

# **Shenzhen Nanshan Power Co., Ltd.**

## **Annual Report 2013**

**April 2014**

## **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.**

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

**Chairman Yang Haixian, person in charge of the Company, person in charge of accounting works and person in charge of accounting organ (accounting officer) hereby confirm that the Financial Report of the annual report is authentic, accurate and complete.**

**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	Contents
Shenzhen Nanshan Power Co., Ltd.	Refers to	Company, the Company, Shen Nan Dian
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Refers to	Shen Nan Dian Zhongshan Company
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Refers to	Shen Nan Dian Dongguan Company
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Refers to	Shen Nan Dian Engineering Company
Shenzhen Shen Nan Dian Envionment Protection Co., Ltd.	Refers to	Shen Nan Dian Envionment Protection Company
Shenzhen Server Petrochemical Supplying Co., Ltd	Refers to	Server Company
Shenzhen New Power Industrial Co., Ltd.	Refers to	New Power, New Power Company
Shen Nan Energy (Singapore) Co., Ltd.	Refers to	Singapore Company
Nanshan Power Factory of Shenzhen Nanshan Power Co., Ltd.	Refers to	Nanshan Power Factory
Zhongshan Nam Long Power Plant of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Refers to	Zhongshan Nam Long Power Plant
Dongguan Gaobu Power Plant of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Refers to	Dongguan Gaobu Power Plant
Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd	Refers to	Shenzhong Properties Company
Zhongshan Shenzhong Real Estate Development Co., Ltd	Refers to	Shenzhong Real Estate Company
Hong Kong Syndisome Co., Ltd.	Refers to	Syndisome Company

## Section II Company profile

### I. Company information

Short form of the stock	Shen Nan Dian A, Shen Nan Dian B	Stock code	000037, 200037
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	深圳南山热电股份有限公司		
Short form of the Company (in Chinese)	深南电		
Registrations add.	No.2097 Yueliangwan Avenue, Nanshan District, Shenzhen, Guangdong Province		
Code for registrations add	518054		
Offices add.	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province		
Codes for office add.	518053		
Company's Internet Web Site	<a href="http://www.nsr.com.cn">http://www.nsr.com.cn</a>		
E-mail	public@nspower.com.cn; investor@nspower.com.cn		

### II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Hu Qin	-
Contact add.	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. Information disclosure and preparation place

Newspaper appointed for information disclosure	<i>China Securities Journal; Securities Times; Hong Kong Commercial Daily</i>
Website for annual report publish appointed by	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Preparation place for annual report	Secretariat of the Board of Directors

### IV. Registration changes of the Company

	Date for registration	Place for registration	Registration NO. for enterprise legal	No. of taxation registration	Organization code

			license		
Initial registration	1990-04-06	No.18 Yueliangwan Avenue, Nanshan District, Shenzhen	440301501125497	440301618815121	61881512-1
Registration at end of report period	2012-08-30	No.2097 Yueliangwan Avenue, Nanshan District, Shenzhen	440301501125497	440301618815121	61881512-1
Changes of main business since listed (if applicable)	No changes				
All previous changes for controlling shareholders (if applicable)	No changes				

## V. Other relevant information

CPA engaged by the Company

Name of CPA	Ruihua Certified Public Accountant (LLP)
Offices add. for CPA	West side, 8/F, Time Technology Building, No. 7028, Shennan Blvd., Futian District, Shenzhen
Signing Accountants	Pan Xinhua, Tian Yingying

Sponsor engaged by the Company for performing continuous supervision duties in reporting period

Applicable  Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

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

	2013	2012	Changes over last year (%)	2011
Operating income (RMB)	1,110,427,750.14	1,265,445,768.29	-12.25%	2,415,817,730.35
Net profit attributable to shareholders of the listed company(RMB)	53,099,116.45	-204,455,643.36	-125.97%	17,529,063.37
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-76,950,773.70	-323,272,643.93	-76.2%	-288,696,800.75
Net cash flow arising from operating activities(RMB)	482,279,180.11	106,047,443.83	354.78%	272,285,341.26
Basic earnings per share (RMB/Share)	0.09	-0.34	-126.47%	0.03
Diluted earnings per share (RMB/Share)	0.09	-0.34	-126.47%	0.03
Weighted average ROE (%)	-4.88%	-13.2%	8.32%	1%
	End of 2013	End of 2012	Changes over end of last year (%)	End of 2011
Total assets (RMB)	5,440,291,369.21	5,536,067,729.98	-1.73%	5,982,450,115.15
Net assets attributable to shareholder of listed company (RMB)	1,601,055,539.87	1,548,919,427.80	3.37%	1,753,371,551.83

### II. Difference of the accounting data under accounting rules in and out of China

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

### 3. Reasons for the differences of accounting data under accounting rules in and out of China

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

In RMB

Item	2013	2012	2011	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	78,884,627.34	1,136,165.09	113,277,953.88	-
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	9,032,973.54	2,217,106.02	245,208.34	-
Reversal of impairment reserve for account receivable with separate impairment testing	-	-	1,185,260.28	-
Other non-operating income and expenditure except for the aforementioned items	394,766.69	489,010.46	4,988,236.41	-
Import VAT refunds for natural gas	37,570,075.58	125,023,871.96	214,622,872.15	-
Income from capacity transfer	72,930,000.00	-	-	-
Less: impact on income tax	20,699,535.10	414,701.91	8,532,710.17	-
Impact on minority shareholders' equity (post-tax)	48,063,017.90	9,634,451.05	19,560,956.77	-
Total	130,049,890.15	118,817,000.56	306,225,864.12	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable  Not applicable

## Section IV. Report of the Board of Directors

### I. Introduction

In 2013, we were under pressure of decline of domestic economy. In addition, reform of power price system hasn't been completed on 9E Gas Turbine. Generation cost and power price are upside down. Provincial, municipal subsidies seriously lagged behind and Shenzhen municipal subsidy policy is difficult to determine. Besides the national energy-saving and environmental policy were increasingly strengthened and other multiple interwoven grim situations. Thus the Board of Directors proposed to strengthen the safety management, reduce costs, strictly control expenses, make alive the inventory of existing assets, optimize the industrial structure, and enhance the ability to resist risks and other measures to achieve goal of production safety, capital chain security and no loss throughout the year. In support of the Company's shareholders, all the staff calmly dealt with the challenges, struggled to overcome difficulties and achieved good operations. In 2013, the Company achieved operating income of RMB 1,110.4,278 million (RMB, same as the follows), non-operating income of RMB 900.2,419 million, total profit of RMB 95.1,068 million and net profit attributable to parent company of RMB 53,099,100. Generally we successfully implemented the annual target and protected the Company's survival and development.

### II. Main business analysis

#### 1. Introduction

Business scope of the Company including production and operation of power-up and heat supply, engaged in the relevant technology consultant and technology service of power plant (station). The Company mainly operated electricity generation, owes three wholly-owned or controlling power plants in total in Shenzhen, Zhongshan and Dongguan, and all of them are located in the power load center of Pearl River Delta, meanwhile the Company participated in stock of the investment construction of Jiangxi Nuclear Power.

Name of the company	Energy output (KWH)	Same period of last year	y-o-y changes
Nanshan Power Factory(including units belongs to New Power Co.,)	7.88	10.38	-24.11%
Zhongshan Nam Long Power Plant	4.82	4.75	1.66%
Dongguan Gaobu Power Plant	4.83	4.82	0.16%
Total	17.53	19.95	-12.11%

During the report period, the main business income of the Company was 1,110,427,800 Yuan, reduced by 12.25% compared to the same period of last year, which was mainly because the income of electricity sales income reduced in this year. The operating profit of the Company was -804,407,400 Yuan; increased 406,731,600 Yuan compared to the same period of last year, and total profit was 95,106,800 Yuan, increased 327,251,800 Yuan compared to the same period of last year.

Up to 31<sup>st</sup>, Dec., 2013, the Company has merged total assets of 5,440,291,400 Yuan, reduced by 1.73% compared to the beginning of the year; stockholder's equity was 1,799,779,600 Yuan, thereinto, the stockholder's equity attributable to the parent company was 1,601,055,500 Yuan, reduced by 52,136,100 Yuan compared to the same period of last year.

The Company's review and summarization to the progress of development strategy and operating plan disclosed in early days during the report period

1. In the report period, the Company achieved objectives on safety management of the "4 Noes", providing an important safeguard for the daily operation and ongoing development. Meanwhile, through the implementation of standardized environmental management, the Company completed task of pollution reduction, and was awarded environmental green card and other credit rating. In 2013, the Company was selected as "Advanced Enterprise on Waste Reduction, Shenzhen" for the fifth time.
2. Progress was made on preliminary work of real estate development projects of Shenzhong Housing Real Estate Co. Ltd and Shenzhong Property Co., Ltd. Including, Shenzhong Property Co., Ltd completed project-setup application report, environmental assessment reports and other application materials of a small plot of 54 acres Land, and the land leveling work has been completed; Shenzhong Housing Real Estate Co. Ltd is still progressing in planning and adjustment for 346 acres of land.
3. The Company is currently progressing in preliminary work for assisting Xinjiang activated by Guangdong Province, which was listed one of important projects of 2014 around Xinjiang Autonomous Region and Kashi. The Company has set up working team and offices stationed in Kashi, deeply conducted feasibility study from perspective of technology and economy, thus preparing for approval of the comprehensive operation.

Reasons for difference of actual operation performance has 20% lower or higher than profit forecast of the Year disclosed

Applicable  Not applicable

## 2. Revenue

Note

During the reporting period, the income of the Company mainly including the main business income and other business income, the main business income including power sales income, thermal sales income and engineering services income etc., the main business income decreased 12.25% than that of last year mainly because of the repayment of long-term debt in this year.

Whether income from physical sales larger than income from labors or not

Yes  No

Industries	Item	2013	2012	Increase/decrease y-o-y (%)
Power	Sales volume (KWH)	17.53	19.95	-12.13%
	Output (KWH)	17.53	19.95	-12.13%
	Inventory (KWH)	0	0	-
	Market share (%)	23.25%	26.09%	-2.84%

Reasons for y-o-y relevant data with over 30% changes

Applicable  Not applicable

Material orders in hands

Applicable  Not applicable

Material changes or adjustment for products or services of the Company in reporting period

Applicable  Not applicable

Major sales of the Company

Total top five clients in sales (RMB)	1,098,491,598.06
Proportion in total annual sales volume for top five clients (%)	98.93%

Information of top five clients of the Company

Applicable Not applicable

### 3. Cost

Industry classification

In RMB

Industry classification	Item	2013		2012		Y-o-y changes (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Energy industry	Power, heat supply	1,568,213,728.67	97.48%	2,051,647,473.35	98.47%	-0.99%
Engineering service	Income from engineering	6,551,646.35	0.41%	11,111,944.29	0.53%	-0.13%
Other income	Sludge drying	34,006,970.15	2.11%	20,811,326.18	1%	1.12%

Product classification

In RMB

Industry classification	Item	2013		2012		Y-o-y changes (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Electricity sales	Power supplying	1,567,795,841.52	97.45%	2,034,241,697.87	97.63%	-0.18%
Heat sales	Heat supplying	417,887.15	0.03%	10,613,093.88	0.51%	-0.48%
Fuel sales	Fuel supplying	0.00	0%	6,792,681.60	0.33%	-0.33%
Engineering service	Income from engineering	6,551,646.35	0.41%	11,111,944.29	0.53%	-0.13%
Sludge drying	Sludge treatment	25,511,701.00	1.59%	19,092,809.55	0.92%	0.67%
Other income	Oil transport income, access fee of Huidong wharf	8,495,269.15	0.53%	1,718,516.63	0.08%	0.45%

Main suppliers of the Company

Total purchase amount from top	
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five suppliers (RMB)	1,439,705,836.41
Proportion in total annual purchase amount for top five suppliers (%)	95.69%

Information of top five suppliers of the Company

Applicable Not applicable

#### 4. Expenses

Income tax expenses were RMB 21,727,620.48 in 2013 with a 659.94% up than that of last year, and mainly because income tax expenses at the current period increased in the year.

#### 5. R&D expenses

Nil

#### 6. Cash flow

In RMB

Item	2013	2012	Y-o-y changes (%)
Subtotal of cash in-flow from operation activity	2,251,889,550.85	2,525,905,633.47	-10.85%
Subtotal of cash out-flow from operation activity	1,769,610,370.74	2,419,858,189.64	-26.87%
Net cash flow from operation activity	482,279,180.11	106,047,443.83	354.78%
Subtotal of cash in-flow from investment activity	48,513,796.66	110,965,236.71	-56.28%
Subtotal of cash out-flow from investment activity	34,377,667.39	100,356,408.59	-65.74%
Net cash flow from investment activity	14,136,129.27	10,608,828.12	33.25%
Subtotal of cash in-flow from financing activity	3,218,961,917.89	3,937,782,500.87	-18.25%
Subtotal of cash out-flow from financing activity	3,704,170,113.72	4,157,009,818.55	-10.89%
Net cash flow from financing activity	-485,208,195.83	-219,227,317.68	121.33%
Net increased amount of cash and cash equivalent	11,202,708.11	-102,466,870.71	-110.93%

Reasons for y-o-y relevant data with over 30% changes

Applicable Not applicable

(1) Net cash flow from operation activity increased 354.78% than that of last year mainly because cash on the procurement of raw materials decreased in the year.

(2) Cash in-flow from investment activity decreased 56.28% than that of last year mainly because there was no cash received from investment in the year.

(3) Cash out-flow from investment activity decreased 65.74% than that of last year mainly because cash paid for investment in technological transformation decreased in the year.

(4) Net cash flow from investment activity increased 33.25% than that of last year mainly because cash out-flow from investment activity decreased.

(5) Net cash flow from financing activity increased 121.33% than that of last year mainly because cash received from loans decreased in the year.

(6) Net increased amount of cash and cash equivalent decreased 110.93% than that of last year mainly because net cash flow from operation activity increased in the year.

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

Applicable Not applicable

### III. Composition of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio (%)	Increase/decrease of operating revenue y-o-y (%)	Increase/decrease of operating cost y-o-y (%)	Increase/decrease of gross profit ratio y-o-y (%)
According to industries						
Energy industry	1,042,794,552.81	1,568,213,728.67	-50.39%	-13.96%	-23.56%	35.78%
Engineering service	8,023,296.00	6,551,646.35	18.34%	-34.02%	-41.04%	13.84%
Other income	53,447,899.12	34,006,970.15	36.37%	33.95%	63.41%	9.33%
According to products						
Electricity sales	1,041,714,268.41	1,567,795,841.52	-50.5%	-13.18%	-22.93%	35.99%
Heat sales	1,080,284.40	417,887.15	61.32%	-76.94%	-96.06%	285.1%
Fuel sales	0.00	0.00	0%	-100%	-100%	-9.73%
Engineering service	8,023,296.00	6,551,646.35	18.34%	-34.02%	-41.04%	13.84%
Sludge drying	50,193,739.91	25,511,701.00	49.17%	36.95%	33.62%	48.84%
Other	3,254,159.21	8,495,269.15	-161.06%	0.11%	394.34%	-108.82%
According to region						
Domestic	1,096,242,451.93	1,602,220,698.82	-46.16%	-12.57%	-30.73%	33.84%

Overseas	8,023,296.00	6,551,646.35	18.34%	-21.65%	-22.79%	14.82%
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The Company's production and operation aims at power sales, gross margins of power sales was -50.50% in 2013 with a 35.99% up over the same period of last year, which mainly because Guangdong Trade Branch of CNOOC Gas & Power Group no longer to return the import VAT rebate of the Company, and presents in the sales price of natural gas that the purchasing cost of natural gas declined in the Year.

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

Applicable  Not applicable

## IV. Assets and liability analysis

### 1. Major changes of assets

	End of 2013		End of 2012		Ratio changes (%)	Notes of major changes
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Monetary fund	543,054,829.52	9.98%	526,852,121.41	9.52%	0.47%	Cash in-flow from operation activities increased in this year
Account receivable	876,368,547.41	16.11%	924,997,868.15	16.71%	-0.6%	Power charge receivables decreased in the year.
Inventory	1,288,814,086.30	23.69%	1,220,486,524.51	22.05%	1.64%	Shenzhen Property Company paid the amount of hyper volume and land premium for the lands ready for development in the Year
Investment real estate	3,986,674.03	0.07%	4,429,359.55	0.08%	-0.01%	Depreciation in the year
Long-term equity investment	83,681,000.00	1.54%	49,315,000.00	0.89%	0.65%	60 percent equity of Huidong Serves was transferred in the Year, and re-calculate the remaining 40 percent equity with fair value and increased capital to

						Jiangxi Nuclear Power
Fix assets	1,892,316,932.05	34.78%	2,040,100,204.81	36.85%	-2.07%	Fixed assets are depreciated normally in this year and withdrawal the impairment provision
Construction in progress	48,692,441.81	0.9%	47,177,164.98	0.85%	0.04%	Technological transformation projects increased in the year

## 2. Major changes of liability

In RMB

	2013		2012		Ratio changes (%)	Notes of major changes
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Short-term loans	2,998,961,917.89	55.13%	3,210,361,552.86	57.99%	-2.86%	Loans from the bank decreased in this year
Long-term loans	6,000,000.00	0.11%	16,000,000.00	0.29%	-0.18%	Long-term loans are paid in this year

## 3. Assets and liability measure by fair value

Not applicable

Whether measurement attributes for main assets of the Company in report period have major changes or not

Yes  No

## V. Core Competitiveness Analysis

On basis of smooth completion of clear energy transformation conducted on electricity generation fuels of our turbine power stations, we voluntarily conducted energy-saving & emission-reducing projects such as low-nitrogen combustion, minimizing the electricity generation effect to the environment. Meanwhile, we positively promoted recycle-economy projects such as sludge drying, thus to transform from traditional power station to corporation which comprehensively utilizes energy steps, notably power supply, freeze supply, heat supply (hot water and steam) as well as sludge resourcing disposal.

Gas turbine power generation is in technology-intensive filed. As a leader in the field, The Company was ever awarded "The Country's Largest Gas Turbine Power Enterprises", which owned the most of PG9171E gas - steam combined cycle generating units, being member of the Department of Guangdong Provincial Association of Gas Turbine Power. In past two decades, we attracted and trained a large number of experts in gas turbine technology, while we accumulated plenty of experience during construction and operation of large gas turbine power plants, strengthened exchanges and cooperation with businesses among this industry and built

gas turbine training base, thus laid a good foundation for the development of enterprises.

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, implementation of fuel machine feed-in tariff policy in Guangdong Province, further improvement of the Shenzhen subsidy policy and gradually upgrade for the industry in the future, as a large fuel machine power enterprise, the Company still owns a competition-ness and major operation rooms.

## VI. Investment analysis

### 1. Equity investment outside

#### (1) Investment outside

Investment outside		
Investment in reporting period (RMB)	Investment at same period of last year (RMB)	Changes (%)
8,000,000.00	12,000,000.00	33.33%
Invested company		
Name	Main business	Proportion of equity in invested company for listed company (%)
CPI Jiangxi Nuclear Power Co., Ltd.	Development, construction and management of nuclear power projects; producing electricity and relevant products; foreign trade business (excluding import and export business for commodity of state-run trade management); (except for the projects with special permission of the State)	5%

**(2) The Company holds no equity of other listed company and no share-participated in financial enterprises of commercial bank, securities company, insurance company, trust company and futures company.**

### 2. Trust financing, derivative investment and entrusted loans

The Company has no trust financing, derivative investment and entrusted loans in reporting period.

### 3. Application of raised proceeds

In reporting period, the Company has no fund raised and no fund raised used in this period continued from previous period either.

#### 4. Main subsidiaries and stock-jointly companies

Particular about main subsidiaries and stock-jointly companies

In RMB

Company name	Type	Industries	Main products or service	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Shenzhen New Power Industrial Co., Ltd.	Subsidiary	Power industry	Technology development regarding to application of remaining heat (excluding restricted items) and power generation with remaining heat. Add: power generation through burning machines.	RMB 113.85 million	1,032,819,794.98	51,434,801.23	237,732,161.45	-30,330,527.35	-30,330,527.35
Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Subsidiary	Craft industry	Sludge treatment	RMB 79 million	150,883,364.96	78,502,256.68	50,193,739.91	3,325,793.89	3,918,469.88
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Subsidiary	Technology	Engaged in the technology consultant service of gas-steam combined cycle power	RMB 10 million	126,596,768.90	64,916,450.20	8,023,296.00	3,778,094.45	2,675,733.19

			plant (station), maintenanc e and overhaul of running equipment for gas-steam combined cycle power plant (station). Import and export of goods and technology (excluding distribution and monopolize d commodity of the State)						
Shenzhen Server Petrochemic al Supplying Co., Ltd	Subsidiary	Fuel	Self-operati on of fuel oil or import agent business	RMB 53.3 million	170,569,533 .44	126,047,937 .33	4,658,882.3 2	55,334,465. 63	49,853,777. 74
Shen Nan Dian (Zhongshan ) Electric Power Co., Ltd.	Subsidiary	Electricity	power generation by burning machines, power generation by remaining heat, power supply and heat supply (excluding pipeline network of	RMB 746.8 million	1,016,986,4 60.60	159,657,233 .84	307,838,865 .82	-196,734,51 2.53	21,725,136. 34

			heat supply), lease of dock and oil storage (excluding oil products, dangerous chemicals and inflammable and explosive materials).						
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Subsidiary	Electricity	Construction and operation of natural gas power plants.	US \$ 35.04 million	983,390,694 .35	320,828,964 .67	246,609,886 .86	-282,860,416.53	20,799,527.07
Shen Nan Energy (Singapore) Co., Ltd.	Subsidiary	Investment holding	No main business operated	RMB 6.7038 million	4,926,870.20	2,458,583.92	0.00	-359,813.04	-359,813.04
CPI Jiangxi Nuclear Power Co., Ltd.	Stock jointly company	Nuclear Power	Mainly in charge of development, construction and operation management of projects, producing and sales of power and relevant products	RMB 1727.27 million	2,661,766,146.72	1,127,270,00	0	0	0
Zhongshan Shenzhong Real Estate	Subsidiary	Real Estate	Real Estate	RMB 177.80 million	1,065,741,439.04	-21,190,396 .84	0.00	-51,772,656 .29	-51,395,954 .84

Developme nt Co., Ltd									
Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd	Subsidiary	Real Estate	Real Estate	RMB million	60 218,598,873 .72	51,137,800. 44	0.00	-10,278,168 .22	-10,166,373 .35

Notes of main subsidiaries and stock-jointly companies

Particular about subsidiaries obtained or disposed in report period

√Applicable □Not applicable

Name	Purpose of obtained or disposed in Period	Way to obtained or disposed in Period	Impact on general production and performance
Huidong Server Part Comprehensive Development Co., Ltd.	The equity transfer aims at liquidize remnant assets, increased overall return on assets and improved the operation current status of the Company	Transferred 60 percent equity of Huidong Server Part Comprehensive Development Co., Ltd. in way of public listed	The Company increase current income of RMB 36.9924 million through the equity transfer, which is relieve the tension of liquid capital and improve overall economic benefit of the Company

## 5. Major projects invested by non-raised fund

In ten thousand Yuan

Project	Total investment	Invested in this year	Accumulated fund actually till end of this period	Progress	Project benefit
CPI Jiangxi Nuclear Power Co., Ltd.	34,785	800	5,731.5	Conducting preliminary works	N/A
Total	34,785	800	5,731.5	--	--
Query date for temporary notice disclosed on appointed website (if applicable)	2009-12-29				
Query index for temporary notice disclosed on appointed website (if applicable)	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>				

## VII. Prediction of business performance from January – September 2014

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

## **VIII. Special purpose vehicle controlled by the Company**

Not applicable

## **IX. Prospect for future development of the Company**

### **(I) industrial trend and competition the Company is faced**

In current power price system, we are forecast to see a tough operation situation in 2014. And the competition is becoming fiercer.

In 2014, the situation the Company faced is still complicated. Though, the total electricity consumption over Guangdong Province will maintain a slight upward trend. But for the increased electricity delivery from west to east, the total electric generation may get a negative growth. Regional electricity market will compete increasingly fierce. Space for 9E sector will be more limited. Meanwhile, the price of natural gas may still be high, Shenzhen Grid implements economic dispatch, and there is uncertainty in power subsidy policy and so on. All these factors increased difficult for the Company in decision-making.

