Along with the reform and implementation of national electricity price system, natural gas reform and gas turbine enterprise still owns a competition-ness and major operation rooms.

## V. Investment analysis

### 1. External equity investment

#### (1) External investment

External investment		
Investment in reporting period (RMB)	Investment at same period of last year (RMB)	Changes (%)
8,000,000.00	8,000,000.00	0%
Invested company		
Name	Main business	Proportion of equity held by listed company in invested company (%)
CPI Jiangxi Nuclear Power Co., Ltd.	Development, construction and operation of the nuclear power projects; power generating and relevant products; foreign trading (excluded import and export business with state-run trade management concerned); (excluding projects, the above mentioned, with national special permission hold)	5%

### 2. Trust management, derivative investment and entrust loans

The Company has no trust management, derivative investment and entrust loans in reporting period.

### 3. Main subsidiaries and joint-stock companies analysis

Main subsidiaries and joint-stock companies

In RMB

Name	Type	Industry involved	Main products or service	Registered capital	Total assets	Net assets	Operation revenue	Operation profit	Net profit
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Subsidiary	Power industry	Construction and operation of natural gas power plant.	US\$35,040,000	970,984,479.30	275,253,208.81	97,884,779.39	-128,019,814.86	-24,776,228.79
Shenzhen New Power	Subsidiary	Power industry	Waste heat utilization	RMB 113,850,000	1,047,513,940.95	45,671,947.21	153,437,901.33	-36,093,381.37	-36,093,381.37

Industrial Co., Ltd.			technology development (limited project excluded); power generation by waste heat utilization. Add: gas turbine electricity generated.						
Zhongshan Shenzhong Real Estate Development Co., Ltd	Subsidiary	Real estate	Real estate	RMB 177,800,000	1,077,714,737.68	17,972,152.82	0.00	-12,532,550.48	-12,233,405.18

#### 4. Major project invested by non-raised funds

In ten thousand Yuan

Project	Total investment planned	Amount invested in this period	Amount invested accumulative till end of reporting period	Progress	Earnings
CPI Jiangxi Nuclear Power Co., Ltd.	34,785.00	800.00	5,731.5	Developed preliminary work	N/A
Total	34,785.00	800.00	5,731.5	-	-

#### VI. Prediction of business performance from January – September 2013

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

☐ Applicable    ☒ Not applicable

#### VII. Explanation from the Board for “Qualified Opinion” of last year’s

In year 2011, Deloitte Touche Tohmatsu CPAs Co., Ltd. issued qualified auditor’s report with paragraph of emphasized matters for the Company. During the report period, the matter involved in non-standard qualified opinion has no any progress. (More details found in notice of No.: 2013-010 from Annual Report of 2012)

## **VIII. Implementation of profit distribution in reporting period**

Implementation or adjustment of profit distribution plan in reporting period, cash dividend plan and shares converted from capital reserve in particular

☐ Applicable    ☒ Not applicable

The Company has no profit distribution and shares converted from capital reserve either, which was deliberated and approved in annual shareholders' general meeting of 2012.

## **IX. In the report period, reception of research, communication and interview**

No reception of research, communication and interview occurred in reporting period.

## Section V. Important Events

### I. Corporate governance

In strict accordance with Company Law, Securities Law and relevant requirement of laws and regulations from CSRC, the Company further improves the governance structure and continues to operate regularly. Currently, actual condition of the corporate governance has roughly the same as requirement of normative documents with governance concerned issued from CSRC.

1. The Article of Association, Work Rules for Independent Directors and Management Method of On-line Voting for Shareholders' General Meeting were revised in reporting period, and the revision should submit for deliberation in 15th meeting of 6th session of the board;
2. Undisclosed information offered to first largest shareholder including: daily output, power production obstacles statement and accident statement as well as monthly security briefings. Present collected proposals to relevant directors and supervisors after revised in discussion of the GM office by secretariat of the Board, before board meeting and supervisory meeting helds, as required, and file in to the property rights legal department and administrative department at the same time.
3. Training the insider trading prevention between the directors, supervisors and manager with middle-and-high-ranking title, furthermore, increase the column of "Securities Regulation" in inner website for reprinting State Laws, administrative regulations, rules and regulation of supervision department.

### II. Significant lawsuits and arbitrations of the Company

No significant lawsuits and arbitrations of the Company in reporting period.

### III. Question from media

No universal questioned by media in reporting period

### IV. Bankruptcy reorganization

In reporting period, the Company has no bankruptcy reorganization occurred.

### V. Transaction in assets

The company had no major acquisitions, sales of assets and enterprise merger in the reporting.

### VI. Implementation and its influence of equity incentive

The company had not yet made the plan of equity incentive in the reporting.

## VII. Insignificant related transactions

**1. In the reporting period, the Company has no related transaction and assets acquisition with daily operational concerned, and no related transaction occurred from sales as well as material related transaction from jointly investment outside**

### 2. Current related liabilities and debts

Whether exist non-operating contact of related liabilities and debts or not

☒Applicable

☐Not applicable

Related parties	Relationship	Type	Reason	whether exist non-operating occupation of funds	Balance at period-begin (in 10 thousand Yuan)	Occurred amount in the period (in 10 thousand Yuan)	Balance at period-end (in 10 thousand Yuan)
Shen Nan Dian Engineering Company	Subsidiary	Debts payable to related party	Current money from day-to-day operations	No	10,493.72	329.42	10,823.14
Shen Nan Dian Engineering Company	Subsidiary	Claims receivable from related party	Profit distribution	No	5,626.5	0	5,626.5
Shen Nan Dian Zhongshan Company	Subsidiary	Claims receivable from related party	Current money from day-to-day operations	No	56,517.48	-1,389.97	55,127.51
Shenzhong Real Estate Company	Subsidiary	Claims receivable from related party	Current money from day-to-day operations	No	73,582.62	1,932.97	75,515.59
Shenzhong Real Estate Company	Subsidiary	Claims receivable from related party	Current money from day-to-day operations	No	0	8,485.88	8,485.88
Shen Nan Dian Dongguan Company	Subsidiary	Claims receivable from related party	Current money from day-to-day operations	No	8,110.27	214.78	8,325.05
Shen Nan Dian Dongguan Company	Subsidiary	Debts payable to related party	Current money from day-to-day operations	No	2,328.56	57.4	2,385.96
New Power Company	Subsidiary	Debts payable to related party	Current money from day-to-day	No	61,831.41	7,453.15	69,284.56



			operations				
New Power Company	Subsidiary	Claims receivable from related party	Profit distribution	No	59,787.59	0	59,787.59
Server Company	Subsidiary	Debts payable to related party	Current money from day-to-day operations	No	3,654.37	4.24	3,658.61
Server Company	Subsidiary	Claims receivable from related party	Current money from day-to-day operations	No	627.94	0	627.94
Shen Nan Dian Environment Protection Company	Subsidiary	Claims receivable from related party	Current money from day-to-day operations	No	161.05	2,020.44	2,181.49
Singapore Company	Subsidiary	Claims receivable from related party	Current money from day-to-day operations	No	14.43	6.8	21.23
Syndidome Company	Subsidiary	Claims receivable from related party	Current money from day-to-day operations	No	4.86	0.6	5.46
Syndidome Company	Subsidiary	Debts payable to related party	Current money from day-to-day operations	No	167.71	-2.83	164.88
Shenzhen Energy Group	Shareholders	Debts payable to related party	Capacity advanced received	No	1,458.6	0	1,458.6
Influence on business performance and financial status of the Company from related liabilities and debts		Influence on financial status from related liabilities and debts: increased current assets RMB 112,715,000 in the period and increased current liabilities RMB 78,413,800 in the period.					

### 3. Other insignificant related transactions

The company had no other insignificant related transactions in reporting period.

## VIII. Significant contracts and its implementation

### 1. Trusteeship, contract and lease

#### (1) Trusteeship

Explanation on trusteeship

According to the the “Operation Contract of Assts Trusteeship for Generator Unit of Shenzhen New Power Industrial Co., Ltd.” signed in 2003, the assets of generator units, owned by New Powe Company, the wholly-owned subsidiary of the Company, were being trusteeship by the Company. Service charge for the assets trust RMB 6,171,700 was obtained by the Company in reprotng period.

#### (2) Lease

Statement of lease situation

In RMB

Lessor	Lessee	Asset	Amount of assets involved	Valid from	Expiry date	Lease income	Basis for determining of lease income	Influence on the Company from lease income
The Company	Shen Nan Dian Environment Protection Co.,	Land	-	2011.01.01	2014.12.31	576,000.00	Agreement price	Net profit increased RMB 576,000.00. in profit statement
The Company	Shen Nan Dian Environment Protection Co.,	Office building	3,533,679.16	2012.01.01	2014.12.31	330,000.00	Agreement price	Net profit increased RMB 330,000.00. in profit statement

Items generated over 10% gains/losses in total profit in reporting period for the Company

☐ Applicable ☒ Not applicable

**(3) The company had no other major trusteeship and contract except for the abovementioned**

### 2. Guarantees

In ten thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for the controlling subsidiaries)								
Name of the Company guaranteed	Related Announcem ent disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implemen tation or not	Guarante e for related party (Yes or no)
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcem	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Complete implemen	Guarante e for

	ent disclosure date		(Date of signing agreement)				tation or not	related party (Yes or no)
Shen Nan Dian Dongguan Company	2013-05-18	25,000	2013-06-03	20,000	Joint liability guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2013-05-18	10,000	2013-05-02	10,000	Joint liability guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2013-05-18	7,500	2013-06-17	7,500	Joint liability guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2013-05-18	30,000	2012-08-28	13,136	Joint liability guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2013-05-18	5,000	2013-05-31	5,000	Joint liability guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2013-05-18	10,000	2012-08-03	10,000	Joint liability guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2013-05-18	7,000	2013-01-14	7,000	Joint liability guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2013-05-18	4,900	2013-05-15	2,000	Joint liability guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2013-05-18	500	2013-05-17	500	Joint liability guarantee	1year	No	Yes
Shen Nan Dian Environment Protection Co.	2013-05-18	10,000	2009-11-03	1,600	Joint liability guarantee	2year	No	Yes
Shen Nan Dian Environment Protection Co.	2013-05-18	3,000	2012-09-13	2,000	Joint liability guarantee	1year	No	Yes
New Power Company	2013-05-18	10,000	2012-12-14	10,000	Joint liability guarantee	1year	No	Yes
New Power Company	2013-05-18	10,000	2012-12-20	10,000	Joint liability guarantee	1year	No	Yes
New Power Company	2013-05-18	30,000	2012-11-26	20,000	Joint liability guarantee	1year	No	Yes
Total amount of approving guarantee for subsidiaries in report period (B1)		162,900		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		118,736		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		162,900		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		118,736		
Total amount of guarantee of the Company( total of two abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1)		162,900		Total amount of actual occurred guarantee in report period (A2+B2)		118,736		
Total amount of approved		162,900		Total balance of actual		118,736		

guarantee at the end of report period (A3+B3)	guarantee at the end of report period (A4+B4)
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4) (%)	73.79%
Including:	
Amount of guarantee for shareholders, actual controller and its related parties(C)	0
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)	115,136
Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)	824,463.42
Total amount of the aforesaid three guarantees(C+D+E)	197,582.5
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)	Nil
Explanations on external guarantee against regulated procedures (if applicable)	Nil

### 3. Other significant contract

Counterparty	Parties in the contract	Date for signing	Net book value of assets involved (10 thousand Yuan) (if applicable)	Appraisal value of assets involved (10 thousand Yuan) (if applicable)	Appraisal agency (if applicable)	Base date of assets evaluation (if applicable)	Pricing principle	Dealing price (10 thousand Yuan)	Whether the related transaction or not	Relationship	Implementation end as the Report
The company	Guangdong Trade Branch of CNOOC Gas & Power Group Co., Ltd.	2013-1-15	Not applicable	Not applicable	Not applicable	Not applicable	Be composed of three parts of LNG price, comprehensive service charge and taxes. Two different price of LNG should be set in two period later from 2013, 2014 and later	Refer to pricing principles	No	Not applicable	Related contracts still in implementing

							contract years				
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### **IX. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period**

No commitments mad by the Company and directors, supervisors, senior executives and shareholders holding above 5% shares of the Company, that probably arising major influence on the operation results and financial status of the Company, in reporting period or commitments extending to the reporting period

### **X. Engagement and non-reappointment of CPA**

Whether the semi-annual report was audited or not

☐ Yes    ☒ No

### **XI. Explanation on other significant events**

In year 2012, Deloitte Touche Tohmatsu CPAs Co., Ltd. issued qualified auditor's report with paragraph of emphasized matters for the Company. In the reporting period, the progress of the matter involved in non-standard qualified opinion was disclosed in Annual Report 2012 dated 23 April 2013. (More details found in Juchao Website of Notice No.: 2013-010)

## Section VI. Changes in Shares and Particulars about Shareholders

### I. Changes in Shares

	Before the Changes		Increase/Decrease in the Change (+, -)					After the Changes	
	Amount	Proportion (%)	Newly-issued shares	Bonus shares	Public reserve-co nverted shares	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares	18,263							18,263	
5. Senior executives' shares	18,263							18,263	
II. Unrestricted shares	602,744,333							602,744,333	
1.RMB ordinary shares	338,894,012							338,894,012	
2.Domestically listed foreign shares	263,850,321							263,850,321	
III. Total shares	602,762,596							602,762,596	

Reasons for share changed

☐ Applicable ☒ Not applicable

Approval of share changed

☐ Applicable ☒ Not applicable

Ownership transfer of share changes

☐ Applicable ☒ Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

☐ Applicable ☒ Not applicable

Other information necessary to disclose for the Company or need to disclosed under requirement from security regulators

☐ Applicable ☒ Not applicable

Explanation on changes in aspect of total shares, shareholders structures as well as structure of assets and liability of the Company

☐ Applicable ☒ Not applicable

### II. Number of shares and shares held

In Share

Total shareholders at period-end		39,274						
Shareholders with over 5% shares held								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares	Changes in reports	Amount of restricted	Amount of un-res	Number of share pledged/frozen	
							State of share	Amount

			held at period -end	ng period	ted shares held	tricted shares held		
Shenzhen Guangju Industrial Co., Ltd.	State-owned corporate	16.72%	100,7 69,71 2			100,7 69,71 2		
HONG KONG NAM HOI (INTERNATIO NAL) LTD	Overseas corporate	15.28%	92,12 3,248			92,12 3,248		
SHENZHEN ENERGY (GROUP) CO., LTD.	State-owned corporate	10.8%	65,10 6,130			65,10 6,130		
BNP P P/PANDA INVESTMENT COMPANY LIMITED	Overseas corporate	8.2%	49,42 6,518			49,42 6,518		
STATE GRID SHENZHEN ENERGY DEVELOPME NT (GROUP) CO., LTD.	State-owned corporate	5.42%	32,67 3,560	Reduci ng 975,00 0 shares held		32,67 3,560		
Yang Fangping	Domestic natural person	0.27%	1,620, 900			1,620, 900		
Wang Lan	Domestic natural person	0.27%	1,602, 500			1,602, 500		
Jinbang Security Holding Co., Ltd	Overseas corporate	0.25%	1,500, 000			1,500, 000		
Wang Tingsheng	Domestic natural person	0.21%	1,253, 078			1,253, 078		
Ji Hongjun	Domestic natural person	0.19%	1,152, 700			1,152, 700		
Explanation on associated relationship among the aforesaid shareholders		1. Shenzhen Energy (Group) Co., Ltd. holds indirectly 100% equities of Hong Kong Nam Hoi (International) Limited;  2. Among other social public shareholders, the Company did not know whether there were associated relationships or belonging to consistent actors.						
Particular about top ten shareholders with un-restrict shares held								

Shareholders	Amount of un-restrict shares held at period-end	Type of shares	
		Type	Amount
Shenzhen Guangju Industrial Co., Ltd.	100,769,712	RMB ordinary shares	100,769,712
HONG KONG NAM HOI (INTERNATIONAL) LTD	92,123,248	Domestically listed foreign shares	92,123,248
SHENZHEN ENERGY (GROUP) CO., LTD.	65,106,130	RMB ordinary shares	65,106,130
BNP P P/PANDA INVESTMENT COMPANY LIMITED	49,426,518	Domestically listed foreign shares	49,426,518
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	32,673,560	RMB ordinary shares	32,673,560
Yang Fangping	1,620,900	RMB ordinary shares	1,620,900
Wang Lan	1,602,500	RMB ordinary shares	1,602,500
Jinbang Security Holding Co., Ltd	1,500,000	Domestically listed foreign shares	1,500,000
Wang Tingsheng	1,253,078	RMB ordinary shares	1,253,078
Ji Hongjun	1,152,700	RMB ordinary shares	1,152,700
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	1. Shenzhen Energy (Group) Co., Ltd. holds indirectly 100% equities of Hong Kong Nam Hoi (International) Limited; 2. Among other social public shareholders, the Company did not know whether there were associated relationships or belonging to consistent actors.		

Whether has a buy-back agreement in reporting period or not

☐ Yes ☒ No

### III. Changes of controlling shareholders or actual controller

#### 1. Controlling shareholders

The company had no controlling shareholders, which had no changes in reporting period.

#### 2. Actual controller

The company had no actual controller, which had no changes in reporting period.



## **Section VII. Directors, Supervisors and Senior Executives**

### **I. Changes of shares held by directors, supervisors and senior executives**

☐ Applicable    ☒ Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2012.

### **II. Resignation and dismissal of directors, supervisors and senior executives**

Directors, supervisors and senior executives of the company were in office and had no changes in reporting period.

## **Section VIII. Financial Report (Un-audited)**

The 2013 Semi-annual Financial Report is un-audited (attached).

## **IX. Documents Available for Reference**

I.Semi-annual Report of 2013 carried with the personnel signature of Legal Representative;

II.Accounting Statements carried with the signature and seals of the Legal Representative, General Manager and CFO;

III.All the original Company's documents and public notices disclosed in Securities Times, China Securities Journal and Hong Kong Commercial Daily in the report period;

IV.Place for inspection: Secretariat of the Board of Director of the Company.

Shenzhen Nanshan Power Co., Ltd.  
13 August 2013

# **Accounting Statement & Annotations**

January - June of 2013

## Consolidated Balance Sheet

In RMB

Assets	2013-6-30	2012-12-31	Liabilities and owner's equity	2013-6-30	2012-12-31
Current assets:			Current liabilities:		
Monetary fund	617,857,047.62	526,852,121.41	Short-term loan	2,961,361,552.86	3,210,361,552.86
Note receivable	-	-	Note payable	20,000,000.00	29,670,000.00
Account receivable	895,924,610.09	924,997,868.15	Account payable	515,640,970.10	70,970,449.91
Account paid in advance	2,121,505.69	12,132,738.08	Account received in advance	17,058,855.00	14,586,000.00
Interest receivable	-	-	Remuneration payable	32,824,690.65	35,431,332.25
Dividend receivable	-	-	Tax payable	167,226.67	2,961,440.37
Other accounts receivable	19,526,261.11	16,297,883.22	Interest payable	91,624,493.40	86,232,475.82
Inventory	1,295,424,894.51	1,220,486,524.51	Dividend payable	-	-
Long-term debt investment due within one year	-	-	Other account payables	260,758,702.34	303,027,729.31
Other current assets	564,741,615.01	606,661,855.88	Long-term liabilities due within one year	-	-
			Other current liabilities	-	-
Total current assets	3,395,595,934.03	3,307,428,991.25	Total current liabilities	3,899,436,491.02	3,753,240,980.52
Non-current assets:			Non-current liabilities:		
Long-term equity investment	57,315,000.00	49,315,000.00	Long-term borrowing	16,000,000.00	16,000,000.00
Investment real estate	4,208,016.79	4,429,359.55	Other non-current liabilities	42,536,634.96	44,015,465.64
Fixed assets	1,973,616,480.73	2,040,100,204.81	Total non-current liabilities	58,536,634.96	60,015,465.64
Project under construction	50,430,997.18	47,177,164.98	Total liabilities	3,957,973,125.98	3,813,256,446.16
Disposal of fixed assets	-	-	Owners' equity:		
Intangible assets	60,767,233.67	62,471,514.35	Share capital	602,762,596.00	602,762,596.00
Long-term expenses to be amortized	20,828.60	45,822.68	Capital reserve	363,633,446.84	363,633,446.84
Deferred income tax assets	2,782,546.88	2,782,546.88	Surplus reserves	332,908,397.60	332,908,397.60
Other non-current assets	22,309,256.78	22,317,125.48	Retained profit	148,079,638.69	249,614,987.36
Total non-current assets	2,171,450,360.63	2,228,638,738.73	Translation difference in foreign currency statement	-	-
			Total equity attributable to owners of the parent company	1,447,384,079.13	1,548,919,427.80
			Minority shareholders' equity	161,689,089.55	173,891,856.02

			Total shareholders' equity	1,609,073,168.68	1,722,811,283.82
Total assets	5,567,046,294.66	5,536,067,729.98	Total liabilities and shareholders' equity	5,567,046,294.66	5,536,067,729.98

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Balance Sheet of Parent Company

In RMB

Assets	2013-6-30	2012-12-31	Liabilities and owner's equity	2013-6-30	2012-12-31
Current assets:			Current liabilities:		
Monetary fund	354,811,794.41	204,114,395.05	Short-term loan	1,810,000,000.00	1,929,000,000.00
Note receivable	-	-	Note payable	-	-
Account receivable	639,658,493.43	589,569,090.03	Account payable	389,983,926.50	9,875,959.85
Account paid in advance	329,761.21	394,954.21	Account received in advance	14,586,000.00	14,586,000.00
Interest receivable	-	-	Remuneration payable	15,810,249.94	17,344,092.23
Dividend receivable	654,140,866.58	654,140,866.58	Tax payable	1,606,193.27	1,073,552.54
Other accounts receivable	1,504,557,242.20	1,391,822,925.79	Interest payable	3,308,603.33	4,066,892.25
Inventory	90,823,784.60	88,668,143.49	Dividend payable	-	-
Long-term debt investment due within one year	-	-	Other account payables	879,867,316.94	801,846,707.84
Other current assets	409,200,107.76	435,035,629.99	Long-term liabilities due within one year	-	-
			Other current liabilities	-	-
Total current assets	3,653,522,050.19	3,363,746,005.14	Total current liabilities	3,115,162,289.98	2,777,793,204.71
Non-current assets:			Non-current liabilities:		
Long-term equity investment	749,297,849.76	741,297,849.76	Long-term borrowing	-	-
Investment real estate	-	-	Other non-current liabilities	34,963,108.89	36,270,689.55
Fixed assets	273,420,891.38	279,009,436.68	Total non-current liabilities	34,963,108.89	36,270,689.55
Project under construction	36,721,794.78	35,828,374.94	Total liabilities	3,150,125,398.87	2,814,063,894.26
Disposal of fixed assets	-	-	Owners' equity:		
Intangible assets	8,696,586.17	9,419,549.87	Share capital	602,762,596.00	602,762,596.00
Long-term expenses to be amortized	20,828.60	45,822.68	Capital reserve	288,769,132.47	288,769,132.47
Deferred income tax	-	-	Surplus reserves	332,908,397.60	332,908,397.60

assets					
Other non-current assets	-	-	Retained profit	347,114,475.94	390,843,018.74
Total non-current assets	1,068,157,950.69	1,065,601,033.93	Translation difference in foreign currency statement	-	-
			Total shareholders' equity	1,571,554,602.01	1,615,283,144.81
Total assets	4,721,680,000.88	4,429,347,039.07	Total liabilities and shareholders' equity	4,721,680,000.88	4,429,347,039.07

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Consolidated Profit Statement

In RMB

Items	Jan.-Jun. of 2013	Jan.-Jun. of 2012
I. Operation revenue	565,476,934.91	705,842,198.56
Less: operation cost	911,164,225.22	1,146,829,174.36
Operation tax and surcharge	3,024,057.73	3,279,859.65
Sales expense	1,097,790.70	510,156.84
Management expense	45,078,741.44	50,598,310.93
Financial expense	102,005,328.28	101,300,639.07
Loss of assets impairment	-	-
Add: gain of fair value change	-	-
Investment gain (loss)	-	-
Including: gain (loss) of investment from affiliated and joint enterprises	-	-
II. Operation profit (loss)	-496,893,208.46	-596,675,942.29
Add: Non-operation revenue	383,165,093.32	474,161,438.45
Less: Non-operation expense	10,000.00	37,764.81
Including: Loss from disposal of non-current assets	-	-
III. Total profit	-113,738,115.14	-122,552,268.65
Less: income tax expense	-	638,646.90

IV. Net profit	-113,738,115.14	-123,190,915.55
Net profit attributable to shareholders of parent company	-101,535,348.67	-105,739,436.64
Minority interests	-12,202,766.47	-17,451,478.91
V. Earnings per share	-	-
(i) Basic earnings per share	-0.17	-0.18
(ii) Diluted earnings per share	Not applicable	Not applicable
VI. Other consolidated incomes	-	-
VII. Total consolidated incomes	-113,738,115.14	-123,190,915.55
Total consolidated incomes attributable to shareholders of the parent company	-101,535,348.67	-105,739,436.64
Total consolidated incomes attributable to minority shareholders	-12,202,766.47	-17,451,478.91

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Profit Statement of Parent Company

In RMB

Items	Jan.-Jun. of 2013	Jan.-Jun. of 2012
I. Operation revenue	144,185,090.51	344,470,185.31
Less: operation cost	323,163,492.48	533,917,664.37
Operation tax and surcharge	2,543,064.05	2,633,234.63
Sales expense	-	-
Management expense	12,946,082.42	23,592,854.98
Financial expense	33,683,875.02	27,530,741.77
Loss of assets impairment	-	-
Add: gain of fair value change	-	-
Investment gain (loss)	-	-
Including: gain (loss) of investment from affiliated and joint enterprises	-	-
II. Operation profit (loss)	-228,151,423.46	-243,204,310.44
Add: Non-operation revenue	184,422,880.66	263,213,275.10

Less: Non-operation expense	-	2,785.84
Including: Loss from disposal of non-current assets	-	-
III. Total profit	-43,728,542.80	20,006,178.82
Less: income tax expense	-	-
IV. Net profit	-43,728,542.80	20,006,178.82
V. Earnings per share		-
(i) Basic earnings per share	Not applicable	Not applicable
(ii) Diluted earnings per share	Not applicable	Not applicable
VI. Other consolidated incomes	-	-
VII. Total consolidated incomes	-43,728,542.80	20,006,178.82

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Consolidated Cash Flow Statement

In RMB

Items	Jan.-Jun. of 2013	Jan.-Jun. of 2012
I. Cash flow from operation activities		
Cash received from sales of products and supply of labor	584,003,955.03	1,021,997,589.76
Tax expense returns received	-	-
Cash received related to other operation activities	489,681,616.68	203,329,322.17
Subtotal of cash inflows from operation activities	1,073,685,571.71	1,225,326,911.93
Cash paid for purchase of goods and acceptance of labor	415,836,299.40	1,002,227,845.16
Cash paid to or for staff	56,387,263.90	52,746,098.27
Taxes paid	12,703,196.28	18,678,976.83
Cash paid and related to other operation activities	83,328,497.89	29,945,733.94
Subtotal of cash outflows from operation activities	568,255,257.47	1,103,598,654.20

Net cash flow from operation activities	505,430,314.24	121,728,257.73
II. Cash flow from investment activities:		
Cash received from investment	-	106,342,100.00
Net cash drawback from disposal of capital assets, intangible assets and other long-term assets	320,000.00	-
Other investment-related cash received	-	-
Subtotal of cash inflows of investment activities	320,000.00	106,342,100.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	8,534,944.45	42,381,196.92
Cash paid for investment	8,000,000.00	8,000,000.00
Net cash paid for obtaining subsidiary and other units	-	-
Other investment-related cash paid	-	-
Subtotal of cash outflows from investment activities	16,534,944.45	50,381,196.92
Net cash flow from investment activities	-16,214,944.45	55,960,903.08
III. Cash flow from financing activities:		
Cash received from investment take-up	-	70,000,000.00
Cash received from obtaining borrowings	1,539,000,000.00	2,033,884,008.18
Cash received from other financing-related activities	-	62,536,060.00
Subtotal of cash inflow from financing activities	1,539,000,000.00	2,166,420,068.18
Cash paid for debts	1,788,000,000.00	2,140,824,953.89
Cash paid for dividend or profit distribution, or interest	149,063,841.88	124,133,714.29
Other funding-related cash paid	-	68,500,000.00
Subtotal of cash outflows from financing activities	1,937,063,841.88	2,333,458,668.18
Net cash flow from financing activities	-398,063,841.88	-167,038,600.00
IV. Influence of exchange rate fluctuation on cash and cash equivalents	-146,601.70	-52,165.48
V. Net increase of cash and cash equivalents	91,004,926.21	10,598,395.33
Add: Balance of cash and cash equivalents at Period-beginning	526,852,121.41	629,318,992.12
VI. Balance of cash and cash equivalents at Period-end	617,857,047.62	639,917,387.45

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Cash Flow Statement of the Parent Company

In RMB

Items	Jan.-Jun. of 2013	Jan.-Jun. of 2012
I. Cash flow from operation activities		
Cash received from sales of products and supply of labor	275,919,064.65	548,972,971.88
Tax expense returns received	-	-
Cash received related to other operation activities	383,857,550.04	897,063,509.61
Subtotal of cash inflows from operation activities	659,776,614.69	1,446,036,481.49
Cash paid for purchase of goods and acceptance of labor	58,304,818.15	432,050,267.81



Cash paid to or for staff	30,165,482.18	29,498,600.19
Taxes paid	5,645,697.86	6,754,852.07
Cash paid and related to other operation activities	216,822,943.17	675,676,545.41
Subtotal of cash outflows from operation activities	310,938,941.36	1,143,980,265.48
Net cash flow from operation activities	348,837,673.33	302,056,216.01
II. Cash flow from investment activities:		
Cash received from investment	-	106,342,100.00
Other investment-related cash received	-	-
Subtotal of cash inflows of investment activities	-	106,342,100.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	1,082,953.00	28,998,530.98
Cash paid for investment	8,000,000.00	200,500,000.00
Net cash paid for obtaining subsidiary and other units	-	-
Other investment-related cash paid	-	-
Subtotal of cash outflows from investment activities	9,082,953.00	229,498,530.98
Net cash flow from investment activities	-9,082,953.00	-123,156,430.98
III. Cash flow from financing activities:		
Cash received from investment take-up	-	-
Cash received from obtaining borrowings	1,039,000,000.00	1,024,000,000.00
Cash received from other financing-related activities	-	-
Subtotal of cash inflow from financing activities	1,039,000,000.00	1,024,000,000.00
Cash paid for debts	1,158,000,000.00	1,140,824,953.89
Cash paid for dividend or profit distribution, or interest	70,056,691.78	67,784,593.22
Other funding-related cash paid	-	-
Subtotal of cash outflows from financing activities	1,228,056,691.78	1,208,609,547.11
Net cash flow from financing activities	-189,056,691.78	-184,609,547.11
IV. Influence of exchange rate fluctuation on cash and cash equivalents	-629.19	-200.87
V. Net increase of cash and cash equivalents	150,697,399.36	-5,709,962.95
Add: Balance of cash and cash equivalents at Period-beginning	204,114,395.05	303,150,447.89
VI. Balance of cash and cash equivalents at Period-end	354,811,794.41	297,440,484.94

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Consolidated Statement of Changes in Owners' Equity

In RMB

Items	Jan.-Jun. of 2013						2012					
	Shareholders' equity attributable to the parent company				Minority shareholders' equity	Total shareholders' equity	Shareholders' equity attributable to the parent company				Minority shareholders' equity	Total shareholders' equity
	Share capital	Capital reserve	Surplus reserves	Retained profit			Share capital	Capital reserve	Surplus reserves	Retained profit		
I. Balance at the end of last year	602,762,596.00	363,633,446.84	332,908,397.60	249,614,987.36	173,891,856.02	1,722,811,283.82	602,762,596.00	363,629,927.51	332,908,397.60	454,070,630.72	134,439,441.22	1,887,810,993.05
Add: Change of accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	602,762,596.00	363,633,446.84	332,908,397.60	249,614,987.36	173,891,856.02	1,722,811,283.82	602,762,596.00	363,629,927.51	332,908,397.60	454,070,630.72	134,439,441.22	1,887,810,993.05
III. Increase/decrease changed in Year	-	-	-	-101,535,348.67	-12,202,766.47	-113,738,115.14	-	3,519.33	-	-204,455,643.36	39,452,414.80	-164,999,709.23
(i) Net profit	-	-	-	-101,535,348.67	-12,202,766.47	-113,738,115.14	-	-	-	-204,455,643.36	-30,548,465.03	-235,004,108.39
(ii) Other consolidated income	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal of the above (i) and (ii)	-	-	-	-101,535,348.67	-12,202,766.47	-113,738,115.14	-	-	-	-204,455,643.36	-30,548,465.03	-235,004,108.39
(III) Capital invested or reduced by shareholders	-	-	-	-	-	-	-	3,519.33	-	-	70,000,879.83	70,004,399.16
1. Capital invested by shareholders	-	-	-	-	-	-	-	-	-	-	70,000,879.83	70,000,879.83
2. Others	-	-	-	-	-	-	-	3,519.33	-	-	-	3,519.33
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-
(V) Internal settlement and transfer of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transferred to	-	-	-	-	-	-	-	-	-	-	-	-

share capital												
2. Surplus reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance of end of this year	602,762,596.00	363,633,446.84	332,908,397.60	148,079,638.69	161,689,089.55	1,609,073,168.68	602,762,596.00	363,633,446.84	332,908,397.60	249,614,987.36	173,891,856.02	1,722,811,283.82

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Statement of Changes in Owners' Equity (Parent Company)

In RMB

Items	Jan.-Jun. of 2013					2012				
	Share capital	Capital reserve	Surplus reserves	Retained profit	Total shareholders' equity	Share capital	Capital reserve	Surplus reserves	Retained profit	Total shareholders' equity
I. Balance at the end of last year	602,762,596.00	288,769,132.47	332,908,397.60	390,843,018.74	1,615,283,144.81	602,762,596.00	288,769,132.47	332,908,397.60	420,267,929.67	1,644,708,055.74
Add: Change of accounting policy	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	602,762,596.00	288,769,132.47	332,908,397.60	390,843,018.74	1,615,283,144.81	602,762,596.00	288,769,132.47	332,908,397.60	420,267,929.67	1,644,708,055.74
III. Increase/decrease changed in Year	-	-	-	-43,728,542.80	-43,728,542.80	-	-	-	-29,424,910.93	-29,424,910.93
(i) Net profit	-	-	-	-43,728,542.80	-43,728,542.80	-	-	-	-29,424,910.93	-29,424,910.93
(ii) Other consolidated income	-	-	-	-	-	-	-	-	-	-
Subtotal of the above (i) and (ii)	-	-	-	-43,728,542.80	-43,728,542.80	-	-	-	-29,424,910.93	-29,424,910.93
(III) Capital invested or reduced by shareholders	-	-	-	-	-	-	-	-	-	-
1. Capital invested by shareholders	-	-	-	-	-	-	-	-	-	-
2. Others	-	-	-	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-
2. Others	-	-	-	-	-	-	-	-	-	-
(V) Internal settlement and transfer of shareholders' equity	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-
IV. Balance of end of this year	602,762,596.00	288,769,132.47	332,908,397.60	347,114,475.94	1,571,554,602.01	602,762,596.00	288,769,132.47	332,908,397.60	390,843,018.74	1,615,283,144.81

Person in charge of the Company:  
Tabulator:

CFO:

Person in charge of financial department:

Check:

## **II. Annotations of the financial statements**

### **(I.) Company Profile**

Shenzhen Nanshan Power Co., Ltd (hereinafter called as “Company”) was reorganized to be a joint-stock enterprise from a foreign investment enterprise in 1993, upon the approval of General Office of Shenzhen Municipal Government with Document Shen Fu Ban Fu No.897 in 1993. When transformed, the Company’s total capital was 103,000,000 Yuan with paper value per share 1 Yuan.

After approved by Document Shen Zhu Ban Fu No. 179 in 1993 issued by Shenzhen Securities Regulatory Office, the Company offered 40,000,000 RMB common shares and 37,000,000 foreign exchange shares listed in China respectively to domestic and overseas investors, which were listed in Shenzhen Stock Exchange respectively on 1 July 1994 and 28 November 1994.

Headquarter of the Company located in Shenzhen Guangdong Province.

The Company together with its subsidiaries (hereafter referred as the Company) is mainly engaged in businesses as production of power and heat, plant constructional, oil trader, property developmental, construction technology consultation and sludge drying etc.

No controlling shareholder and actual controller exist in the Company, Shenzhen Energy Corporation (hereafter referred as the Energy Corp.) is the first largest shareholder of the Company.

### **(II) Preparation basis of Financial Statements**

#### **1. Preparation basis of Financial Statements**

The Company executes the Accounting Standard for Business Enterprises issued by MOF on February 15, 2006. Moreover, the Company disclosed relevant financial information complied with the Preparation Rules on Information Revelation for the Company with Securities Public Offering No. 15 – General Rules of Financial Report (Revised 2010)

#### Continued operation

As of 30 June 2013, the total current liabilities of the Company exceeded the total current assets with RMB 503,840,556.99, meanwhile, as set out in note 7 Contingency, as of the date for approving issue of this financial statement, the Company hasn’t concluded unanimous agreements with Jierun (Singapore) Private Ltd (hereinafter referred to as Jierun) in connection with the liabilities and compensation upon the termination of option contract. There is possibility to solve the dispute by both parties through justice channel. Since the unutilized banking facilities of the Group amounted to RMB1, 997,640,000 which was available to satisfy the Group’s capital requirements, and also since the Company believed that the matters set out in note 7 Contingency would not result in material cash outflow in the year of 2013 for the Group, the Company prepared this financial statement assuming a continued operation.

#### Book keeping basis and pricing principle

The Company takes the accrual system as the bookkeeping basis of accounting auditory. In addition to some financial instruments of fair value measurement, the Financial Statements are measured on the basis of historic cost. As for the assets impairment, available is the corresponding impairment provision accrued in line with the relevant rules.

#### **2. Declaration of obedience to corporate accounting principles**

The Financial Statements are up to requirements of corporate accounting principles, and also a true and thorough reflection to the Company together with its financial information as consolidated financial

position on 30<sup>th</sup> June 2013, and the Company together with its consolidated operation results, and consolidated cash flow in the first half of 2013.

### **3. Accounting period**

The Group's accounting year is Gregorian calendar year, namely from 1<sup>st</sup> January to 31<sup>st</sup> December.

### **4. Bookkeeping standard currency**

RMB is the currency in the Group's main business economic environment and the bookkeeping standard one, which is adopted in preparation of the financial statements.

### **5. Accounting methods for consolidation of enterprises under the same control or otherwise**

The combination was divided into enterprise consolidation under the same control and the one not under the same control

#### 5.1 Consolidation of enterprises under the same control

The enterprises involved in the consolidation are all under the final control of one party or parties and the control is not temporary. That is the corporate consolidation under the common control.

As for assets and liabilities obtained in enterprise consolidation, measured by the book value of the merged party on consolidation day. The difference between the book value of the net assets and the consideration value with total book value of stock is used for reserve adjustment while it is used for retained earnings adjustment as not sufficient for eat up part of reserve.

Directly related expenses for corporate combination are reckoned into the current loss/gain

#### 5.2 Consolidation of enterprises not under the same control and goodwill

The enterprises involved in the consolidation are ones not under the same final control of the common party or parties before and after the consolidation. That is the corporate consolidation under the different control.

The consolidation cost is assets paid for and the liabilities responsible for the obtaining of the control right from the purchased party, together with the fair value of the equity instruments offered. For merger under different control done through multiple trades by step, the merger cost is the sum of consideration paid at purchased day and the fair value of equity of bought party before purchasing on purchased date. For equity of bought party held before purchasing, re-measured by fair value on purchased date, and the difference of fair value and its book value should reckoned into current investment income; For equity of bought party held before purchasing but with other consolidation income involved, the other consolidation income related to them should transferred into current investment income at purchased date.

Measured on fair value on the purchase day are the recognizable assets, liabilities or the contingent liabilities obtained in the consolidation and recognized as qualified. Measured by fair value is consolidation cost and recognized assets of the purchaser. The plus difference between fair values of the consolidation cost and the recognized net assets is recognized as business fame in form of an item of assets and calculated initially by cost while as for the minus one, firstly the measurements of consolidated cost and fair value of the recognizable assets, liabilities or contingent liabilities was checked, and the consolidated cost which was checked and less than the fair value of the net assets obtained from the purchased party is reckoned into current loss/gain.

Goodwill formed by enterprise consolidation will list independently in consolidation financial statement

and measure by the cost after accumulated impairment provision deducted. Impairment test on goodwill should verify at end of the every year at least.

The test is taken in accordance with the relevant assets group or portfolio of groups. Namely, the book value of the fame is diluted reasonably into the relevant group from the purchase day; the assets loss is recognized if the sum receivable of the assets group or the portfolio of the diluted business fame is lower than the book value. The impairment loss abates the book value of the business fame diluted into the group or the portfolio firstly and then abates book value of other assets proportionally according to the proportion of the book value of other assets.

The recoverable sum is the higher one between the net of assets fair value less disposal expenses and the current value of the future cash flow. The assets fair value is determined by the sales agreement price in the fair trade. As for the assets not in the sales agreement but in the active market, their fair value is determined by the offering price of the purchaser; as for the assets neither in the agreement nor in the active market, their fair value is based on the best information receivable. The disposal expenses are composed of the law expense, relevant tax, cartage, and the actual direct expenses enable the assets to be available. The assets current value of future cash flow is determined according to the future expected cash flow in the continual use and the final disposal and the appropriate discount rate.