But with the reform of the national electricity system, the implementation of tariff policy on the combustion engine in Guangdong Province and the Shenzhen Municipal further optimizes the policy of subsidies, the future of the industry escalated. As a large gas turbine power plant, whether it is needed by power peaking cycle emergency or implementation of recycle economic projects, the Company still has a certain status and a large living space. We will continue to play our due role.

### **(II) Business plan for 2014**

In 2014, the Company will take safety, environmental protection as a prerequisite, pragmatic and efficient innovation as a means, the industrial structure adjustment and industrial upgrading as the main direction, protecting shareholders' equity and sustainable development as the purpose. We'll try to balance and focus, seek practical results to ensure the realization of annual business objectives. Focus on the following tasks:

1. Strengthen safety supervision and implementation of "One Position, Two Responsibilities" system, push the innovative mechanisms over safe production management, conduct environmental standardization and dynamic implementation of safety production management, thus achieve safe and environmental production, providing basic safeguard for operation and sustainable development.
2. accelerate the process of assisting Xinjiang project, promote the  $2 \times 9F$  cogeneration and expansion of Zhongshan Nanlang Power Plant, study the future positioning of Nanshan Power, grasp the opportunities of non-public offering of shares, and accelerate the pace of industrial upgrading.
3. Continue to push Shenzhong Housing Real Estate and Shenzhong Property to implement the process of 400 acres of land in Zhongshan.
4. Closely track the national monetary policy, explore financing channels, make overall management of funds within the system, and strengthen budget execution, to ensure funding needs for daily operations and new investment projects and to prevent financial risks.
5. Actively promote the construction of internal control, continue to improve the internal management system, to create a harmonious and stable capital markets environment, and to further improve the overall governance of the Company.

## **X. Statements of the board of directors to the “Modifications to the Auditor’s Report” of the accounting firm during this report period**

Based on the opinions of independent practicing lawyer on “explanation on other significant events”, the board of directors thought that: 1. Two letters of confirmation and the transaction have been terminated by the both parties; 2. The Company is unaware of any information or evidences that has been instituted judicial process because of the option contract dispute, the development of this matter exists many uncertainties, it's impossible to estimate

the subsequent development process, the loss amount and possible results of the option contract dispute at this stage; 3. As the final results cannot be reasonably and reliably estimated at present, the estimated liabilities shouldn't be confirmed in the financial statements of 2013. Matters referred to the modified opinions haven't obviously violated the rules of accounting standards, system and relevant information disclosure regulations.

## **XI. Compared with the financial reports of previous year, presentation of the changes in accounting policies, accounting estimate and accounting methods**

Not applicable

## **XII. Particular about major accounting errors correction that needs retroactive re-statement in reporting period**

Not applicable

## **XIII. Compare with last year's financial report; explain changes in consolidation statement's scope**

(1) In September 2013, the 16.05 percent equity of Huidong Server held by Shenzhen Pipe Energy Science & Technology Development Co., Ltd. ( Pipe Science & Technology) was purchased by Shenzhen Server, the controlling subsidiary of the Company, up to purchase date, 100 percent equity Huidong Server were held by Shenzhen Server. (2) On 25 October 2013, Board of the Meeting was held for transfer 60 percent equity of Huidong Server (55 percent equity of Huidong Harbor was held by Huidong Server) held by Shenzhen Server, controlling subsidiary of the Company, through public listed, and Jiahua Building Products (Shenzhen) Co., Ltd. participated in the procedures. On 29 November 2013, the 60 percent equity of Huidong Server held by Shenzhen Server were transferred to Jiahua Building Products (Shenzhen) Co., Ltd. The transferee has no related relationship with the Company, ultimate equity transfer completed dated 9 December 2013. The Company has no controlling rights on Huidong Server and Huidong Harbor after equity transferred. Huidong Server and Huidong Harbor excluding in the consolidation statement since the date of transfer completed, the revenue, expenses and profit before transfer completed were reckoned in the consolidated profit statement, the cash flow recorded in the consolidated cash flow statement before transfer completed.

## **XVI. Profit and dividend distribution**

Formulation, execution or adjustment for profit distribution policy in reporting period, cash bonus policy in particular

Applicable Not applicable

1. In May, 2012, the Company established cash dividends policy and revised "Articles of Association" in accordance with "Decision to revise the provisions of cash dividends in listed company" of China Securities Regulatory Commission. The Company's profit distribution plan of 2010 was considered and adopted by the fortieth meeting of the fifth board of directors and 2010 annual general meeting of stockholders, and the profit distribution plan of 2011 was considered and adopted by the seventh meeting of the sixth board of directors and 2011 annual general meeting of stockholders, and the cash dividends met the requirements of decision-making procedures and "Articles of Association".

2. During the report period, in accordance with the requirements of "Notification about seriously implementing the notification to further implement the issues related to cash dividends in listed companies" (Shenzhen Bureau Zi No.[2012]43) issued by Shenzhen Securities Regulatory Bureau, the Company provided opportunities for shareholders to fully express opinions and demands via telephone, fax, email and investor interactive platform, combined the actual situation of the company and prepared "Returns Planning

of Shareholders in the Next Three Years" (2012 to 2014), defined the dividend standard and proportion, and completed relevant decision-making procedures and mechanism, the independent directors performed corresponding duties and made independent opinions, maintained the legitimate interests of all shareholders especially the medium and small shareholders, and revised relevant profit distribution policy terms of "Articles of Association". "Returns Planning of Shareholders in the Next Three Years" (2012 to 2014) and newly revised "Articles of Association" have been considered and adopted by the tenth meeting of the sixth board of directors and have been submitted to the second extraordinary shareholders' meeting of 2012 for deliberation before being implemented.

3. Profit distribution plan and capitalizing of common reserves plan in reporting period are complying with relevant regulations of *Article of Association*. The preplan of profit distribution for year of 2013 and capitalizing of common reserves plan comply with relevant regulation of Article of Association and Return Plan, deliberation procedures meets related rules. There is no interest of the Shareholders being damaged.

Independent opinion from independent directors

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Y/N):	Y
Well-defined and clearly dividend standards and proportion (Y/N):	Y
Completed relevant decision-making process and mechanism (Y/N):	Y
Independent directors perform duties completely and play a proper role (Y/N):	Y
Minority shareholders have opportunity to express opinions and demands totally and their legal rights are fully protected (Y/N):	Y
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Y/N):	Not applicable

Profit distribution plan and capitalizing of common reserves plan in latest three years (including the reporting period)

1. Being audited by Deloitte Touche Tohmatsu CPA (LLP), the net profit attributable to shareholders of listed company for year of 2011 amounting as RMB17,529,063.37. The Company has no plans of surplus accumulation fund accrual, no profit distribution plan and capitalizing of common reserves either. In 2011, account receivable at year-end increased dramatically due to the serious lags for recovery of government subsidy of power generation; furthermore, the unexploited land of inventory at year-end amounting to RMB 1.1 billion, 88.15% in total inventory of the Company and takes part of the current capital for the Company; the Company still has a financial strain due to the unexploited land in reporting period without relevant cash flow generated. In reporting period, the Company's asset-liability ratio up to 65%, current ratio and quick ratio still in a low standards, and has a weak short-term debt paying ability in the whole Company.

In order to ensure the safety for capital chain of the Company, guarantee normal operation production, the Company plans no cash dividend for year of 2011 for invest operation production with limit funds. Meanwhile, with purpose of upgrading the short-term debt paying ability and improve the whole profitability of the Company, combine with operation status and development requirement, the retained profit RMB 454,070,630.72 till end of 2011 will carried forward to the next year for supplement current capital of daily operations.

2. Being audited by Deloitte Touche Tohmatsu CPA (LLP), the net profit attributable to shareholders of listed company for year of

2012 amounting as RMB -204,455,643.36. The Company has no plans of surplus accumulation fund accrual, no profit distribution plan and capitalizing of common reserves either.

3. Being audited by Ruihua CPA (LLP), the net profit attributable to shareholders of listed company for year of 2013 amounting as RMB 53,099,116.45.

The Company has no plans of surplus accumulation fund accrual, no profit distribution plan and capitalizing of common reserves either.

Cash dividend in latest three years

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to shareholders of listed company in consolidation statement for bonus year	Ratio in net profit attributable to shareholders of listed company contained in consolidation statement (%)
2013	0.00	53,099,116.45	0%
2012	0.00	-204,455,643.36	0%
2011	0.00	17,529,063.37	0%

The Company gains profits in reporting period and the retained profit of parent company is positive but no plan of cash dividend proposed

Applicable Not applicable

Reason for no cash dividend proposal with profit available and a positive undistributed profit of parent company in reporting period	Usage and plan of undistributed profit
For 2013, due to the government subsidy is seriously lagging behind, land to be developed reached up to 1.1 billion Yuan at the end of the year, accounting for 9.2% of inventories. The land occupied part of the liquidity. Due to the un-development of the land during the reporting period, corresponding cash flow missed, resulting in tight capital. In 2013, the Company's balance has reached 66.92%, the currency ratio and quick ratio is still relatively low. Overall short-term solvency of the Company is still low.	In order to ensure capital chain security and the normal production and operation, limited funds were invested into production and operations. Meanwhile, to further improve the short-term solvency and enhance the overall profitability, combined with the current situation and development needs, the Company deferred the total of RMB 302,714,103.81 of undistributed profit as of the end of 2013 to the next year, thus supplementing liquidity for daily operation of the Company.

## XV. Social responsibility

The Company attaches importance to fulfilling social responsibilities, managing and realizing the healthy and harmonious development between enterprise and employees, enterprise and society, and enterprise and environment. The Company has established scientific safety production management system, strict operation standards and comprehensive contingency plan, and has improved the inspection and supervision mechanism. During the report period, the Company has realized “Four Not” safety management and completed the tasks of pollution reduction. In the reporting period, the Company awarded as “Advanced Enterprise for Implementing Safety Production” and “Pengcheng Advanced Enterprise of Waste Reduction” by Nanshan District, Shenzhen. The Company protected all legitimate interests of the personnel according to the law, concerned the physical and psychological health of the staff, and actively built a harmonious labor relationship.

The listed company and subsidiaries is in the range of heavy pollution industry that regulated by State environment protection departments

Yes  No  Not applicable

The listed company and subsidiaries owes other major social safety issues

Yes  No  Not applicable

Administrative penalty occurred in reporting period

Yes  No  Not applicable

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

Time	Place	Way	Type	Reception	Contents discussed and material provided
2013-09-16	Conference room of the Company	Field research	Individual	Chen Ling	Operation status of the Company
2013-10-11	Office of the Company	Telephone communication	Individual	Investor	Reasons for stock of the Company fail to goes up
2013-11-27	Office of the Company	Telephone communication	Individual	Investor	The annual performance of the Company

## Section V. Important Events

### I. Significant lawsuits and arbitrations

Applicable  Not applicable

The Company has no significant lawsuits and arbitration in this period.

### II. Questioned from media

Applicable  Not applicable

No common media questioned for the Company in reporting period

### III. Non-operational fund occupation of the listed company from controlling shareholder and its related parties

Not applicable

### IV. Bankruptcy reorganization

Not applicable

### V. Trade of assets

#### 1. Purchase of assets

Not applicable

#### 2. Sales of assets

The other party of transaction or final controller	Assets sold	Sales date	Trading price (in 10 thousand Yuan)	Net profit contributed to the listed company (Yuan)	Impact on Company (Note3)	Ratio of net profit contributed by the sold assets for listed company in total profit (%)	Principles of transaction (Y/N)	Related transaction (Y/N)	The related relationship (applicable for related transaction)	Assets rights concerned transferred to the related owner ship fully or not	Credit and liability concerned transferred to the related owner ship fully or not	Date of disclosure	Index of disclosure

Information on the implementation of the company's equity incentive and its effects													
				sales date(in 10 thousand Yuan)									
Jiahua Building Products (Shenzhen) Co., Ltd.	60 percent equity of Huidong Server Port Comprehensive Development Co., Ltd.	2013-12-9	7,350	3,699.24	The equity transfer aims at liquidize remnant assets, increased overall return on assets and improved the operation current status of the Company	69.67 %	Based on appraisal report issued by appraisal authority	N	Not applicable	Y	Y	2013-10-26	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Shenzhen Energy Group Co., Ltd.	Nanshan Power Station shut down the #5unit, 6# unit and #8 unit and closed down the capacity of #7 unit and #9 unit	2013-12-31	7,293	7,293	Improved operation status of the Company	137.35 %	Contract pricing	Y	Associated legal person	Y	Y	2014-01-02	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

## VI. Implementation of the company's equity incentive and the effects

Not applicable

## VII. Significant related transaction

**The Company has no related transaction with routine operation concerned in the reporting period**

### 1. Related transaction incurred by purchase or sales of assets

Related party	Relations hip	Type of related transaction	Content of related transaction	Pricing principle	Book value of assets transfer (10 thousand Yuan)	Assessm ent value of assets transfer (10 thousand Yuan)	Market fair value (10 thousand Yuan)	Transfer price (10 thousand Yuan)	Clearing form for related transaction	Income from assets transfer (10 thousand Yuan)	Disclosu re date	Index of disclosur e
Shenzhe n Energy Group Co., Ltd.	Associat ed legal person	Assets transfer	Transferr ed and closed down capacity of the unit	Contract pricing	-	-	-	7,293	Bank transfer	7,293	2014-01-02	<a href="http://ww.ww.cninfo.com.cn/">http://ww.ww.cninfo.com.cn/</a>
Pipe Science & Technolo gy	Associat ed legal person	Assets transfer	16.05 percent equity of Huidong Server held by Pipe Science & Technolo gy transferr ed	Contract pricing	134.42	-	-	134.42	Bank transfer	-	2013-10-26	<a href="http://ww.ww.cninfo.com.cn/">http://ww.ww.cninfo.com.cn/</a>
Reason of major difference between the transfer price and book value or assessed value(if applicable)				N/A								
Influence on the operation results and financial status of the Company				N/A								

### 3. Significant related transaction from jointly investment outside

Not applicable

### 4. Credits and liability of related party

Whether have non-operation related liabilities and credits relations or not

Yes  No

Related party	Relationship	Type	Reasons for occurring	Whether has non-operation fund occupation or not	Balance at period-begin (10 thousand Yuan)	Amount in this period(10 thousand Yuan)	Balance at period-end (10 thousand Yuan)
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Subsidiary	Debt payable to related party	Routine operation open credit	N	10,493.72	675.18	11,168.9
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Subsidiary	Financial claim receivable from related party	Profit distribution	N	5,626.5	0	5,626.5
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Subsidiary	Financial claim receivable from related party	Routine operation open credit	N	56,517.48	5,555.37	62,072.85
Zhongshan Shenzhong Real Estate Development Co., Ltd	Subsidiary	Financial claim receivable from related party	Routine operation open credit	N	73,582.3	3,897.58	77,479.88
Zhongshan Shenzhong Real Estate Investment Property Co., Ltd	Subsidiary	Financial claim receivable from related party	Routine operation open credit	N	0	8,771.77	8,771.77
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Subsidiary	Financial claim receivable from related party	Routine operation open credit	N	8,110.27	-1,876.7	6,233.57
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Subsidiary	Debt payable to related party	Routine operation open credit	N	2,328.56	-1,589.74	738.82
Shenzhen New Power Industrial Co., Ltd.	Subsidiary	Debt payable to related party	Routine operation open credit	N	61,831.41	-6,607.02	55,224.39

Shenzhen New Power Industrial Co., Ltd.	Subsidiary	Financial claim receivable from related party	Profit distribution	N	59,787.59	0	59,787.59
Shenzhen Server Petrochemical Supplying Co., Ltd	Subsidiary	Debt payable to related party	Routine operation open credit	N	51.6	-38.82	12.78
Shenzhen Server Petrochemical Supplying Co., Ltd	Subsidiary	Debt payable to related party	Routine operation open credit	N	3,654.37	4,394.19	8,048.56
Shenzhen Server Petrochemical Supplying Co., Ltd	Subsidiary	Financial claim receivable from related party	Routine operation open credit	N	627.94	-627.94	0
Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Subsidiary	Financial claim receivable from related party	Routine operation open credit	N	161.05	3,978.61	4,139.66
Shen Nan Energy (Singapore) Co., Ltd.	Subsidiary	Financial claim receivable from related party	Routine operation open credit	N	14.43	6.8	21.23
Hong Kong Syndisome Co., Ltd.	Subsidiary	Financial claim receivable from related party	Routine operation open credit	N	4.86	1.63	6.49
Hong Kong Syndisome Co., Ltd.	Subsidiary	Debt payable to related party	Routine operation open credit	N	167.71	-5.02	162.69
Shenzhen Energy Group Co., Ltd.	Shareholder	Financial claim receivable from related party	Account received in advance for capacity	N	1,458.6	-1,458.6	0
Influence on operation results and financial status from related credit and		Current assets RMB 197.0712 million increased and current liability RMB 46.2983 million declined in the Period					

debts	
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## 5. Other significant related transactions

The Company has no other material related transactions in reporting period.

# VIII. Significant contracts and its implementation

## 1. Trusteeship, contracting and lease

### (1) Trusteeship

As for the Assets Custody Operation Contract in Connection with Burning Machine-Stream Joint Cycle Heat Power Generation Machine Unit entered into in February 2003, the Company was entrusted to operate and manage the power generation machine unit owned by its wholly-owned subsidiary New Power Company. The custody business service charge RMB 9.5672 million was obtained by the Company in reporting period.

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

Applicable  Not applicable

### (2) Contract

Explanation on contract

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

Applicable  Not applicable

### (3) Lease

Explanation on lease

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

Applicable  Not applicable

## 2. Guarantees

In 10 thousand Yuan

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

Shen Nan Dian Dongguan Company	2013-04-23	25,000	2013-06-03	25,000	General assurance	One year	N	Y
Shen Nan Dian Dongguan Company	2013-04-23	10,000	2013-05-02	10,000	General assurance	One year	N	Y
Shen Nan Dian Dongguan Company	2013-04-23	7,500	2013-06-17	7,500	General assurance	11 months	N	Y
Shen Nan Dian Dongguan Company	2013-04-23	30,000	2011-08-24	4,296	General assurance	Two and a half year	N	Y
Shen Nan Dian Dongguan Company	2013-04-23	5,000	2013-05-31	5,000	General assurance	One year	N	Y
Shen Nan Dian Dongguan Company	2013-04-23	4,000	2013-08-16	0	General assurance	One year	N	Y
Shen Nan Dian Zhongshan Company	2013-04-23	10,000	2013-08-07	5,000	General assurance	One year	N	Y
Shen Nan Dian Zhongshan Company	2013-04-23	10,000	2013-01-14	7,000	General assurance	One year	N	Y
Shen Nan Dian Zhongshan Company	2013-04-23	10,000	2013-09-30	4,700	General assurance	6 months	N	Y
Shen Nan Dian Zhongshan Company	2013-04-23	4,000	2013-03-28	0	General assurance	One year	N	Y
Shen Nan Dian Zhongshan Company	2013-04-23	4,000	2013-08-08	0	General assurance	One year	N	Y
Shen Nan Dian Zhongshan Company	2013-04-23	3,500	2013-05-17	500	General assurance	One year	N	Y
Shen Nan Dian Environment Protection Company	2013-04-23	600	2009-11-03	600	General assurance	4 years and 10 months	N	Y
Shen Nan Dian Environment Protection Company	2013-04-23	3,000	2013-12-26	0	General assurance	One year	N	Y
New Power Company	2013-04-23	10,000	2013-12-30	10,000	General assurance	One year	N	Y
New Power Company	2013-04-23	10,000	2013-12-18	10,000	General assurance	One year	N	Y
New Power Company	2013-04-23	30,000	2013-12-31	18,000	General assurance	One year	N	Y
Total amount of approving guarantee for subsidiaries in report period (B1)		176,600		Total amount of actual occurred guarantee for subsidiaries in report period (B2)	107,596			

Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)	176,600	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)	107,596
Total amount of guarantee of the Company( total of two abovementioned guarantee)			
Total amount of approving guarantee in report period (A1+B1)	176,600	Total amount of actual occurred guarantee in report period (A2+B2)	107,596
Total amount of approved guarantee at the end of report period (A3+B3)	176,600	Total balance of actual guarantee at the end of report period (A4+B4)	107,596
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4)(%)		67.2%	
Including:			
Amount of guarantee for shareholders, actual controller and its related parties(C)			-
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)			55,200
Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)			27,543.23
Total amount of the aforesaid three guarantees(C+D+E)			82,743.23
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)			N/A
Explanations on external guarantee against regulated procedures (if applicable)			N/A

### 3. Other significant contract

Company entered into a contract	Name of counterparty	Date of contract	Book value of amount involved in contract (in 10 thousand Yuan) (if applicable)	Appraisal value for assets involved in contract (in 10 thousand Yuan) (if applicable)	Appraisal agency (if applicable)	Base date of assets evaluation (if applicable)	Pricing principle	Trading price (in 10 thousand Yuan)	Whether constitute related transaction or not	Related transaction	Implementation ended as reporting period
The Company	Guangdong Trade Branch of CNOOC Gas & Power Group	2013-01-15	-	-	Not applicable	-	Consisting three parts: price of LNG, comprehensive service charge and taxes.	Ditto	N	Not applicable	Implementing relevant contracts

Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Guangdong Trade Branch of CNOOC Gas & Power Group	2013-12-21	-	-	Not applicable	-	Consistin g three parts: price of LNG, comprehe nsive service charge and taxes.	Ditto	N	Not applicable relevant contracts

#### 4. Other significant transaction

Not applicable

#### IX. Implementation of commitments

No commitments made by the Company, directors, supervisors, senior executives and shareholders with over 5% shares held (including 5%) may have important influence on the Company's operation results and financial status occurred in this period or extending to reporting period that occurred previously.

#### X. Appointment and non-reappointment (dismissal) of CPA

Accounting firm appointed

Name of domestic accounting firm	Ruihua Certified Public Accountants Co., Ltd. (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	90
Continuous life of auditing service for foreign	1

accounting firm	
Name of domestic CPA	Pan Xinhua, Tian Yingying

Whether re-appointed accounting firms in this period or not

Y N

Accounting firms changed in auditing period

Y N

Performed approval procedures while changing the accounting firms

Y N

Explanation on re-appointed and changed for the accounting firms

During the reporting period, proposed by auditing committee of the Company, Ruihua CPA was engaged as the auditing authority of the Company for year of 2013 with auditing expenses of RMB 0.9 million(including: financial auditing RMB 0.7 million, internal control auditing RMB 0.2 million) for one year.

Appointment of internal control auditing accounting firm, financial consultant or sponsor

Applicable  Not applicable

In the Period, in order to controlling the costs and consider development requirement of the Company, Ruihua Certified Public Accountants Co., Ltd. (LLP) was appointed as the internal control auditing authority of the Company for year of 2013 with expenses of RMB 0.2 million for one year.

## **XI. Explanation from Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” from the CPA**

Supervisory Committee of the Board deliberated and thought that matters involved in this modified opinion didn't obviously violate the accounting standards, systems and regulations of relevant information disclosure standards. The special instructions made by the board of directors are objective and consist with the facts.

Opinions made by independent directors are as below:

(I) Emphasis of Matter listed in Ruihua Certified Public Accountants Co., Ltd. (LLP) “Special Statements about Issuing Audit Report of Clean Opinion with Emphasis of Matter to Shenzhen Nanshan Power Co., Ltd.” and “2013 Annual Audit Report of Shenzhen Nanshan Power Co., Ltd.” reflects the responsibilities existed after terminating the transaction and compensatory possibilities.

(II) We agree “Special Instructions about 2013 Annual Audit Report with Emphasis of Matter” of the board of directors and hope that the Company implements the possible measures to eliminate this matter and its influences proposed in “Special Instructions about 2013 Annual Audit Report with Emphasis of Matter” of the board of directors and feasibly maintains stockholders' equity by aiming at the relevant contents of emphasis of matter.

## **XII. Penalty and rectification**

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Applicable  Not applicable

Particular about directors, supervisors, senior executives and shareholders with over 5% shares held suspected illegal dealings of the

stock of the Company and earnings of illegal dealings taken back by the Company that disclosed

Applicable  Not applicable

### **XIII. Suspension and delisting after disclosure of annual report**

Not applicable

### **XIV. Other material events**

(I) In March 2008, the Company signed two oil option contract confirmation letters (hereinafter referred to as “confirmation letter”) with Jierun (Singapore) Private Company (hereinafter referred to as “Jierun Company”), of which the number was 65723977102.11 and 165723968102.11.