Goodwill impairment will be included in current loss and gains and not be written back in subsequent fiscal periods as soon as it was recognized.

## **6. Preparation methods for corporate consolidated statements**

The scope is determined on the basis of control. The control is right to decide another enterprise's accounting and operation policies and obtain the interest according to the latter enterprise's operation.

For subsidiaries being disposed, their business result and cash flow before the disposal day (losing power of control day) have been appropriately demonstrated in the consolidated income statement and cash flow statement.

Subsidiaries added as merger of enterprises under different control, their operation results and cash flow from the beginning of purchasing day (gaining power of control day) have been appropriately demonstrated in the consolidated income statement and consolidated cash flow statement. And the comparison amount and period-begin amount in the consolidated financial statement shall not be adjusted.

Subsidiaries added as merger of enterprises under common control, their operation results and cash flow from the beginning of current term to the merger day have been appropriately demonstrated in the consolidated profit statement and consolidated cash flow statement.

The subsidiaries' main accounting policies and period are determined by the Company's uniform ones.

All substantive accounts o transactions between the Company and its subsidiaries or among the subsidiaries are balanced out in consolidation.

The amount not attributable to the parent company is the minority shareholders' equity and is listed in the consolidated balance sheet as minority interests. The amount attributable to minority shareholders' equity of current net loss/gains of subsidiaries is listed in the net profit item of consolidated profit as minority interests.

When the share of losses attributable to the minor shareholders has exceeded their shares in the owners' equity at the beginning of term attributable to minority shareholders in the subsidiary, the balance shall

offset the minor shareholders' equity.

Concerning the purchasing of minority shareholders' equity from subsidiary or the transaction of partial equity investment disposal without control rights loss in the subsidiary, calculated them as equity transaction. And reflect relevant equity changes in the subsidiary for adjusting the owners' equity attributable to parent company and book value of minority shareholders' equity. Difference between the adjusted amount on minority equity and fair value of consideration received/paid will adjust as capital reserve, adjusted as income retained while capital reserve fail for off-setting.

For control rights loss in original subsidiary for partial equity investment disposal or other reasons, the remained equity should re-measured based on the fair value at date of control losses. The difference between the net assets of original subsidiary share by proportion held that sustainable calculated since purchased date and sum of consideration obtained by equity disposal and fair value of remain equity, reckoned into the current investment income of control rights loss. The other consolidation income related to original subsidiary's equity investment will transfer to current investment income while control rights loss.

## **7. Determination criteria of cash equivalent in cash flow statements**

Cash is the corporate storage cash and deposits available for payment anytime. Cash equivalents are investment of short-term, strong mobility and easy transfer to known sum cash, and slight risk of value vibration.

## **8. Foreign currency exchange**

The current rate of the trading day is adopted in the initial recognition of the foreign exchange.

Foreign monetary items are converted at the current rate on the assets/liabilities statements' day, for the exchange difference due to inconsistency of the current exchange rate on that day and in the initial recognition or on the last balance sheet day, in addition to: (1) the foreign specific borrowing difference up to the capitalization conditions reckoned into the relevant assets cost via capitalization; (2) difference of the hedging instruments for avoidance of the foreign exchange risk handled by the hedging accounting methods; (3) difference of the non-monetary items and from the changes of the book value of financial assets in addition to the diluted cost all reckoned into the current loss/gain.

Non-monetary items measured in historical cost are still measured by sum on the bookkeeping standard currency at the current exchange rate. The items measured by the fair value are converted at the current rate on the fair value recognition day. The difference is dealt as the fair value change and reckoned into the current loss/gain or recognized as the other consolidated income and reckoned into the reserve.

## **9. Financial instruments**

Being party of the Contract of Financial Instruments, the Company recognized a financial assets or financial liabilities. At initial recognition, financial assets and financial liabilities are measured by fair value. Concerning the financial assets and financial liabilities that measured by fair value but with variation reckoned into current gains/loss, relevant transaction expense counted into gains/loss directly; for other category financial assets and financial liabilities, relevant transaction expense counted into initial recognition amount.

### **9.1 Recognition of fair value**

The fair value is sum for assets exchange or debts payment between the trading parties. As for instrument in active market, the fair value is adopted according to the quotation in the active market. As for the instruments not in the active market, the fair value is recognized by the estimation technology. The



technology is composed of the price in the latest fair trade, fair value according to the fundamentally same instruments, cash flow discount and stock price-setting model.

### 9.2 Actual interest rate

Actual interest rate is the method for calculation of amortized cost and interest income/expenditure of every period by actual interest rate of financial assets or financial liabilities (a set of financial assets or financial liabilities included). Discount the future cash flow of financial assets/liabilities that in predicted continuance or applicable shorter terms to the rate used in current book value of financial assets/liabilities consider as the actual interest rate.

While calculating actual interest rate, the Company will predict the future cash flow ( without future credit loss consideration) on base of all contract clause of financial assets/liabilities consideration, take the vary expenses, belong to actual interest rate that paid/received between contract parties, transaction expenses& discount and premium as well as into consideration.

### 9.3 Classification, reorganization and measurement of financial assts

On initial confirmation, the financial assets are divided into: financial assets measured by fair value and of which the changes are recognized to be current profit/loss, receivables, tradable financial assets and held-to-maturity investments. The financial assets are bought or sold by the regular way, and recognized or terminated to be recognized according to the trading day accounting.

Financial assets of the Company refers to loans and account receivable

#### *Loan and the account receivable*

The assets are the un-derivative financial assets without quotation in the active market, steady or recognizable recoverable sum. The assets are composed of bill receivable, account receivable, receivable equity and other account receivable.

The actual interest rate and the diluted cost are adopted in the follow-up measurement of loan and account receivable. Gain or loss is reckoned into the current gain/loss upon the recognition termination, impairment or dilution.

### 9.4 Impairment of financial assets

Except for financial assets accounted at fair value and variation accounted into current gain/loss account, the Company undertakes inspection on the book value of other financial assets at each balance sheet day, whenever practical evidence showing that impairment occurred with them, impairment provisions are provided. The practical evidence of impairment for financial assets refers to the items that has influence on the predicted future cash flow of financial assts, and the influences could measured reliable by the enterprise which were actually occurred after the initial recognition of financial assets.

Objective evidence for impairment of financial assets is composed of the following events observable:

- (1) Sever financial difficulties of offering part or debtor;
- (2) Breach of the contract, as in payment of interest or principal or payment overdue;
- (3) Recession making for debtors by creditors inconsideration of economic or legal factors;
- (4) Probable bankruptcy or other financial restructuring of debtors;
- (5) Incapability of trading the financial assets in the market as the offering party's substantive financial difficulties;

(6) Incapability of recognize whether cash flow of certain assets decreases or not but the discovery after the general evaluation that as can be measured, the expected future cash flow surely decreases since the initial recognition, including:

--Gradual worsening of the debtor's solvency for the group financial assets

--Incidences of the probable chance to cause the group financial assets unable to be paid in the debtors' country or district;

(7) Material unfavorable changes in the debtor's operation environment of technology, market, economy and law;

(8) Severe or permanent fall-down in fair value of equity instrument investment;

(9) Other objective evidence to prove the impairment of the financial assets.

*- Loss of impairment of financial assets measured by diluted cost*

Loss of impairment of financial assets measured by diluted cost is written down into the present value of future expected cash flow (un-occurred future credit losses excluded) that converted by original actual interest rate of the financial assets. The written-down sum is recognized as the impairment loss and reckoned into the current loss/gain. After the recognition of impairment of the above assets, if there is practical evidence to show that the asset has recovered, which is related to events following up the loss, the previous impairment loss is taken back. The book value of the assets transferred back into the impairment loss is not above the diluted cost supposedly un-accrued on the transfer day.

The Company performs impairment test separately on individual financial assets with major amounts; for financial assets without major amounts, the Company performs impairment test separately or inclusively in a group of financial assets with similar characteristics of risks. Those financial assets (individual financial assets with or without major amounts) tested separately with no impairment found shall be tested again along with the group of financial assets with similar risk characteristics. Financial assets confirmed for impairment individually shall not be tested along with the group of financial assets with similar risk characteristics.

#### 9.5 transfer of financial assets

As for the financial assets up to the following conditions, the recognition termination is available: (1) Termination of the contract right to take the cash flow of the financial assets;(2) transferred to the transferring-in part nearly all risk and compensation;(3) all risk and compensation neither transferred nor retained, and with the give-up of the control over the financial assets.

As for financial assets of almost all risk and compensation neither transferred nor retained, and without the give-up of the control over the financial assets, it was recognized according to the extension of the continual entry into the transferred financial assets and relevant liabilities are correspondingly recognized. The continual entry into the transferred financial assets is risk level which the enterprise faces up to due to the assets changes.

As for the whole transfer of the financial assets up to the recognition termination conditions, the book value of the transferred assets, together with the difference between the consideration value and the accumulative total of the fair value change of the other consolidated income, is reckoned into the current gain/loss.

As for the partial transfer of the financial assets up to the recognition termination conditions, the book value of the transferred assets is diluted on the relative fair value between the terminated part and the un-terminated part; and reckoned into the current loss/gain is the difference between the sum of the consideration value and the accumulative sum of the valuation change ought to be diluted into the

recognition termination part but into the other consolidated income, and the above diluted book value, is reckoned into the current loss/gain.

#### 9.6 Categorizing, recognition and measuring of financial liabilities

Financial liabilities or equity instrument is recognized by the substance of financial instrument listed in contract and the definition of financial liabilities and equity instrument for the financial instruments issued by the Company.

At initial recognition, financial liabilities are classified into financial liabilities measured by fair value with changes counted into current gains/losses and other financial liabilities.

Financial liabilities of the Company refer to other financial liabilities.

#### Other financial liabilities

The follow-up measurement by the cost is taken on the derivative financial liabilities which is hooked with the stock instrument without the quotation in the active market and the reliable measurement, and settled by handing over the stock instrument. The follow-up measurement at the actuarial rate and by the diluted cost is taken on the other financial liabilities.

#### 9.7 Termination recognition of financial liabilities

Only is released the whole or part of the current duties, the termination of the liabilities or part of it is available. The Group (the creditor) signed the agreement with the debtor: the existing liabilities are replaced by the bearing of the new liabilities; and the contract terms are fundamentally different of the new liabilities and the existing ones; the termination of the recognition of the existing ones is available; and the recognition of new ones is available.

As for the whole or partial termination of the recognition of the liabilities, the difference between the book value of the part of recognition termination and the consideration value paid (including the non-cash assets transferred out or the liabilities newly beard) is reckoned into the current loss/gain.

#### 9.8 Balance-out between the financial assets and liabilities

As the Company has the legal right to balance out the financial liabilities by the net or liquidation of the financial assets, the balance-out sum between the financial assets and liabilities is listed in the balance sheet. In addition, the financial assets and liabilities are listed in the balance sheet without being balanced out.

#### 9.9 Stock instrument

The stock instrument is the contract to prove the holding of the surplus stock of the assets with the deduction of all liabilities in the Company. When issuing other stock instruments, the consideration value received in offering with the deduction of trading expense is used for increasing the shareholders' equity.

The Company's all distribution (shares dividend excluded) to the holders of the stock instrument will decrease the shareholders' equity. The Company does not recognize the fair value change sum of the stock instrument.

### **10. Account receivable**

#### 10.1 Accounts receivable with significant amount and single provision for bad debt

Determination basis and amount standard of items with single significant amount	The single account receivable above RMB 2 million is recognized as single substantive account receivable
Accrual methods of bad account preparation for single substantive account receivable	The Company takes the independent impairment test on the single substantive account. As for the account receivable without the impairment in the test, it is included in the account receivable portfolio of the similar credit risk characters for the impairment test. As for the account receivable with the recognition of impairment loss, it is not included in the account receivable portfolio of the similar credit risk characters for the impairment test

## 10.2 providing of bad debt provisions on account receivable by combination

Recognition basis of combination	
account receivable with individual minor amount and with individual major amount but without impairment found after separately testing	The Company believed that the account receivable with individual minor amount and with individual major amount but without impairment found after separately testing has a lower credit risk. The Company withdrawal no bad debt provision unless evidence of major credit risk on certain account receivable been found.

## 10.3 account receivable with individual minor amount but withdrawal bad debt provision single

Reasons for bad debt provision single	If there is evidence proving that the credit risk of certain account receivable is big, the bad debt provision for account receivable should be accrued individually.
Methods for bad debt provision	Specific Identification Method

# **11. Inventory**

## 11.1 Categories of inventory

The Company's inventory mainly consists of fuels, raw materials and developing products in process. The inventory is measured initially by cost. The cost for developing products consists of the land transfer capital, supporting infrastructure expenditure, construction installation projects expenditure, the loan expense before the completion of the development projects and the other relevant expenses in the development. Other inventory cost consists of the purchase cost, process cost, and other expenditure enables the inventory to arrive at the present place and the state to occur.

## 11.2 Valuation method of inventory delivered

The actual cost of the property development products delivered is recognized by the individual valuation method. The actual cost of other inventories delivered is recognized by the weighted average method.

## 11.3 Recognition basis of net realizable value of inventory, and accrual methods of preparation for inventory depreciation

On the balance sheet day, the inventory is measured by the lower one between the cost and the net realizable value. As the net realizable value is lower than the cost, the inventory depreciation provision is accrued. The net realizable value is balance of the estimated sale price less the estimated forthcoming cost upon the completion, the estimated sale expense, and the relevant tax in the daily activities. Upon the recognition of net realizable value of the inventory, the concrete evidence is based on and the purpose of holding the inventory and the influence of events after the balance sheet day are considered.

As for the inventory of large sum and lower price, the inventory depreciation provision is accrued by the inventory categories. As for the inventory related to the product series produced and sold in the same district, of the same or similar final use or purpose and impossible to be separated from the other items, the provision is consolidated and accrued. The provision for other inventory is accrued by the difference between the cost and net realizable value.

Upon the accrual of the inventory depreciation provision, if the previous influence factors on the inventory deduction disappeared, which resulted in the net realizable value being higher than its book value; the accrual is transferred back within the previous accrual of the provision and reckoned into the current gain/loss.

#### 11.4 Inventory system

The inventory system is perpetual inventory system.

### **12. Long-term equity investment**

#### 12.1 Recognition of investment cost

For the long-term equity investment formed by corporate merger, if it is the long-term equity investment obtained from the corporate merger under the same control, the share of book value of owner's equity on the merger date shall be taken as the investment cost. The merger cost of long-term equity investment obtained through the corporate merger under different control shall be taken as the investment cost of long-term equity investment. Concerning the corporate merger under different control with many transactions, the long-term equity investment cost refers to the total amount of book value of equity investment on purchase held before the purchased day and newly added investment cost in purchased day. The other equity investment besides the long-term equity investment formed by corporate merger shall conduct initial measurement according to its cost.

#### 12.2 Follow-up measurement and gain/loss recognition

##### 12.2.1. Long-term equity investment checked by the cost

As for the long-term equity investment without the common control over or significant influence on the invested units, the quotation in the active market and a reliable measurement of the fair value, it is measured by the cost. In addition, long-term equity investment to subsidiary of the Company adopted the cost method for calculation in financial statement. Subsidiary refers to the invested units that control by the Company.

Upon the cost check, the investment is valued on the initial cost. In addition to the actual prices or the announced but yet undistributed cash dividend or profit in consideration valuation, the current investment return is recognized by the announced cash dividend or profit by the invested units.

##### 12.2.2. Long-term equity investment checked by the equity

Investment to associated enterprise and joint ventures by the Company adopted equity method for calculation. Associated enterprise refers to the invested units that the Company has significant influence on it while joint venture refers to the invested units that controlled by the Company and other investors together.

When equity basis is adopted, if the initial cost of the long-term equity investment is greater than the share of fair value of the receiver's recognizable net asset, the initial investment cost of the long-term equity investment will not be adjusted; if the initial cost of the long-term equity investment is less than the share of fair value of the receiver's recognizable net asset, the balance shall be counted into current income account, and the cost of long-term equity investment shall be adjusted.

When equity basis is adopted, investment gain/loss of the current term is the share of net gains or losses of the investment receiver of the current year. Recognition of the share of net gains or losses of the investment receiver shall be on the basis of fair value of recognizable asset of the receiver when the investment was made, and recognized after adjustment on the net profit of the receiver in accordance with the Company's accounting policies and accounting period. For the gain/loss due to unrealised internal trade between the Company and co-operations, the share of the Company in this gain/loss shall be neutralized, and investment gains shall be recognized upon them. But the losses from unrealised trade between the Company and investment receivers which are regarded as losses from asset transferring shall not be neutralized. Change of equities of the investment receiver other than net gains or losses shall be counted into shareholders' equity, and the book value of long-term equity investment shall be adjusted correspondingly and recognized as other miscellaneous income and recorded in capital reserves.

Recognition of the share of net loss by the investment receiver shall be limited to when the book value of long-term equity investment and other long-term equity forms substantial net investment has been reduced to zero. Beside, if the Company is responsible for other losses of the investment receiver, predicted liability shall be recognized upon the prediction of responsibilities and recorded into current investment loss account. If the receiver realized net profit in the period thereafter, the share of gains is recovered after making up of share of losses which has not been recognized.

#### 12.2.3 Disposal of long-term equity investment

While disposal of long-term equity investment, the difference between the book value and actual price received shall be accounted into current gains/losses. For long-term equity investment accounted on equity basis, the part originally accounted into shareholders' equity is carried over to current gains/losses at corresponding rate when disposed.

#### 12.3 Recognition standards the common control over and significant influence on the invested units

Controlling power means the power over the firm's financial and operational decision-making, and can obtain profit from the operation of such firm. Mutual control means the controlling power on particular activity hold together with others against particular contract, and shall only take effect when all of the investment parties have collective affirmative opinions on the major financial or operational issues. Significant influence means the power to participate in decision-making but cannot control or collectively control the same. At considering of substantial control or significant influence of a firm, the potential voting right factors such as current convertible bonds or executable subscription options have been considered.

#### 12.4 Impairment testing and basis of impairment provision

Impairment testing is performed on the long-term equity investment at each balance sheet date. In case of there is evidence showing impairment has occurred, the recoverable amount shall be assessed. If the

recoverable amount is lower than the book value, the impairment provision shall be provided at the difference and accounted into current income account.

Once the impairment loss of a long-term equity investment is recognized, it shall not be written back in subsequent fiscal periods.

### **13. Investment real estate**

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights and the land use rights which are held and prepared for transfer after appreciation, the rented buildings.

Investment real estate is measured according to the initial cost. The follow-up expenses that are related to investment real estate, if the economic interests related to the assets are likely to inflow cost and its costs can be reliably measured, shall be included in the cost of investment real estate. The other follow-up expense shall be included in the current gains/losses.

The Company adopts the cost model to have follow-up measurements of the investment real estate, and to conduct depreciation or amortization according to the policies that are in consistent with the land use rights.

Impairment testing is performed on investment real estate at each balance sheet day. When evidence showing that impairment has occurred, the recoverable value shall be assessed. Assessment of recoverable value is based on individual asset. If the recoverable value was hard to evaluate separately, it shall be decided along with the group of assets it belongs to. If the recoverable value of an asset is lower than its book value, the balance shall be provided for impairment provision and accounted into current gains/losses.

Once impairment of investment real estate was recognized, it will not be written back in the subsequent fiscal periods.

The difference of the income from the sale, transfer, dispose of the investment real estate deducting the book value and relevant taxes shall be included in the gains and losses of the current period.

### **14. Fixed assets**

#### **14.1 Recognition conditions for the fixed assets**

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one fiscal year of service life. The fixed assets recognized on the condition of economy benefit probably in-flow into the Company and the cost should measured reliably only. Initial measurement shall be conducted on fixed assets according to the actual cost when obtain them and also considering the expected costs for disposal.

Concerning the follow-up expenses related to fixed assets, if the relevant economy benefit of fixed assets probably in-flow into the Company and can be measured reliably, reckoned into cost of fixed assets and terminated the recognition of the book value of the parts that been replaced. Others follow-up expenses should reckoned into current gains/losses while occurred.

#### **14.2 Depreciation of various fixed assets**

From the next month since reaching the intended use state, depreciations on fixed assets shall be accounted by using the method of average life length except the steam turbine generating unit that accounted by withdrawal the working volume method.

Life expectancy, expected net impairment value and annual depreciation rate of all assets are as follows:

Item	Life expectancy	Salvage value rate	Annual depreciation rate
Houses and buildings	20 years	10%	4.5%
Equipment (fuel machinery group excluded)	15-20 years	10%	4.5%-6%
Equipment--fuel machinery group (note)		10%	The work quantity method
Transportation tools	5 years	10%	18%
Other equipment	5 years	10%	18%

Estimated salvage value refers to the amount of value retrieved after deducting of predicted disposal expense when the expected using life of a fixed asset has expired and in the expected state of termination.