In 2009, the Company and Jierun Company had several rounds of negotiations about the disputes of these two conformation letters on the basis of not affecting the rights of both parties, but didn't reach an accommodation. On 27 November 2009, Jierun Company authorized Allen & Overy International Law Firm (hereinafter referred to as “Allen & Overy”) to write to the Company which required the Company to immediately pay Jierun Company US\$ 79,962,943.00 for the losses caused by the Company's breach of contract and US\$ 3,736,958.66 for the interests up to 27 November 2009, if the Company didn't pay all above-mentioned money, Jierun Company would reserve the right to sue without any further notice. At the same time, Jierun Company authorized Allen & Overy to write to propose the settlement that was installment payment of thirteen times, interest free, and only paying USD 79,962,943.00 (Refer to the Company's announcement on 29 December 2009, announcement no. is 2009—069).The Company replied that we didn't accept the compensation for losses proposed by Jierun Company on 25 January 2010, and required Jierun Company to assume the responsibility for breach of contract, including but not limited to pay the payables of US\$ 0.3 million for October 2008 and relevant interests of US\$16,862.52. Allen & Overy replied to refuse to assume any responsibility for the Company on 26 February 2010, and stood their ground in the letter sent on 27 November 2009.

On 31 March 2011, February 6, 2012 and 20 February 2014, Jierun Company voluntarily wrote or authorized Allen & Overy to write to claim the Company's liability for breach of contract, the Company respectively replied on 6 April 2011, 10<sup>th</sup>, Feb., 2012 and 28 March 2014, and explicitly declared that we don't accept the opinion in the letter from Allen & Overy that Shenzhen Nanshan Power Co., Ltd. is in arrears with US\$ 83,699,901.66 and interests to Jierun; and required Jierun to assume the liability for breach of contract according to the letter the Company wrote on 25<sup>th</sup>, Jan., 2010 and pay the payables of US\$ 0.3 million for October 2008 and interests since 7<sup>th</sup>, Nov., 2008 to the Company; the Company agreed to further negotiate with Jierun so as to resolve this matter on the basis of not affecting the rights of either party; at the same time, the Company confirmed that this letter would not change and/or abandon any rights, and the Company defined to reserve all rights to this matter.

Thereafter, both parties had some negotiations on the basis of not changing and/or abandoning the rights of either party. Up to the date of issuing this analysis, there was no new progress for this matter.

### **XV. Significant events of the subsidiaries**

On 29 November 2013, Server Company and Jiahua Building Products (Shenzhen) Co., Ltd. (Jiahua Building) signed a supplementary term aiming at equity transfer over equity attribution and division of Yapoqiao Dock, which belongs to Server Company, Huidong Server, and Huidong Nanshan Town Government as well as its subordinate Nanshan Group. In order to solve

this remaining historic problem, Server Company saved RMB 12,500,000.00 in condominium deposit account as guarantee. In addition, Server pledged its 20% of equity holding from Huidong Server to Jiahua Architecture with pledge duration of 2 years. The amount of collateral on loans could not exceed RMB 1,500,000,000. As of December 31, 2013, the group is forecast to lose RMB 27,500,000 concerning this matter.

## **XVI. Corporate bond offering**

Not applicable

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

### I. Changes in Shares

In shares

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion (%)	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares	18,263							18,263	
1. Other domestic shareholding	18,263							18,263	
Domestic nature person shares	18,263							18,263	
II. Unrestricted shares	602,744,33							602,744,33	
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 changed

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

## II. Security offering and listing

1. No stock and derivative securities offered in latest three years from the Company.
2. In reporting period, total shares of the Company and structures as well as balance sheet structures have no change due to reasons in aspects of bonus shares, capitalizing of shares, allotment, privately stock offering, exercise warrants, implementation of equity incentive plan, enterprise combination, shares converted from convertible corporate bonds, capital reducing, listing of internal staff shares and securities offering.
3. The Company has no existing internal staff shares.

## III. Particulars about shareholder and actual controller of the Company

### 1. Amount of shareholders of the Company and particulars about shares holding

In Share									
Total shareholders at the end of reporting period		37,504		Total shareholders ended as the 5 <sup>th</sup> trading day before annual report disclosed				37,329	
Particulars about shares held above 5% by shareholders or top 10 shareholding									
Full name of Shareholders	Nature of shareholder	Proportion of shares held (%)	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen		
Shenzhen Guangju Industrial Co., Ltd.	State-owned legal person	16.72%	100,769,712	-	0	100,769,712	-	-	
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	Overseas legal person	15.28%	92,123,248	-	0	92,123,248	-	-	
SHENZHEN ENERGY (GROUP) CO., LTD.	State-owned legal person	10.8%	65,106,130	-	0	65,106,130	-	-	
BNP P P/PANDA INVESTMENT COMPANY LIMITED	Overseas legal person	8.2%	49,426,518	-	0	49,426,518	-	-	
STATE GRID SHENZHEN ENERGY	State-owned legal person	5.42%	32,673,560	-975,000	0	32,673,560	-	-	

DEVELOPMENT (GROUP) CO., LTD.								
Yang Fangping	Domestic nature person	0.42%	2,536,073	-	0	2,536,073	-	-
Jinbang Security Holding Co., Ltd	Overseas legal person	0.25%	1,500,000	-	0	1,500,000	-	-
Wang Tingsheng	Domestic nature person	0.22%	1,354,378	-	0	1,354,378	-	-
Xu Yingmu	Domestic nature person	0.21%	1,267,645	-	0	1,267,645	-	-
Ji Hongjun	Domestic nature person	0.19%	1,167,000	-	0	1,167,000	-	-
Strategy investors or general corporation comes top 10 shareholders due to rights issue (if applicable) (see note3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	1. 100% equity of HONG KONG NAM HOI (INTERNATIONAL) LIMITED100% held by SHENZHEN ENERGY (GROUP) CO., LTD							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restricted shares held at period-end				Type of shares			
					Type	Amount		
Shenzhen Guangju Industrial Co., Ltd.	100,769,712				RMB common shares	100,769,712		
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	92,123,248				Domestically listed foreign shares	92,123,248		
SHENZHEN ENERGY (GROUP) CO., LTD.	65,106,130				RMB common 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 common shares	32,673,560		
Yang Fangping	2,536,073				RMB common shares	2,536,073		
Jinbang Security Holding Co., Ltd	1,500,000				Domestically	1,500,000		

		listed foreign shares	
Wang Tingsheng	1,354,378	RMB common shares	1,354,378
Xu Yingmu	1,267,645	RMB common shares	1,267,645
Ji Hongjun	1,167,000	RMB common shares	1,167,000
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. 100% equity of HONG KONG NAM HOI (INTERNATIONAL) LIMITED was held by SHENZHEN ENERGY (GROUP) CO., LTD 2. Among other social public shareholders, the Company did not know whether there were associated relationships or belonging to consistent actors.		
Explanation on shareholders involved in securities margin trading business (if applicable) (see note4)	N/A		

Whether has a buy-back agreement dealing in reporting period

Yes  No

## 2. Controlling shareholder of the Company

No controlling shareholder of the Company and no changes for the aforesaid condition in reporting period.

## 3. Actual controller of the Company

No actual controlling of the Company and no changes for the aforesaid condition in reporting period.

## 4. The first majority shareholder of the Company

SHENZHEN ENERGY (GROUP) CO., LTD. holds 157,229,378 shares of the Company directly and indirectly, a 26.08% in total shares of the Company and is the first majority shareholder of the Company.

The corporate representative is Gao Zimin. Shenzhen Energy Co., Ltd. was established on July 15<sup>th</sup>, 1985 with registration capital of RMB 955.5556 million. It is a limited liability company and its operating scope covers developing, producing, purchasing and selling various normal energies (including power, heat, coal, oil and gas) and new energies, designing, constructing, managing and operating various energy engineering projects, operating equipments and accessories, apparatuses, aluminum materials, wood materials, cement and other materials needed by the energy engineering project, operating import-export services (transacted according to No. 147 message of SMGSZZD), operating the services of personnel training and consulting matched with the energy engineering, as well as other relevant services (report or declare additionally for details), developing and transferring environmental protection technologies, and providing technical service, investing and operating the transportation services on the fuels, materials and equipments needed by the energy project. Property management (operating with the property management qualification certificate) and own property leasing

Relation schema of property rights and control between the Company and main shareholders:

Explanation of the names in the diagram below:

The Company: Shenzhen Nanshan Power Co., Ltd.

Shenzhen Energy Group: SHENZHEN ENERGY (GROUP) CO., LTD.

Nam Hoi (international): Hong Kong Nam Hoi (International) Limited

Guangju Holding: Shenzhen Guangju Investment Holding Co., Ltd.

Hong Kong Tengda: Tengda Property Co., Ltd

State Grid Energy: STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.

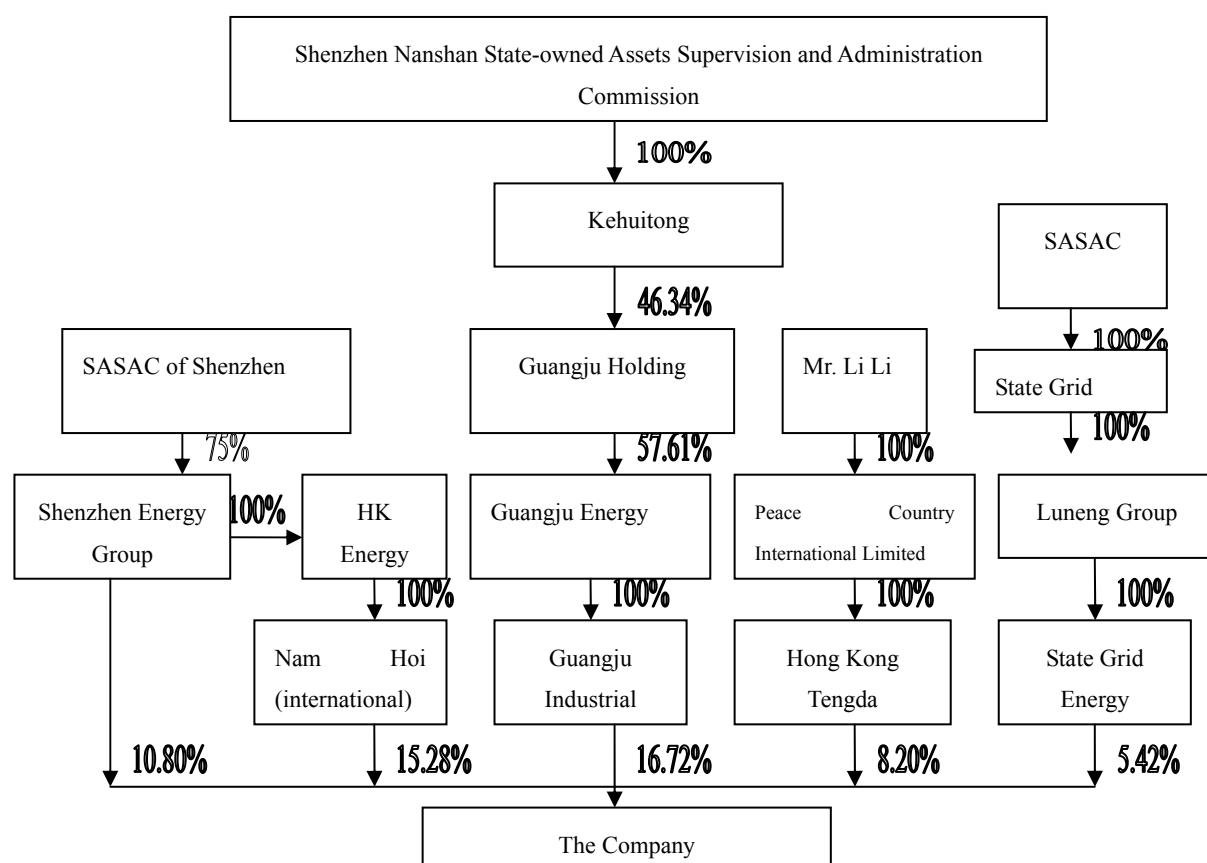
Hong Kong Energy: Shenzhen Energy (Hong Kong) International Co., Ltd.

Guangju Energy: Shenzhen Guangju Energy Co., Ltd

Guangju Industrial: Guangju Industrial Co., Ltd.

Luneng Group: Luneng Group Co., Ltd.

Kehuitong: Shenzhen Kehuitong Investment Holding Co., Ltd



Note: State Grid Energy was merger by absorption by Shenzhen Guoneng International Trading Co., Ltd. (Shenzhen Guoneng Trading) dated 13 December 2013, the legal person qualification of State Grid Energy will written off after consolidation, and all equity and liability of State Grid Energy will be inherited to Shenzhen Guoneng Trading. The change of industry & commerce procedures is uncompleted.

Legal person shareholder	Legal rep./head of institution	Foundation date	Organization code	Registered capital	Main business or management activities
Shenzhen Guangju Industrial Co., Ltd.	Du Wenjun	1989-05-31	70848324-7	RMB 111.11 million	Industrial investment, power investment
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	Yu Chunling	1985-05-15	0151245	HK\$ 15.33 million	Investment

**IV. Share holding increasing plan proposed or implemented in reporting period from shareholder of the Company and its concerted action person**

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Nil

## Section VII. Particulars about Directors, Supervisors and Senior Executives and Employees

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

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-beg in (Share)	Increasing shares held in this period (Share)	Decreasing shares held in this period (Share)	Shares held at period-end (Share)
Zhang Jie	Deputy GM	Currently in office	F	45	2011- 07-08	2014-07-07	12,993	0	0	12,993
Peng Bo	Staff supervisor	Currently in office	M	40	2012-0-25	2014-05-25	1,145	0	0	1,145
Li Huiwen	Staff supervisor	Currently in office	F	51	2012-05-25	2014-05-25	4,125	0	0	4,125
Total	--	--	--	--	--	--	18,263	0	0	18,263

### II. Post-holding

Major working experience of directors, supervisors and senior executive at the present in latest five years

#### (1) Members of the Board

Mr. Yang Haixian, Chairman of the Company, a senior economic engineer, senior administration engineer and MBA. He has successively served as general manager assistance and member of party committee of Shenzhen Energy Corporation; director and chairman of Shenzhen Energy Investment Co., Ltd.; Chairman of Shenzhen Mawan Power Co., Ltd and convener of the Board of Shenzhen Western Company; and now he serves as Chairman of Singapore Company and director of Shenzhen Energy Environment Protection Company. The representative of 4<sup>th</sup> and 5<sup>th</sup> session of Shenzhen Municipal People's Congress and member of Economic Work Committee of Shenzhen Municipal Standing Committee of People's Congress.

Mr. Li Hongsheng, Vice Chairman, a master of engineering of Tianjin University, had successively held the posts of deputy general manager of Zhongyuan (Hong Kong) Property Co., Ltd, deputy general manager of Zhongyuan (Hong Kong) Industry and Trade Holdings Co., Ltd, director of Shenzhen Nanshan Petroleum (Group) Co., Ltd, director and financial controller of Shenzhen Guangju Energy Co., Ltd, director and executive deputy general manager of Shenzhen Guangju Energy Co., Ltd as well as the director of Shenzhen Guangju Investment Holding (Group) Co., Ltd.

Wang Difei, deputy Chairman, a university background and an accountant, had successively servers as account of finance dept. of Power Bureau of Zhejiang Province, manager of finance of Zhenjiang Beicang Power Plant, deputy manager of Ningbo Branch of Shenzhen State Power Science&Technology& Trade Co., Ltd., operational deputy GM of Guangxi Datang Guiguan Heshan Power Co., Ltd., manager of planning and development dept. of Shenzhen State Power Technology Development Co., Ltd., executive director, GM and vice secretary of Party Committee and manager of GM works dept. of STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD. now serves as deputy GM and Party Secretary of Hainan Yingda Real Estate Development

Co., Ltd.

Mr. Fu Bo, managing director and MBA, was graduated from the specialty of aero-engine, Xi'an Air Force Engineering University, successively served as secretary of general manager, vice director and director of the office, secretary of the board and deputy general manager of the company. And serves as managing director of the Company since January 2005, now serves as Chairman of Shen Nan Dian Zhongshan Company and Shen Nan Dian Dongguan Company and Director of Singapore Company.

Mr. Huangfu Han, director, a senior engineer and master of engineering, was graduated from the specialty of thermal energy and power, Xi'an Thermal Power Research Institute, he successively served as assistant chief engineer, vice manager and manager of Ma Bay Power Plant, Shenzhen Ma Bay Power Company, vice manager and director of overhauling department of Power Generation Branch, Shenzhen Energy, manager of Moon Bay Gas Turbine Power Plant, general manager of Shenzhen Nanshan Power Co., Ltd, manager, vice-president and vice secretary of party committee of Guangshen Shajiao B Power Company, director of preparing office, secretary of party branch and manager of Eastern Power Plant, SHENZHEN ENERGY (GROUP) CO., LTD., assistant general manager, chief engineer and deputy general manager of SHENZHEN ENERGY (GROUP) CO., LTD., and now holds the post of deputy general manager of Shenzhen Energy Co., Ltd; now serves as deputy director of science and technology innovation committee of SHENZHEN ENERGY (GROUP) CO., LTD.

Ms. Yu Chunling, director, senior engineer, on-job postgraduate of economics of Beijing University, was graduated from the specialty of power plant construction structure engineering, Wuhan University of Hydraulic and Electrical Engineering, successively held the posts of technician and civil engineering contract engineer of engineering department of Guangdong Nuclear Power Heying Co., Ltd, project manager of Shenzhen Energy Investment Holding Co., Ltd, vice business director, business director of office as well as minister of fuel trade department, minister of planning and developing department as well as office director of pumped-reservoir power plant preparing office of Shenzhen Energy Corporation, and now holds the post of director general manager of Shenzhen Energy (Hong Kong) International Co., Ltd.

Mr. Zhou Qun, director, an economic engineer and Bachelor of Science of East China Institute of Technology, used to work in Shenzhen Geological Bureau, Shenzhen Nanshan Investment Management Corporation, Shenzhen Municipal State-owned Assets Management Office and Shenzhen Investment Management Corporation, successively held the posts of assistant engineer, office director, deputy director general, assistant minister of secretariat of board of directors, had successively held the posts of secretary of board of directors, general manager assistant and office director of SHENZHEN ENERGY (GROUP) CO., LTD, preparing office director of Shenzhen Pumped-storage Power Station, president of Huizhou City Gas Co., Ltd as well as president of Huizhou Fengda Power Co., Ltd and executive director and general manager of Huizhou Shenzhen Energy Investment Co., Ltd; now he is the President of Shenzhen Energy Finance Corporation.

Ms. Chen Lihong, Director, born in 1963, junior college background, accountant; she used to work in Shenzhen Guangju Investment (Group) Co., Ltd. and successively served as financial manager, GM assistant of Shenzhen Guangju Energy Co., Ltd, now she is deputy GM of Shenzhen Guangju Energy Co., Ltd.

Sun Jianxin, Director, born in March 1966, worked since August 1990, a Party member of the CPC, bachelor degree and a senior engineer. He successively served as engineer of pan inspection centre for Shandong Electric Power Research Institute, principal of the financial operation department of Luneng Property Group Company and deputy GM of Hainan Yingda Real Estate Development Co., Ltd.since 1990. Now serves as deputy GM of Shenzhen Guoneng International Trading Co.,Ltd. and GM of Shenzhen Guoneng Property Management Co., Ltd.

Mr. Li Zheng, Independent director, born in 1957, bachelor of law and a practicing solicitor; he served as fulltime lawyer of

Zhengjiang Jinhua Laws Firm in 1983, served as senior scientist for China(Shenzhen) General Development & Research Institution in May of 1991, and as part-time lawyer for Chinese Legal Center and Shen Tianping Laws Firm; he served as partner and practicing lawyer of Guangdong Renren Laws Firm in 1996 and serves as practicing lawyer and partner in Guangdong ShenTiancheng Laws Firm since August 2010.

Mr. Wang Xiaodong, Independent director; he work as lawyer business since 1987, obtained a lawyer's practice license in 1988; and obtained "Qualification Certification of Lawyers for Securities and Laws Engaged" issued by CSRC and Ministry of Justice in 1993; he was engaged as member of 10<sup>th</sup> and 11<sup>th</sup> Session of Issuance Audit Committee of CSRC from May 2008 to April 2010; He served as partner of Dangdong Foreign, Shenzhen Xinda, Shenzhen Jingtain laws firm and Guangdong Bohe Laws Firm from 1989 to 2004, a law partner of Grandall Law Firm (Shenzhen) Office since 2005, and also served as full-time member of 10<sup>th</sup> and 11<sup>th</sup> session of Issuance Audit Committee of CSRC during May 2008 to April 2010.

Mr. Wang Junsheng, Independent director, born in 1960, a senior economist and researcher; he worked since September 1978, and successively served as director of material office of Asia Olympic Village of 11<sup>th</sup> Organizing Committee of Asian Olympic, manager of comprehensive business dept. of Beijing International Power Development Investment Co., Ltd and deputy GM of Zhonggong Entrust Investment Company. Now he serves as researcher of Chinese Economic Technology Research & Consulting Co., Ltd, and standing council of Chinese Management Science Association, part-time professor of government Management College of Central University of Finance and Economics, Financial college of RUC and financing College of Hunan University and economy.

Mr. Tang Tianyun, Independent Director, born in 1960, a senior accountant; he used to served as Chinese CPA for Shekou China CPA, and successively served as director, secretary of the Board, CFP and deputy GM of Huayuan Industrial (Group) Co., Ltd. from 1991 to 2006; he serves as chief of financial development strategy for Qingdao Haier Investment Development Co., Ltd. since 2007, and successively serves as director, senior deputy chairman of Haier New York Life Insurance Co., Ltd from June of 2009 to December 2012, and he serves as partner of Auma Global Investment Co., Ltd since 2010.

Mr. Pan Chengwei, Independent Director, born in 1946, he worked in COSCO since 1965, and successively served as GM of financial dept. of the Group and COSCO (H.K.) Co., Ltd. respectively, director GM of COSCO (H.K.) Property Co., Ltd and COSCO (H.K.) Industry& Commercial Holding Ltd respectively as well as chief representative of Shenzhen Office of COSCO; He served as director of Shenzhen Shennan Petroleum (Group) Co., Ltd, from 2001 to 2004, director GM of COSCO (Cayman) Fuqing Holding Co., Ltd. from 2005 to 2008 and served as manager of fuel oil futures of COSCO, now he was retired.

Mr. Liao Nangang, Independent Director, born in 1970, bachelor of East China Political Science and Law in law major; working experience: he served as assistant judge and judicial office in People's Court of Shenzhen Nanshan District from 1992 to 2000; a lawyer in Guangdong ZhongAn Laws Firm from 2001 to 2004; act as lawyer and partner of Guangdong Haohui Laws Firm from 2004 to 2013 and serves as partner of Guangdong Guangjin Laws Firm since 2013; he also act as arbitrator in Shenzhen Arbitration Commission with qualification certificate of Independent Director owned. He had offered systemic legal services for listed companies as China Merchants Property Development Co., Ltd. and China Merchants Bank Co., Ltd. (HQ).

## (2) Members of Supervisory Committee

Mr. Zhao Xiangzhi, head supervisor, born in 1958, a senior accountant; he served as deputy director of state-run 5127 plant in 1990, deputy director(leadership level) of planning office of state-run 5127 plant in 1992; served as deputy chief accountant of Shenzhen Company of China Yanxing and director of financial dept. from 1993 to 1996; he successively served as CFO of Energy Group, delegated by Shenzhen Investment Management Company, director, members of discipline committee, director of audit depart. And supervisor of Shenzhen Energy Group from 1996 to 2003; he served as director of financial management of Shenzhen Energy (Group) Co., Ltd and chairman of supervisory committee of Shenzhen Energy Investment Co., Ltd from 2003 to 2007; he serves as chairman

and secretary of party committee for Shenzhen Guangshen Shajiao B Power Co., Ltd. and member of discipline committee of Shenzhen Energy Group from 2007 to April 2012; and serves as chief accountant of Shenzhen Energy Group since May of 2011 and serves as Party Committee Member of Shenzhen Energy Group Co., Ltd. since June 2012

Ms. Ma Fengming, supervisor, born in 1962, a senior accountant and CPA; she successively served as University lecturer practicing CPA in CPA firms and financial principal of foreign-funded enterprise from 1989 to 1995; she used to work as CPA of supervision & auditing dept. of Shenzhen Energy Corp., director of financial dept. of Mawan Power Plant, director CPA of planning investment dept. of Shenzhen Energy Group Co., and deputy director of supervision & auditing dept. and auditing dept.; Now she serves as employee supervisor and senior manager of auditing management dept. of Shenzhen Energy Group Co., Ltd, director of Shenzhen Moon Bay Oil Port Co., Ltd, supervisor of Guodian Nanning Generation Co., Ltd, as well as supervisor of Shenzhen Energy Group Co., Ltd and Shenzhen Energy Management Co., Ltd. respectively.

Ms. Ji Yuanhong, supervisor, born in 1967, an economist; she worked in Shenzhen FIYTA Group from July 1989 to 1999. She serves as secretary of the Board of Shenzhen Guangju Energy Co., Ltd, since August 1999 and serves as deputy GM of Shenzhen Guangju Energy Co., Ltd since May of 2008 and director of Shenzhen Guangju Energy Co., Ltd since March of 2012.

Li Jianjun, supervisor, born in August 1963, worked since August 1985, Party member of the CPC, graduate degree and a senior economist; he successively served as cadre of First Company of Shanxi Power Construction of North China Electric Power Bureau, cadre of Shenzhen Dianlian Power Industrial Company of China Electricity Council, GM of Shenzhen Xiandian Guanju Datai Transport Co., Ltd, subordinate with Shenzhen China Grid Technology Development Co., Ltd., GM and Party branch secretary of China Gridcom Co., Ltd, Chairman and GM of Shenzhen State Grid Energy Development Co., LTD. and Director and GM of Shenzhen Guoneng Property Management Co., Ltd. as well as Party Secretary of STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD. And he serves as deputy chairman of labor union of Shandong Luneng Group Co., Ltd recently.

Mr. Zheng Dalei, staff supervisor, born in 1964, a senior engineer and graduated from thermal measurement & automatic specialty of Northeast Dianli College. He work in thermal sub-plant of Heilongjiang Fulaerji Power General Plant from 1985 to 1990; work in equipment office of 2# machine tools plant of Qiqihar from 1990 to 1994; He work in Shenzhen Nanshan Power Co., Ltd. since 1994 and successively serves as principal and director of thermal control department and director of electronic control department. He serves as chief engineer of subordinate enterprise Shen Nan Dian Zhongshan Company from 2003 to 2007. Now he serves as director of Nanshan Power Station, staff supervisor of the Company and deputy chairman of New Power Company.

Mr. Peng Bo, staff supervisor, born in 1973, an engineer, a postgraduate student and graduated from power system automation specialty of Central China University of Sciences&Technology, subsequently study as business administration specialty in Central China University of Sciences&Technology with post graduate certificate obtained for a Master Degree honored. He successively serves as special engineer of thermal control and inspection for gas turbine of the Company, manager of labor resources, director assistant of Office and deputy director of HR since 1994. Now he acts as staff supervisor of the Company, deputy director of Nanshan Power Station and supervisor of Environment Protection Company as well as director assistant of the Office and GM of HR department.

Ms. Li Huiwen, staff supervisor, born in 1962, an accountant, graduated from accounting major of Jiangxi University of Fiancé & Economics. she worked in financial division of Nanchang Machine Tool Plants from 1980 to 1989; served as chief accountant in Shenzhen Changming Fashion-making Co., Ltd. from 1989 to 1993; She successively served as chief accountant of the financial dept. in the Company and CFO of Server Company, subordinate enterprise of the Company and CFO and finance head of Shen Nan Dian Dongguan Company since 1993; and now she serves as counselor of Shen Nan Dian Dongguan Company.

Mr. Tao Ling, staff supervisor, born in 1967, an economist, MBA; he graduated from electric power system & automatic specialty of Shanghai Jiaotong University, and subsequently study in major of BTEC in Tsinghua University; he worked in Dalian Power Industry Bureau from July 1989 to February 1991; and worked in Shenzhen Mawan Power Co., Ltd. from February 1991 to December 1991; he serves as secretary of the Office, director of Office, secretary of the Board and GM of Server Company, subordinate of the Company since January 1992; now he serves as staff supervisor of the Company, deputy economist of the HQ and GM of Shenzhong Real Estate Company.

### (3) Senior Executives

Mr. Fu Bo is the managing director and sees the previous director resume.

Ms. Lin Qing, born in 1964, a senior engineer has a master degree with the specialty of Power System and Its Automation of Hunan University. She taught in the Power Department, Changsha University of Science and Technology from 1985 to 1990, worked in the engineering department of Guangdong Daya Bay Nuclear Power Station from 1990 to 1991; she work in Shenzhen Energy Group Co., Ltd. in December 1990, and successively served as secretary of comprehensive dept. of the HQ, business director of Head Office, office director, minister of the party department, official labor unit president, office director, party branch secretary of the Office, director of labor union office, party committee member and general manger assistant of Shenzhen Western Power Company. She transferred to Shenzhen Nanshan Power Co., Ltd. acts as deputy GM from Shenzhen Energy Group Co., Ltd. since October 2003.

Mr. Ji Ming, born in 1956, a senior economist owns master of management. He graduated from Changchun University of Science and Technology with major in optical electronic technology in 1982 and study graduate course of enterprise management in Fudan University and with master's degree obtained. He worked as director of the workshop of Wuxi 559 Huguang Instrument Factory from August 1982 to October 1989. a deputy director of Wuxi Zhonghua Rust Product Factory from November 1989 to November 1990. a director of Wuxi Handicraft Factory from December 1990 to November 1993. he worked in enterprise management dept. of Shenzhen Nanshan Investment Management Company from December 1993 to November 1994; a manager of Shen Nan Petroleum (Group) Co., Ltd. from December 1994 to 1999. From August 1998 to October 2006, he served as supervisor in Shenzhen Nanshan Power Co., Ltd. He served as deputy GM of Shenzhen Guangji Energy Co., Ltd. and GM of Shenzhen Guangji Power Investment Co., Ltd. from 1999 to 2006. He transferred to Shenzhen Nanshan Power Co., Ltd. from Shenzhen Guangji Energy Co., Ltd. serves as Deputy GM since December 2006, and now he serves as chairman of Zhongshan Shenzhong Real Estate Development Co., Ltd and deputy chairman of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.

Ms. Zhang Jie, born in 1968, CHRM, Master of Psychology of Beijing University; she was successively study with specialty of British and American Literature in the Foreign Language Department of Zhengzhou University and specialty of applied psychology in the Psychology Department, Beijing University. She used to work in Henan Provincial Seismological Bureau as a translator in 1990, worked in the financial department and office of Shenzhen Nanshan Power Co., Ltd. since October 1990; she successively held the posts of secretary, office director, general manager assistant and employee supervisor of the company since 1993, held the post of director of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd. and Shen Nan Dian (Dongguan) Weime Electric Power Co., Ltd, and now holds the posts of deputy GM of the Company since December 2006 and serves as chairman of Shenzhen Shen Nan Dian Environment Protection Co., Ltd., subordinate enterprise of the Company since December 2013.

Mr. Zhu Wei, born in 1957, a senior economist, engineer with master's degree and graduated from Guangdong Academy of Social Sciences; he used to work in Shenzhen Nanshan Power Co., Ltd. since 1990; and he successively held the posts of assistant minister of development department, minister of supply department and general manager assistant of the company, he serves as deputy GM of the Company since August 2003 and hold chairman in subordinate enterprise of the Company Server Company.

Mr. Wang Rendong, born in 1961, engineer with a master's degree hold, was graduated from the specialty of thermal power of Power

Department, Huazhong University of Science and Technology, and then obtained a master of business administration on the specialty of economic management of Huazhong University of Science and Technology; he used to work in the planning department of Beijing Electrical Planning and Design Institute of State Ministry of Water Resources and Power, transferred and assigned to Shenzhen Huadian Southern Development (Group) Company in June 1988; he worked in Shenzhen Nanshan Power Co., Ltd. since 1990 and successively held the post of minister of operating department, minister of engineering department, assistant chief engineer, general manager assistant and employee supervisor of the Company; he held the post of head engineer of the Company since December 2006, and holds president and GM of Shenzhen Shennandian Turbine Engineering Technology Co., Ltd., as well as director of Shennan Energy (Singapore) Co., Ltd.

Mr. Lu Xiaoping, born in 1962, a senior accountant and owns master's degree of Zhongnan University of Economics and Law; he used to work in Chashi Town People's Government, Hengyang County, Hunan Province, Hunan Hengyang Oil and Pump Nozzle Plant as well as Shenzhen Pengji Industrial Development Company, held the post of deputy manager of financial department of Shenzhen Zhongshen International Corporation from 1995 to 1998, held the posts of accountant and director of Shenzhen Energy Corporation since December 1998, and transferred to Shenzhen Nanshan Power Co., Ltd. serves as CFO from Shenzhen Energy Group Co., Ltd. since August 2003, and now he holds the Director of Zhongshan Shenzhong Real Estate Investment Property Co., Ltd and Zhongshan Shenzhong Real Estate Development Co., Ltd

Ms. Cao Xinnan, born in 1961, a senior engineer owns a bachelor degree and graduate from the specialty of polymer chemical industry of Huanan Industrial Institute. She worked in plastic packaging material plant of Guangzhou Petrochemical Plant as technical department engineer from July 1982 to February 1990; worked in Shenzhen Guangju Energy Co., Ltd. from March 1990 to November 2010 and served as deputy manager of import & export dept., manager of enterprise management dept., director of party committee office and member of discipliner committee. She transferred to Shenzhen Nanshan Power Co., Ltd. serves as secretary of Party General Branch from Shenzhen Guangju Energy Co., Ltd since December 2010, and serves as deputy chairman of Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.

Ms. Hu Qin, born in 1967, engineer and economist, she was graduated from the specialty of applied chemistry in the Thermal Power Engineering Department of Wuhan University of Hydraulic and Electrical Engineering, and then studied for a master degree in the specialty of finance in Nankai University, used to work as the counselor of Thermal Power Engineering Department of Wuhan University of Hydraulic and Electrical Engineering (Wuhan University now), she worked in the Company since February 1990 and serves as representative of security affairs since 1994; and she serves as secretary of the board of the company since March 2005, now she serves as director of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd and independent director of Shenzhen maxonic Automation Control Co., Ltd.

Post-holding in shareholder's unit

Applicable  Not applicable

Name	Name of shareholder's units	Position	Start dated of office term	Receiving remuneration from shareholder's units (Y/N)
Li Hongsheng	Guangju Industrial Co., Ltd.	Managing director of parent unit Shenzhen Guangju Energy Co., Ltd.	2009	Y
Wang Difei	STATE GRID SHENZHEN	Transferred to Hainan Yingda	2011	Y

	ENERGY DEVELOPMENT (GROUP) CO., LTD.	Real Estate Development Co., Ltd. as Party Secretary and deputy GM		
Huangfu Han	SHENZHEN ENERGY (GROUP) CO., LTD.	Deputy director of Science and Technology Innovation Committee	2006	Y
Yu Chunling	SHENZHEN ENERGY (GROUP) CO., LTD.	Director GM of Shenneng (H.K) International Co., Ltd., wholly-owned subsidiary	2009	Y
Zhou Qun	SHENZHEN ENERGY (GROUP) CO., LTD.	Chairman of controlling subsidiary Shenzhen Energy Financial Company	2010	Y
Chen Lihong	Guangju Industrial Co., Ltd.	Deputy GM of parent unit Shenzhen Guangju Energy Co., Ltd.	2005	Y
Sun Jianxin	STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	Serves as deputy GM of Guoneng Trading and GM of Shenzhen Guoneng Property Management Co., Ltd.	2012	Y
Zhao Xiangzhi	SHENZHEN ENERGY (GROUP) CO., LTD.	Chief accountant	2009	Y
Ma Fengming	SHENZHEN ENERGY (GROUP) CO., LTD.	Staff supervisor	2011	Y
Ji Yuanhong	Guangju Industrial Co., Ltd.	Deputy GM and Secretary of the Board of parent unit Shenzhen Guangju Energy Co., Ltd.	2008	Y
Li Jianjun	STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	Severs as Deputy chairman of labor union in Luneng Group	2005	Y

Post-holding in other unit

√ Applicable  Not applicable

Name	Name of other units	Position	Start dated of office term	Receiving remuneration from other units (Y/N)
Li Zheng	Guangdong ShenTiancheng Laws Firm	Attorney, Partner	2010	Y
Wang Xiaodong	Grandall Law Firm (Shenzhen) Office	Attorney, Partner	2005	Y
Wang Junsheng	Chinese Economic Technology Research & Consulting Co., Ltd.	Researcher	2001	Y
Tang Tianyun	Aoma Global Investment Co., Ltd.	Partner, deputy president	2010	Y

Pan Chengwei	China Merchants Bank Co., Ltd.	Independent director	2012	Y
Liao Nangang	Guangdong Haohui Law Firm	Attorney, Partner	2004	Y

### III. Remuneration for directors, supervisors and senior executives

Decision-making procedures, determination bases and actual payment of remunerations of directors, supervisors and senior management

1. Decision-making process: In accordance with relevant regulations of “Articles of Association”, the stockholders' meeting would determine the remuneration of directors and supervisors, and the board of directors would determine the remuneration of senior management.
2. Basis for determining: The Company implements annual salary system for directors, supervisors and senior management, the annual salary standards are determined by the annual operating efficiency, job grade and industry remuneration level, the company assesses the performances of directors and senior management and the annual achievements at the end of the year and pays the annual performance remuneration according to the assessment results.
3. Actual payment: The Company pays the remuneration by strictly following the decision-making process and basis for determining of remuneration of directors, supervisors and senior management.
4. Relevant expenses of the directors and supervisor arising from transportation, accommodation, research and investigation due to position responsibility are borne by the Company.

Remuneration for directors, supervisors and senior executives in reporting period

In ten thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company	Total remuneration obtained from shareholder's unit	Remuneration actually obtained at period-end
Yang Haixian	Chairman	M	57	Currently in office	75.80	0	75.80
Li Hongsheng	Deputy Chairman	M	50	Currently in office	0	127.28	127.28
Wang Difei	Deputy Chairman	M	45	Currently in office	0	63	63
Fu Bo	Managing director	M	51	Currently in office	68.40	0	68.40
Huangfu Han	Director	M	59	Currently in office	0	85.18	85.18
Yu Chunling	Director	F	48	Currently in office	0	74.62	74.62
周群	董事	M	49	Currently in office	0	76.26	76.26
Chen Lihong	董事	F	50	Currently in	0	86.17	86.17

				office			
Sun Jianxin	董事	M	48	Currently in office	0	60	60
Li Zheng	Independent director	M	56	Currently in office	11.9	0	11.9
Wang Xiaodong	Independent director	M	53	Currently in office	11.9	0	11.9
Wang Junsheng	Independent director	M	53	Currently in office	11.9	0	11.9
Tang Tianyun	Independent director	M	53	Currently in office	11.9	0	11.9
Pan Chengwei	Independent director	M	67	Currently in office	11.9	0	11.9
Liao Nangang	Independent director	M	43	Currently in office	0.99	0	0.99
Zhao Xiangzhi	Chief supervisor	M	55	Currently in office	0	85.13	85.13
Ma Fengming	Supervisor	F	51	Currently in office	0	53.38	53.38
Ji Yuanhong	Supervisor	F	46	Currently in office	0	84.49	84.49
Li Jianjun	Supervisor	M	51	Currently in office	0	63	63
Zheng Dalei	Staff supervisor	M	49	Currently in office	35.40	0	35.40
Peng Bo	Staff supervisor	M	40	Currently in office	33.20	0	33.20
Li Huiwen	Staff supervisor	F	51	Currently in office	28.52	0	28.52
Tao Lin	Staff supervisor	M	46	Currently in office	32.70	0	32.70
Lin Qing	Deputy GM	F	49	Currently in office	61.73	0	61.73
Ji Ming	Deputy GM	M	57	Currently in office	61.73	0	61.73
Zhang Jie	Deputy GM	F	45	Currently in office	61.73	0	61.73
Zhu Wei	Deputy GM	M	56	Currently in office	61.73	0	61.73

Wang Rendong	Chief engineer	M	52	Currently in office	61.73	0	61.73
Lu Xiaoping	CFO	M	51	Currently in office	61.73	0	61.73
Hu Qin	Secretary of the Board	F	46	Currently in office	39.60	0	39.60
Total	--	--	--	--	744.49	858.51	1,603.00

Delegated equity incentive for directors, supervisors and senior executives in reporting period

Applicable  Not applicable

#### IV. Post-leaving and dismissals for directors, supervisors and senior executives

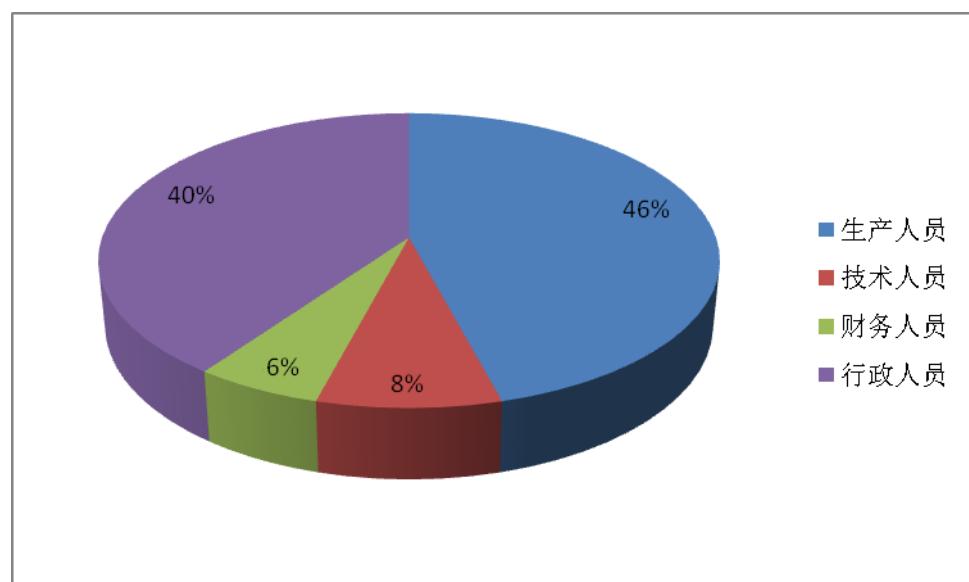
Name	Title	Type	Date	Reasons
Liao Nangang	Independent director	Appointment	2013-11-16	Work reasons

#### V. Changes of core technology team or key technicians in reporting period (not including directors, supervisors and senior executives)

Nil

#### VI. Particulars of workforce

Ended as 31 December 2013, the Company has 314 employees in total with 144 are production staff, 26 technician, 18 financial staff and 126 administration staff; education background: 96 persons hold a junior college degree, 101 persons hold a bachelor degree and 24 persons hold a master degree or above.



## Section VIII. Corporate governance

### I. Brief introduction of corporate governance

The Company is in strict accordance with "Company Law", "Securities Law" and relevant laws and regulations of China Securities Regulatory Commission, and further improves the governance structure and continuous standardized operation. Currently, the actual situation of corporate governance is in line with the normative documents about listed companies issued by China Securities Regulatory Commission.

1. on the shareholders and shareholders' meeting: the Company could ensure that all shareholders, especially minority shareholders are treated equally, ensure that all shareholders are able to fully exercise their rights; the Company hold general shareholders' meeting strictly in accordance with the requirements of the "Rules of Shareholders' Meeting of Listed Companies".
2. Directors and the Board of Directors: The Company convened board meeting and formed a resolution strictly in accordance with the "Rules of Procedure for the Board" and "Articles of Association". The directors of the Company actively attended board meetings with a serious and responsible attitude, made decision prudently, and expressed clear opinion on matters arising. Directors earnestly fulfilled its diligence obligations of good faith, and earnestly safeguard the interests of minority shareholders. Independent directors have performed their duties conscientiously and safeguarded the overall interests of the Company, particularly concerned about the issues related to the legitimate interests of small investors. The Board of Directors has established the Audit Committee, the Remuneration and Appraisal Committee, Nomination Committee and the Strategy and Investment Committee and the special committees have been working to develop the relevant regulations of the committees to ensure efficient operation of the board of directors and scientific decision-making.
3. Supervisors and the Board of Supervisors: The number and composition of the Board of Supervisors is of compliance with laws and regulations and the "Articles of Association". Supervisors of the Company earnestly performed their duties in accordance with the requirements and the "Rules of Procedure of the Board of Supervisors" and "Articles of Association". Supervisors effectively inspected all aspects of the Company such as production and management as well as legal compliance of the directors, senior management personnel performing their duties, effectively implemented the oversight duties, and safeguarded the interests of the Companies and small investors.
4. Managers: managers strictly implemented Board resolutions in accordance with the strict compliance of the "Articles of Association". Acts ultra virious exercise of authority does not exist. Matters beyond the authority of managers will be submitted to the Board for consideration. The manager work diligently in the ordinary course of business, strengthened the standard operation, and carried out honest and trustworthy business. There is no failure to faithfully perform their duties, and no breach of fiduciary duty case.
5. Information disclosure and transparency: The Secretary of the Board is responsible for information disclosure and the Chairman of the Board and the relevant shareholders receive hospitality and consulting; the Company ensured true, accurate, complete and timely information disclosure strictly in accordance with the laws, regulations and the "Articles of Association". the Company has developed "Information Disclosure Management System", "Insider Information and Insider Management System", specifies the "Securities Times", "China Securities News", "Hong Kong Commercial Daily" and CNINFO as information disclosure newspapers and websites, thus to ensure that all shareholders have equal access to information.
6. During the reporting period, the Company revised the "Articles of Association" and "Working System for Independent Directors" and developed an "Online Voting Management Approach to General Meeting" which was submitted to the sixth-fifth of the Board and the Annual Second Extraordinary Shareholders General Meeting, 2013.
7. the Company organized directors, supervisors and middle management and key staff to carry out insider trading prevention and control training, and created intranet, namely column of the "Securities Regulatory Dynamic", reposted national laws, administrative regulations, departmental rules and regulatory systems.

Is there any difference between corporate governance and the requirements of the Company Law and relevant regulations of the

CSRC

 Yes  No

There is no difference between corporate governance and the requirements of the Company Law and relevant regulations of the CSRC

Progress of the special activity for corporate governance, establishment and implementation of insider information registration management system

1. The Company has established “Management System of Information Disclosure” and “Registration System of inside Information”, and well-defined the regulations of information security. When submitting information to external according to law, the Company required related personnel to fill in “Registration Form of inside Information Insider” and prompted relevant personnel to abide by relevant laws and regulations. During the report period, the Company not only submitted the periodic reports but also submitted “Inside Information Insider List” to Shenzhen Stock Exchange and Shenzhen Securities Regulatory Bureau. The undisclosed information that the Company submitted to the first majority shareholder includes daily generating capacity, power generation obstacles statements and occurrence reports, and monthly safety briefing. According to its requirements, the secretary of the board submitted the motions discussed and revised by the general manager’s office meeting to the dispatched directors and supervisors before convoking the meetings of the board of directors and supervisors, meanwhile, reported to its legal department of property rights and administration department. To strengthen the management to undisclosed information, the Company strictly controlled the insider range, standardized the information transfer process, strictly implemented the relevant regulations of “Registration System of inside Information Insider”, and regularly submitted the information of insiders to Shenzhen Securities Regulatory Bureau.

2. In 2013, the Company continues to implement “Notice of Publicity on Investor Protection for Listed Companies”, carried out investors protection publicity, actively directing the idea of rational investment and long-term investment for investors, protect legitimate rights of the investors and formulated a long-term mechanism for investors relationship protection.