Note: gas turbine generator set is provided with depreciation under workload method, namely to determine the depreciation amount per hour of gas turbine generator set based on equipment value, predicted net remaining value and predicted generation hours. Details are set out as follows:

Name of the Company	Fixed assets	Depreciation amount
		(RMB/Hour)
The Company	Generating unit 1#	4,225.09
	Generating unit 3#	4,401.76
	Generating unit 7#	4,407.11
(“New Power Company”)Shenzhen New Power Industrial Co., Ltd. (“New Power Company”)	Generating unit 10#	3,954.47
Shen Nan Dian (Zhongshan) Power Co., Ltd. (“Zhongshan Power Company”)	Generating unit 1#	3,856.98
	Generating unit 3#	3,799.49
Shen Nan Dian (Dongguan) Weimei Power Co., Ltd. (“Weimei Power Company”)	Generating unit 1#	4,107.76
	Generating unit 3#	3,850.07

#### 14.3 Impairment test on fixed asset and providing of impairment provision

Impairment testing is performed on fixed asset at each balance sheet day. When evidence showing that impairment has occurred, the recoverable value shall be assessed. Assessment of recoverable value is based on individual asset. If the recoverable value was hard to evaluate separately, it shall be decided along with the group of assets it belongs to. If the recoverable value of an asset is lower than its book value, the balance shall be provided for impairment provision and accounted into current gains/losses.

Once fixed asset impairment is recognized, it shall not be written back in subsequent fiscal periods.

#### 14.4 Other remarks



The Company rechecks, at least at the end of each year, the useful life, estimated net residual value, and total hours of power generation of gas turbine generator units and depreciation method of fixed assets. In case of any change to the above said items, it will be treated as change of accounting estimate

Terminated the recognition of fixed assets that in the status of disposal or pass through the predicted usage or without any economy benefits arising from disposal. Income from treatment of fixed asset disposing, transferring, discarding or damage, the balance after deducting of book value and relative taxes is recorded into current income account.

## **15. Project under construction**

### **15. Construction-in-progress**

Cost of construction in process is determined at practical construction expenditures, including all expenses during the construction, capitalized loan expenses before the construction reaches useful status, and other relative expenses. No depreciation accrued on construction in progress. It is transferred to fixed asset as soon as the construction reaches the useful status.

Impairment testing is performed on construction in process at each balance sheet day by the Company. When evidence showing that impairment has occurred, the recoverable value shall be assessed. Assessment of recoverable value is based on individual asset. If the recoverable value was hard to evaluate separately, it shall be decided along with the group of assets it belongs to. If the recoverable value of an asset is lower than its book value, the balance shall be provided for impairment provision and accounted into current gains/losses.

Once impairment of construction in progress impairment is recognized, it shall not be written back in subsequent fiscal periods.

## **16. Borrowing expenses**

Borrowing expenses that can be directly attributed for purchasing or construction of assets that are complying with capitalizing conditions start to be capitalized when the payment of asset and borrowing expenses have already occurred, and the purchasing or production activities in purpose of make the asset usable have started; Capitalizing will be terminated as soon as the asset that complying with capitalizing conditions has reached its usable or saleable status. The other borrowing expenses are recognized as expenses when occurred.

Interest expenses practically occurred at the current term of a special borrowing are capitalized after deducting of the bank saving interest of unused borrowed fund or provisional investment gains; Capitalization amounts of common borrowings are decided by the weighted average of exceeding part of accumulated asset expenses over the special borrowing assets multiply the capitalizing rate of common borrowings adopted. Capitalization rates are decided by the weighted average of common borrowings.

## **17. Intangible assets**

### 17.1 Intangible assets

Intangible assets including land-use right and software etc

The intangible assets are subject to initial measurement at cost. Those intangible assets with limited useful life are evenly amortized on straight basis from the date when they become useable to the end of expected useful life. The intangible assets with un-certain service life should not be amortized.

The useful life and amortization method of intangible asset with limited useful life is rechecked at the end of the period.

#### 17.2 Impairment test method of intangible assets & calculation method of depreciation reserve

The Company checks, on every balance sheet date, whether the intangible asset with certain useful life shows evidence of possible depreciation. If any, its recoverable amount will be estimated. The recoverable amount of assets is estimated on the basis of individual asset. If it is difficult to estimate the recoverable amount of individual asset, the recoverable amount of asset group will be determined on the basis of the belonging asset group of the assets. If the recoverable amount of the assets is less than its book value, the assets depreciation reserve will be accrued according to their balance and counted in the current gains/losses.

The intangible assets with uncertain service life and those not yet up to the serviceable condition are subject to impairment test annually whether there is evidence of depreciation.

Once intangible asset impairment loss was recognized, shall not be written back in subsequent fiscal periods.

#### **18. Long-term expenses to be amortized**

Long-term amortizable expenses are those already occurred and amortizable to the current term and successive terms for over one year. Long-term amortizable expenses are evenly amortized to the benefit period.

#### **19. Accrual liabilities**

Responsibilities connected to contingent issues are the current liability undertaken by the Company and the liability has the probability of result in financial benefit outflow and the responsibility can be measured reliably for its value.

At balance sheet day, with reference to the risks, uncertainty and periodic value of currency that connected to the contingent issues, the accrual liabilities are measured according to the best estimation on the payment to fulfill the current responsibility. If the monetary value has significant influence, than recognized the best estimation amount based on discount of predicted future cash flow.

If the expenses for clearing of predictive liability is fully or partially compensated by a third party, and the compensated amount can be definitely received, it is recognized separated as asset. The compensated amount shall not be greater than the book value of the predictive liability.

#### **20. Recognition of income**

##### 20.1 Goods sales revenue

When significant risks and rewards of ownership of goods have been transferred to buyer, no continuous management right regularly related to ownership is retained, no effective control is conducted on goods sold, moreover, amount of income may be measured in a reliable way, relevant economic profit may have flown into enterprise and relevant incurred cost or to be incurred may be measured in a reliable way, implementation of goods sales revenue will be confirmed.

As for the income arising from sales of real estate development products, sales contract shall be signed by vendor and purchaser and filed with the relevant state land authorities; if real estate development products are completed and reach the condition for its intended use, then products shall be examined and qualified

by relevant competent authorities and filing process shall be completed also; sales income is recognized when purchaser pays the agreed purchase amount according to the payment terms of sales contract and obtains the occupation qualification as agreed in sales contract, namely vendor receives all the purchase amount or the right to receive all the purchase amount, which means the relevant economic benefit is able to flow into the Company in full.

## 20.2 Revenue from Providing Labor Service

Under the condition of service providing business can be estimated in a reliable way, relevant economic benefit is likely to flow into enterprise, completion degree of business may be estimated in a reliable way and relevant incurred cost and to be incurred may be measured in a reliable way, the revenue from labor service providing recognized. Relevant service revenue may be confirmed by the Company as percentage-of-completion method on balance sheet date. Completion degree of service business will be determined as share of incurred service cost in estimated general cost.

If result of service providing business can't be estimated in a reliable way, service revenue should be confirmed as amount of incurred service cost expected to be compensated, where incurred service cost is taken as period charge. If no compensation is expected for incurred service cost, income won't be confirmed.

## **21. Government grant**

Government subsidies are those monetary and/or non-monetary assets obtained from the government by free. Government subsidies are recognized when satisfied the attached qualification of government grant and receivable on hand.

Those government grants of monetary assets are measured at the amount received or receivable. Non-monetary government grants are measured at fair value. If no fair value is available, nominal amount will be adopted. Government subsidies measured at nominal amount are accounted into current gains/losses directly.

Asset-related government grants are recognized as deferred income and accounted into current gains/losses evenly upon their service life.

Those income-related government grants used to neutralize relative expenses and losses of successive periods are recognized as deferred income and accounted into current income at the period when the expenses are recognized; those used to neutralize relative expenses and losses which have already occurred are accounted into current gains/losses directly.

If confirmed government grant needs to be surrendered, for government grant with relevant balance of deferred income, book balance of relevant deferred income will be offset while remnant will be included in current profit and loss. On the contrary, for government grant without relevant deferred income, it will be directly in current gain and loss.

Pursuant to the calculation method required by the Notice on Issuance of Provisional Collection of Gas and Fuel Processing Subsidy to Support the Peak Power Scheme of Local Burning Machine Power Plants (SFB No.74(2010)) issued by people municipality of Shenzhen, the Reply for Confirming the Power Generation Subsidy Scheme for Shenzhen Burning Machine Power Plants for 2011 (SZSITIC No.207(2010)), the Notice on Continuous Collection of Gas and Fuel Processing Subsidy to Support the Peak Power Generation Losses of Local Burning Machine Power Plants (SZSITIC No.2062011)) and the Notice on Issuance of Provisional Rules for Management over Power Subsidy of Shenzhen Local Fuel

(Gas) Machine sets (SFB No.54(2009)) issued by people municipality of Shenzhen, the Company recognized fuel subsidy income and recognized as government subsidy income.

According to the notice on collection of gas and fuel process fee on temporary basis (YFH(2008)No.31) issued by the municipal government of Guangdong and the provisions of relevant documents issued by Guangdong price bureau, Zhongshan Power Company and Weimei Power Company would confirm government subsidy income when it receives subsidy for gas and fuel process fee or relevant certificate in respect of collection of gas and fuel process fee subsidy.

Pursuant to the natural gas sales contract entered into between the Company, Weimei Power Company and Guangdong Trade branch of China shipping liquefied petroleum gas (LPG) electric group co., LTD, 2011-2012 natural gas sales confirmation letter and its relevant supplementary agreements, the Company and Weimei Power Company shall realize tax rebate income of natural gas import value-added tax when it receives accounts from Guangdong Trade branch of China shipping liquefied petroleum gas (LPG) electric group co., LTD.

## **22 Deferred income tax asset/ deferred income tax liability**

Income tax expense includes current income tax and deferred income tax.

### 22.1 Current income tax

On balance sheet date, current income tax liability (or asset) formed during and before current period will be measured as amount of income tax payable (or repayable) as specified by tax law.

### 22.2 Deferred income tax asset & deferred income tax liability

For balance of book value of some asset/liability item and its tax base, or temporary difference derived from balance of book value and tax base of the item, which is not confirmed as asset or liability but tax base can be fixed as specified by tax law, deferred income tax asset & deferred income tax liability will be confirmed in balance sheet liability approach.

Generally, all temporary difference shall be recognized as relevant deferred income tax. But concerning the deductible temporary difference, relevant deferred income tax asset may be confirmed subject to amount of taxable income which is likely to be acquired to deduct deductible loss and taxation decrease in the future. Furthermore, for taxable temporary difference, which is related to initial recognition for goodwill and asset or liability produced by transaction which neither is business combination nor affects accounting profit and taxable income (or deductible loss), relevant deferred income tax liability won't be confirmed.

For deductible loss and taxation decrease which can be carried over to following fiscal year, relevant deferred income tax asset may be confirmed subject to amount of taxable income which is likely to be acquired to deduct deductible loss and taxation decrease in the future.

The Company recognized deferred income tax liabilities arising from taxable temporary differences of investment related between the subsidiaries, associated enterprise and joint ventures, unless the Company control time of switch-back on temporary differences and the difference will not be switch-back probably in predicted future. For those deductible temporary differences related to investment with subsidiaries, associated enterprise and joint ventures, the Company have deferred income tax assets recognized on the condition of temporary differences might probably carry-back in predicted future and in the future, have the portability obtained taxable amount that should be deducted the deductible temporary differences.

At the balance sheet day, those deferred income tax assets and income tax liabilities, according to the tax law, calculation will be on tax rate applicable to retrieving period of assets or clearing of liabilities.

Other current income tax and deferred income tax or income reckoned into current gains/loss except the followed: the current income tax and deferred income tax related to the transition and event of other consolidation income or shareholders' equity reckoned, counted into other consolidation income or shareholders' equity together with the book value of goodwill adjusted of deferred income tax arising from enterprise merger.

At the balance sheet day, verification will be performed on the book value of differed income tax assets. If it is not possible to obtain enough taxable income to neutralize the benefit of differed income tax assets, then the book value of the differed income tax assets shall be reduced. Whenever obtaining of taxable income became possible, the reduced amount shall be restored.

When accounting with net amount is a stipulated rights, and tending to account with net amount or acquire of asset and clearing of debts are performed simultaneously, the income tax asset and liabilities of the current term are accounted at net amount after neutralization.

When accounting of income tax asset and liabilities of current term with net amount is the stipulated rights, and the income tax asset and liabilities are related to the same subject recognized by the same taxation authority, or to the different subjects but within each period of writing back the differed income tax asset and liabilities with great importance, and tending to account with net amount or acquire of asset and clearing of debts are performed simultaneously, the income tax asset and liabilities of the current term are accounted at net amount after neutralization.

## **23. Operational leasing and financial leasing**

Finance lease is to virtually transfer all risks and rewards related to ownership of asset. Leases other than finance lease are operating leases.

### **23.1 Lease business with the Company as the rentee**

The rental is reckoned into the relevant assets cost or the current loss/gain in the linear way. The initial direct expenses are reckoned into the current gain/loss, or the actual rental into the current loss/gain.

### **23.2 Lease business with the Company as the rentor**

The rental is reckoned into the relevant assets cost or the current loss/gain in the linear way. The initial direct substantive expenses are capitalized and reckoned into the current gain/loss, or the actual rental into the current loss/gain. The initial direct small expenses are reckoned into the current actual gain/loss, or the actual rental into the current loss/gain.

## **24. Other Main Accounting Policies, Estimations and Preparation Method**

### **24.1 Employee wages**

Except for the compensation for labor contract termination, the payable employee wages in the accounting period of service provided by employee of the Company were recognized as liabilities.

The Company participates in social security system for employee set up by government department as specified, including basic pension insurance, medical insurance, and housing fund and other systems. Expenses involved will be included in relevant cost of asset and current profit and loss when actually incurred.

The Company will sever labor relation with employee prior to expiration of labor contract, or encourage employee to voluntarily accept layoff and put forward suggestion on compensation. If we have formulated formal plan for severing labor relation or put forward voluntary layoff suggestion and plan to put into effect meanwhile the plan and suggestion can't be withdrawn unilaterally, estimated liability produced by compensation for severing labor relation with employee will be confirmed and included in current profit and loss.

## 24.2 Debt restructures

### 24.2.1. Obligation of recording debt restructuring as debtor

For debt liquidated with cash, balance between book value of debt to be restructured and amount of actual payment will be included in current gain and loss. On the contrary, for debt liquidated with non-cash asset, balance between book value of debt to be restructured and fair value of non-cash asset transferred will be included in current gain and loss. Balance between fair value of non-cash asset transferred and book value of debt to be restructured will be included in current gains and loss.

When debt is transferred to capital, balance between book value of debt to be restructured and fair value of loaner's share derived from disclaim will be included in current gains and loss.

When other terms of debt are modified, fair value of debt after modification will be taken as entry value of restructured debt. Balance between book value of debt prior to restructuring and debt restructured will be included in current gain and loss.

When combination of multiple modes is applied, book value of debt to be restructured will be offset by cash for payment, fair value of non-cash asset transferred and fair value of loaner's share successively, then applicable method under modification mentioned above will be applied.

### 24.2.2. Obligation of recording debt restructuring as loaner

For debt liquidated with cash, balance between book balance of credit to be restructured and cash received will be included in current gain and loss. On the contrary, for debt liquidated with non-cash asset, balance between book balance of credit to be restructured and fair value of non-cash asset received will be included in current gain and loss.

When debt is transferred to capital, balance between fair value of loaner's share and book balance of credit to be restructured will be included in current gain and loss.

When other terms of debt are modified, fair value of credit after modification will be taken as book value of credit to be restructured. Balance between book balance of debt prior to restructuring and book value of credit restructured will be included in current gain and loss.

When combination of multiple modes is applied, book balance of credit to be restructured will be offset by cash received, fair value of] non-cash asset received and fair value of loaner's share successively, applicable method under modification mentioned above will be applied.

When depreciation reserve has been accrued in credit to be restructured, accrual depreciation reserve will be offset by balances above. Remnant after offset will be included in current gain and loss.

## **25. Major judgment made in adopting accounting policies and key assumption and Uncertainties adopted in accounting estimation**

When using the accounting policies discussed in note 2, the Group needs to made judgment, estimation and assumption for carrying value of certain items which cannot be measured adequately due to inherent uncertainty of economic activities. Such judgment, estimation and assumption are based on historical

experiences of the Group's management, together with consideration of other relevant factors. The actual results may be different from the Group's estimation. The Group conducts regular re-review on the aforesaid judgment, estimation and assumption on a continued operation basis. If the change of accounting estimation only affect current period, the affected amount is recognized in the period when change occurs. If the change affects current and future periods both, the affected amount is recognized in the period when change occurs and future periods.

*- Key assumption and uncertainties adopted in accounting estimation*

As of the balance sheet date, the key assumptions and uncertainties that may result in material adjustments to carrying values of assets and liabilities of future periods mainly include:

Fixed assets are provided for depreciation by output method

The Group recognizes depreciation for unit electricity based on values of power generation machine sets, projected power sales volume and projected net remaining value, and provides for depreciation according to depreciation of unit electricity and actual power sales volume. Taking into account the prevailing industry policies, technologies, consumption, allocation method of power management authorities and past experiences, and the Group management believes that it is adequate for utilization life of such power generation machine sets, projected power sales volume, projected net remaining value and provision method for depreciation. If the future actual power sales volume differs substantially from the projected one, the Group would make adjustment to unit electricity depreciation, which would bring affects to the depreciation expenses included in profit and loss for the current and future periods.

The provisional estimated value of fixed assets

As for the power generation machine sets and related buildings reaching the condition for intended use, due to the long construction period of power plant projects, high prices and long completion settlement time, they are accounted provisional based on project budget, project pricing or project actual costs before process of project completion settlement. And upon such settlement, the Company adjusts the original provisional value according to the actual costs. If provisional estimated values of power generation machine sets and related buildings differ materially from the actual costs, the Company may have to make corresponding adjustments to the values of fixed assets.