## II. In the report period, the Company held annual general meeting (AGM) and extraordinary shareholders’ general meeting

### 1. Annual General Meeting in the report period

Session of meeting	Date	Name of meeting motion	Results	Date of disclosure	Index of disclosure
Annual General Meeting of 2012	2013-05-17	”Report of the Board for year of 2012”, ”Report of Supervisory Committee for year of 2012”, ”Work Report of Independent Director for year of 2012”, ”Financial Results and Analysis Report for year of 2012”, ”Report of Assets for	Deliberated and approved	2013-05-18	Relevant resolution serial No.: 2013-020 (found more details in Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )

		impairment and Inventory of Fixed Assets for year of 2012”, ”Profit Distribution Pre-plan of 2012”, ”Annual Report and Summary of 2012”, ”Bank Credit Limit and External Guarantee Limit for year of 2013”, ”Financial Subsidy Limit Within System for year of 2013”, ”Fully implementation of 400 Mu lands development in Zhongshan and investment plan for year of 2013”, ”Remunerati on and Appraisal Plan of the Chairman for year of 2013”			
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## 2. Extraordinary shareholders' general meeting in the report period

Session of meeting	Date	Name of meeting motion	Results	Date of disclosure	Index of disclosure
First Extraordinary General Meeting 2013	2013-01-04	”Purchasing Long-term Natural Gas”	Deliberated and approved	2013-01-05	Relevant resolution serial No.: 2013-001 (found more details in Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Second Extraordinary General Meeting 2013	2013-09-16	”Amendment of ‘Article of Association’”, ”Amendment of Work System of Independent	Deliberated and approved	2013-09-17	Relevant resolution serial No.: 2013-031 (found more details in Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )

		Directors", "Formation of Management Measures for Network Voting of General Meeting", "Appointment of Auditing Authority for year of 2013 and remuneration confirmed"			
Third Extraordinary General Meeting 2013	2013-11-15	"Election of Independent director"	Deliberated and approved	2013-11-16	Relevant resolution serial No.: 2013-041 (found more details in Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Fourth Extraordinary General Meeting 2013	2013-12-20	"Purchasing Long-term Natural Gas by Shen Nan Dian Dongguan Company "	Deliberated and approved	2013-12-21	Relevant resolution serial No.: 2013-049 (found more details in Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )

### III. Responsibility performance of independent directors in report period

#### 1. The attending of independent directors to Board meetings and shareholders' general meeting

The attending of independent directors						
Name of independent director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)
Li Zheng	8	4	4	0	0	N
Wang Xiaodong	8	4	4	0	0	N
Wang Junsheng	8	4	4	0	0	N
Tang Tianyun	8	3	4	1	0	N
Pan Chengwei	8	4	4	0	0	N
Liao Nangang	1	1	0	0	0	N
Times attending shareholders' general meeting from independent directors						5

Explanation of absent the Board Meeting for the second time in a row

Nil

## **2. Objection for relevant events from independent directors**

Whether independent directors come up with objection about company's relevant matters or not

Yes  No

Independent directors has no objections for relevant events in reporting period

## **3. Other explanation about responsibility performance of independent directors**

Whether the opinions from independent directors have been adopted or not

Yes  No

Independent directors' explanation on adoption or not adoption of relevant recommendations of the Company

During the report period, in accordance with the laws and regulations of "Corporate Law", "Corporate Governance Principles of Listed Companies", "Guiding Opinions on Establishing Independent Directors in Listed Companies", "Provisions about strengthening the protection to stockholders' equity of public shares" and "Working System of Independent Directors of the Company" and the rules of "Articles of Association", all independent directors of the company have seriously performed their duties, given full play to the role in independent directors, verified the issues on which independent directors need to make opinions, provided written opinions, carefully deliberated and voted all motions submitted to the board of directors, and maintained the legitimate interests for all shareholders especially for the medium and small shareholders.

## **IV. Performance of subordinate committees of the Board in reporting period**

### **(I) Audit Committee**

On 18 April 2013, the 10<sup>th</sup> meeting of 6<sup>th</sup> session of audit committee was held by the Company, and independent directors proposed professional opinions and advise in aspect of financial and internal control auditing for year of 2012, internal auditing report of the Company, performance report of audit committee for year of 2012, self-appraisal report of internal control for year of 2012, internal auditing for year of 2013 and internal control of the Company that handle by Deloitte Huayong CPA, shows agrees for the above said proposals;

On 9 August 2013, the 11<sup>th</sup> meeting of 6<sup>th</sup> session of audit committee was held by the Company, and independent directors proposed professional opinions and advise in aspect of the appointment of financial auditing authority for year of 2013 and internal auditing authority, and shows agrees for the proposal;

On 26 November 2013, the 12<sup>th</sup> meeting of 6<sup>th</sup> session of audit committee was held by the Company, independent directors proposed professional opinions and advice in aspect of the auditing plans, and shows agrees for the proposal

### **(II) Nominations Committee**

On 9 September 2013, the 3<sup>rd</sup> meeting of 6<sup>th</sup> session of Nominations Committee was held by the Company, independent directors proposed professional opinions and advice on recommending independent director candidates for the 6<sup>th</sup> session of the board, and agreed the deliberated issues.

### **(III) Remuneration and appraisal committee**

On 18 April 2013, the 2<sup>nd</sup> meeting of 6<sup>th</sup> session of remuneration and appraisal committee was held by the Company, independent directors proposed professional opinions and advice on "Remuneration provision for year of 2013 and appraisal plan" and

“Performance report of remuneration and appraisal committee”, and shows agrees for the proposal.

On 31 July 2013, the 3<sup>rd</sup> meeting of 6<sup>th</sup> session of remuneration and appraisal committee was held by the Company, independent directors proposed professional opinions and advice on “established rewards of Profitability from Deficits for year of 2013”, and shows agrees for the proposal.

#### **(IV) Strategy and Investment Management Committee**

On April 10, 2013, the Company held the sixth session of the fifth Strategy and Investment Management Committee meeting. The independent directors raised professional advice and suggestions on the "Full Implementation of 400 Acres of Land in Zhongshan Development and Investment Plans for 2013" and "Conduct Preliminary Work for Expansion of 2 × 9F Gas Cogeneration of Zhongshan Nanlang Power Plant, Expansion of 2 × 9F Gas Cogeneration of Dongguan Gaobu Power Plant, and Site Relocation of 2 × 9E units of Zhongshan Nanlang Power Plant to Kashi", and agreed the matter reviewed.

On July 31, 2013, the Company held the sixth session of the sixth Strategy and Investment Management Committee, the independent directors listened to the "Report of Feasibility on Intends to Carry Out 2 × 9E Units Relocation to Kashi" and the "Report of Feasibility on Expansion of 2 × 9F Cogeneration of Shenzhen Nanshan Power Company", and raised professional advice and recommendations, and agreed the two reports.

On October 23, 2013, the Company held the sixth of seventh Strategy and Investment Management Committee, the independent directors raised professional comments and suggestions on that "Shenzhen Server Oil Supply Limited which is holding subsidiary of the Company, transfer part of the property holding from Huidong Server Port Comprehensive Development Co.", and agree the matters reviewed.

On November 18, 2013, the Company held the sixth of eighth Strategy and Investment Management Committee, the Independent Directors raised professional comments and suggestions on that "Shennan Dongguan Purchasing Long-term Natural Gas" and the "Carrying Out Carbon Asset Management"; and agree the matters reviewed.

## **V. Works from Supervisory Committee**

Whether the Company has risks or not in reporting period that found in supervisory activity from supervisory committee

Yes ✓ No

Supervisory committee has no objection about supervision events in reporting period

After deliberation, the Board of Supervisors published the following opinion on the "2013 Annual Internal Control Evaluation Report":

According to the relevant provisions of China Securities Regulatory Commission and Shenzhen Stock Exchange, the Company followed the basic principles of internal control, in accordance with its actual situation, established and improved the internal control system to ensure the orderly business activities, effectively controlled various risks that may exist in activities, protected the security and integrity of the Company's assets, and ensured the full implementation of development strategy and business plans. Self-evaluation on internal control was true and objective in reflecting the actual situation of internal control. Currently the internal control organization is complete. I hope in the new year, the Company continuously complies with the new provisions of national and departmental laws and regulations, regulatory documents, etc., in accordance with the work plan approved by the Board of internal control, and constantly improves the internal control mechanism to ensure that the Company's sustained and healthy development, and protects the interests of all shareholders.

## **VI. Independence of the Company in aspect of business, personnel, assets, institute and finance relative to its controlling shareholder**

Not applicable

## **VII. Horizontal Competition**

Nil

## **VIII. Appraisal and incentive mechanism for senior executives**

The Company has carried out annual salary system for directors, supervisors and senior management, the annual salary standards are determined by the annual operating efficiency, job grade and the industry remuneration level, the company assesses the performances of directors and senior management and the annual achievements at the end of the year and pays the annual performance remuneration according to the assessment results.

## Section IX. Internal control

### I. Internal control construction

According to the requirements of external supervision authority and combining the Company's internal control system, internal control manual and evaluation implementation program, the Company organizes personnel to develop comprehensive internal control self-evaluation twice a year by starting from company governance levels (including organizational structure, development strategy, human resources, social responsibility and enterprise culture) and the Company's specific businesses (focus on the high-risk fields such as financial management, funds management, assets management, human resource management, project management, etc.). Up to now, the Company has established and effectively implemented the internal control procedures for the businesses and matters in the scope of evaluation, and has basically reached the goal of the Company's internal control.

### II. Statement of the Board on responsibility of internal control

In line with the regulation mechanism of enterprise' internal control, Board of the Company has responsibility to establish and improve its internal control and implemented internal control effectively, evaluate the effectiveness and release the evaluation report of internal control strictly according to the facts. Supervisory committee kept eyes on the implementation and establishment of internal control from the Board. Managers are responsible for organizing and leading the daily running of company internal control. Board of the Company, Supervisory Committee, Directors, Supervisors and Senior Executives guarantee that there are no any fictitious statements, misleading statements or important omissions carried in the Report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents. The Company's internal control aims at guarantee a legal operation management reasonably, assets safety, the real and completion of the financial report and relevant information, improve the business results and achieve the development strategy. Because of the inherent feature of internal control, reasonable assurance only can be provided for the realization of the above mentioned targets. Furthermore, inappropriate internal control may be resulted by the changes of conditions, or failure of controlling policy and procedures implementation, the validity of internal control that calculated according to evaluation results of internal control has a certain risks.

### III. Bases for construction of financial report internal control

1. *Manual of Internal Control of Shenzhen Nanshan Power Co., Ltd;*
2. Relevant system of finance

### IV. Appraisal Report of internal control

Details of major defects in appraisal report that found in reporting period	
No major defect has been found in the report period	
Disclosure date of internal control appraisal report (full-text)	2014-04-25
Index of internal control appraisal report disclosed (full-text)	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

## V. Audit report of internal control

Applicable  Not applicable

Auditing comments section for audit report of internal control	
We believe that according to relevant regulations and “Basic Norms of Internal Control”, Nanshan Power Company maintained an efficiency internal control of financial report, in all material aspects.	
Disclosure date of audit report of internal control (full-text)	2014-04-25
Index of audit report of internal control disclosed (full-text)	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

Whether modified audit opinions carried out for the audit report of internal control from CPA or not

Yes  No

Whether audit report of internal control, issued by CPA, is in agreement with self-evaluation report, issued by the Board

Yes  No

## VI. Establishment and enforcement of Accountability Mechanism for Major Errors in Annual Report

Not applicable

## **Section X. Financial Report**

Ruihua Certified Public Accountants Co., Ltd. (LLP) audited the financial report of the Company with explanatory paragraph in unqualified auditor's report issued. (Attached)

## **Section XI. Documents available for Reference**

- (I) Accounting statement bearing signature and seal of the legal representative, person in charge of accounting works and person in charge of accounting institution of the Company;
- (II) Original auditing report bearing seal of CPAs and signature and seal of CPA.
- (III) Text of notice and original draft that public on Securities Journal, China Securities Times and Hong Kong Commercial Daily that appointed by CSRC within report period.
- (IV) Annual Report released on overseas newspaper

Legal Representative: Yang Haixian

Shenzhen Nanshan Power Co., Ltd.

25 April 2014

# **Shenzhen Nanshan Power Co., Ltd.**

## **Audit Report**

Ruihua Zi[2014] No. 48380009

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通讯地址:

邮政编码 (Post Code):

电话 (Tel):

传真 (Fax):

## Auditor's Report

Ruihua Zi [2014] No. **48380009**

**To Shareholders of Shenzhen Nanshan Power Co., Ltd.,**

We have audited the accompanying financial statements of Shenzhen Nanshan Power Co., Ltd. (hereinafter referred to as "Shen Nan Dian Company"), including Consolidated and Balance Sheet of the Company as of December 31, 2013, Consolidated and Profit Statement of the Company, Consolidated and Cash Flow Statement of the Company and Consolidated and Statement of Changes in Shareholder Equity of fiscal year 2013 as well as Annotations of Financial Statements.

### **I. Responsibility of the Management of the Company for Financial Statements**

It's a responsibility of the management of Shen Nan Dian Company to compile and make fair of and report financial statements. Such responsibility is involved in: (1) Compile financial statement according to Accounting Standard for Business Enterprises and make them fair reflection. (2) Design, execution and maintenance of internal controls related to compilation of financial statements, for avoiding any material misstatement in the financial statements due to fraud or mistake.

### **II. Responsibility of Certified Public Accountants**

It's our responsibility to give an audit opinion on these financial statements according to our audit. We conducted our audit in accordance with the Independent Auditing Standards for China Certified Public Accountants. Those Standards require that we abide by professional ethics, plan and perform the audit to obtain reasonable assurance for whether the financial statements are free of material misstatement or not.

An audit is involved in executing auditing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The auditing procedures are selected according to the CPA's judgment, and an audit also includes

assessing the risk of any material misstatement in the financial statements due to fraud or mistake. During risk assessment, we take internal controls related to the compilation and fair listing of financial statements into account for not giving an opinion on the effectiveness of internal controls but selecting suitable auditing procedures. An audit also includes evaluating the applicability of accounting policies selected by the Management of the company and the rationality of accounting estimates made by the Management of the company as well as evaluating the overall presentation of financial statements.

We believe that we obtained adequate suitable audit evidence that provides a reasonable basis for our audit opinion.

### **III. Audit Opinion**

In our opinion, the above financial statements conforms to the Accounting Standards for Business Enterprises in all material respects, and these financial statements fairly reflected company and the Company's consolidated and financial position as of December 31, 2013, as well as annual consolidated and operating results of the Company and cash flow of the Company in 2013.

### **IV. Explanatory Paragraph**

We hereby remind the users of the Company's financial statements of paying attention to that, as stated in (IX) "Contingencies" of Annotations of Financial Statements, Shen Nan Dian Company hasn't achieved a consensus with J. Aron (Singapore) Private Company yet in respect of liabilities and compensations after the termination of an option agreement, and both parties may solve the dispute between them in a judicial way. Because the final result of the matter above can't be reliably estimated, Shen Nan Dian Company didn't identify estimated liability in the financial statements. Nevertheless, the content of this paragraph doesn't influence our audit opinion presented above.

Ruihua CPA(LLP)

Chinese Certified Public Accountant:

Beijing· China

Chinese Certified Public Accountant:

April,23, 2014

## Consolidated Balance Sheet

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount at year-end	Amount at year-begin
<b>Current assets:</b>			
Monetary funds	VII.1	543,054,829.52	526,852,121.41
Transaction finance asset			
Notes receivable			
Accounts receivable	VII.2	876,368,547.41	924,997,868.15
Accounts paid in advance	VII.4	11,000,834.97	12,132,738.08
Interest receivable			
Dividend receivable			
Other receivables	VII.3	42,191,268.26	16,297,883.22
Inventories	VII.5	1,288,814,086.30	1,220,486,524.51
Non-current asset due within one year			
Other current assets	VII.6	565,589,166.99	606,661,855.88
<b>Total current assets</b>		<b>3,327,018,733.45</b>	<b>3,307,428,991.25</b>
<b>Non-current assets:</b>			
Finance asset available for sales			
Held-to-maturity investment			
Long-term account receivable			
Long-term equity investment	VII.7	83,681,000.00	49,315,000.00
Investment property	VII.8	3,986,674.03	4,429,359.55
Fixed assets	VII.9	1,892,316,932.05	2,040,100,204.81
Construction in progress	VII.10	48,692,441.81	47,177,164.98
Engineering material			
Disposal of fixed asset			
Productive biological asset			
Oil and gas asset			

Intangible assets	VII.11	58,924,611.98	62,471,514.35
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned	VII.12		45,822.68
Deferred income tax asset	VII.13	2,788,794.11	2,782,546.88
Other non-current asset	VII.15	22,882,181.78	22,317,125.48
<b>Total non-current asset</b>		<b>2,113,272,635.76</b>	<b>2,228,638,738.73</b>
<b>Total assets</b>		<b>5,440,291,369.21</b>	<b>5,536,067,729.98</b>

### Consolidated Balance Sheet (Cont.)

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount at year-end	Amount at year-begin
<b>Current liabilities:</b>			
Short-term loans	VII.16	2,998,961,917.89	3,210,361,552.86
Transaction financial liabilities			
Notes payable	VII.17	50,000,000.00	29,670,000.00
Accounts payable	VII.18	78,171,109.54	70,970,449.91
Accounts received in advance	VII.19	512,402.70	14,586,000.00
Wage payable	VII.20	43,361,677.73	35,431,332.25
Taxes payable	VII.21	22,682,243.56	2,961,440.37
Interest payable	VII.22	98,775,045.80	86,232,475.82
Dividend payable			
Other accounts payable	VII.23	263,833,902.66	303,027,729.31
Non-current liabilities due within 1 year			

Other current liabilities			
<b>Total current liabilities</b>		<b>3,556,298,299.88</b>	<b>3,753,240,980.52</b>
<b>Non-current liabilities:</b>			
Long-term loans	VII.25	6,000,000.00	16,000,000.00
Bonds payable			
Long-term account payable			
Special accounts payable			
Projected liabilities	VII.24	27,500,000.00	
Deferred income tax liabilities			
Other non-current liabilities	VII.26	50,713,516.50	44,015,465.64
<b>Total non-current liabilities</b>		<b>84,213,516.50</b>	<b>60,015,465.64</b>
<b>Total liabilities</b>		<b>3,640,511,816.38</b>	<b>3,813,256,446.16</b>
<b>Shareholders' equity:</b>			
Share capital	VII.27	602,762,596.00	602,762,596.00
Capital public reserve	VII.28	362,670,442.46	363,633,446.84
Less: Inventory shares			
Reasonable reserve			
Surplus public reserve	VII.29	332,908,397.60	332,908,397.60
Provision of general risk			
Retained profit	VII.30	302,714,103.81	249,614,987.36
Balance difference of foreign currency translation			
Total owner's equity attributable to parent company		1,601,055,539.87	1,548,919,427.80
Minority interests		198,724,012.96	173,891,856.02
<b>Total shareholders' equity</b>		<b>1,799,779,552.83</b>	<b>1,722,811,283.82</b>

<b>Total liabilities and shareholders' equity</b>		<b>5,440,291,369.21</b>	<b>5,536,067,729.98</b>
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## Consolidated Profit Statement

In RMB

Item	Note	Amount in this year	Amount at last year
<b>I. Total operation income</b>		<b>1,110,427,750.14</b>	<b>1,265,445,768.29</b>
Including: operation income	VII.31	1,110,427,750.14	1,265,445,768.29
<b>II. Total operation cost</b>		<b>1,994,099,068.79</b>	<b>2,476,584,780.12</b>
Including: operation cost	VII.31	1,613,205,960.33	2,087,264,770.22
Operation tax and surcharge	VII.32	6,509,035.37	7,623,350.20
Sales expense		2,644,665.12	2,308,615.35
Management expense	VII.33	103,071,415.17	105,788,572.54
Financial expense	VII.34	236,694,584.66	247,564,983.52
Loss of assets impairment	VII.36	31,973,408.14	26,034,488.29
Add: Changing income of fair value(Loss is listed with “-”)			
Investment income (Loss is listed with “-”)	VII.35	79,263,954.01	
Including: Investment income on affiliated company and joint venture			
<b>III. Operating profit (Loss is listed with “-”)</b>		<b>-804,407,364.64</b>	<b>-1,211,139,011.83</b>
Add: Non-operating income	VII.37	900,241,855.36	979,204,618.46
Less: Non-operating expense	VII.38	727,689.88	210,609.14
Including: Disposal loss of non-current asset		678,471.97	202,167.83
<b>IV. Total Profit (Loss is listed with “-”)</b>		<b>95,106,800.84</b>	<b>-232,145,002.51</b>
Less: Income tax	VII.39	21,727,620.48	2,859,105.88
<b>V. Net profit (Net loss is listed with “-”)</b>		<b>73,379,180.36</b>	<b>-235,004,108.39</b>
Net profit attributable to owner's equity of parent company		53,099,116.45	-204,455,643.36
Minority shareholders' gains and losses		20,280,063.91	-30,548,465.03
<b>VI. Earnings per share</b>			
i. Basic earnings per share	VII.40	0.09	-0.34

ii. Diluted earnings per share	VII.40	0.09	-0.34
<b>VII. Other consolidated income</b>			
<b>VIII. Total consolidated income</b>		<b>73,379,180.36</b>	<b>-235,004,108.39</b>
Total consolidated income attributable to owners of parent company		53,099,116.45	-204,455,643.36
Total consolidated income attributable to minority shareholders		20,280,063.91	-30,548,465.03

### Consolidated Cash Flow Statement

In RMB

Item	Note	Amount in this year	Amount at last year
<b>I. Cash flows arising from operating activities:</b>			
Cash received from selling commodities and providing labor services		1,309,162,062.55	1,579,851,176.49
Write-back of tax received			
Other cash received concerning operating activities	VII.41(1)	942,727,488.30	946,054,456.98
<b>Subtotal of cash inflow arising from operating activities</b>		<b>2,251,889,550.85</b>	<b>2,525,905,633.47</b>
Cash paid for purchasing commodities and receiving labor service		1,592,869,592.90	2,247,244,437.44
Cash paid to/for staff and workers		122,125,135.44	127,772,329.30
Taxes paid		14,147,000.83	23,649,190.50
Other cash paid concerning operating activities	VII.41(2)	40,468,641.57	21,192,232.40
<b>Subtotal of cash outflow arising from operating activities</b>		<b>1,769,610,370.74</b>	<b>2,419,858,189.64</b>
<b>Net cash flows arising from operating activities</b>		<b>482,279,180.11</b>	<b>106,047,443.83</b>
<b>II. Cash flows arising from investing activities:</b>			
Cash received from recovering investment			106,342,100.00
Cash received from investment income			
Net cash received from disposal of fixed, intangible and other long-term assets		293,894.96	1,383,136.71

Net cash received from disposal of subsidiaries and other units		48,219,901.70	
Other cash received concerning investing activities	VII.41(3)		3,240,000.00
<b>Subtotal of cash inflow from investing activities</b>		<b>48,513,796.66</b>	<b>110,965,236.71</b>
Cash paid for purchasing fixed, intangible and other long-term assets		13,877,667.39	88,356,408.59
Cash paid for investment		8,000,000.00	12,000,000.00
Net cash received from subsidiaries and other units			
Other cash paid concerning investing activities	VII.41(4)	12,500,000.00	
<b>Subtotal of cash outflow from investing activities</b>		<b>34,377,667.39</b>	<b>100,356,408.59</b>
<b>Net cash flows arising from investing activities</b>		<b>14,136,129.27</b>	<b>10,608,828.12</b>
<b>III. Cash flows arising from financing activities</b>			
Cash received from absorbing investment			70,000,879.83
Including: Cash received from absorbing minority shareholders' investment by subsidiaries			70,000,879.83
Cash received from loans		3,218,961,917.89	3,805,245,561.04
Cash received from issuing bonds			
Other cash received concerning financing activities	VII.41(5)		62,536,060.00
<b>Subtotal of cash inflow from financing activities</b>		<b>3,218,961,917.89</b>	<b>3,937,782,500.87</b>
Cash paid for settling debts		3,440,361,552.86	3,920,708,962.07
Cash paid for dividend and profit distributing or interest paying		228,022,580.92	236,300,856.48
Including: Dividend and profit of minority shareholder paid by subsidiaries			
Other cash paid concerning financing activities	VII.41(6)	35,785,979.94	
<b>Subtotal of cash outflow from financing activities</b>		<b>3,704,170,113.72</b>	<b>4,157,009,818.55</b>
<b>Net cash flows arising from financing activities</b>		<b>-485,208,195.83</b>	<b>-219,227,317.68</b>

<b>IV. Influence on cash due to fluctuation in exchange rate</b>		-4,405.44	104,175.02
<b>V. Net increase of cash and cash equivalents</b>		11,202,708.11	-102,466,870.71
Add: Balance of cash and cash equivalents at the period -begin		526,852,121.41	629,318,992.12
<b>VI. Balance of cash and cash equivalents at the period -end</b>		<b>538,054,829.52</b>	<b>526,852,121.41</b>

## Consolidated Statement of Changes in Shareholders' Equity

2013-12-31

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB

capital decreased								
1. Owners devoted capital								
2. Amount calculated into owners equity from share-based payment								
3. Other								
(IV) Profit distribution								
1. Withdrawal of surplus reserves								
2. Withdrawal of general risk reserve								
3. Distribution to owners (shareholder)								
4. Other								
(V) Carrying forward internal owners equity								
1. Capital reserves converted to capital (or share capital)								
2. Surplus reserves converted to capital (or share capital)								
3. Remedyng loss with surplus reserve								
4. Other								
(VI) Reasonable reserve								
1. Withdrawal in the report period								
2. Usage in the report period								
(VII) Other		-963,00					4,552,093	3,589,088.
		4.38					.03	65
IV. Balance at the end of the Period	602,762	362,670, ,596.00	442.46		332,908 ,397.60	302,714, 103.81	198,724,0 12.96	1,799,779, 552.83

### Last Period

In RMB

Item	Last Period
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reserves										
2. Withdrawal of general risk reserve										
3. Distribution to owners (shareholder)										
4. Other										
(V) Carrying forward internal owners equity										
1. Capital reserves conversed to capital (or share capital)										
2. Surplus reserves conversed to capital (or share capital)										
3. Remedyng loss with surplus reserve										
4. Other										
(VI) Reasonable reserve										
1. Withdrawal in the report period										
2. Usage in the report period										
(VII) Other										
IV. Balance at the end of the Period	602,762 ,596.00	363,633, 446.84			332,908 ,397.60		249,614, 987.36		173,891,8 56.02	1,722,811, 283.82

## Balance Sheet

In RMB

Item	Note	Amount at year-end	Amount at year-begin
<b>Current assets:</b>			
Monetary funds		269,557,683.68	204,114,395.05
Transaction finance asset			
Notes receivable			
Accounts receivable	XII.1	561,165,822.31	589,569,090.03
Accounts paid in advance		92,985.00	394,954.21
Interest receivable			
Dividend receivable		654,140,866.58	654,140,866.58
Other receivables	XII.2	1,589,545,170.22	1,391,822,925.79
Inventories		84,396,527.41	88,668,143.49
Non-current asset due within one year			
Other current assets		418,542,707.70	435,035,629.99
<b>Total current assets</b>		<b>3,577,441,762.90</b>	<b>3,363,746,005.14</b>
<b>Non-current assets:</b>			
Finance asset available for sales			
Held-to-maturity investment			
Long-term account receivable			
Long-term equity investment	XII.3	749,297,849.76	741,297,849.76
Investment property			
Fixed assets		269,217,021.95	279,009,436.68
Construction in progress		37,711,980.01	35,828,374.94
Engineering material			
Disposal of fixed asset			
Productive biological asset			
Oil and gas asset			
Intangible assets		8,010,181.91	9,419,549.87
Expense on Research and Development			
Goodwill			

Long-term expenses to be apportioned			45,822.68
Deferred income tax asset			
Other non-current asset			
<b>Total non-current asset</b>		<b>1,064,237,033.63</b>	<b>1,065,601,033.93</b>
<b>Total assets</b>		<b>4,641,678,796.53</b>	<b>4,429,347,039.07</b>

## Balance Sheet (cont.)

In RMB

Item	Note	Amount at year-end	Amount at year-begin
<b>Current liabilities:</b>			
Short-term loans		1,929,000,000.00	1,929,000,000.00
Transaction financial liabilities			
Notes payable		50,000,000.00	
Accounts payable		140,299,583.60	9,875,959.85
Accounts received in advance		162,402.70	14,586,000.00
Wage payable		24,911,363.28	17,344,092.23
Taxes payable		11,566,882.79	1,073,552.54
Interest payable		3,526,868.54	4,066,892.25
Dividend payable			
Other accounts payable		769,598,877.74	801,846,707.84
Non-current liabilities due within 1 year			
Other current liabilities			
<b>Total current liabilities</b>		<b>2,929,065,978.65</b>	<b>2,777,793,204.71</b>
<b>Non-current liabilities:</b>			
Long-term loans			
Bonds payable			
Long-term account payable			
Special accounts payable			
Projected liabilities			
Deferred income tax liabilities			
Other non-current liabilities		33,655,528.23	36,270,689.55

<b>Total non-current liabilities</b>		<b>33,655,528.23</b>	<b>36,270,689.55</b>
<b>Total liabilities</b>		<b>2,962,721,506.88</b>	<b>2,814,063,894.26</b>
<b>Shareholders' equity:</b>			
Share capital		602,762,596.00	602,762,596.00
Capital public reserve		288,769,132.47	288,769,132.47
Less: Inventory shares			
Reasonable reserve			
Surplus public reserve		332,908,397.60	332,908,397.60
Provision of general risk			
Retained profit		454,517,163.58	390,843,018.74
<b>Total shareholders' equity</b>		<b>1,678,957,289.65</b>	<b>1,615,283,144.81</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,641,678,796.53</b>	<b>4,429,347,039.07</b>

## Profit Statement

In RMB

Item	Note	Amount in this year	Amount at last year
<b>I. Operating income</b>	XII.4	<b>280,374,560.28</b>	<b>548,784,523.09</b>
Less: Operating income	XII.4	462,138,486.16	925,122,226.56
Operating tax and extras		5,443,214.46	4,982,471.97
Sales expenses			
Administration expenses		33,313,726.35	48,373,249.58
Financial expenses		65,853,303.91	59,884,117.56
Losses of devaluation of asset		11,091,126.86	9,970,118.75
Add: Changing income of fair value(Loss is listed with “-”)			
Investment income (Loss is listed with “-”)			

Including: Investment income on affiliated company and joint venture			
<b>II. Operating profit (Loss is listed with “-”)</b>		<b>-297,465,297.46</b>	<b>-499,547,661.33</b>
Add: Non-operating income		371,741,853.70	470,149,238.93
Less: Non-operating expense		13,877.75	26,488.53
Including: Disposal loss of non-current asset		13,877.75	23,702.69
<b>III. Total Profit (Loss is listed with “-”)</b>		<b>74,262,678.49</b>	<b>-29,424,910.93</b>
Less: Income tax		10,588,533.65	
<b>IV. Net profit (Net loss is listed with “-”)</b>		<b>63,674,144.84</b>	<b>-29,424,910.93</b>
<b>V. Earnings per share</b>			
<b>VI. Total consolidated income</b>		<b>63,674,144.84</b>	<b>-29,424,910.93</b>

## Cash flow statement

In RMB

Item	Note	Amount in this year	Amount at last year
<b>I. Cash flows arising from operating activities:</b>			
Cash received from selling commodities and providing labor services		330,515,186.65	579,299,367.43
Write-back of tax received			
Other cash received concerning operating activities		391,657,643.58	501,642,103.39
<b>Subtotal of cash inflow arising from operating activities</b>		<b>722,172,830.23</b>	<b>1,080,941,470.82</b>
Cash paid for purchasing commodities and receiving labor service		331,092,416.26	1,086,702,545.85
Cash paid to/for staff and workers		64,004,828.60	76,737,937.63
Taxes paid		6,446,917.04	8,187,713.51
Other cash paid concerning operating activities		31,695,762.26	22,446,221.88
<b>Subtotal of cash outflow arising from operating activities</b>		<b>433,239,924.16</b>	<b>1,194,074,418.87</b>
<b>Net cash flows arising from operating activities</b>		<b>288,932,906.07</b>	<b>-113,132,948.05</b>

<b>II. Cash flows arising from investing activities:</b>			
Cash received from recovering investment			106,342,100.00
Cash received from investment income			
Net cash received from disposal of fixed, intangible and other long-term assets		6,000.00	
Other cash received concerning investing activities		147,438,958.35	686,773,114.16
<b>Subtotal of cash inflow from investing activities</b>		<b>147,444,958.35</b>	<b>793,115,214.16</b>
Cash paid for purchasing fixed, intangible and other long-term assets		5,173,210.94	30,347,045.67
Cash paid for investment		8,000,000.00	204,500,000.00
Other cash paid concerning investing activities		249,750,000.00	375,603,098.49
<b>Subtotal of cash outflow from investing activities</b>		<b>262,923,210.94</b>	<b>610,450,144.16</b>
<b>Net cash flows arising from investing activities</b>		<b>-115,478,252.59</b>	<b>182,665,070.00</b>
<b>III. Cash flows arising from financing activities</b>			
Cash received from absorbing investment			
Cash received from loans		2,039,000,000.00	2,464,000,000.00
Cash received from issuing bonds			
Other cash received concerning financing activities		59,000,000.00	
<b>Subtotal of cash outflow from financing activities</b>		<b>2,098,000,000.00</b>	<b>2,464,000,000.00</b>
Cash paid for settling debts		2,039,000,000.00	2,415,824,953.89
Cash paid for dividend and profit distributing or interest paying		140,510,808.12	142,335,711.70
Other cash paid concerning financing activities		31,500,000.00	74,407,479.09
<b>Subtotal of cash outflow from financing activities</b>		<b>2,211,010,808.12</b>	<b>2,632,568,144.68</b>
<b>Net cash flows arising from financing activities</b>		<b>-113,010,808.12</b>	<b>-168,568,144.68</b>
<b>IV. Influence on cash due to fluctuation in exchange rate</b>		-556.73	-30.11
<b>V. Net increase of cash and cash equivalents</b>		60,443,288.63	-99,036,052.84
Add: Balance of cash and cash equivalents at the period -begin		204,114,395.05	303,150,447.89
<b>VI. Balance of cash and cash</b>			

<b>equivalents at the period -end</b>	<b>264,557,683.68</b>	<b>204,114,395.05</b>
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## Changes of Shareholders Equity

2013-12-31

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	This Period							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury share	Reasonable reserve	Surplus reserves	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the last year	602,762,59 6.00	288,769,13 2.47			332,908,39 7.60		390,843,01 8.74	1,615,283, 144.81
Add: Changes of accounting policy								
Error correction of the last period								
Other								
II. Balance at the beginning of this year	602,762,59 6.00	288,769,13 2.47			332,908,39 7.60		390,843,01 8.74	1,615,283, 144.81
III. Increase/ Decrease in this year (decrease listed with “-”)							63,674,144 .84	63,674,144 .84
(I) Net profit							63,674,144 .84	63,674,144 .84
(II) Other consolidated income								
Subtotal of (I) and (II)							63,674,144 .84	63,674,144 .84
(III) Owners devoted and capital decreased								
1. Owners devoted capital								
2. Amount calculated into owners equity from share-based payment								
3. Other								
(IV) Profit distribution								
1. Withdrawal of surplus reserves								
2. Withdrawal of general risk reserve								
3. Distribution to owners (shareholder)								

4. Other								
(V) Carrying forward internal owners equity								
1. Capital reserves converted to capital (or share capital)								
2. Surplus reserves converted to capital (or share capital)								
3. Remediating loss with surplus reserve								
4. Other								
(VI) Reasonable reserve								
1. Withdrawal in the report period								
2. Usage in the report period								
(VII) Other								
IV. Balance at the end of the Period	602,762,59 6.00	288,769,13 2.47			332,908,39 7.60		454,517,16 3.58	1,678,957, 289.65

Last Period

In RMB

Item	Last Period							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury share	Reasonable reserve	Surplus reserves	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the last year	602,762,59 6.00	288,769,13 2.47			332,908,39 7.60		420,267,92 9.67	1,644,708, 055.74
Add: Changes of accounting policy								
Error correction of the last period								
Other								
II. Balance at the beginning of this year	602,762,59 6.00	288,769,13 2.47			332,908,39 7.60		420,267,92 9.67	1,644,708, 055.74
III. Increase/ Decrease in this year (decrease listed with “-”)							-29,424,91 0.93	-29,424,91 0.93
(I) Net profit							-29,424,91 0.93	-29,424,91 0.93
(II) Other consolidated income								
Subtotal of (I) and (II)							-29,424,91 0.93	-29,424,91 0.93

(III) Owners devoted and capital decreased								
1. Owners devoted capital								
2. Amount calculated into owners equity from share-based payment								
3. Other								
(IV) Profit distribution								
1. Withdrawal of surplus reserves								
2. Withdrawal of general risk reserve								
3. Distribution to owners (shareholder)								
4. Other								
(V) Carrying forward internal owners equity								
1. Capital reserves conversed to capital (or share capital)								
2. Surplus reserves conversed to capital (or share capital)								
3. Remedyng loss with surplus reserve								
4. Other								
(VI) Reasonable reserve								
1. Withdrawal in the report period								
2. Usage in the report period								
(VII) Other								
IV. Balance at the end of the Period	602,762,59 6.00	288,769,13 2.47			332,908,39 7.60		390,843,01 8.74	1,615,283, 144.81

## Shenzhen Nanshan Power Co., Ltd.

### Notes to financial statement 2013

(Unless otherwise stated, the amount of unit is RMB/CNY)

#### 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.

After approved by Document Shen Zhu Ban Fu No. 179 in 1993 issued by Shenzhen Securities Regulatory Office, on 3 January 1994, the Company offered 40,000,000 RMB common shares and 37,000,000 domestically listed foreign shares in and out of China. And the RMB common shares (A-stock) and domestically listed foreign listed shares (B-stock) were listed in Shenzhen Securities Exchange successively on July 1, 1994 and Nov. 28, 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.

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

The financial statement was approved and decided by the Broad of the Company on 23 April 2014.

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

The Group's financial statements have been prepared based on the going concern assumption. The financial statements have been prepared based on actual transactions and events, in accordance with the accounting standards for business enterprises promulgated by the Ministry of Finance of PRC on 15 February 2006 and 38 specific accounting standards, the subsequently promulgated application guidelines of the Accounting Standards for Business Enterprises, interpretations and other related rules of the Accounting Standards for Business Enterprises (hereinafter referred to as "ASBEs"), and the disclosure requirements of the "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" (revised in 2010) of China Securities Regulatory Commission.

The Group's financial statements have been prepared on an accrual basis in accordance with the ASBEs. Except for certain financial instruments and investment property, the financial statements are prepared under the historical cost convention. In the event that depreciation of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

## **III. 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 Group together with its financial information as financial position on 31<sup>st</sup> December 2013, and the Company together with its operation results, and cash flow for the year of 2013. In addition, the financial statements of the Group also comply with, in all material respects, the disclosure requirements of the "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" revised by the China Securities Regulatory Commission in 2010 and the notes thereto.

## **IV. The main accounting policies and accounting estimates**

### **1. Accounting period**

Accounting period of the Group divide into annual and medium-term, and the medium-term is the reporting period that shorter than one completed accounting year. The Group's accounting year is Gregorian calendar year, namely from 1<sup>st</sup> January to 31<sup>st</sup> December.

## 2. 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.

## 3. Accounting methods for consolidation of enterprises

Enterprise combination refers to a trading or event that two or over two independent enterprise/s combined to one reporting body. The combination was divided into enterprise consolidation under the same control and the one not under the same control.

### (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. For a business combination involving enterprises under common control, the party that, on the combination date, obtains control of another enterprise participating in the combination is the absorbing party, while that other enterprise participating in the combination is a party being absorbed. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

Assets and liabilities obtained by the absorbing party are measured at their carrying amount at the combination date as recorded by the party being merged. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate nominal value of shares issued as consideration) is charged to the capital reserve (share capital premium). If the capital reserve (share capital premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Cost incurred by the absorbing party that is directly attributable to the business combination shall be charged to profit or loss in the period in which they are incurred.

### (2) Consolidation of enterprises not under the same control

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. For a business combination not involving enterprises under common control, the party that, on the acquisition date, obtains control of another enterprise participating in the combination is the acquirer, while that other enterprise participating in the combination is the acquiree. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

For business combination involving entities not under common control, the cost of a business combination is the aggregate of the fair values, on the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer to be paid by the acquirer, in exchange for control of the acquiree plus agency fee such as audit, legal service and evaluation consultation and other management fees charged to the profit or loss for the period when incurred. As equity or bond securities are issued by the acquirer as consideration, any attributable transaction cost is included in their initial costs. Involved or contingent consideration charged to the combination cost according to its fair value on the date of acquisition, the combined goodwill would be adjusted if new or additional evidence existed about the condition on the date of acquisition within twelve months after the acquisition date, which is required to adjust the contingent consideration. The combination cost incurred by the acquirer and the identifiable net assets acquired from the combination are measured at their fair values. Where the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets on the acquisition date, the difference is recognized as goodwill. Where the cost of a business combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer shall first reassess the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of combination. If after such reassessment the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is charged to profit or loss for the

period.

Where the acquiree's deductible temporary difference acquired by the acquirer is not yet recognized as it does not satisfy the recognition conditions of the deferred income tax assets on the acquisition date, but new or additional information proves that the relevant circumstances have already existed on the acquisition date within twelve months after the acquisition date, which estimates that the economic benefits incurred from the deductible temporary difference at the acquisition date of acquirer can be realized, then the relevant deferred income tax assets will be recognized, and the goodwill will be reduced at the same time, if the goodwill is not sufficient to be absorbed, any excess shall be recognized in the profit or loss for the period. Except as disclosed above, the deferred income tax assets related to the business combination are charged to the profit or loss for the period.

For a business combination not under common control is finished by a stage-up approach with several transactions, these several transactions will be judged whether they fall within “transactions in a basket” in accordance with the judgment standards on “transactions in a basket” as set out in the Notice of the Ministry of Finance on Issuing Accounting Standards for Business Enterprises Interpretation No. 5 (Cai Kuai [2012] No. 19) (see Note IV. 4(2)). If they fall within “transactions in a basket”, they are accounted for with reference to the descriptions as set out in the previous paragraphs of this section and Note IV. 10 “Long-term equity investments”, and if they do not fall within “transactions in a basket”, they are accounted for in separate financial statements and consolidated financial statements:

In separate financial statements, the initial equity investment cost is the aggregate of the carrying amount of the equity investment in the acquiree held prior to the acquisition date and the investment cost newly added as at the acquisition date. Any other comprehensive income attributable to the equity interest in the acquiree prior to the acquisition date is transferred to investment income upon disposal of the investment.

In consolidated financial report, 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.

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

##### **(1) Determining principle for consolidated financial report scope**

The scope is determined on the basis of control. The control is right to decide the invested enterprise's accounting and operation policies and obtain the interest according to the invested enterprise's operation. The consolidated scope includes the Group and all the subsidiaries. Subsidiary is referring to the enterprise or the subject controlled by the Company.

##### **(2) Preparation methods for corporate consolidated statements**

Subsidiaries are consolidated from the date on which the Group obtains net assets and the effective control of decision making of production and operation are deconsolidated from the date that such control ceases. For disposal of subsidiaries, the operating results and cash flows of such subsidiaries before the date of disposal are properly included in the consolidated income statement and consolidated cash flow statements; for disposal of subsidiaries during the reporting period, no adjustment shall be made to the opening balance of the consolidated balance sheet. For those subsidiaries acquired through business combination not under common control, the operating results and cash flows after the acquisition date have been properly included in the consolidated income statements and consolidated cash flow statements. No adjustments shall be made to the opening balance and the comparative figures of the consolidated financial statements. For those subsidiaries acquired through business combination under common control and acquiree absorbed through combination, the operating

results and cash flows from the beginning of the consolidation period to the consolidation date are also presented in the consolidated income statement and the consolidated cash flow statements. The comparative figures presented in the consolidated financial statements are also adjusted accordingly.

The financial statements of the subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company in the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and the subsidiaries. For subsidiaries acquired from business combination not under common control, the financial statements of the subsidiaries will be adjusted according to the fair value of the identifiable net assets at the acquisition date.

All intra-group significant balances, transactions and unrealized profit are eliminated in the consolidated financial statements.

As for the subsidiary's shareholders' equity and the parts that does not owned the Group in current net gains/losses, listed out independently as minority shareholders' equity and minority shareholders gains/losses in item of shareholders' equity and net profit contained in consolidated financial statement separately. 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 shareholders' equity. 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.

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. The remaining equity interests are measured subsequently according to "Accounting Standard for Business Enterprises No. 2 – Long-term Equity Investments" or "Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments". See Note IV.10 "Long-term equity investments" or Note IV.7 "Financial instruments" for details.

When the Company disposes of equity investment in a subsidiary by a stage-up approach with several transactions until the control over the subsidiary is lost, it shall determine whether these several transactions related to the disposal of equity investment in a subsidiary until the control over the subsidiary is lost fall within "transactions in a basket". Usually, these several transactions related to the disposal of equity investment in a subsidiary are accounted for as transactions in a basket when the terms, conditions and economic impacts of these several transactions meet the following one or more conditions: (i) these transactions are entered into at the same time or after considering their impacts on each other; (ii) these transactions as a whole can reach complete business results; (iii) the occurrence of a transaction depends on at least the occurrence of an other transaction; (iv) an individual transaction is not deemed as economic, but is deemed as economic when considered with other transactions. If they are not transactions in a basket, each of which are accounted for in accordance with applicable rules in "partial disposal of long-term equity investment of a subsidiary without losing control over a subsidiary" (see Note IV. 10 (2) (iv)) separately, and "the control over a subsidiary is lost due to partial disposal of equity investment or other reasons" (see the preceding paragraph). When several transactions related to the disposal of equity investment in a subsidiary until the control over the subsidiary is lost fall within transactions in a basket, each of which is accounted for as

disposal of a subsidiary with a transaction until the control over a subsidiary is lost; however, the difference between the amount of disposal prior to the loss of control and the net assets of a subsidiary attributable to the disposal investment shall be recognized as other comprehensive income in consolidated financial statements and transferred to profit or loss for the period at the time when the control is lost.

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

Cash and cash equivalents of the Group include cash on hand, deposits readily available for payment purpose and short-term (normally fall due within three months from the date of acquisition) and highly liquid investments held by the Group which are readily convertible into known amounts of cash and which are subject to insignificant risk of value change.

## **6. 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.

## **7. Financial instruments**

### **(1) Recognition of fair value for financial assets and financial liabilities**

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. Quote in active market refers to the price easy to obtain regularly from exchange; broker's agency, industry association and pricing service authority etc., and such quote represent a price that actually occurred in market trading during the fair transaction. 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.

### **(2) Classification, recognition and measurement of financial assets**

By way of buying and selling the financial assets in a regular way, recognition and derecognition are carried out according to the accounts on the transaction day. Financial assets are divided into financial assets at fair value through profit or loss, held-to-maturity investments, loans and accounts receivable and available for-sale financial assets when they are initially recognized. Financial assets are initially recognized at fair value. For financial assets classified as fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the period. For financial assets classified as other categories, relevant transaction costs are included in the amount initially recognized.

#### **① Financial assets carried at fair value through profit or loss for the current period**

They include financial assets held for trading and financial assets designated as at fair value through profit or loss for the

current period.

Financial assets may be classified as financial assets held for trading if one of the following conditions is met: A. the financial assets is acquired or incurred principally for the purpose of selling it in the near term; B. the financial assets is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent pattern of short-term profit-taking; or C. the financial assets is a derivative, excluding the derivatives designated as effective hedging instruments, the derivatives classified as financial guarantee contract, and the derivatives linked to an equity instrument investment which has no quoted price in an active market nor a reliably measured fair value and are required to be settled through that equity instrument.

A financial asset may be designated as at fair value through profit or loss upon initial recognition only when one of the following conditions is satisfied: A. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or B. The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis.

Financial assets carried at fair value through profit or loss for the current period are subsequently measured at fair value. The gain or loss arising from changes in fair value and dividends and interest income related to such financial assets are charged to profit or loss for the current period.

## ② Held-to-maturity investments

They are non-derivative financial assets with fixed maturity dates and fixed or determinable payments that the Company has positive intent and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. Gain or loss on derecognition, impairment or amortization is recognized through profit or loss for the current period.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income or expense over each period based on the effective interest of a financial asset or a financial liability (including a group of financial assets or financial liabilities). The effective interest is the rate that discounts future cash flows from the financial asset or financial liability over its expected life or (where appropriate) a shorter period to the carrying amount of the financial asset or financial liability.