### (III) Taxes

#### 1. Main taxation items and its tax rate

Taxation items	Calculation bases	Tax rate
VAT	Balance of current output tax deducting current input tax	Output tax calculated based on the 11%, 13% or 17% of the sales volume regulated by Tax Law
Business tax	Income of business	5%
City maintenance tax	VAT and business tax actually paid	1%, 5% or 7%
Education surtax	VAT and business tax actually paid	3%
Local education surtax	VAT and business tax actually paid	2%

Enterprise income tax	Taxable income	16.5% to 25%(Note)
Land VAT	Value-added amount from transferring state-owned land use right , landing construction and its affiliates	Four level progressive rates
Real estate tax	Calculated by the original value of real estate deducting 30%; rent income of the real estate	1.2% for the remaining sum of real estate; 12% for the rent income of the real estate
Land-use tax of town	Land occupation actually area	2.5 Yuan ~ 9Yuan per square meter

Note: Tax rate of the enterprise income tax for the Company and its subsidiaries are shown as follows:

Name of the Company and its subsidiaries	Tax rate of enterprise income tax	
	Jan.-June of 2013	2012
The Company	25%	25%
New Power Company	25%	25%
Shennan Power Gas Turbine Engineering Technique Co., Ltd. (“Engineering Co.,”)	25%	25%
Shenzhen Server Petrochemical Supplying Co., Ltd. (“Server Petrochemical Supplying”)	25%	25%
Shennandian Environment Protection Company (“Environment Co.,”)	25%	25%
Zhongshan Power Company	25%	25%
Weimei Power Company	25%	25%
SHENNAN ENERGY (SINGAPORE) PTE LTD (“Shennan Singapore”)	20%	20%
Zhongshan Shenzhong Real Estate Development Co., Ltd. (“Shenzhong Development Co.,”)	25%	25%
Zhongshan Shenzhong Real Estate Investment Property Co., Ltd. (“Shenzhong Property Investment”)	25%	25%
Huidong Xiefu Harbor Comprehensive Development Co., Ltd. (“Huidong Xiefu Co.,”)	25%	25%
Huidong Harbor Development Co., Ltd. (“Huidong Harbor Co.,”)	25%	25%
HONG KONG SYNDISOME CO., LIMITED (“Syndisome Co., ”)	16.50%	16.50 %

## 2. Taxes preferential and approvals

Tax	Name of the company	Relevant regulation and policies basis	Approval institution	Approval documents	Exemption range	Period of validity
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VAT	Environment Co.,	” Notice of adjustment and perfection on resources comprehensive usage and labor VAT policy”(CS No.115[2011])	Not applicable	Not applicable	VAT free for sludge treatment	Not applicable
Enterprise income tax	Syndisome Co.	” Arrangement of avoidance of double-taxation and prevention of tax free in mainland China and Hong Kong Special Administrative Region”(GSH No. 884[2006])	Not applicable	Not applicable	Levy income tax by 10% of total share interests	Not applicable
Enterprise income tax	Syndisome Co.	’Enterprise Income Tax Law of People’s Republic of China”	State Tax Bureau of Nanshan District Shenzhen	Shen Guo Sui Nan Kou Jiao Bei Zi No.: [2011]0011	No enterprise income tax should pay for the dividend before 31 December 2007	Not applicable

## (IV) Enterprise merger and Consolidated Financial Statement

### Particular about subsidiaries

#### 1. Subsidiaries obtained through establishment or investment

Full name of the subsidiaries	Type of subsidiaries	Register place	Business nature	Register capital	Business scope	Actual investment at year-end	Other item balance of net investment towards subsidiaries	Proportion shares held (%)	Proportion of voting right (%)	Consolidated statement Yes/No
Server Petrochemical Supplying	Limited Liability	Shenzhen	Trading	53,300,000.00	Self-business of fuel and agent for import-export; fuel and oil storage business (excluding product oil)	26,650,000.00	-	50	50	Yes
New Power Company	Jointed enterprise(H.K-capital)	Shenzhen	Power generation	113,850,000.00	Technical development on wasted-heat usage, power generation by wasted-heat and fuel power	113,850,000.00	-	100	100	Yes
Zhongshan Power Company	Jointed enterprise(H.K-capital)	Zhongshan	Power generation	746,800,000.00	Fuel power, waste heat power, power & heat supplying , leasing of wharf and oil depot	597,440,000.00	-	80	80	Yes
Engineering Co.,	Jointed enterprise(H.K-capital)	Shenzhen	Engineering consultation	10,000,000.00	technical consultation and relevant maintenance and inspection on running equipments for the union cycle power station by fuel gas and steam, import and export of goods and technology	13,520,000.00	-	100	100	Yes
Weimei Power Company	Jointed enterprise(H.K-capital)	Dongguan	Power generation	US\$ 35,040,000.00	Establishment and operation of natural gas power station	208,102,049.76	-	70	70	Yes
Environment Co.,	Jointed enterprise(H.K-capital)	Shenzhen	Engineering	79,000,000.00	Sludge drying	79,000,000.00	-	100	100	Yes
Huidong Xiefu Co.	Limited Liability	Huizhou	Pier operation	8,620,000.00	Establishment and operation of comprehensive pier and its affiliated facilities	6,465,001.00	-	84	84	Yes
Huidong	Limited Liability	Huizhou	Pier	10,000,000.00	Establishment and	5,500,000.00	-	55	55	Yes

Harbor Co.,			operation		operation of general cargo pier, oil product pier, oil depot and affiliated facilities					
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## (2) Subsidiaries obtained through merger under no common control

In RMB

Full name of the subsidiaries	Type of subsidiaries	Register place	Business nature	Register capital	Business scope	Actually invested capital at year-end	Other item balance of net investment towards subsidiaries	Proportion shares held (%)	Proportion of voting right (%)	Consolidated statement Yes/No
Shennan Singapore	Limited Liability	Singapore	Trading	SG\$ 1500000	gas turbine and its spares and fuel agents	6,703,800.00	-	100	100	Yes
Shenzhong Development Co.	Limited Liability	Zhongshan	Real estate development	RMB177,800,000.00	real estate investment, property management, sales of self-owned commercial houses, rental and investment	-	-	75	75	Yes
Shenzhong Property Investment	Limited Liability	Zhongshan	Real estate development	RMB 60,000,000.00	real estate investment, property management, sales of self-owned commercial houses, rental and investment	-	-	75	75	Yes
Syndisome Co.(Note)	Limited Liability	Hong Kong	Import-export trading	HK\$200,000.00	import-export trading	217,807.27	-	100	100	Yes

Note: On December 5, 2008, Shennan Singapore Company and ShenYe Investment and Management Co., Ltd signed the Share Transfer Agreement on the Purchase and Selling 2000 Shares of the Common Stock of HONGKONGSYNDISOME CO., LIMITED, (Hein after referred to as ShenYe Investment Company), Shennan Singapore Company is to transfer 100% stock right which it has of Syndisome Company to ShenYe Investment Company at the consideration of 393,885,100.00 Hong Kong dollar. According to this Transfer Agreement, ShenYe Investment Company should pay 1,000,000.00 Hong Kong dollars on the date of transfer agreement, and pay the remaining transfer money within the six months after the date. Up to the approval day of this financial statements, ShenYe Investment Company hasn't yet paid 392,885,100.00 Hong Kong dollar of the remaining transfer money, so the Company still possess the actual control right over Syndisome Company, therefore will include it into the Consolidation scope of the Consolidation financial statements.

## (V) Notes to Consolidated Financial Statement

### 1. Monetary fund

In RMB

Item	2013-6-30			2012-12-31		
	Amount of foreign currency	Exchange Rate	Amount of RMB	Amount of foreign currency	Exchange Rate	Amount of RMB
Cash:						
RMB	168,417.58	1.0000	168,417.58	92,269.34	1.0000	92,269.34
HKD	82,656.91	0.7966	65,843.49	82,656.91	0.8108	67,018.22
USD	995.22	6.1787	6,149.17	995.22	6.3329	6,255.46
EUO	1,017.87	8.0536	8,197.52	1,017.87	8.3176	8,466.22
Bank savings:						
RMB	609,350,360.87	1.0000	609,350,360.87	517,941,029.26	1.0000	517,941,029.26
HKD	786,676.89	0.7966	626,672.30	791,646.26	0.8108	641,868.52
USD	1,081,190.23	6.1787	6,722,808.40	1,118,259.65	6.3329	7,081,863.75
SGD	56,879.81	4.8470	275,696.44	68,879.81	5.0929	350,797.98
Other monetary fund:						
RMB	628,347.91	1.0000	628,347.91	657,919.99	1.0000	657,919.99
USD	737.04	6.1787	4,553.95	737.04	6.3329	4,632.67
Total			617,857,047.62			526,852,121.41

Note: among the above other monetary fund, there are 0 Yuan guarantee margin and draft margin included (on 31 December 2012: RMB 0.00)

### 2. Account receivable

(1) Account receivable classified according to types:

In RMB

Type	2013-6-30				2012-12-31			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	3,474,613.06	0.39	3,474,613.06	100.00	3,474,613.06	0.37	3,474,613.06	100
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	895,924,610.09	99.51	-	-	924,997,868.15	99.52	-	-
Account receivable with individual minor amount but withdrawal bad debt provision independently	946,915.10	0.11	946,915.10	100.00	946,915.10	0.11	946,915.10	100
Total	900,346,138.25	100.00	4,421,528.16	0.49	929,419,396.31	100	4,421,528.16	0.48

The Group recognized account receivable with over RMB 2 million (RMB 2 million included) as significant single amounts.

Age analysis of account receivable:

In RMB

Age	2013-6-30				2012-12-31			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1 year	655,729,422.33	72.83		655,729,422.33	732,926,788.39	78.86	-	732,926,788.39
1 to 2 years	240,097,300.00	26.67		240,097,300.00	191,973,192.00	20.66	-	191,973,192.00
2 to 3 years	-	-	-	-	-	-	-	-
Over 3 years	4,519,415.92	0.50	4,421,528.16	97,887.76	4,519,415.92	0.48	4,421,528.16	97,887.76
Total	900,346,138.25	100.00	4,421,528.16	895,924,610.09	929,419,396.31	100	4,421,528.16	924,997,868.15

(2) Account receivable with individual minor amount but withdrawal bad debt provision independently at period-end:

In RMB

Account receivable	Book Balance	Withdrawal amount of bad debt provision	Withdrawal proportion (%)	Reasons
Account of engineering receivable	800,000.00	800,000.00	100%	Un-recover for overdue
Amount of oil sales receivable	146,915.10	146,915.10	100%	Un-recover for overdue
Total	946,915.10	946,915.10	100%	

(3) There are no account receivable of the shareholders who hold over 5 % (5% included) voting rights in report period.

(4) Top 5 companies in account receivables

In RMB

Name of the company	Relationship between the Company	Amount	Age	Proportion in total account receivable (%)
Bureau of Finance of Shenzhen Municipality	Government institution	558,409,507.62	Within 1 year and 1-2 year	62.02
Bureau of Finance of Zhongshan Municipality	Government institution	89,215,492.40	Within 1 year	9.91
Bureau of Finance of Dongguan Municipality	Government institution	92,503,677.24	Within 1 year	10.27
Guangdong Power Grid Corporation	Non-related client	143,588,929.71	Within 1 year	15.95
Shenzhen Water Bureau	Government institution	10,741,769.33	Within 1 year	1.19
Total		894,459,376.30		99.35

### 3. Account paid in advance

(1) Account paid in advance classified according to age:

In RMB

Age	2013-6-30		2012-12-31	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,973,616.51	93.03	11,952,501.89	98.51
1 to 2 years	-	-	1,200.00	0.01
2 to 3 years	-	-	-	-
Over 3 years	147,889.18	6.97	179,036.19	1.48

Total	2,121,505.69	100.00	12,132,738.08	100
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(2) Top 5 companies in account paid in advance:

In RMB

Name of the company	Relationship between the Company	Amount	Duration	Reasons for unsettlement
Shandong Huayuan Power Equipment Co., Ltd.	Non-related supplier	804,000.00	Within 1 year	Purchase amount paid in advance
NISHIHARA ENVIRONMENT ENGINEERING (SHANHAI) CO., LTD.	Non-related supplier	450,000.00	Within 1 year	Purchase amount paid in advance
Ningbo Lvyuan LNG Development Co., Ltd.	Non-related supplier	277,997.50	Within 1 year	Purchase amount paid in advance
Baoding Sinosimu Technology Co., Ltd.	Non-related supplier	169,800.00	Within 1 year	Purchase amount paid in advance
Suzhou Sai Acoustique Equipment Co., Ltd.	Non-related supplier	35,150.00	Within 1 year	Purchase amount paid in advance
Total		1,736,947.50		

(3) There are no account paid in advance of the shareholders who hold over 5 % (5% included) voting rights in report period.

(4) Account paid in advance classified according to clients:

In RMB

Type	2013-6-30	2012-12-31
Account paid in advance with individual major amount	-	11,115,049.29
Account paid in advance with minor individual amount but has major risks after combination of risk profile	104,724.21	104,724.21
Other minor account paid in advance	2,016,781.48	912,964.58
Total	2,121,505.69	12,132,738.08

The Group recognized account paid in advance with over RMB 2 million (RMB 2 million included) as significant single amounts.

Account paid in advance with minor individual amount but has major risks after combination of risk profile refers to account paid in advance with single minor amount but has over 3 years in book age

#### 4. Other accounts receivable

(1) Other account receivable classified according to type:

In RMB

Type	2013-6-30				2012-12-31			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	26,237,404.46	52.81	26,237,404.46	100.00	26,237,404.46	56.48	26,237,404.46	100
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	17,017,615.11	34.25	-	-	13,789,237.22	29.69	-	-
Account receivable with individual minor	6,42		3,91		6,42	13.8	3,91	60.9

amount but withdrawal bad debt provision independently	5,10 7.45	12.93	6,46 1.45	60.96	5,10 7.45	3	6,46 1.45	6
Total	49,680,127.02	100.00	30,153,865.91	60.70	46,451,749.13	100	30,153,865.91	64.91

The Group recognized other account receivable with over RMB 2 million (RMB 2 million included) as significant single amounts.

Other account receivable classified according to age:

In RMB

Age	2013-6-30				2012-12-31			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1 year	6,451,485.00	12.99	-	6,451,485.00	3,233,107.11	6.96	-	3,233,107.11
1 to 2 years	-	-	-	-	68,724.24	0.15	-	68,724.24
2 to 3 years	11,202,277.75	22.55	-	11,202,277.75	11,133,553.51	23.97	10,000.00	11,123,553.51
Over 3 years	32,026,364.27	64.47	30,153,865.91	1,872,498.36	32,016,364.27	68.92	30,143,865.91	1,872,498.36
Total	49,680,127.02	100.00	30,153,865.91	19,526,261.11	46,451,749.13	100.00	30,153,865.91	16,297,883.22

(2) Year-end account receivable with individual minor amount but withdrawal bad debt provision independently:

In RMB

Other accounts receivable	Book Balance	Withdrawal amount of bad debt provision	Withdrawal proportion (%)	Reasons
Deposit receivable	3,278,632.28	1,404,953.09	42.85	Unrecovered for those which was overdue
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31	Unrecovered for those which was overdue
Bureau of Finance of Zhongshan Municipality	219,192.00	21,919.20	10.00	Unrecovered for those which was overdue
Administrative Office of Nanshan District Shenzhen	50,000.00	5,000.00	10.00	Unrecovered for those which was overdue
GE Company	35,000.00	7,000.00	20.00	Unrecovered for those which was overdue
Other	758,585.01	741,585.00	97.76	Unrecovered for those which was overdue
Total	6,425,107.45	3,916,461.45	60.96	

(3) There are no other account receivable of the shareholders who hold over 5 % (5% included) voting rights in report period.

#### (4) Top 5 companies in other account receivable

In RMB

Name of the company	Relationship between the Company	Amount	Duration	Proportion in total other account receivable (%)
Huiyang Kangtai Industrial Co.,	Project cooperation party	14,311,626.70	Over 3 years	28.81
Shenzhen Dapeng LNG Sales Co., Ltd	Non-related supplier	10,032,000.00	2-3years	20.19
Shenzhen Nanshan Investment Management Company	Non-related supplier	5,895,738.00	Over 3 years	11.87
JINAN POWER EQUIPMENT FACTORY	Non-related supplier	3,560,000.00	Over 3 years	7.17
Deposit receivable	Non-related supplier	3,278,633.28	Within 1 year to Over 3 years	6.60
Total		37,077,997.98		74.63

#### 5. Inventory

##### Classification of inventory

In RMB

Item	2013-6-30			2012-12-31		
	Book Balance	Depreciation provision	Book value	Book Balance	Depreciation provision	Book value
Fuels	17,926,027.41	11,309,580.52	6,616,446.89	19,011,323.33	11,309,580.52	7,701,742.81
Raw materials	134,995,808.92	29,473,360.35	105,522,448.57	132,249,746.68	29,473,360.35	102,776,386.33
Land Space Needed to Development (Note)	1,228,889,630.90	45,603,631.85	1,183,285,999.05	1,155,612,027.22	45,603,631.85	1,110,008,395.37
Total	1,381,811,467.23	86,386,572.72	1,295,424,894.51	1,306,873,097.23	86,386,572.72	1,220,486,524.51

In the balance of inventory at period-end, amount for loan pledge totally to RMB 253,030,916.91 (as at 31 December 2012: RMB 249,444,378.95).

In the balance of inventory at period-end, the capitalizing loan expenses amounting to RMB 181,734,887.55 (as at 31 December 2012: RMB 168,902,319.91). The capitalizing loan expense of this year was RMB 12,832,567.64

#### 6. Other current assets

In RMB

Item	2013-6-30	2012-12-31
VAT input tax deductible	564,741,615.01	606,661,855.88



## 7. Long-term equity investment

Details of long-term equity investment:

In RMB

Invested company	Calculation method	Investment cost	2012-12-31	Increase/decrease(+,-)	2013-6-30	Proportion of share holding in invested company (%)	Proportion of voting rights in invested company (%)	Explanation on the incongruity in share holding proportion and voting proportion in invested company	Impairment provision	Impairment provision of accruing this year	Cash bonus this year
Shenzhen Petrol-Chemical and Oil Tax Free Trading Co., Ltd. ("Petrol-Chemical ax Free Co.,")	Cost method	2,500,000.00	2,500,000.00	-	2,500,000.00	4	4	Not applicable	2,500,000.00	-	-
CPI Jiangxi Nuclear Power Co., Ltd. ("Jiangxi Nuclear Power Co")	Cost method	49,315,000.00	49,315,000.00	8,000,000.00	57,315,000.00	5	5	Not applicable	-	-	-
Total		51,815,000.00	51,815,000.00	8,000,000.00	59,815,000.00				2,500,000.00	-	-
Less: Impairment provision			2,500,000.00	-	2,500,000.00						
Net long-term equity investment			49,315,000.00		57,315,000.00						

Note: On 5 May 2012, Jiangxi Nuclear Power Co holding the 4<sup>th</sup> meeting of annual shareholders' general meeting, decided to invest RMB 400,000,000.00 more, and contributed by the equity proportion held by shareholders. The Company holds 5% with RMB 20,000,000.00 invested. In 2012, the Company has invested RMB 12,000,000.00 and the rest RMB 8,000,000.00 was paid in February 2013.

## 8. Investment real estate

In RMB

Item	Book Balance dated 31 Dec. 2012	Increased this year	Decreased this year	Book Balance dated 30 June 2013
I. Total original book value	9,708,014.96	-	-	9,708,014.96
1. House, buildings	9,708,014.96	-	-	9,708,014.96
2. Land-use right	-	-	-	-
II. Total accumulated depreciation and accumulated amortization	5,278,655.41	221,342.76	-	5,499,998.17
1. House, buildings	5,278,655.41	221,342.76	-	5,499,998.17
2. Land-use right	-	-	-	-
III. Total net book value of investment real estate	4,429,359.55			4,208,016.79
1. House, buildings	4,429,359.55			4,208,016.79
2. Land-use right	-			-
IV. Total depreciation provision of investment real estate	-	-	-	-
1. House, buildings	-	-	-	-
2. Land-use right	-	-	-	-
V. Total book value of investment real estate	4,429,359.55			4,208,016.79
1. House, buildings	4,429,359.55			4,208,016.79
2. Land-use right	-			-

## 9. Fixed assets

### (1) Change of fixed assets

In RMB

Item	Book Balance dated 31 Dec. 2012	Increased this year	Decreased this year	Book Balance dated 30 June 2013
I. Total original book value:	4,460,676,793.82	3,561,487.33	-	4,464,238,281.15
Including: House and buildings	487,362,075.06	-	-	487,362,075.06
Machinery equipment	3,891,124,142.78	3,384,610.36	-	3,894,508,753.14
Transportation tools	32,315,202.62	-	-	32,315,202.62
Other equipment	49,875,373.36	176,876.97	-	50,052,250.33
II. Total accumulated depreciation:	2,366,659,316.35	70,045,211.41	-	2,436,704,527.76
Including: House and buildings	215,311,700.79	10,487,650.33	-	225,799,351.12
Machinery equipment	2,083,126,964.02	58,399,484.49	-	2,141,526,448.51
Transportation tools	27,956,560.40	527,317.26	-	28,483,877.66
Other equipment	40,264,091.14	630,759.33	-	40,894,850.47
III. Total net book value of fixed assets	2,094,017,477.47			2,027,533,753.39
Including: House and buildings	272,050,374.27			261,562,723.94
Machinery equipment	1,807,997,178.76			1,752,982,304.63
Transportation tools	4,358,642.22			3,831,324.96
Other equipment	9,611,282.22			9,157,399.86
IV. Total impairment provision	53,917,272.66			53,917,272.66
Including: House and buildings	23,291,844.37			23,291,844.37
Machinery equipment	30,402,332.28			30,402,332.28
Transportation tools	81,846.84			81,846.84
Other equipment	141,249.17			141,249.17

V. Total book value of fixed assts	2,040,100,204.81	-	-	1,973,616,480.73
Including: House and buildings	248,758,529.90	-	-	238,270,879.57
Machinery equipment	1,777,594,846.48	-	-	1,722,579,972.35
Transportation tools	4,276,795.38	-	-	3,749,478.12
Other equipment	9,470,033.05	-	-	9,016,150.69

## 10. Project under construction

### (1) Project under construction

In RMB

Item	2013-6-30			2012-12-31		
	Book Balance	Provision for devaluation	Book net amount	Book Balance	Provision for devaluation	Book net amount
Oil to Gas Works	39,147,235.65	14,815,695.82	24,331,539.83	39,147,235.65	14,815,695.82	24,331,539.83
Heat and power projects of recycling economy	9,747,037.59	-	9,747,037.59	9,658,977.88	-	9,658,977.88
Equipment Improvement Project	664,062.15	-	664,062.15	-	-	-
Cogeneration of heat and electricity Project	10,348,097.81	-	10,348,097.81	9,822,910.01	-	9,822,910.01
Sludge drying project	1,449,290.00	-	1,449,290.00	521,164.00	-	521,164.00
Others	4,117,369.80	226,400.00	3,890,969.80	3,068,973.26	226,400.00	2,842,573.26
Total	65,473,093.00	15,042,095.82	50,430,997.18	62,219,260.80	15,042,095.82	47,177,164.98

### (2) Changes of significant projects under construction

In RMB

Projects	Budget	2012-12-31	Increase of this year	Transferred fixed assets	Other decrease	2013-6-30
Oil to Gas Works	74,400,000.00	39,147,235.65	-	-	-	39,147,235.65
Heat and power projects of recycling economy	30,000,000.00	9,658,977.88	88,059.71	-	-	9,747,037.59
Equipment Improvement Project		-	664,062.15	-	-	664,062.15
Cogeneration of heat and electricity Project		9,822,910.01	525,187.80	-	-	10,348,097.81
Sludge drying project		521,164.00	928,126.00	-	-	1,449,290.00
Others		3,068,973.26	1,048,396.54	-	-	4,117,369.80
Total		62,219,260.80	3,253,832.20	-	-	65,473,093.00

## 11. Intangible assets

In RMB

Item	2012-12-31	Increase of this year	Decrease of this year	2013-6-30
I. Total book original value	100,768,678.72	-	-	100,768,678.72
Including: land use right	97,570,241.38	-	-	97,570,241.38
Software	3,198,437.34	-	-	3,198,437.34
II. Total accumulated amortization	33,182,100.66	1,704,280.68	-	34,886,381.34
Including: land use right	32,222,089.46	1,506,094.80	-	33,728,184.26
Software	960,011.20	198,185.88	-	1,158,197.08
III. Total net value of Intangible assets	67,586,578.06			65,882,297.38
Including: land use right (Note 5)	65,348,151.92			63,842,057.12
Software	2,238,426.14			2,040,240.26
IV. Total provision for devaluation	5,115,063.71	-	-	5,115,063.71
Including: land use right	5,115,063.71	-	-	5,115,063.71
Software	-	-	-	-
V. Total book value of intangible assets	62,471,514.35			60,767,233.67
Including: land use right (Note3)	60,233,088.21			58,726,993.41
Software	2,238,426.14			2,040,240.26

## 12. Long-term expenses to be amortized

In RMB

Item	2012-12-31	Increase amount of this year	Amortization amount of this year	2013-6-30
Improvements expenses of fixed assets from operating lease	45,822.68	-	24,994.08	20,828.60

## 13. Deferred income tax assets

In RMB

Item	2013-6-30	2012-12-31
Deferred income tax assets:		
Account receivable Bad debt provision	1,105,382.04	1,105,382.04
Other provision for bad debts of accounts receivable	185,396.25	185,396.25
Provision for inventory devaluation	-	-
Staff salary payable	728,465.50	728,465.50
Provision for devaluation of long-term equity investment	625,000.00	625,000.00
Other	138,303.09	138,303.09
Total	2,782,546.88	2,782,546.88

#### 14. Other non-current assets

In RMB

Item	2013-6-30	2012-12-31
Project of LNG (Note)	22,309,256.78	22,309,256.78
Account of projects paid in advance	-	7,868.70
Total	22,309,256.78	22,317,125.48

Note: the project was jointly constructed by Weimei Power Company and Guangdong Dapeng Liquid Natural Gas Co., Ltd.(hereinafter referred to as Dapeng LNG). According to the contract signed between the two parties, before the project involved by this construction acquired approval from the relevant national authorities, the ownership belongs to both parties. After such approval, Dapeng LNG will acquire LNG project. Thus, Weimei Power Company recorded it under the item of “other non-current assets”.

#### 15. Details of assets depreciation reserves

In RMB

Item	2012-12-31	Increase this year	Decrease this year		2013-6-30
			Carry-back	Write-off	
I. Bad debt provision	34,575,394.07	-	-	-	34,575,394.07
II. Provision for inventory	86,386,572.72	-	-	-	86,386,572.72
III. Impairment for long-term equity investment	2,500,000.00	-	-	-	2,500,000.00
IV. Impairment for fixed assets	53,917,272.66	-	-	-	53,917,272.66
V. Impairment for construction in progress	15,042,095.82	-	-	-	15,042,095.82
VI. Impairment for intangible assets	5,115,063.71	-	-	-	5,115,063.71

#### 16. Short-term loan

In RMB

Item	2013-6-30	2012-12-31
Guarantee loans	751,361,552.86	1,181,361,552.86
Credit loans	2,210,000,000.00	2,029,000,000.00
Total	2,961,361,552.86	3,210,361,552.86

#### 17. Note payable

In RMB

Classification	2013-6-30	2012-12-31
Bank acceptance	20,000,000.00	29,670,000.00

#### 18. Account payable

(1)Details of account payable:

In RMB

Item	2013-6-30	2012-12-31
Guangdong Trade Branch of CNOOC Gas & Power Group	429,996,107.09	25,632,232.08
Guangzhou Dongli Gas Co., Ltd.	1,866,398.23	17,685,792.63

Guangdong Guoyu Energy Co., Ltd.	63,942,719.90	11,091,881.96
Guangzhou Yuanheng Energy Co., Ltd.	5,391,082.80	3,103,128.33
Guangdong Yifeng Nature Gas Co., Ltd.	3,442,364.15	-
Zhanjiang Hengyuan Transport Co., Ltd.	3,351,175.50	-
Guangdong Chengjiu Energy Co., Ltd.	3,290,818.14	-
China Petroleum Zhongtai Logistic (Zhuhai) Co., Ltd.	-	2,866,944.42
Zhongshan Bailing Trade Co., Ltd.	-	2,823,942.48
Shenzhen Xishun Industrial Development Co., Ltd.	-	1,426,651.34
Shenyang Electric Power Design Institution	-	1,000,000.00
Shenzhen Nangang Power Project Co., Ltd.	-	761,052.00
Other	4,360,304.29	4,578,824.67
Total	515,640,970.10	70,970,449.91

(2) There is no fund of shareholders with 5% (including 5%) or more of the voting shares in the company in the balances of accounts payable in the report period.

## 19. Account received in advance

(1) Details of account received in advance:

In RMB		
Item	2013-6-30	2012-12-31
Transfer amount for unit capacity received in advance	14,586,000.00	14,586,000.00
Wuhan Power Gas Turbine Installation Co., Ltd.	1,000,000.00	-
Hubei First Electric Power Construction Engineering Company	1,076,200.00	-
Xiamen Xindi Group Co., Ltd.	230,000.00	-
Bid bond	141,500.00	-
Account for materials received in advance	25,155.00	-
Total	17,058,855.00	14,586,000.00

(2) There is no advance fund of shareholders with 5% (including 5%) or more of the voting shares in the company in the balances of advance payment in the report period.

(3) The age of balance of RMB14, 586,000.00 received in advance from Shenzhen Energy Corporation Co., Ltd. (Energy Corporation) exceeded 1 year. Since the relevant project had not obtained approval from the NDRC, no income was carried forward at the end of the Period. The foresaid account has not been carried forward as income till the date the Statement was approved for disclosure.

## 20. Remuneration payable

In RMB				
Item	2012-12-31	Increase this year	Decrease this year	2013-6-30
I. wages, bonuses, allowances and subsidies	27,236,720.68	43,418,954.65	43,924,489.74	26,731,185.59
II. Welfare for employee	-	18,440.00	18,440.00	-
III. Social insurance	756,778.01	9,484,229.84	9,578,714.42	662,293.43
Including: Medical insurance	147,184.88	2,539,240.97	2,566,495.75	119,930.10
Endowment insurance	462,756.49	6,559,337.59	6,619,841.62	402,252.46
Unemployment insurance	49,259.22	141,218.09	150,973.06	39,504.24
Work injury insurance	94,509.59	221,692.53	220,628.30	95,573.82
Maternity insurance	3,067.83	22,740.66	20,775.68	5,032.81
IV. Housing provident fund	586,773.82	3,803,805.94	3,729,194.65	661,385.11
V. Union funds and staff education expenses	1,473,688.63	934,640.58	888,751.60	1,519,577.61

VI. Non-monetary welfare	14,516.89	-	-	14,516.89
VII. Compensation for labor contract termination	-	-	-	-
VIII. Enterprise annuities	5,339,930.39	-	2,127,122.20	3,212,808.19
IX. Other	22,923.83	-	-	22,923.83
Total	35,431,332.25	57,660,071.01	60,266,712.61	32,824,690.65

There is no fund in arrears in remuneration payable

## 21. Taxes payable

In RMB

Item	2013-6-30	2012-12-31
VAT	-	167,735.99
Business tax	2,081,704.97	2,143,160.85
Enterprise income tax	-6,660,257.69	-5,346,413.09
Individual income tax	1,030,325.21	2,202,475.60
Land-use tax of town	1,288,190.99	1,128,785.75
Real estate tax	1,540,655.23	2,247,122.42
Others	886,607.96	418,572.85
Total	167,226.67	2,961,440.37

## 22. Interest payable

In RMB

Item	2013-6-30	2012-12-31
Long-term loan interest of installment and interest charges	25,380.00	28,200.00
Interest payable of short-term loan	30,356,540.41	31,299,179.48
Xingzhong Group	61,242,572.99	54,905,096.34
Total	91,624,493.40	86,232,475.82

## 23. Other account payables

(1)Details of other account payable:

In RMB

Item	2013-6-30	2012-12-31
XINGZHONG GROUP (Note 1)	182,152,108.65	182,152,108.65
Bureau of Finance of Zhongshan Municipality(Note 2)	24,679,018.28	24,321,200.00
Temporary option contract amount	13,018,270.48	13,250,331.05
Quality guarantee deposit	6,128,530.00	8,907,601.04
Project expense	5,274,383.96	5,617,379.33
Shenzhen South Harbor Power Engineering Co., Ltd.	4,972,295.00	6,417,095.00
Gas Technology Branch of Xindi Energy Engineering Technology Co., Ltd.	3,046,525.68	3,069,059.79
Shenzhen Eastern Engineering Co., Ltd.	2,986,485.80	2,311,894.16
Guangdong Industrial Equipment Installment Co., Ltd.	1,416,349.41	1,416,349.41
Wuxi ShijiaThermal Equipment Co., Ltd.	1,088,000.00	1,088,000.00
Shenzhen Hengfulin Construction Decoration Design Engineering Co., Ltd.	800,643.46	800,643.46



Grants for Board of Directors	549,719.25	1,089,168.75
Land use charge of Tangxia Village	507,465.00	1,014,930.00
Housing reform fund	-	1,202,934.95
Dongguan Weimei Ceramics Industry Park Co., Ltd. ("Weimei Ceramics Company")	-	36,334,698.30
Hangzhou Boiler Plant Engineering Materials Co., Ltd.	-	633,589.74
Guangdong Trade Branch of CNOOC Gas & Power Group	-	438,720.00
Nanjing Nangang Power Equipment Installation Co., Ltd.	-	186,964.10
Other	14,138,907.37	12,775,061.58
Total	260,758,702.34	303,027,729.31

Note 1: represented the amounts borrowed by Shenzhong Development Company from Xingzhong Group with the land use right and fixed assets owned by it as the pledge.

Note 2: represented the amounts borrowed by Shenzhong Development Company from the Bureau of Finance of Zhongshan Municipality

## 24. Long-term borrowing

### (1) Classification of long-term borrowing

In RMB

Item	2013-6-30	2012-12-31
Guarantee loan	16,000,000.00	16,000,000.00

### (2) Details long-term borrowing

In RMB

Credit units	Commencement date of loan	Ending date of loan	Currency	Rate (%)	Balance dated 30 June 2013	
					Amount of foreign currency	RMB amount
Shenzhen Jingtian Sub-branch of China Merchants Bank	2009-11-6	2017-9-20	RMB	6.34	-	16,000,000.00

## 25. Other non-current liabilities

In RMB

Item	2013-6-30	2012-12-31
Treasury subsidies for sludge drying	4,483,750.00	4,611,250.00
Support fund of recycling economy for sludge drying	1,607,291.60	1,651,041.62
Subsidy for project of low-nitrogen transformation for welcoming the Universiade (Note)	34,478,795.17	35,755,787.59
Support fund of enterprise informationalization	484,313.72	514,901.96
Subsidy for energy-saving technology reform	1,482,484.47	1,482,484.47
Total	42,536,634.96	44,015,465.64

## 26. Share capital

In RMB

Item	Amount at	Changes in this year	Amount at
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	year-begin	Bonus shares	Other	Subtotal	period-end
<b>Jan.-June of 2013</b>					
I. Restricted shares					
1.state-owned shares	-	-	-	-	-
2. shares held by state-owned companies	-	-	-	-	-
3. shares held by other domestic investors	18,263.00	-	-	-	18,263.00
4. shares held by foreign investors	-	-	-	-	-
Total restricted shares	18,263.00	-	-	-	18,263.00
II. Unrestricted shares					
1. RMB common shares	338,894,012.00	-	-	-	338,894,012.00
2. Domestically listed foreign shares	263,850,321.00	-	-	-	263,850,321.00
3. Overseas listed foreign shares	-	-	-	-	-
4.other	-	-	-	-	-
Total unrestricted shares	602,744,333.00	-	-	-	602,744,333.00
III. Total shares	602,762,596.00	-	-	-	602,762,596.00
<b>2012:</b>					
I. Restricted shares					
1.state-owned shares	-	-	-	-	-
2. shares held by state-owned companies	-	-	-	-	-
3. shares held by other domestic investors	18,263.00	-	-	-	18,263.00
4. shares held by foreign investors	-	-	-	-	-
Total restricted shares	18,263.00	-	-	-	18,263.00
II. Unrestricted shares					
1. RMB common shares	338,894,012.00	-	-	-	338,894,012.00
2. Domestically listed foreign shares	263,850,321.00	-	-	-	263,850,321.00
3. Overseas listed foreign shares	-	-	-	-	-
4.other	-	-	-	-	-
Total unrestricted shares	602,744,333.00	-	-	-	602,744,333.00
III. Total shares	602,762,596.00	-	-	-	602,762,596.00

## 27. Capital reserve

In RMB

Item	Amount at year-begin	Increase in the year	Decrease in the year	Amount at period-end
<b>Jan. – June of 2013 :</b>				
Capital premium	233,998,444.00	-	-	233,998,444.00
Including: investors' capital	215,487,650.42	-	-	215,487,650.42
Balance caused by the acquisition of minority interests	18,510,793.58	-	-	18,510,793.58
Other capital surplus	129,635,002.84	-	-	129,635,002.84

Including: capital surplus transferred from original system	129,631,483.51	-	-	129,631,483.51
Total	363,633,446.84	-	-	363,633,446.84
<b>2012:</b>				
Capital premium	233,998,444.00	-	-	233,998,444.00
Including: investors' capital	215,487,650.42	-	-	215,487,650.42
Balance caused by the acquisition of minority interests	18,510,793.58	-	-	18,510,793.58
Other capital surplus	129,631,483.51	3,519.33	-	129,635,002.84
Including: capital surplus transferred from original system	129,631,483.51	-	-	129,631,483.51
Total	363,629,927.51	3,519.33	-	363,633,446.84

## 28. Surplus reserves

In RMB

Item	Amount at year-begin	Increase in the year	Decrease in the year	Amount at period-end
<b>Jan. – June of 2013 :</b>				
legal surplus reserve	310,158,957.87	-	-	310,158,957.87
Discretionary surplus reserve	22,749,439.73	-	-	22,749,439.73
Total	332,908,397.60	-	-	332,908,397.60
<b>2012:</b>				
legal surplus reserve	310,158,957.87	-	-	310,158,957.87
Discretionary surplus reserve	22,749,439.73	-	-	22,749,439.73
Total	332,908,397.60	-	-	332,908,397.60

## 29. Retained profit

In RMB

Item	Amount
<b>Jan. – June of 2013 :</b>	
Retained profit at year-begin	249,614,987.36
Add: net profit attributable to shareholders of parent company	-101,535,348.67
Less: withdrawal of statutory surplus reserve	0
Common Stock dividend payable	0
Retained profit at period-end	148,079,638.69
<b>2012:</b>	
Retained profit at year-begin	454,070,630.72
Add: net profit attributable to shareholders of parent company	-204,455,643.36
Less: withdrawal of statutory surplus reserve	-
Common Stock dividend payable	-
Retained profit at year-end	249,614,987.36

## 30. Operating revenue, operating cost

### (1) Operating revenue

In RMB

Item	Amount occurred from	Amount occurred from
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	Jan. to June of 2013	Jan. to June of 2012
Main business revenue	564,655,995.03	705,703,872.06
Other business revenue	820,939.88	138,326.50
Operating cost	911,164,225.22	1,146,829,174.36

## (2) Main business (by industries)

In RMB

Industry	Amount occurred from Jan. to June of 2013		Amount occurred from Jan. to June of 2012	
	Main business revenue	Main business cost	Main business revenue	Main business cost
Energy Industry	541,342,937.69	889,160,298.08	683,890,631.19	1,131,669,875.59
Engineering labors and services	510,000.00	2,408,143.85	480,000.00	2,406,341.85
Revenue from sludge treatment	20,730,847.11	14,979,601.46	19,582,305.83	8,988,799.34
Other revenue	2,072,210.23	4,522,366.87	1,750,935.04	3,582,751.24
Total	564,655,995.03	911,070,410.26	705,703,872.06	1,146,647,768.02

## (3) Main business (by products)

In RMB

Products	Amount occurred from Jan. to June of 2013		Amount occurred from Jan. to June of 2012	
	Main business revenue	Main business cost	Main business revenue	Main business cost
Electricity sales	540,526,165.74	888,742,410.93	680,603,743.31	1,124,608,977.96
Heat sales	816,771.95	417,887.15	3,286,887.88	7,060,897.63
Engineering labors and services	510,000.00	2,408,143.85	480,000.00	2,406,341.85
Sludge drying	20,730,847.11	14,979,601.46	19,582,305.83	8,988,799.34
Rent and other revenue	2,072,210.23	4,522,366.87	1,750,935.04	3,582,751.24
Total	564,655,995.03	911,070,410.26	705,703,872.06	1,146,647,768.02

## (4) Condition of operating revenue of top 5 clients

In RMB

Clients	Operating revenue	Proportion in total operating revenue (%)
Guangdong Power Grid Corporation	540,526,165.74	95.59
Shenzhen Water Bureau	20,730,847.11	3.67
Huiding Jiahua Materials	1,009,708.72	0.18
CCCC Fourth Harbor Engineering Co., Ltd.	758,737.85	0.13
China Tianchen Engineering Corporation	510,000.00	0.09
Total	563,535,459.42	99.66

## 31. Operation tax and surcharge

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Business tax	2,695,465.62	2,894,025.69
City maintenance tax	183,640.11	201,427.05
Others	144,952.00	184,406.91
Total	3,024,057.73	3,279,859.65

### 32. Management expense

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Salary	17,853,102.10	19,824,999.03
Taxes	2,056,740.26	2,826,001.66
Leasing expenses	3,141,609.97	2,944,419.08
Entertainment expense	2,154,359.11	2,711,787.14
Expenses for agency appointment	2,291,932.08	3,038,572.30
Vehicles expenses	1,921,740.43	2,258,626.27
Expenses from the Board	914,769.80	1,330,808.14
Housing funds	730,403.33	737,263.63
Depreciation expense	1,858,052.30	1,709,271.98
Amortization of intangible assets	1,416,697.32	1,317,771.72
Specific charges	426,528.00	160,942.60
Environmental expense	1,007,844.78	1,041,730.15
Sundry expenses	1,445,859.61	1,284,449.24
Expenses for enterprise culture	459,813.50	814,907.37
Property expense	473,613.00	527,452.04
Office expenses	197,282.09	294,928.94
Endowment insurance	1,743,425.34	1,450,113.30
Communication charge	612,870.23	828,359.05
Business traveling charge	244,357.26	271,201.52
Stock charge	172,268.03	356,465.00
Medical insurance	767,887.23	773,565.97
Labor union funds	350,989.14	366,562.98
Staff education funds	89,352.57	126,079.96
Long-term expense for amortized	24,994.08	24,994.08
Other	2,722,249.88	3,577,037.78
Total	45,078,741.44	50,598,310.93

### 33. Financial expense

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Interest expenditure	116,589,477.12	121,414,814.44
Less : capitalized interest expenses	12,832,567.64	24,123,746.15
Less : interest income	2,750,339.44	2,619,399.23
Exchange differential	-53,829.73	1,832,003.54
Other	1,052,587.97	4,796,966.47
Total	102,005,328.28	101,300,639.07

### 34. Non-operating revenue

#### (1) Details of non-operating revenue

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Government subsidy	371,954,330.36	444,190,763.42
VAT return on impor&export of natural gas (Note)	10,739,822.79	29,672,435.72

Revenue from disposal of scrap materials	299,145.30	227,693.16
Other	171,794.87	70,546.15
Total	383,165,093.32	474,161,438.45

Note: the RMB 10,739,822.79 for the natural gas obtained by Weimei Power Company from Guangdong Trade Branch of CNOOC Gas & Power Group.

## (2) Particulars about governmental subsidies

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Income from fuel subsidies (Note 1)	183,115,300.00	240,627,300.00
Subsidies income of fuel processing fee (Note 2)	187,360,199.68	203,429,713.40
Subsidies of low-nitrogen transformation	1,276,992.42	-
Government subsidy of informationalization	30,588.24	-
Government bond subsidy for sludge drying	171,250.02	133,750.02
Total	371,954,330.36	444,190,763.42

Note 1: Pursuant to the calculation method required by the Notice on Issuance of Provisional Collection of Gas and Fuel Processing Subsidy to Support the Peak Power Scheme of Local Burning Machine Power Plants (SFB No.74(2010)) issued by people municipality of Shenzhen, the Reply for Confirming the Power Generation Subsidy Scheme for Shenzhen Burning Machine Power Plants for 2011 (SZSITIC No.207(2010)), the Notice on Continuous Collection of Gas and Fuel Processing Subsidy to Support the Peak Power Generation Losses of Local Burning Machine Power Plants (SZSITIC No.2062011)) and the Notice on Issuance of Provisional Rules for Management over Power Subsidy of Shenzhen Local Fuel (Gas) Machine sets (SFB No.54(2009)) issued by people municipality of Shenzhen, the Company recognized fuel subsidy income of RMB183,115,300 for the period from January to June of 2013.