In calculating the effective interest rate, the Company will estimate the future cash flows (excluding future credit losses) by taking into account all contract terms relating to the financial assets or financial liabilities whilst considering various fees, transaction costs and discounts or premiums which are part of the effective interest rate paid or received between the parties to the financial assets or financial liabilities contracts.

## ③ Loans and receivables

They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets, including bills receivable, accounts receivable, the Group classifies interest receivable, dividends receivable and other receivables as loans and receivables.

Loans and receivables are measured subsequently at the amortized cost by using the effective interest rate method. Gains or losses incurred at the time of derecognition, impairment or amortization are charged to profit or loss for the current period.

#### ④ Available-for-sale financial assets

They include non-derivative financial assets that are designated in this category on initial recognition, and the financial assets other than the financial assets at fair value through profit and loss, loans and receivables and held-to-maturity investments.

The closing cost of available-for-sale debt instruments are determined based on amortized cost method, which means the amount of initial recognition less the amount of principle already repaid, add or less the accumulated amortized amount arising from the difference between the amount initially recognized and the amount due on maturity using effective interest rate method, and less the amount of impairment losses recognized. The closing cost of available-for-sale equity instruments is equal to its initial acquisition cost.

Available-for-sale financial assets are subsequently measured at fair value. The gain or loss on change in fair value are recognized as other comprehensive income and charged to capital reserves, except for impairment loss and exchange differences arising from foreign monetary financial assets and amortized cost which are accounted for through profit or loss for the current period. The financial assets will be transferred out of the financial assets on derecognition and accounted for through profit or loss for the current period.

Interests received from available-for-sale financial assets held and the cash dividends declared by the investee are recognized as investment income.

#### (3) Impairment of financial assets

Except for financial assets accounted at fair value and variation accounted into current gain/loss account, the Group 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 Group performs impairment test separately on individual financial assets with major amounts; for financial assets without major amounts, the Group 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.

#### ① Impairment of held-to-maturity investments and loans and receivables

The carrying amount of financial assets measured as costs or amortized costs are subsequently reduced to the present value discounted from its projected future cash flow. The reduced amount is recognized as impairment loss and recorded as profit or loss for the period. After recognition of the impairment loss from financial assets, if there is objective evidence showing recovery in value of such financial assets impaired and which is related to any event occurring after such recognition, the impairment loss originally recognized shall be reversed to the extent that the carrying value of the financial assets upon

reversal will not exceed the amortized cost as at the reversal date assuming there is no provision for impairment.

## ② Impairment of available-for-sale financial assets

In the event that decline in fair value of the available-for-sale equity instrument is regarded as “severe decline” or “non-temporary decline” on the basis of comprehensive related factors, it indicates that there is impairment loss of the available-for-sale equity instrument.

When the available-for-sale financial assets impair, the accumulated loss originally included in the capital reserve arising from the decrease in fair value was transferred out from the capital reserve and included in the profit or loss for the period. The accumulated loss that transferred out from the capital reserve is the balance of the acquired initial cost of asset, after deduction of the principal recovered, amortized amounts, current fair value and the impairment loss originally included in the profit or loss.

After recognition of the impairment loss, if there is objective evidence showing recovery in value of such financial assets impaired and which is related to any event occurring after such recognition in subsequent periods, the impairment loss originally recognized shall be reversed. The impairment loss reversal of the available-for-sale equity instrument will be recognized as other consolidated income, and the impairment loss reversal of the available-for-sale debt instrument will be included in the profit or loss for the period.

When an equity investment that is not quoted in an active market and the fair value of which cannot be measured reliably, or the impairment loss of a derivative financial asset linked to the equity instrument that shall be settled by delivery of that equity instrument, then it will not be reversed.

## (4) Recognition basis and measurement method for transfer of financial assets

As for the financial assets up to the following conditions, the recognition termination is available: ①Termination 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.

For financial assets that are transferred with recourse or endorsement, the Group needs to determine whether the risk and rewards of ownership of the financial asset have been substantially transferred. If the risk and rewards of ownership of the financial asset have been substantially transferred, the financial assets shall be derecognized. If the risk and rewards of ownership of the financial asset have been retained, the financial assets shall not be derecognized. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group shall assess whether the control over the financial asset is retained, and the financial assets shall be accounted for according to the above paragraphs.

#### (5) Categorizing and measuring of financial liabilities

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 are initially recognized at fair value. For financial liabilities classified as fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the period. For financial liabilities classified as other categories, relevant transaction costs are included in the amount initially recognized.

##### ① Financial liabilities at fair value through profit or loss for the period

The criteria for a financial liability to be classified as held for trading and designated as financial liabilities at fair value through profit or loss are the same as those for a financial asset to be classified as held for trading and designated as financial assets at fair value through profit or loss.

Financial liabilities at fair value through profit or loss for the period are subsequently measured at fair value. The gain or loss arising from changes in fair value and dividends and interest income related to such financial liabilities are included in profit or loss for the period.

##### ② Other financial liabilities

Derivative financial liabilities which are linked to equity instruments that are not quoted in an active market and the fair value of which cannot be measured reliably measured, and which shall be settled by delivery of equity instruments are subsequently measured at cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition or amortization is recognized in profit or loss for the period.

##### ③ Financial Guarantee Contracts

Financial guarantee contracts other than those designated as financial liabilities at fair value through profit or loss are initially recognized at fair value, and shall be subsequently measured at the higher of the following: the amount determined in accordance with Accounting Standard for Business Enterprises No. 13 “Contingencies” and the amount initially recognized less cumulative amortization recognized in accordance with the principles set out in Accounting Standard for Business Enterprises No. 14 “Revenue”.

#### (6) 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 born) is reckoned into the current loss/gain.

(7) Derivatives and embedded derivatives

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss for the period, except for derivative instruments that are designated as hedging instruments and which are highly effective in hedging, gains or losses arising from changes in their fair value are taken to the profit or loss for the period in accordance with the hedge accounting requirement based on the nature of hedging relationships.

For combined instruments contain embedded derivatives which are not designated as financial assets or financial liabilities at fair value through profit or loss, and the embedded derivative and the main contract does not have a material relation in terms of risk and economic attributes, and when an individual instrument which is the same as the embedded derivative can be defined as derivative, the embedded derivative shall be separated from the combined instrument and treated as an individual derivative. If the embedded derivative cannot be separately measured at acquisition or subsequent balance sheet date, the combined instrument shall be designated as financial assets or financial liabilities at fair value through profit or loss.

(8) Balance-out between the financial assets and liabilities

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

## 8. Account receivable

Account receivable included account receivable and other account receivable.

(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
<b>(2) Providing of bad debt provisions on account receivable by combination</b>	
<b>Recognition basis of combination</b>	
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.
<b>(3) Accounts receivable with minor amount and single provision for bad debt</b>	
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

## 9. Inventory

### (1) Categories of inventory

The Company's inventory mainly consists of fuels, raw materials and developing products in process and so on.

### (2) Valuation method of inventory delivered

The inventories are initially measured at cost. The costs of developing products include land grant fee, expenditures for auxiliary facilities, expenses on construction and installation, borrowing costs incurred before the completion of the subject project and other related expenses during the course of the development. Other cost of inventories comprises purchase costs, processing costs and other costs incurred in bringing the inventories to their present location and condition.

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.

### (3) Recognition of net realizable value of inventory, and accrual methods of preparation for 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.

## 10. Long-term equity investment

### (1) Recognition of investment cost

(4)The inventory system is perpetual inventory system.

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.

### (2) Follow-up measurement and gain/loss recognition

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; Long-term equity investment with joint control of or significant influence on the investee is accounted for using equity method. Long-term equity investment without control or joint control of or significant influence on the investee and with a fair value that can be reliably measured is accounted for as available-for-sale financial assets or financial assets carried at fair value through profit or loss for the period.

In addition, long-term equity investment to the invested units that control by the Company adopted the cost method for calculation in financial statement.

#### ① Long-term equity investment checked by the cost

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.

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.

③ Acquisition of minority equity

When preparing consolidated financial statements, the difference between the increase in long-term equity investment due to acquisition of minority interest of a subsidiary and the share of net asset of the subsidiary since the acquisition date (or combination date) calculated under the new ownership ratio shall be adjusted to the capital surplus, when capital surplus is insufficient, the excess shall be adjusted to retained profits.

④ Disposal of long-term equity investment

In these consolidated financial statements, where the parent company disposes part of its subsidiary without loss of control, the difference between the consideration received and the share of net asset for the disposed portion of long-term equity investment shall be recognized in shareholders' equity; where the parent company disposes part of its subsidiary with loss of control, the accounting treatment should be in accordance with the accounting policies stated at Note IV 4 (2) "Preparation of consolidated financial statements".

For disposal of long-term equity investment in other situations, the difference between the considerations received and the carrying amount of the disposed investment shall be recognized in profit or loss; for long-term equity investment accounted for using equity method, the other comprehensive income recognized in shareholder's equity shall be reclassified to profit or loss on pro rata basis upon disposal. The retained interest is recognized at its carrying amount as long-term equity investment or other relevant financial assets, and subsequently measured in accordance with the accounting policies on long-term equity investment or financial assets previously stated. The retrospective adjustment shall be made in accordance with the relevant provisions if the retained interest is accounted for using the equity method instead of the cost method.

(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.

#### (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.

### **11. 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.

### **12. Fixed assets**

#### (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.

#### (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-year	10%	4.5%
Equipment (fuel machinery group excluded)	15-20-year	10%	4.5%-6%
Equipment--fuel machinery group (note)		10%	The work quantity method
Transportation tools	5-year	10%	18%
Other equipment	5-year	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	Generating unit 1#	4,107.76

Name of the Company	Fixed assets	Depreciation amount (RMB/Hour)
Power Company")	Generating unit 3#	3,850.07

(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.

(4) Recognition basis and measurement method of fixed assets under finance lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Title may or may not eventually be transferred. The depreciation policy for fixed asset held under finance lease is consistent with that for its owned fixed asset. When a leased asset can be reasonably determined that its ownership will be transferred at the end of the lease term, it is depreciated over the period of expected use; otherwise, the leased asset is depreciated over the shorter period of the lease term and the period of expected use.

(5) 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.

### 13. 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.

### 14. 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.

## **15. Intangible assets**

### **(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.

### **(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.

## **16. 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.

## **17. Impairment of non-current non-financial assets**

The Group will judge if there is any indication of impairment as at the balance sheet date in respect of non-current non-financial assets such as fixed assets, construction in progress, intangible assets with an infinite useful life, investment properties measured at cost, and long-term equity investments in subsidiaries, joint ventures and associates. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for impairment test. Goodwill, intangible assets with an indefinite useful life and intangible assets beyond working conditions will be tested for impairment annually, regardless of whether there is any indication of impairment.

If the impairment test result shows that the recoverable amount of an asset is less than its carrying amount, the impairment provision will be made according to the difference and recognized as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but the asset is traded in an active market, fair value shall be determined based on the bid price. If there is neither sale agreement nor active market for an asset, fair value shall be based on the best available information. Costs of disposal are expenses attributable to disposal of the asset, including legal fee, relevant tax and surcharges, transportation fee and direct expenses incurred to prepare the asset for its intended sale. The present value of the future cash flows expected to be derived from the asset over the course of continued use and final disposal is determined as the amount discounted using an appropriately selected discount rate. Provisions for assets impairment shall be made and recognized for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. The asset group is the smallest group of assets capable of generating cash flows independently.

For the purpose of impairment testing, the carrying amount of goodwill presented separately in the financial statements shall be allocated to the asset groups or group of assets benefiting from synergy of business combination. If the recoverable amount is less than the carrying amount, the Group shall recognize an impairment loss. The amount of impairment loss shall first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of other assets (other than goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

An impairment loss recognized on the aforesaid assets shall not be reversed in a subsequent period in respect of the restorable value.

## **18. Predicted 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 predicted 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.

## **19. Share-based Payments**

### **(1) Types of share-based payments**

Share-based payment refers to a transaction in which an enterprise grants equity instruments or undertakes equity-instrument- based liabilities in return for services from employee or other parties. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

### ① Equity-settled Share-based Payment

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees as at the date of grant. For equity instruments that cannot be exercised until the services are fully rendered during vesting period or specified performance targets are met, within the vesting period, the fair value of such instrument shall, based on the best estimate of the number of exercisable instruments, be calculated with the straight-line method and recognized in relevant costs or expenses. For equity instruments that may be exercised immediately after the grant, the fair value of such instrument shall, on the date of the grant, be recognized in relevant costs or expenses with the increase in the capital reserve accordingly.

The equity-settled share-based payment in return for services from other parties, if the fair value of services from other parties can be reliably measured, shall be measured at the fair value of such services as at the date of acquisition; if the fair value of services from other parties cannot be reliably measured but the fair value of equity instruments can be reliably measured, shall be measured at the fair value of such equity instruments as at the date of acquisition of such services recognized in relevant costs or expenses with the increase in the capital reserve accordingly.

### ② Cash-settled Share-based Payment

The cash-settled share-based payment shall be measured at the fair value of liabilities identified on the basis of shares or other equity instruments undertaken by the Group. For the instruments that may be exercised immediately after the grant, the fair value shall, on the date of the grant, be recognized in relevant costs or expenses and the liabilities shall be increased accordingly. For instruments that cannot be exercised until the services are fully provided during vesting period or specified performance targets are met, on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best estimate of the number of exercisable instruments, be recognized in relevant costs or expenses and the corresponding liabilities at the fair value of the liability incurred by the Group.

The Group shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the profit or loss for the period.

#### (2) Basis for determining the best estimate of the number of exercisable instruments

On each balance sheet date within the vesting period, the Group shall determine the best estimate based on the latest number of employees able to exercise their options and revise the estimated number of exercisable equity instruments.

#### (3) Accounting treatment in respect of the implementation, modification and termination of share-based payment scheme

If any modification made by the Group to the share-based payment scheme increases the fair value of the equity instrument awarded, services obtained shall be increased accordingly. The increase in fair value of such equity instrument equals to the difference between the fair values before and after the date of modification. If any modification reduces the total fair value of share-based payment or is otherwise unfavorable to employees, services obtained shall be treated as if such modification had never been made, unless the Group has canceled part or the entire equity instrument award.

During the vesting period, where an equity instrument award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is included immediately into the profit or loss for the period and capital reserve is recognized. Where employees or other parties are permitted to choose to fulfill non-vesting conditions

but have not fulfilled during the vesting period, equity instrument award are deemed cancelled.

## 20. Income

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. Detail recognition according to specific revenue:

### (1) Power sales revenue

The Group generates electricity by thermal power, and realizes sales through incorporation into Guangdong power grid. As for power sales, the Group realizes revenue when it produces electricity and obtains the grid power statistics table confirmed by the power bureau.

### (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, not including the capital invested by the government as owner. Government grant devided into the government grant related to assets and the government grant related to income.

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.

In 2013, the Company computed the accrued revenue from fuel subsidies according to the methods stipulated in the Notice on Circulation of Proposal on Subsidies for Power Generation by Gas-fired Units in Shenzhen 2013 (Shen Jing Mao Xin Xi Dian Zi Zi No. [2014]11) issued by Economy, Trade and Information Commission of Shenzhen Municipality, and recognized it as revenue from government grant.

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 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 on 2 September 2009, the 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 in 2012.

Pursuant to the natural gas sales contract entered into between the 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, 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.

### **(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.

### **(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. Leasing**

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

#### **(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.

#### **(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. 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.

## 25. Other Main Accounting Policies, Estimations and Preparation Method

- Debt restructures

(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.

(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.

## **26. Changes of main accounting policy and accounting estimation**

There was no change of main accounting policy and accounting estimation in the reporting period.

## **27. Corrections of preliminary accounting errors**

There was no correction of preliminary accounting errors in the reporting period.

## **28. Major judgment made in adopting accounting policies and key assumption and**

### **Uncertainties adopted in accounting estimation**

When using the accounting policies discussed in note IV, the Group needs to make 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:

##### **(1)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.

##### **(2)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.

#### (3) Provision for bad debts

The Group use allowance method to state bad debt losses according to the accounting policies of accounts receivable. Impairment of receivables is based on the assessment of the recoverability of accounts receivable. Identification of impairment of receivables requires management judgments and estimates. The differences between actual results and the original estimate will affect the book value of accounts receivable as well as the recognition or reversal of provision for bad debts in the period in which the estimate is changed.

#### (4) Allowance for inventories

Under the accounting policies of inventories and by measuring at the lower of cost and net realizable value, the Group makes allowance for inventories that have costs higher than net realizable value or become obsolete and slow moving. Write-down of inventories to their net realizable values is based on the salability of the evaluated inventory and their net realizable values. Identification of inventories requires management to make judgments and estimates on the basis of obtaining conclusive evidence, and considering the purpose of holding inventory and the events after balance sheet date. The differences between actual results and the original estimate will affect the book value of inventories as well as the recognition or reversal of provision for inventories in the period in which the estimate is changed.

#### (5) Deferred income tax assets

If it is likely to obtain sufficient taxable income taxes to offset the benefit deductible, the Group confirmed all the unused tax losses into the deferred income tax assets. In order to determine the amount of deferred tax assets, the Group's management is required to use large judgments as well as tax planning strategies to estimate the time and amount of the occurrence of the taxable profits in the future.

## V. Taxes

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

Taxation items	Calculation bases	Tax rate
VAT (Note 1)	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 (Note1)	Income of business	3% or 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%(Note2)
Land VAT	Value-added amount from transferring state-owned land use right , landing	Four level progressive rates

Taxation items	Calculation bases	Tax rate
	construction and its affiliates	
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 1: during the period from 1 January 2012 to 31 October 2012, Shenzhen Server Oil Supply Co., Ltd.(hereinafter referred to as “Shenzhen Server”), subsidiary of the Company, paid business tax at tax rate of 3% in respect of the transportation income. According to the notice on trial collection of value-added tax instead of business tax for transportation industry and certain modern service industries in Beijing and other seven provinces and cities issued by the ministry of finance and State Administration of Taxation (CS(2012)No.71), the aforesaid income of Shenzhen Server shall be levied with value-added tax at 11% as modern service industry instead of the original business tax since 1 November 2012.

Note2: 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	
	2013	2012
The Company	25%	25%
New Power	25%	25%
Shennan Power Gas Turbine Engineering Technique Co., Ltd. (“Engineering Co.,”)	25%	25%
Shenzhen Server	25%	25%
Shennandian Environment Protection Co., Ltd. (“Environment Protection Co.,”)	25%	25%
Zhongshan Power	25%	25%
Weimei Power	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 Server Harbor Comprehensive Development Co., Ltd. (“Huidong Server Co.,”)	25%	25%
Huidong Harbor Development Co., Ltd. (“Huidong Harbor Co.,”)	25%	25%
HONG KONG SYNDISOME CO., LIMITED (“Syndisome Co.,”)	16.5%	16.5%

## 2. Taxes preferential and approvals

Tax	Name of the company	Relevant regulation and policies basis	Approval institution	Approval documents	Exemption range	Period of validity
VAT	Environment Protection 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

## VI. Enterprise merger and Consolidated Financial Statement

### Particular about subsidiaries

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

Full name of the subsidiaries	Type of subsidiaries	Regist er place	Busi ness natu re	Register capital	Business scope	Actual investment at year-end	Other item balance of net investment towards subsidiaries	Pro portion of voting right held (%)	Pro portion of voting right held (%)	Con soli dated state men t	Minority shareholders' equity	In RMB
												Amount written down minority shareholders' equity
Shenzhen Server (Note)	Limited Liability	Shenz hen	Trad ing	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	63,057,025.89	N/A
New Power	Jointed enterprise(H.K-capital)	Shenz hen	Pow er gene ratio n	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	-	N/A
Zhongshan Power	Jointed enterprise(H.K-capital)	Zhong shan	Pow er gene ratio n	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	31,931,446.77	117,428,553.23

Full name of the subsidiaries	Type of subsidiaries	Regist er place	Busi ness natu re	Register capital	Business scope	Actual investment at year-end	Other item balance of net investment towards subsidiaries	Proportion of shares held (%)	Proportion of voting right (%)	Con solidated state men t Yes/ No	Minority shareholders' equity	Amount written down minority shareholders' equity
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	-	N/A
Weimei Power	Jointed enterprise(H.K-capital)	Dongguan	Power generation	\$35,040,000.00	Establishment and operation of natural gas power station	208,102,049.76	-	70	70	Yes	96,248,689.40	N/A
Environment Protection Co.,	Jointed enterprise(H.K-capital)	Shenzhen	Engineering	79,000,000.00	Sludge drying	79,000,000.00	-	100	100	Yes	-	N/A
Singapore Co.,	Limited Liability	Singapore	Trading	SGD 1,500,000.00	Gas turbine and its spare parts and fuel agent	6,703,800.00	-	100	100	Yes	-	N/A

Note: the Company held 50% equity interests of Shenzhen Server, which represented the most voting rights in the board of the company, thus the Company has effective control over Server. Server Oil Supply was consolidated in the consolidated financial statement.

(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 of shares held (%)	Proportion of voting right (%)	Consolidated statement Yes/No	Minority shareholders' equity	Amount written down minority shareholders' equity
Shenzhong Development Co.,	Limited Liability	Zhongshan	Real estate development	177,800,000.00	real estate investment, property management, sales of self-owned commercial houses, rental and investment	-	-	75	75	Yes	-5,297,599.21	49,747,599.21
Shenzhong Property Investment	Limited Liability	Zhongshan	Real estate development	60,000,000.00	real estate investment, property management, sales of self-owned commercial houses, rental and investment	-	-	75	75	Yes	12,784,450.11	2,215,549.89
Syndisome	Limited	Hong	Import-expo	HKD 200,000.00	import-export	217,807.27	-	100	100	Yes	-	N/A

Full name of the subsidiaries	Type of subsidiaries	Regist er place	Business nature	Register capital	Business scope	Actually invested capital at year-end	Other item balance of net investment towards subsidiaries	Propor tion shares held (%)	Propor tion of voting right (%)	Conso lidated state ment Yes/No	Minority shareholders' equity	Amount written down minority shareholders' equity
Co. (Note) d Liability	Kong	rt trading			trading							

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 HONGKONGSYNDISOMEKO., LIMITED, (Hein after referred to as ShenYe Investment Company), Shennan Singapore Company is to transfer 100% stock right which it has of Syndisome 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.

**2. Explain changes in consolidation statement's scope**

(1) In September 2013, the 16.05 percent equity of Huidong Server held by Shenzhen Pipe Energy Science & Technology Development Co., Ltd. ( Pipe Science & Technology) was purchased by Shenzhen Server, the controlling subsidiary of the Company, up to purchase date, 100 percent equity Huidong Server were held by Shenzhen Server. (2) On 25 October 2013, Board of the Meeting was held for transfer 60 percent equity of Huidong Server (55 percent equity of Huidong Harbor was held by Huidong Server) held by Shenzhen Server, controlling subsidiary of the Company, through public listed, and Jiahua Building Products (Shenzhen) Co., Ltd. participated in the procedures. On 29 November 2013, the 60 percent equity of Huidong Server held by Shenzhen Server were transferred to Jiahua Building Products (Shenzhen) Co., Ltd. The transferee has no related relationship with the Company; ultimate equity transfer completed dated 9 December 2013. The Company has no controlling rights on Huidong Server and Huidong Harbor after equity transferred. Huidong Server and Huidong Harbor excluding in the consolidation statement since the date of transfer completed, the revenue, expenses and profit before transfer completed were reckoned in the consolidated profit statement, the cash flow recorded in the consolidated cash flow statement before transfer completed.

**3. Subject in consolidation scope in the reporting period and Subject is no longer in consolidation scope in the reporting period**

Notes to Financial Statement  
Ended as 31st December 2013

(1) Subsidy decreased for equity sales with controlling rights loss in Period

Name	Date on sale	Confirmation method for disposal of profit and loss
Huidong Server	2013-12-9	The difference between the aggregate of the consideration received on disposal and the fair value of any retained interest and the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

(2) Huidong Server

On 29 November 2013, the 60 percent equity of Huidong Server held by the Shenzhen Server, the controlling shareholder to the Company, was transferred to Jiahua Building Products (Shenzhen) Co., Ltd. Selling date is the date, when net assets, financial, operation decision-making rights of Huidong Server actually loss by the Group.