Note 2: Pursuant to the Notice on Provisional Collection of Gas and Fuel processing fees (YFH No.31 (2008)) issued by people municipality of Guangdong and the calculation method for subsidy For fuel processing fees in 2011, Zhongshan Power Company and Weimei Power Company were projected to receive fuel processing subsidy of RMB187, 360,199.68 for the period from January to June of 2013.

## 35. Non-operating expense

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Charitable donation	10,000.00	-
Gains and loss of disposal of fixed assets	-	34,978.97
Other	-	2,785.84
Total	10,000.00	37,764.81

## 36. Income tax expenses

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Current income tax calculated based on tax laws and relevant regulations	-	638,646.90

### 37. Calculation of basic EPS and diluted EPS

Current net profit attributable to shareholder of parent company while calculating the basic EPS:

In RMB

Item	Amount in this year	Amount at last year
Current net profit attributable to shareholder of parent company	-101,535,348.67	-105,739,436.64
Including: Net profit attributable to sustainable operation	-101,535,348.67	-105,739,436.64
Net profit attributable to termination of operation	-	-

When calculating basic earnings per share, the denominator is the weighted average of common shares outstanding. The calculation process is as follow:

In Share

Item	Amount in this year	Amount at last year
Numbers of common shares outstanding at the beginning of year	602,762,596	602,762,596
Plus: weighted average of common shares outstanding this year	-	-
Minus: the weighted number of common shares repurchased this year	-	-
Weighted average of common shares outstanding at the end of year	602,762,596	602,762,596

### Earnings per share

In RMB

Item	Amount in this year	Amount at last year
Calculated according to the net profits attributable to shareholders of the parent company:		
Basic earnings per share	-0.17	-0.18
Diluted earnings per share	Not applicable	Not applicable
Calculated according to the net profits of sustainable operations attributable to shareholders of the parent company:		
Basic earnings per share	-0.17	-0.18
Diluted earnings per share	Not applicable	Not applicable
Calculated according to the net profits of discontinued operations attributable to the shareholders of the parent company:		
Basic earnings per share	-	-
Diluted earnings per share	Not applicable	Not applicable

The Company has no diluted earnings per share, as the Company has no potential common shares with dilution.

### 38. Notes to item of cash flow statement

(1)Cash received related to other operation activities

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Received import tax refund of natural gas	10,739,822.79	29,672,475.10

Revenue of fuel subsidies	474,528,624.40	164,829,383.00
Government grant and bonus	-	610,000.00
The due fixed deposit received	-	3,240,000.00
Others	4,413,169.49	4,977,464.07
Total	489,681,616.68	203,329,322.17

(2) Other cash paid related to operating activities

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Discount of public facilities paid	24,680,608.20	-
Land price paid as ultra-capacity land	32,386,269.86	-
Expenses for agency appointment	2,173,007.55	4,733,572.30
Expenses from the Board	815,569.82	1,408,978.54
Leasing expenses	2,891,588.07	4,762,060.60
Entertainment expense	1,989,284.91	2,981,036.09
Vehicles expenses	1,945,279.17	2,596,721.18
Expenses for enterprise culture	402,803.50	814,907.37
Communication charge	566,882.56	948,917.97
Environmental expense	1,270,267.02	1,221,389.60
Supplementary pension	2,120,828.20	-
Land costs	1,453,650.00	1,014,930.00
Land restrict charge	438,720.00	438,720.00
Route maintenance	263,892.00	263,892.00
Account of pilot test of voltage equipment	350,000.00	-
Others	9,579,847.03	8,760,608.29
Total	83,328,497.89	29,945,733.94

(3) Cash received related to other financing activities

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Margin received	-	62,536,060.00

(4) Cash paid for other financing activities

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Margin paid	-	68,500,000.00

**39. Supplementary information of cash flow sheet**

(1) Supplementary information of cash flow sheet

In RMB

Supplementary information	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
<b>1. Operating activities cash flow transferred from net profit:</b>		
Net profit	-113,738,115.14	-123,190,915.55
Add: provision for assets devaluation	-	-



Fixed assets depreciation	70,045,211.41	93,966,107.59
Intangible assets amortization	1,704,280.68	1,672,145.58
Amortization of long-term prepaid accounts	24,994.08	24,994.08
Loss (gains) of disposal of fixed assets, intangible assets and other long-term assets	-299,145.30	-
Loss from scrap of fixed assets	-	34,978.97
Financial expense (income))	102,005,328.28	100,745,117.85
Investment loss (income)	-	-
Decrease of deferred income tax assets (increase)	-	-
Decrease of inventory (increase)	-62,105,802.36	21,127,319.80
Decrease of operating accounts receivable (increase)	77,776,353.43	-133,665,409.80
Decrease of operating accounts payable (increase)	430,017,209.16	161,013,919.21
Others	-	-
Net cash flow from operation activities	505,430,314.24	121,728,257.73
<b>2.Significant investment and financing activities un-related to income and expense of cash:</b>		
Debts transferring to assets	-	-
Convertible bonds due within 1 year	-	-
Fixed assets financed by leasing	-	-
<b>3. Net change of cash and cash equivalent:</b>		
Period-end balance of cash and cash equivalent	617,857,047.62	639,917,387.45
Less: year-begin balance of cash and cash equivalent	526,852,121.41	629,318,992.12
Net increase amount of cash and cash equivalent	91,004,926.21	10,598,395.33

## (2) Constitution of cash and cash equivalent

In RMB

Item	2013-6-30	2012-6-30
I. Cash		
Including: inventory cash	248,607.75	234,509.70
Bank deposit which can be used for payment at any time	616,975,538.01	638,990,115.51
Other currency capital which can be used for payment at any time	632,901.86	692,762.23
II. Year-end balance of cash and cash equivalent	617,857,047.62	639,917,387.45

## (VI) Related party and related transaction

### 1. Parent company of the Company

Share holding proportion of any shareholder of the Company didn't reach 50%, and couldn't form a holding relationship of the Company through any methods. The Company has no parent company.

### 2. Subsidiaries of the Company

Detail of subsidiaries sees in Note (IV).

### 3. Other related parties of the Company

Other related parties name	Relationship between the Company	Organization code
Energy Group	Shareholders have major influence on the Company	19218918-5
Xingzhong Group	Minority shareholders of the subsidiaries	733112675
Energy Holding	Subsidiary of Energy Group	19224115-8
Directors of the Company and other senior executives	Key management staff	Not applicable

## 4. Related Transactions

### (1) Lending money of related party

Jan.-June of 2013:

In RMB

Related parties	Amount of lending money	Commencement date	Maturity Date	Balance dated 30 June 2013	Note
Borrowing					
Xingzhong Group	125,316,816.85	2012.01.01	2013.12.31	125,316,816.85	Renewal
Xingzhong Group	23,750,000.00	2012.01.01	2013.12.31	23,750,000.00	Renewal
Xingzhong Group	16,250,000.00	2012.01.01	2013.12.31	16,250,000.00	Renewal
Xingzhong Group	14,335,291.80	2012.01.01	2013.12.31	14,335,291.80	Renewal
Xingzhong Group	2,500,000.00	2012.01.01	2013.12.31	2,500,000.00	Renewal

Last year:

In RMB

Related parties	Amount of lending money	Commencement date	Maturity Date	Balance at end of 2012	Note
Borrowing					
Xingzhong Group	125,316,816.85	2011.01.01	2011.12.31	125,316,816.85	Renewal
Xingzhong Group	23,750,000.00	2011.01.01	2011.12.31	23,750,000.00	Renewal
Xingzhong Group	16,250,000.00	2011.01.01	2011.12.31	16,250,000.00	Renewal
Xingzhong Group	14,335,291.80	2011.01.01	2011.12.31	14,335,291.80	Renewal
Xingzhong Group	2,500,000.00	2011.01.01	2011.12.31	2,500,000.00	Renewal
Weimei Ceramics	35,785,979.94	2011.07.16	2012.07.16	35,785,979.94	

Company					
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## (2) Fund occupation expenses

In RMB

Related parties	Transaction type	Transaction content	Price setting principal	Amount occurred from Jan. to June of 2013		Amount occurred from Jan. to June of 2012	
				Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)
Xingzhong Group	Fund occupation expenses	Interest expenses	Note	6,337,476.65	100.00	6,040,973.48	84%
Weimei Ceramics Company	Fund occupation expenses	Interest expenses	Note	-	-	1,186,822.14	16%

Note: payment for the use of state funds is calculated according to loan rate of current capital of peer banks.

## (3) Account payable/receivable from related parties

### Account payable to related parties

In RMB

Item	Related parties	2013-6-30	Balance at year-begin
Other account payables	Xingzhong Group	182,152,108.65	182,152,108.65
	Weimei Ceramics Company	-	36,334,698.30
Account received in advance	Energy Holding	14,586,000.00	14,586,000.00
Interest payable	Xingzhong Group	61,242,572.99	54,905,096.34

## (VII) Contingency

In March 2008, the Company and Jierun Company entered into a Contract Confirmation (hereafter referred to as “the Confirmation”) with contract numbers of 165723967102.11 and 165723968102.11.

The first confirmation is valid from March 3<sup>rd</sup>, 2008 to December 31<sup>st</sup>, 2008, constituted by three options contracts. When the floating price (that is, the arithmetic average of the closing settlement prices of light crude future contracts of New York Mercantile Exchange at that month within every decision validity) is higher than 63.50 U.S. dollars / barrel, the Company will receive 300,000 U.S. dollars of income per month (200,000 barrels × 1.50 U.S. dollars / barrel); When the floating price is 62.00-63.50 U.S. dollars / barrel, the Company will obtain the income of (the floating price - 62.00 USD / barrel) × 200,000 barrels per month; when the floating price is less than 62.00 U.S. dollars / barrel, the company will pay Jierun Company an amount equivalent to (62.00 U.S. dollars / barrel - the floating price) × 400,000 barrels per month.

The second confirmation is valid from January 1<sup>st</sup>, 2009 to October 31<sup>st</sup>, 2010, constituted by three options contracts, Jierun Company has a right to choose whether to implement before 18:00 on December 30<sup>th</sup>, 2009. When the floating price is higher than 66.50 U.S. dollars / barrel, the Company will receive 340,000 U.S. dollars of income per month (200,000 barrels × 1.70 U.S. dollars / barrel); when the floating price is 64.80-66.50 U.S. dollars / barrel, the Company will receive a monthly income of (the floating price - 64.80 U.S. dollars / barrel) × 200,000 barrels; when the floating price is lower than 64.50 U.S. dollars / barrel, the Company will pay Jierun Company an amount equivalent to (64.50 U.S. dollars / barrel – the floating price) × 400,000 barrels.

From Apr.2008 to Oct.2008, based on the above confirmations, Jierun Company pays to the Company with US\$ 2.10 million (equivalent to RMB 14,352,083.46), the Company includes it into "other payables" item after receives this payment.

On November 6<sup>th</sup>, 2008, Jierun Company writes to the Company. They deems that the Company intends to not perform transaction in the notice issued by the Company on October 21<sup>st</sup>, 2008 and the statement of the meeting held by the Company on October 29<sup>th</sup>, 2008, which has constituted a breach of contract, and Jierun Company announces the termination of the transaction. The Company replies Jierun Company that the company has never made any statement not intend to continue to perform transactions, and deems that Jierun Company's unilateral termination of the contract and refuse of paying the A/C payable under the first confirmation as of October, 2008 has constituted a breach of contract, so the Company announces the termination of the transaction. Although both sides terminate the transaction confirmation for different reasons, there are no differences about the termination reality of confirmation and transactions. After the transaction terminated, Jierun Company sends a letter to request the Company to compensate for the transaction termination loss, while sends another letter to express the hope to resolve the disputes by the commercial way. The company replies Jierun Company that the Company does not accept claims for loss compensations, while sends a separate letter to agree to peace talks. Then both sides do several rounds of consultations and negotiations, but no agreement has reached. On November 27<sup>th</sup>, 2009, the Company receives a letter of Allen & Overy LLP, which describes above matters and requires the Company to compensate Jierun with a total of US\$79,962,943.00 and the interests of US\$3,736,958.66 as of November 27<sup>th</sup>, 2009. The Company replies on January 25<sup>th</sup>, 2010, which shows that the Company did not accept claims for loss compensation.

On March 31 2011, Jierun Company sent another letter to the Company which claimed that they are willing to coordinate with the Company continuously as for USD 79,962,943.00 we owed them and interests from the day of Nov. 6 of 2008, and invited the Company to raise up suggestion on this matter, meanwhile Jierun Company stressed to remain all the rights on this matter. The Company replied them with a letter on Apr. 6 of 2011 which showed we didn't accept requirements from Jierun Company about compensation for loss, and agreed to answer their invitation and negotiate based on equality without influence on rights of both parties.

On 6 February 2012, Jierun sent letter to the Company again, requiring the Company to pay the arrears of USD83, 699,901.66 and the related interests. The Company replied on 10 February 2012 to deny the loss compensation requirements of Jierun and require Jierun to pay the Company the amount payables of USD300, 000.00 under the confirmation latter No. 165723967102.11 arising in October 2008 and the interests accrued since 7 November 2008. And the Company agreed to be invited by Jierun for further negotiation in connection with this dispute provided that interests of both parties were not influenced. If the negotiation doesn't succeed, in the judgment of the management of the Company, it is possible to solve this dispute through justice channel.

In 2013, the board of directors of the Company believes that:

- (1)Two confirmation letters and transaction have been terminated by both parties;

- (2) Various uncertainties still exist during the process of this issue, so it is not possible to make estimation for the potential solution approaches and results;
- (3) Since the final results cannot be estimated reasonably and reliably currently, projected liabilities shall not be recognized in the financial statements for the first half of 2013.

The Board of Directors of the Company will promptly review the relevant accounting operation according to the progress of the above matters.

## **(VIII) Commitment**

### **1. Capitalization commitment**

In RMB

Item	2013-6-30	2012-12-31
Signed capital expenditure commitment which was still not recognized in financial statements		
-Construction commitment of long-term assets	408,083.64	1,270,920.99
-External investment commitment	-	8,000,000.00
Total	408,083.64	9,270,920.99

### **2. Commitment on operating lease**

Till the balance sheet day, the condition of irrevocable operating lease contract the Group externally signed is as follow:

In RMB

Item	2013-6-30	2012-12-31
Minimum lease payments of irrevocable operating lease:		
The first year after balance sheet day	3,346,786.63	3,515,510.00
The second year after balance sheet day	3,250,646.50	1,400,586.63
The third year after balance sheet day	1,427,596.50	1,427,596.50
Subsequent years	63,846,397.05	65,009,429.93
Total	71,871,426.67	71,353,123.06

## (IX) Segment report

According to the internal organization structural, management requirements and internal reporting systems of the Company, the operation business of the group is classified into 5 reporting segments, i.e. power and heat supply, fuel trade, sludge drying, real estate development and other relevant business. Management of the Company regularly evaluates the operation results of the reporting segments, so as to decide to distribute resources to them and evaluate their achievements.

The segment report information is disclosed according to the accounting policies and measuring standards adopted by all segments when reporting to the management and such measuring bases are kept consistent with the accounting and measuring bases upon preparation of the financial statements.

In RMB

Item	Power and heat supply		Fuel trade		Real estate development		Sludge drying		Construction labor		Inter-segment offset		Total	
	Jan.-June 2013	Jan.-June 2012	Jan.-June 2013	Jan.-June 2012	Jan.-June 2013	Jan.-June 2012	Jan.-June 2013	Jan.-June 2012	Jan.-June 2013	Jan.-June 2012	Jan.-June 2013	Jan.-June 2012	Jan.-June 2013	Jan.-June 2012
Business revenue														
Foreign trade revenue	541,723,411.81	683,303,929.65	2,512,675.99	2,475,963.08	-	-	20,730,847.11	19,582,305.83	510,000.00	480,000.00	-	-	565,476,934.91	705,842,198.56
Inter-segment trade income	12,059,576.53	8,717,583.57	-	-	-	-			-	-	-12,059,576.53	-8,717,583.57	-	-
Total segment business income	553,782,988.34	692,021,513.22	2,512,675.99	2,475,963.08	-	-	20,730,847.11	19,582,305.83	510,000.00	480,000.00	-12,059,576.53	-8,717,583.57	565,476,934.91	705,842,198.56
Segment expenses	905,260,576.23	1,141,130,621.07	4,931,786.47	4,868,613.25	-	-	15,741,501.53	13,406,992.63	2,603,236.96	2,667,335.56	-13,365,267.64	-11,454,371.66	915,171,833.55	1,150,619,190.85
Management expense	34,894,061.16	38,800,099.17	4,757,335.47	4,180,157.09	1,906,806.84	3,244,846.29	1,814,229.85	2,401,269.26	1,820,548.22	1,971,939.12	-	-	45,192,981.54	50,598,310.93
Financial expense	91,499,050.82	104,270,482.65	-1,276,462.48	-1,060,078.78	13,599,331.97	802,852.95	1,837,606.87	1,531,684.43	-3,502,155.98	-4,292,484.79	-152,042.92	48,182.61	102,005,328.28	101,300,639.07
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Operating profit</b>	-477,870,699.87	-592,179,689.67	-5,899,983.47	-5,512,728.48	-15,506,138.81	-4,047,699.24	1,337,508.86	2,242,359.51	-411,629.20	133,210.11	1,457,734.03	2,688,605.48	-496,893,208.46	-596,675,942.29

Non-operating income	382,582,903.13	473,729,449.12		13,300.00	410,940.17	284,939.31	171,250.02	133,750.02	-	-	-	-	383,165,093.32	474,161,438.45
Non-operating expenses	10,000.00	18,598.81		19,166.00	-	-	-	-	-	-	-	-	10,000.00	37,764.81
<b><u>Total profit</u></b>	-95,297,796.74	-118,468,839.36	-5,899,983.47	-5,518,594.48	-15,095,198.64	-3,762,759.93	1,508,758.88	2,376,109.53	-411,629.20	133,210.11	1,457,734.03	2,688,605.48	-113,738,115.14	-122,552,268.65
Income tax	-	593,707.44	-	-	-	-	-	-		44,939.46	-	-	-	638,646.90
<b><u>Net profit</u></b>	-95,297,796.74	-119,062,546.80	-5,899,983.47	-5,518,594.48	-15,095,198.64	-3,762,759.93	1,508,758.88	2,376,109.53	-411,629.20	88,270.65	1,457,734.03	2,688,605.48	-113,738,115.14	-123,190,915.55

## (X). Note to items of parent company's financial statements

### 1. Accounts receivable

(1) Accounts receivable classifying according to the category:

In RMB

Category	2013-6-30				2012-12-31			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	-	-	-	-	-	-	-	-
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	639,658,493.43	100	-	-	589,569,090.03	100	-	-
Account receivable with individual minor amount but withdrawal bad debt provision independently	-	-	-	-	-	-	-	-
Total	639,658,493.43	100	-	-	589,569,090.03	100	-	-

Accounts receivable classifying according to the account age:

In RMB

Age	2013-6-30				2012-12-31			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1 year	399,520,365.81	62.46	-	399,520,365.81	397,683,293.41	67.45	-	397,683,293.41
1-2years	240,097,300.00	37.54	-	240,097,300.00	191,882,907.62	32.55	-	191,882,907.62
2-3years	37,938.62	0.01	-	37,938.62	-	-	-	-
Above 3 years	2,889.00	-	-	2,889.00	2,889.00	-	-	2,889.00
Total	639,658,493.43	100.00	-	639,658,493.43	589,569,090.03	100.00	-	589,569,090.03

(2) No account receivable with minor individual amount but withdrawal bad debt provision independently at year-end.

(3) Balance of account receivables excludes the debts of the shareholders who hold over 5% (including 5%) of voting share of our company in this reporting period.

(4) Particulars about top 5 units owing accounts receivable

In RMB

Company name	Relationship	Amount	Terms	Proportion in total account receivable (%)
Bureau of Finance of Shenzhen Municipality	Government division	558,409,507.62	Within 1 year	87.30
Guangdong Power Grid Corporation	Non-related clients	80,836,120.71	Within 1 year	12.64
Shenzhen University	Non-related clients	281,204.00	Within 1 year	0.04



Shenzhen Nanshan Meat Processing Factory	Non-related clients	90,677.40	Within 1 year	0.01
Guangdong Xin An Pollytechnic	Non-related clients	17,708.00	Within 1 year	0.00
Total		639,635,217.73		100.00

## 2. Other accounts receivable

(1) Other accounts receivable classifying according to the category:

In RMB

Category	2013-6-30				2012-12-31			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	22,677,404.46	1.48	22,677,404.46	87.83	22,677,404.46	1.6	22,677,404.46	100
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	1,502,335,869.01	98.17	-	-	1,389,601,552.60	98.02	-	-
Account receivable with individual minor amount but withdrawal bad debt provision independently	5,362,330.44	0.35	3,140,957.25	12.17	5,362,330.44	0.38	3,140,957.25	58.57
Total	1,530,375,603.91	100.00	25,818,361.71	100.00	1,417,641,287.50	100.00	25,818,361.71	1.82

Other accounts receivable classifying according to the account age:

In RMB

Account age	2013-6-30				2012-12-31			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1 year	560,967,828.19	36.66	-	560,967,828.19	448,233,511.78	31.62	-	448,233,511.78
1-2years	253,063,347.15	16.54	-	253,063,347.15	253,063,347.15	17.85	-	253,063,347.15
2-3years	43,771,156.40	2.86	-	43,771,156.40	43,771,156.40	3.09	-	43,771,156.40
Above 3 years	672,573,272.17	43.95	25,818,361.71	646,754,910.46	672,573,272.17	47.44	25,818,361.71	646,754,910.46
Total	1,530,375,603.91	100.00	25,818,361.71	1,504,557,242.20	1,417,641,287.50	100.00	25,818,361.71	1,391,822,925.79

(2) Other account receivable with individual minor amount but withdrawal bad debt provision independently:

In RMB

Other accounts receivable	Book Balance	Amount of accruing provision for bad debts	Accruing proportion	Reason
Deposit receivable	3,278,632.28	1,404,953.09	45%	Unrecovered for overdue
Dormitory amount receivable	2,083,698.16	1,736,004.16	55%	Unrecovered for overdue
Total	5,362,330.44	3,140,957.25	59%	

(3) Balance of other account receivables excludes the debts of the shareholders who hold over 5% (including 5%) of voting share of our company in this reporting period.

(4) Particulars about top 5 units owing other accounts receivable

In RMB

Units	Relationship with the Company	Amount	Age limit	Total proportion in accounts receivable (%)
Shenzhong Development Co.	Subsidiary of the Company	755,155,885.26	Within 1 year and over 3 years	49.34
Zhongshan Power Company	Subsidiary of the Company	551,275,129.37	Within 1 year and over 3 years	36.02
Zhongshan Real Estate Property Co., Ltd.	Subsidiary of the Company	84,750,000.00	Within 1 year	5.54
Dongguan Weimei Company	Subsidiary of the Company	83,250,522.09	Within 1 year and over 3 years	5.44
Shennandian Environment Co.,	Subsidiary of the Company	21,814,864.33	Within 1 year	1.43
Total		1,496,246,401.05		97.77

### 3. Long-term equity investment

Long-term equity investment:

In RMB

Invested units	Calculation method	Investment cost	Balance dated 31 December 2012	Increase and decrease	Balance dated 30 June 2013	Equity holding proportion in invested units (%)	Voting right proportion in invested units (%)	Reason for difference between equity holding proportion and voting right proportion	Provision for devaluation	Accrued provision for devaluation of this year	Cash dividend of this year
Server Petrochemical Supplying	Cost method	26,650,000.00	26,650,000.00	-	26,650,000.00	50	50	Not applicable	-	-	-
New Power Company	Cost method	71,270,000.00	71,270,000.00	-	71,270,000.00	75	75	Not applicable	-	-	-
Zhongshan Power Company	Cost method	410,740,000.00	410,740,000.00	-	410,740,000.00	55	55	Not applicable	-	-	-
Engineering Co.,	Cost method	6,000,000.00	6,000,000.00	-	6,000,000.00	60	60	Not applicable	-	-	-
Weimei Power Company	Cost method	115,319,049.76	115,319,049.76	-	115,319,049.76	40	40	Not applicable	-	-	-
Shennan Singapore	Cost method	6,703,800.00	6,703,800.00	-	6,703,800.00	100	100	Not applicable	-	-	-
Environment Co.,	Cost method	55,300,000.00	55,300,000.00	-	55,300,000.00	70	70	Not applicable	-	-	-
Shenzhong Development Co.	Cost method	-	-	-	-	75	75	Not applicable	-	-	-
Shenzhong Property Investment	Cost method	-	-	-	-	75	75	Not applicable	-	-	-
Jiangxi Nuclear Power Co	Cost method	49,315,000.00	49,315,000.00	8,000,000.00	57,315,000.00	5	5	Not applicable	-	-	-

Total		741,297,849.76	741,297,849.76	8,000,000.00	749,297,849.76				-	-	-
Less: devaluation provision			-	-	-						
Net amount of long-term equity investment			741,297,849.76	8,000,000.00	749,297,849.76						

#### 4. Fixed assets

In RMB

Item	Book Balance dated 31 Dec. 2012	Increased in this year	Decreased in this year	Book Balance dated 30 June 2013
I. Original book value Total :	1,454,388,719.03	620,575.43	-	1,455,009,294.46
Including: Houses and buildings	101,120,907.32	-	-	101,120,907.32
Machinery equipment	1,298,400,992.42	504,746.37	-	1,298,905,738.79
Transportation tools	16,349,068.89	-	-	16,349,068.89
Other equipment	38,517,750.40	115,829.06	-	38,633,579.46
II. Total accumulated depreciation	1,162,289,544.55	6,209,120.73	-	1,168,498,665.28
Including: Houses and buildings	54,832,100.48	2,020,634.66	-	56,852,735.14
Machinery equipment	1,059,871,276.50	3,881,499.08	-	1,063,752,775.58
Transportation tools	14,879,173.99	43,380.00	-	14,922,553.99
Other equipment	32,706,993.58	263,606.99	-	32,970,600.57
III. Total net book value of fixed assets	292,099,174.48			286,510,629.18
Including: Houses and buildings	46,288,806.84			44,268,172.18
Machinery equipment	238,529,715.92			235,152,963.21
Transportation tools	1,469,894.90			1,426,514.90
Other equipment	5,810,756.82			5,662,978.89
IV. Depreciation reserve Total	13,089,737.80	-	-	13,089,737.80
Including: Houses and buildings	-	-	-	-
Machinery equipment	13,089,737.80	-	-	13,089,737.80
Transportation tools	-	-	-	-
Other equipment	-	-	-	-
V. Total book value of fixed assets	279,009,436.68			273,420,891.38
Including: Houses and buildings	46,288,806.84			44,268,172.18
Machinery equipment	225,439,978.12			222,063,225.41
Transportation tools	1,469,894.90			1,426,514.90
Other equipment	5,810,756.82			5,662,978.89

#### 5. Operating revenue and operating cost

##### (1) Operating revenue

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Main business revenue	132,378,837.12	336,421,818.94
Other business revenue	11,806,253.39	8,048,366.37
Operating cost	323,163,492.48	533,917,664.37

(2) Main business (by industry)

In RMB

Industry	Amount occurred from Jan. to June of 2013		Amount occurred from Jan. to June of 2012	
	Main operating revenue	Main operating cost	Main operating revenue	Main operating cost
Energy Industry	132,378,837.12	323,069,677.52	336,421,818.94	529,483,326.41

(3) Main business (by products)

In RMB

Products	Amount occurred from Jan. to June of 2013		Amount occurred from Jan. to June of 2012	
	Main operating revenue	Main operating cost	Main operating revenue	Main operating cost
Electricity sales	131,562,065.17	322,651,790.37	333,283,480.20	525,796,231.87
Heat sales	816,771.95	417,887.15	3,138,338.74	3,687,094.54
Total	132,378,837.12	323,069,677.52	336,421,818.94	529,483,326.41

(4) Main business (by areas)

In RMB

Areas	Amount occurred from Jan. to June of 2013		Amount occurred from Jan. to June of 2012	
	Main operating revenue	Main operating cost	Main operating revenue	Main operating cost
Domestic	132,378,837.12	323,069,677.52	336,421,818.94	529,483,326.41

(5) Operating income of top 5 clients

In RMB

Clients	Operating revenue	Proportion in total operating revenue (%)
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Guangdong Power Grid Corporation	131,562,065.17	91.25
New Power Company	7,023,037.20	4.87
Shennandian Environment Co.,	4,545,023.57	3.15
Shenzhen University	699,352.50	0.49
Zhongcai Energy Management Service Co., Ltd.	63,332.50	0.04
Total	143,892,810.94	99.80

## 6. Supplementary information of cash flow statement

In RMB

Supplementary information	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
<b>1. Net profit transferred to cash flow of operating activities:</b>		
Net profit	-43,728,542.80	20,006,178.82
Add: provision for assets devaluation	-	-
Fixed assets depreciation	6,209,120.73	30,158,307.74
Intangible assets amortization	663,794.16	704,963.70
Long-term accounts prepaid amortization	24,994.08	24,994.08
Financial expense (income)	68,038,686.24	25,245,086.79
Investment loss (income)	-	-
Decrease of inventory (Increase)	-2,155,641.11	17,740,593.06
Decrease of operating accounts receivable(Increase)	-136,923,004.58	305,525,100.14
Increase of operating accounts payable (Decrease)	456,708,266.61	-97,349,008.32
Other		-
Net cash flow from operation activities	348,837,673.33	302,056,216.01
<b>2. Significant investment and financing activities unrelated to cash income and expense:</b>		
Debts transferred to assets	-	-
Fixed assets financed by leasing	-	-
<b>3. Net changes in cash and cash equivalents:</b>		
Period-end balance of cash and cash equivalents	354,811,794.41	297,440,484.94
Less: period-begin balance of cash and cash equivalent	204,114,395.05	303,150,447.89
Amount of increase of cash and cash equivalent	150,697,399.36	-5,709,962.95

## 7. Related Transactions

(1) Related transaction of commodities purchase, labor service received/provided

Statement of commodity purchased/labor service received

In RMB

Related parties	Transaction content	Price setting principal and strategy procedures	Amount occurred from Jan. to June of 2013		Amount occurred from Jan. to June of 2012	
			Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)
Server Petrochemical Supplying	Warehouse and transportation charge	Reference to the market price or based on the price from executives department	440,465.76	100.00	725,028.04	100.00
New Power Company	Fuel purchasing	Reference to the market price or based on the price from executives department	130,180,642.74	30.79	78,984,589.65	13.77

Commodity sold/labor service provided

In RMB

Related parties	Transaction content	Price setting principal and strategy procedures	Amount occurred from Jan. to June of 2013		Amount occurred from Jan. to June of 2012	
			Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)
New Power Company	Charge of flue gas used	Reference to the market price or based on the price from executives department	851,347.20	100.00	47,293.06	100.00
Dongguan Weimei Power Company	Materials lease	Reference to the market price or based on the price from executives department	-	-	16,028.35	100.00
Environment Co.,	Sales of cooling water	Reference to the market price or based on the price from executives department	2,309,109.86	100.00	3,346,931.62	100.00



Environment Co.,	Land lease	Reference to the market price or based on the price from executives department	906,000.00	100.00	906,000.00	100.00
Environment Co.,	LNG and using charge of non-standard diesel	Reference to the market price or based on the price from executives department	1,329,913.71	100.00	-	-

(2) Related entrusted  
Statement of entrusted:

In RMB

Name of consigner	Name of entrusted	Transaction type	Asset trust	Date of beginning	Due date	recognized basis of entrusted income	Entrusted income confirmed
New Power Company	The Company	Trusteeship income	Power generation unit of 2#,10# and 11#	2013.01.01	2013.6.30	Calculated based on the RMB 0.025kwh of the generation volume	6,171,690.00
New Power Company	The Company	Trusteeship income	Power generation unit of 2#,10# and 11#	2012.01.01	2012.6.30	Calculated based on the RMB 0.025kwh of the generation volume	3,580,237.50
New Power Company	The Company	Cost-allocation	Power generation unit of 2#,10# and 11#	2013.01.01	2013.6.30	Allocated based on generating capacity of New Power Company	3,576,812.95
New Power Company	The Company	Cost-allocation	Power generation unit of 2#,10# and 11#	2012.01.01	2012.6.30	Allocated based on generating capacity of New Power Company	1,378,596.45

New Power Company	The Company	Expenses-allocation	Power generation unit of 2#,10# and 11#	2013.01.01	2013.6.30	Allocated based on generating capacity of New Power Company	13,405,060.31
New Power Company	The Company	Expenses-allocation	Power generation unit of 2#,10# and 11#	2012.01.01	2012.6.30	Allocated based on generating capacity of New Power Company	5,781,962.71

Notes: according to the Custody and Operation Contract Concerning the Power Generation Machine Sets of Shenzhen New Power Industry Co., Ltd. entered into by the Company and New Power Company dated 23 December 2003, the Company was entrusted to operate and manage the 2#, 10# and 11# machine sets assets owned by New Power Company. The scope of the entrustment included: production plan, power scheduling, power measure and agent sales, collection of electricity fees and safe operation and management of equipments, as well as purchase, stock and management of consumed materials and facilities required for maintenance and repairmen, normal maintenance of power generation equipments and facilities, organization and management of big- and middle-sized repair projects, technological innovation and updates for power generation equipments, etc.

As for the fuels required for power production, they were purchased by New Power Company and then given to the Company for general use. Costs were charged according to the actual fuel consumption of the machine sets owned by New Power Company.

As for substantial repair expenses and facilities, they were purchased collectively by the Company as per the custody contract. When occurred, those cost attributable to the relevant machine sets were charged as the machine sets costs of New Power Company.

As for those costs that cannot be directly attributable to machine sets of New Power Company (such as utilities, depreciation of common assets and personnel salaries, etc), they should be shared by New Power Company and the Company based on the proportion of power generated.

The Company and New Power Company declared taxes according to the above share method

### (3) Related guarantee

In RMB

Assurance Provider	Guarantee received	Guarantee amount	Guarantee beginning date	Guarantee due date	Implemation of guarantee or not
The Company	Weimei Power Company	200,000,000.00	2013.06.03	2014.06.03	No
The Company	Weimei Power Company	100,000,000.00	2013.05.02	2014.05.02	No
The Company	Weimei Power Company	75,000,000.00	2013.06.17	2014.05.29	No
The Company	Weimei Power Company	131,360,000.00	2012.08.28	2013.08.28	No
The Company	Weimei Power Company	50,000,000.00	2013.05.31	2014.05.31	No
The Company	Zhongshan Power Company	100,000,000.00	2012.08.03	2013.08.03	No
The Company	Zhongshan Power Company	70,000,000.00	2013.01.14	2014.01.14	No
The Company	Zhongshan Power Company	20,000,000.00	2013.05.15	2013.08.15	No
The Company	Zhongshan Power Company	5,000,000.00	2013.05.17	2014.05.17	No
The Company	Environment Co.,	16,000,000.00	2009.11.03	2017.09.30	No
The Company	Environment Co.,	20,000,000.00	2012.09.13	2013.09.13	No
The Company	New Power Company	100,000,000.00	2012.12.14	2013.12.13	No
The Company	New Power Company	100,000,000.00	2012.12.20	2013.12.20	No
The Company	New Power Company	200,000,000.00	2012.11.26	2014.02.24	No

### (4) Lending money of related party

In RMB

Related parties	Amount of lending money	Commencement date	Maturity Date	Balance dated 30 June 2013	Note
Borrowing					
Engineering	60,000,000.00	2012.11.21	2013.11.25	60,000,000.00	

Co.,					
Engineering Co.,	4,000,000.00	2013.02.09	2014.02.09	4,000,000.00	
Engineering Co.,	9,400,000.00	2013.02.10	2014.02.10	9,400,000.00	
Engineering Co.,	25,000,000.00	2012.12.06	2013.12.05	25,000,000.00	
Server Petrochemical Supplying	6,000,000.00	2012.07.18	2013.07.18	6,000,000.00	
Server Petrochemical Supplying	15,000,000.00	2012.08.30	2013.08.30	15,000,000.00	
Server Petrochemical Supplying	9,000,000.00	2013.02.10	2014.02.10	9,000,000.00	
Server Petrochemical Supplying	5,000,000.00	2012.11.16	2013.11.15	5,000,000.00	
Weimei Power Company	16,500,000.00	2012.11.01	2013.11.01	16,500,000.00	
New Power Company	130,000,000.00	2012.12.07	2013.12.07	130,000,000.00	
New Power Company	80,000,000.00	2013.03.29	2014.03.29	80,000,000.00	
Shenzhong Development Co.	20,000,000.00	2012.12.31	2013.12.31	20,000,000.00	
Shenzhong Development Co.	10,000,000.00	2013.02.10	2014.02.10	10,000,000.00	
Offering					
Shenzhong Development Co.	545,250,000.00	2012.12.31	2013.12.31	545,250,000.00	
Shenzhong Property Investment	84,750,000.00	2013.06.24	2014.06.24	84,750,000.00	
Weimei Power	71,571,959.87	2011.07.15	2013.07.15	71,571,959.87	

Company					
Zhongshan Power Company	55,000,000.00	2013.03.26	2014.03.26	55,000,000.00	
Zhongshan Power Company	55,000,000.00	2013.03.28	2014.03.28	55,000,000.00	
Zhongshan Power Company	55,000,000.00	2013.03.30	2014.03.30	55,000,000.00	
Zhongshan Power Company	23,000,000.00	2012.09.08	2013.09.08	23,000,000.00	
Zhongshan Power Company	100,000,000.00	2012.12.20	2013.12.20	100,000,000.00	
Zhongshan Power Company	100,000,000.00	2013.01.11	2014.01.11	100,000,000.00	
Zhongshan Power Company	40,000,000.00	2012.09.05	2013.09.05	40,000,000.00	
Zhongshan Power Company	10,000,000.00	2012.09.06	2013.09.06	10,000,000.00	
Environment Co.,	10,000,000.00	2013.01.08	2014.01.08	10,000,000.00	
Environment Co.,	5,000,000.00	2013.06.18	2014.06.18	5,000,000.00	

(5) Fund occupation expenses

In RMB

Related parties	Transaction type	Transaction content	Price setting principal	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Engineering Co.,	Fund occupation expenses	Interest expenses	Note	3,418,234.68	2,889,935.12
Server Company	Fund occupation	Interest expenses	Note	1,158,404.45	1,051,057.77

	expenses				
Weimei Power Company	Fund occupation expenses	Interest expenses	Note	574,071.68	3,820,562.22
Zhongshan Power Company	Fund occupation expenses	Interest income	Note	16,100,365.62	23,818,124.00
Weimei Power Company	Fund occupation expenses	Interest income	Note	2,159,087.46	2,373,644.30
Shenzhong Development Co.	Fund occupation expenses	Interest income	Note	19,332,880.48	18,291,045.37
Shenzhong Property Investment	Fund occupation expenses	Interest income	Note	108,762.50	-

Note: payment for the use of state funds is calculated according to loan rate of current capital of peer banks.

(6) Account receivable/payable of related parties

Account receivable from related parties

In RMB

Item	Related parties	2013-6-30	2012-12-31
Other accounts receivable	Shenzhong Development Co.	755,155,885.26	735,826,164.78
	Zhongshan Power Company	551,275,129.37	565,174,763.75
	Weimei Power Company	83,250,522.09	81,102,663.74
	Environment Co.,	21,814,864.33	1,610,545.01
	Server Petrochemical Supplying	6,279,375.00	6,279,649.17
	Shennan Singapore	212,337.56	144,340.87
	Syndisome Co.	54,626.53	48,576.08
	Zhongshan Real Estate Property Co., Ltd.	84,858,762.50	-
Dividend receivable	New Power Company	597,875,904.41	597,875,904.41
	Engineering Co.,	56,264,962.17	56,264,962.17

## Account payable to related parties

In RMB

Item	Related parties	2013-6-30	2012-12-31
Account received in advance	Energy Holding	14,586,000.00	14,586,000.00
Account payable	Server Petrochemical Supplying	106,174.17	516,000.25
Other account payables	New Power Company	692,845,612.12	618,314,078.53
	Weimei Power Company	23,859,642.09	23,285,570.41
	Engineering Co.,	108,231,413.61	104,937,178.93
	Server Petrochemical Supplying	36,586,098.25	36,543,715.07
	Syndisome Co.	1,648,814.50	1,677,095.25

## (XI) Supplementary

### 1. Particulars about current non-recurring gains and loss

In RMB

Item	Amount occurred from Jan. to June of 2013	Amount occurred from Jan. to June of 2012
Loss and gains of disposal of non-current assets		
Government subsidies included in current gains and loss (excluding those closely in accordance with corporation business and enjoyed according to fixed amount under national united standard)	1,478,830.68	133,750.02
Gains/losses from debt reorganization	-	-
Impairment reversal of accounts receivable with single devaluation test	-	-
Import VAT refund for natural gas	10,739,822.79	29,672,435.72
Other non-operating income/expenses beside the above said items	460,940.17	260,474.50
Influence amount of income taxes	-	-
Influence amounts of minority shareholders (after tax)	-3,334,681.88	-6,839,516.02
Total	9,344,911.76	23,227,144.22

### 2. Return on equity and earnings per share

In RMB

Profit in reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	-6.78%	-0.17	Not applicable
Net profit attributable to ordinary shareholders of the Company deducting non-recurring gains and loss	-7.40%	-0.18	Not applicable