①disposal price and cash flow

Item	Amount
Disposal price	51,509,457.84
Disposal of cash and cash equivalents received	51,509,457.84
Less : cash and cash equivalents held by Huidong Server	3,289,556.14
Disposal of net cash received	48,219,901.70

②disposal net assets of Huidong Server

Item	Net assets at disposal day	Net assets at the end of last year
Current assets	3,289,556.14	1,365,781.02
Non-current assets	395,227.80	25,044.80
Current liability	37,506,568.75	37,732,512.93
Non-current liability	0.00	0.00
Total net assets	-33,821,784.81	-36,341,687.11
Net assets attributable to parent company	-33,709,903.67	-36,229,805.97
Net assets attributable to minority shareholders	-111,881.14	-111,881.14

③ Calculation of disposal gains/losses:

Notes to Financial Statement  
Ended as 31st December 2013

Item	Amount
Trading price of 60 percent equity disposed	51,509,457.84
Fair value of remaining 40 percent equity	26,366,000.00
Less: accrual liability	27,500,000.00
Less: net book assets of Huidong Server enjoyed on disposal date	-33,709,903.67
Less: un-fair value amount for the related transaction	4,821,407.50
Total investment income from disposal	79,263,954.01

④ Income, expenses and profit of Huidong Server from the beginning of year on disposal to disposal day:

Item	Amount
Income	3,274,967.70
Less :cost and expenses	755,065.40
Total profit	2,519,902.30
Less: income tax expense	0.00
Net profit	2,519,902.30

⑤ Residual equity of Huidong Server held on date controlling rights loss

Remaining 40 percent equity of Huidong Server held on date controlling rights loss re-calculated on appraisal value

## VII. Notes to Consolidated Financial Statement

With respect to the notes item (including Main item annotations of Financial Statements) disclosed below, unless otherwise specified, “year-beginning” refers to Jan. 1, 2013, “year-end” refers to Dec. 31, 2013.

### 1. Monetary fund

Item	Amount at year-end			Amount at year-begin		
	Amount of foreign currency	Exchange Rate	RMB	Amount	Exchange Rate	RMB
<b>Cash on hand:</b>						
-RMB	--	--	119,506.34	--	--	92,269.34
-HKD	82,656.91	0.7862	64,984.86	82,656.91	0.8108	67,018.22
-USD	995.22	6.0969	6,067.76	995.22	6.3329	6,255.46
-EUO	1,017.87	8.4189	8,569.35	1,017.87	8.3176	8,466.22

Notes to Financial Statement  
Ended as 31st December 2013

Item	Amount at year-end			Amount at year-begin		
	Amount of foreign currency	Exchange Rate	RMB	Amount of foreign currency	Exchange Rate	RMB
			Amount			Amount
<b>Bank savings:</b>						
-RMB	--	--	529,632,012.65	--	--	517,941,029.26
-HKD	750,264.79	0.7862	589,858.18	791,646.26	0.8108	641,868.52
-USD	1,069,383.85	6.0969	6,519,926.40	1,118,259.65	6.3329	7,081,863.75
-SGD	44,879.81	4.7845	214,727.45	68,879.81	5.0929	350,797.98
<b>Other monetary capital:</b>						
-RMB	--	--	5,895,170.62	--	--	657,919.99
-USD	657.04	6.0969	4,005.91	737.04	6.3329	4,632.67
<b>Total</b>			543,054,829.52			526,852,121.41

Note: among the above other monetary capital, there are 5,000,000.00 yuan guarantee draft margin included (on 31 December 2012: RMB 0).

## 2. Account receivable

(1) Account receivable classified according to types:

Type	Amount at year-end			
	Book Balance		Bad debt provision	
	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	100.000
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	876,368,547.41	99.50	0.00	0.00
Account receivable with individual minor amount but withdrawal bad debt provision independently	946,915.10	0.11	946,915.10	100.000
<b>Total</b>	880,790,075.57	100.00	4,421,528.16	0.50

(cont.)

Type	Amount at year-begin			
	Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	3,474,613.06	0.37	3,474,613.06	100.00

Notes to Financial Statement  
Ended as 31st December 2013

Type	Amount at year-begin			
	Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	924,997,868.15	99.52	0.00	0.00
Account receivable with individual minor amount but withdrawal bad debt provision independently	946,915.10	0.11	946,915.10	100.00
<b>Total</b>	<b>929,419,396.31</b>	<b>100.00</b>	<b>4,421,528.16</b>	<b>0.48</b>

(2) Age analysis of account receivable:

Item	Amount at year-end		Amount at year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1year	634,467,247.62	72.04	732,926,788.39	78.86
1 to 2years	241,719,175.93	27.44	191,973,192.00	20.66
2 to 3years	84,236.10	0.01	0.00	0.00
Over 3 years	4,519,415.92	0.51	4,519,415.92	0.48
<b>Total</b>	<b>880,790,075.57</b>	<b>100.00</b>	<b>929,419,396.31</b>	<b>100.00</b>

(3) Withdrawal of bad debt provision

① Account receivable with individual major amount and withdrawal bad debt provision independently

Content of account receivable	Balance of Book	Withdrawal amount of bad debt provision	Withdrawal proportion (%)	Reasons
Shenzhen Petrochemical Products Bonded Trading Co., Ltd.	3,474,613.06	3,474,613.06	100.00	Un-recover

② Account receivable with individual minor amount but withdrawal bad debt provision independently

Content of account receivable	Balance of Book	Withdrawal amount of bad debt provision	Withdrawal proportion (%)	Reasons
Account of engineering receivable	800,000.00	800,000.00	100.00	Un-recover for overdue
Amount of oil sales receivable	146,915.10	146,915.10	100.00	Un-recover for overdue
<b>Total</b>	<b>946,915.10</b>	<b>946,915.10</b>		

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

(5) Top 5 companies in account receivables

Name of the company	Relationship between the Company	Amount	Age	Proportion in total account receivable (%)
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Notes to Financial Statement

Ended as 31st December 2013

Name of the company	Relationship between the Company	Amount	Age	Proportion in total account receivable (%)
Bureau of Finance of Shenzhen Municipality	Government institution	537,872,800.00	Within 2 years	61.07
Bureau of Finance of Dongguan Municipality	Government institution	171,803,930.72	Within 1 year	19.51
Bureau of Finance of Zhongshan Municipality	Government institution	110,999,047.60	Within 1 year	12.60
Shenzhen Electricity Board Co., Ltd.	Non-related	23,081,694.31	Within 1 year	2.62
Shenzhen Water Bureau	Government institution	15,861,448.25	Within 1 year	1.80
<b>Total</b>		<b>859,618,920.88</b>		<b>97.60</b>

**3. Other account receivable**

(1) Other account receivable classified according to type:

Type	Amount at year-end			
	Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	20,341,666.46	30.66	20,341,666.46	100.00
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	41,555,301.46	62.62	0.00	0.00
Account receivable with individual minor amount but withdrawal bad debt provision independently	4,460,450.11	6.72	3,824,483.31	85.74
<b>Total</b>	<b>66,357,418.03</b>	<b>100.00</b>	<b>24,166,149.77</b>	<b>36.42</b>

(cont.)

Type	Amount at year-begin			
	Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	26,237,404.46	56.48	26,237,404.46	100.00
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	13,789,237.22	29.69	0.00	0.00
Account receivable with individual minor amount but withdrawal bad debt provision independently	6,425,107.45	13.83	3,916,461.45	60.96
<b>Total</b>	<b>46,451,749.13</b>	<b>100.00</b>	<b>30,153,865.91</b>	<b>64.91</b>

(2) Other account receivable classified according to age:

Notes to Financial Statement  
Ended as 31st December 2013

Item	Amount at year-end		Amount at year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	31,353,466.20	47.25	3,233,107.11	6.96
1 to 2 years	307,173.95	0.46	68,724.24	0.15
2 to 3 years	23,886.75	0.04	11,133,553.51	23.97
Over 3 years	34,672,891.13	52.25	32,016,364.27	68.92
<b>Total</b>	<b>66,357,418.03</b>	<b>100.00</b>	<b>46,451,749.13</b>	<b>100.00</b>

(3) Withdrawal of bad debt provision

① other account receivable with individual major amount and withdrawal bad debt provision independently

Content of other account receivable	Book balance	Withdrawal amount of bad debt provision	Withdrawal proportion (%)	Reasons
Huiyang County Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00	Unrecover
Shandong Jinan Power Equipment Factory	3,560,000.00	3,560,000.00	100.00	Unrecover
Individual income tax	2,470,039.76	2,470,039.76	100.00	Unrecover
<b>Total</b>	<b>20,341,666.46</b>	<b>20,341,666.46</b>	<b>100.00</b>	

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

Content of other account receivable	Book balance	Withdrawal amount of bad debt provision	Withdrawal proportion (%)	Reasons
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31	Unrecover for those which was overdue
Deposit receivable	1,312,974.95	1,312,974.95	100.00	Unrecover for those which was overdue
Bureau of Finance of Zhongshan Municipality	219,192.00	21,919.20	10.00	Unrecover for those which was overdue
Administrative Office of Nanshan District Shenzhen	50,000.00	5,000.00	10.00	Unrecover for those which was overdue
GE Company	35,000.00	7,000.00	20.00	Unrecover for those which was overdue
Other	759,585.00	741,585.00	97.63	Unrecover for those which was overdue
<b>Total</b>	<b>4,460,450.11</b>	<b>3,824,483.31</b>	<b>85.74</b>	

(4) Other large receivable verified actually in this period

Name	Nature of other receivable	Verified amount	Reasons	Arising from related transactions or not
Nanshan District Investment Management Company	Loans	5,895,738.00	Unrecover	No

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

Notes to Financial Statement

Ended as 31st December 2013

(6) Account receivable from related parties found in 6. Account receivable from related party in Note VIII.

(7) Top 5 companies in other account receivable

Name of the company	Relationship between the Group	Amount	Duration	Proportion in total other account receivable (%)
Huidong Server	Related party	14,660,361.44	Over 3 years	22.09
Huiyang Kangtai Industrial Co.,	Non-related party	14,311,626.70	Over 3 years	21.57
Managed account of Huidong Server (note)	Related party	12,500,000.00	Within 1 year	18.84
Shenzhen Dapeng LNG Sales Co., Ltd	Non-related party	10,032,000.00	Over 3 years	15.12
JINAN POWER EQUIPMENT FACTORY	Non-related party	3,560,000.00	Over 3 years	5.36
<b>Total</b>		<b>55,063,988.14</b>		<b>82.98</b>

Note: in order to solve the issue left over by history for Huidong Server, Shenzhen Server saving RMB 12,500,000.00 to the managed account for guarantee, found more in 24. Accrual liability in Note VII

**4. Account paid in advance**

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

Age	Amount at year-end		Amount at year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	10,842,745.79	98.56	11,952,501.89	98.51
1to 2years	0.00	0.00	1,200.00	0.01
2to 3years	0.00	0.00	0.00	0.00
Over 3 years	158,089.18	1.44	179,036.19	1.48
<b>Total</b>	<b>11,000,834.97</b>	<b>100.00</b>	<b>12,132,738.08</b>	<b>100.00</b>

(2) Account paid in advance to main units

RMB 10,716,686.48 Natural gas purchasing amount paid in advance to Guangdong Trade Branch of CNOOC Gas & Power Group

(3) No shareholders' unit with over 5% (including 5% voting rights of the Company held in account paid in advance in Period

**5. Inventory**

(1)Classification of inventory

Item	Amount at year-end		
	Book balance	Depreciation provision	Book value
Fuels	9,504,975.68	6,882,792.16	2,622,183.52
Raw materials	140,213,301.50	40,232,692.88	99,980,608.62
Land Space Needed to Development (Note)	1,231,814,926.01	45,603,631.85	1,186,211,294.16

Notes to Financial Statement  
Ended as 31st December 2013

Item	Amount at year-end		
	Book balance	Depreciation provision	Book value
<b>Total</b>	1,381,533,203.19	92,719,116.89	1,288,814,086.30

(cont.)

Item	Amount at year-begin		
	Book balance	Depreciation provision	Book value
Fuels	19,011,323.33	11,309,580.52	7,701,742.81
Raw materials	132,249,746.68	29,473,360.35	102,776,386.33
Land Space Needed to Development (Note)	1,155,612,027.22	45,603,631.85	1,110,008,395.37
<b>Total</b>	1,306,873,097.23	86,386,572.72	1,220,486,524.51

Note: 1) The land cost for development of Shenzhong Development Co., and Shenzhong Property Investment.

2) In the balance of land space needed to development at period-end, the capitalizing loan expenses amounting to RMB 168,902,319.91 (as at 31 December 2012: RMB 168,902,319.91). The capitalizing loan expense of this year was 0 yuan.

(2) Changes of inventory falling price reserves

Item	Aoumt at period-begin	Accrual in this year	Decreased in this year		Amount at period-end
			Switch back	Write-off	
Fuels	11,309,580.52	562,681.28	0.00	4,989,469.64	6,882,792.16
Raw materials	29,473,360.35	11,703,183.11	0.00	943,850.58	40,232,692.88
Land Space Needed to Development	45,603,631.85	0.00	0.00	0.00	45,603,631.85
<b>Total</b>	86,386,572.72	12,265,864.39	0.00	5,933,320.22	92,719,116.89

(3) Inventory falling price reserves and reasons of switch back

Item	Basis for accrual of inventory falling price reserves	Reasons of switch back the reserves for inventory falling price	Amount switch back in inventory of balance at year-end
Fuels	Cost higher the net realizable value	Not applicable	Not applicable
Raw materials	Cost higher the net realizable value	Not applicable	Not applicable
Land Space Needed to Development	Cost higher the net realizable value	Not applicable	Not applicable

## 6. Other current assets

Item	Amount at year-end	Amount at year-begin
VAT input tax deductible	565,589,166.99	606,661,855.88

## 7. Long-term equity investment

(1) Category of long-term equity investment

Item	Opening amount	Increased	Decreased	Closing amount
Investment to affiliated company	0.00	26,366,000.00	0.00	26,366,000.00

Notes to Financial Statement  
Ended as 31st December 2013

Item	Opening amount	Increased	Decreased	Closing amount
Other equity investment	51,815,000.00	8,000,000.00	0.00	59,815,000.00
Less: impairment of long-term equity investment	2,500,000.00	0.00	0.00	2,500,000.00
<b>Total</b>	<b>49,315,000.00</b>	<b>34,366,000.00</b>	<b>0.00</b>	<b>83,681,000.00</b>

(2) Details of long-term equity investment

Invested company	Calculation method	Investment cost	Amount at year-begin	Increase/decrease (+,-)	Amount at year-end
Shenzhen Petro-Chemical Bonded-Trade Co., Ltd. (Petrol-Chemical Bonded Company)	Cost method	2,500,000.00	2,500,000.00	0.00	2,500,000.00
CPI Jiangxi Nuclear Power Co., Ltd. ("Jiangxi Nuclear Power Co")	Cost method	57,315,000.00	49,315,000.00	8,000,000.00	57,315,000.00
Huidong Server	Equity method	3,126,000.40	0.00	26,366,000.00	26,366,000.00
<b>Total</b>		<b>62,941,000.40</b>	<b>51,815,000.00</b>	<b>34,366,000.00</b>	<b>86,181,000.00</b>

Note: up to 31 December 2013, equity of Huidong Server, 20% were pledge to Jiahua Building Products (Shenzhen) Co., Ltd. with term of 2 years, found more in 24. Accrual liability in Note VII

(cont.)

Invested company	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 accruing of this year	Cash bonus this year
Shenzhen Petro-Chemical Bonded-Trade Co., Ltd. (Petrol-Chemical Bonded Company)	4.00	4.00	Not applicable	2,500,000.00	0.00	0.00
CPI Jiangxi Nuclear Power Co., Ltd. ("Jiangxi Nuclear Power Co")	5.00	5.00	Not applicable	0.00	0.00	0.00
Huidong Server	40.00	40.00	Not applicable	0.00	0.00	0.00
<b>Total</b>				<b>2,500,000.00</b>	<b>0.00</b>	<b>0.00</b>

Notes to Financial Statement  
Ended as 31st December 2013

(3) affiliated company

Invested company	Type	Registration place	Legal Rep.	Business nature	Register capital	Ratio of equity held by the Company (%)	Ratio of voting rights in invested company (%)
Huidong Server	LLC	Huizhou City	Chen Haibo	Wharf operation	8,620,000.00	40.00	40.00

(Cont.)

Invested company	Total assets at year-end	Total liabilities at year-end	Total net assets at year-end	Total operation revenue	Net profit	Relationship	Organization code
Huidong Server	3,684,783.94	37,506,568.75	-33,821,784.81	3,274,967.70	2,519,902.30	Affiliated company	61791841-x

(4) Details of impairment of long-term equity investment

Item	Amount at year-begin	Increased this year	Decreased this year	Amount at year-end
Other long-term equity investment				
Shenzhen Petro-Chemical				
Bonded-Trade Co., Ltd.				
(Petrol-Chemical Bonded Company),	2,500,000.00	0.00	0.00	2,500,000.00

## 8. Investment real estate

Item	Amount at year-begin	Increased this year	Decreased this year	Amount at year-end
I. Total original book value	9,708,014.96	0.00	0.00	9,708,014.96
House, buildings	9,708,014.96	0.00	0.00	9,708,014.96
II. Total accumulated depreciation and accumulated amortization	5,278,655.41	442,685.52	0.00	5,721,340.93
House, buildings	5,278,655.41	442,685.52	0.00	5,721,340.93
IV. Total depreciation provision	0.00	0.00	0.00	0.00
House, buildings	0.00	0.00	0.00	0.00
V. Total book value	4,429,359.55			3,986,674.03
House, buildings	4,429,359.55			3,986,674.03

Note: depreciation 442,685.52 yuan was accrual in this year

## 9. Fixed assets

(1) Change of fixed assets

Item	Amount at year-begin	Increased this year	Decreased this year	Amount at year-end

Notes to Financial Statement  
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Item	Amount at year-begin	Increased this year	Decreased this year	Amount at year-end
I. Total original book value	4,460,676,793.82	10,322,407.86	41,224,231.15	4,429,774,970.53
Including: House and buildings	487,362,075.06	548,499.73	33,655,008.96	454,255,565.83
Machinery equipment	3,891,124,142.78	8,130,030.44	113,216.22	3,899,140,957.00
Transportation tools	32,315,202.62	775,036.00	3,987,868.00	29,102,370.62
Other equipment	49,875,373.36	868,841.69	3,468,137.97	47,276,077.08
II. Accumulated depreciation		Increased this year	Accrual in the Year	
Total accumulated depreciation	2,366,659,316.35	0.00	137,604,292.31	17,642,339.07
Including: House and buildings	215,311,700.79	0.00	20,288,435.51	11,245,129.37
Machinery equipment	2,083,126,964.02	0.00	114,891,867.50	22,657.00
Transportation tools	27,956,560.40	0.00	931,093.17	3,447,011.16
Other equipment	40,264,091.14	0.00	1,492,896.13	2,927,541.54
III. Total net book value	2,094,017,477.47			1,943,153,700.94
Including: House and buildings	272,050,374.27			229,900,558.90
Machinery equipment	1,807,997,178.76			1,701,144,782.48
Transportation tools	4,358,642.22			3,661,728.21
Other equipment	9,611,282.22			8,446,631.35
IV. Total impairment provision	53,917,272.66	19,799,521.89	22,880,025.66	50,836,768.89
Including: House and buildings	23,291,844.37	15,901,752.06	22,409,879.59	16,783,716.84
Machinery equipment	30,402,332.28	3,554,508.46	90,559.22	33,866,281.52
Transportation tools	81,846.84	108,454.51	126,024.67	64,276.68
Other equipment	141,249.17	234,806.86	253,562.18	122,493.85
V. Total book value	2,040,100,204.81			1,892,316,932.05
Including: House and buildings	248,758,529.90			213,116,842.06
Machinery equipment	1,777,594,846.48			1,667,278,500.96
Transportation tools	4,276,795.38			3,597,451.53

Notes to Financial Statement  
Ended as 31st December 2013

Item	Amount at year-begin	Increased this year	Decreased this year	Amount at year-end
Other equipment	9,470,033.05			8,324,137.50

Note: Deprecation amount in the Year as RMB 137,604,292.31. The original value transfer to fixed assets from construction in process was RMB 6,308,736.77.

(2) Idle fixed assets temporary

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
Including: Houses and buildings	35,163,876.14	13,160,492.73	5,501,734.55	16,501,648.86	Wharf, processing workshop of heavy oil
Machinery equipment	635,796,501.67	531,920,573.85	33,695,956.08	70,179,971.74	Processing equipment of heavy oil and generation unit
<b>Total</b>	<b>670,960,377.81</b>	<b>545,081,066.58</b>	<b>39,197,690.63</b>	<b>86,681,620.60</b>	

(3) Fixed assets without property license obtained

Item	Reasons	Property license obtained date estimated	Book value
Turbine building and annex building	Procedures uncompleted	Not clear	15,828,214.57
Plant's ventilating system	Procedures uncompleted	Not clear	822,550.87
Office building	Procedures uncompleted	Not clear	7,759,934.16
Comprehensive building	Procedures uncompleted	Not clear	1,757,236.40
Draft cooling tower	Procedures uncompleted	Not clear	5,085,520.58
Chemical water workshop and foundation of water tank	Procedures uncompleted	Not clear	2,416,989.25
Industrypool and industry pump house	Procedures uncompleted	Not clear	1,060,770.24
Start-up boiler house	Procedures uncompleted	Not clear	177,246.37
Oil treatment room and oil un-loading platform	Procedures uncompleted	Not clear	883,339.54
Booster station	Procedures uncompleted	Not clear	6,825,151.88
Steam turbine workshop	Procedures uncompleted	Not clear	2,592,262.60
Chemical water tower	Procedures uncompleted	Not clear	4,292,159.86
Treatment shop for heavy oil	Procedures uncompleted	Not clear	835,887.89
Start-up boiler house	Procedures uncompleted	Not clear	187,824.91
Fire pump room	Procedures uncompleted	Not clear	436,430.73

Notes to Financial Statement  
Ended as 31st December 2013

Circulating water pump house	Procedures uncompleted	Not clear	2,748,483.98
Comprehensive building	Procedures uncompleted	Not clear	4,525,331.39
Production and inspection building	Procedures uncompleted	Not clear	7,094,246.13
Administrative building	Procedures uncompleted	Not clear	7,294,047.49
Mail room of the main entrance	Procedures uncompleted	Not clear	295,645.61
<b>Total</b>			72,919,274.45

**10. Construction in process**

(1) Particulars about construction in process:

Item	Amount at period-end			Amount at period-begin		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Oil to Gas Works	41,245,625.24	14,815,695.82	26,429,929.42	39,147,235.65	14,815,695.82	24,331,539.83
Heat and power projects of recycling economy	9,327,821.98	0.00	9,327,821.98	9,658,977.88	0.00	9,658,977.88
Cogeneration of heat and electricity Project	10,659,864.11	0.00	10,659,864.11	9,822,910.01	0.00	9,822,910.01
Sludge drying project	1,528,014.00	0.00	1,528,014.00	521,164.00	0.00	521,164.00
Others	746,812.30	0.00	746,812.30	3,068,973.26	226,400.00	2,842,573.26
<b>Total</b>	63,508,137.63	14,815,695.82	48,692,441.81	62,219,260.80	15,042,095.82	47,177,164.98

(2) Changes of significant projects in construction

Projects	Budget	Amount at year-begin	at Increase of this year	Transferred fixed assets in this year	Other decrease	Amount at year-end
Oil to Gas Works	74,400,000.00	39,147,235.65	2,894,207.97	795,818.38	0.00	41,245,625.24
Heat and power projects of recycling economy	30,000,000.00	9,658,977.88	0.00	0.00	331,155.90	9,327,821.98
Cogeneration of heat and electricity Project		9,822,910.01	836,954.10	0.00	0.00	10,659,864.11
Sludge drying project		521,164.00	2,976,014.00	1,969,164.00	0.00	1,528,014.00
Others		3,068,973.26	1,865,260.12	3,543,754.39	643,666.69	746,812.30
<b>Total</b>	104,400,000.00	62,219,260.80	8,572,436.19	6,308,736.77	974,822.59	63,508,137.63

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Ended as 31st December 2013

(cont.)

Projects	Accumulative amount of capitalization of interest	Including: capitalization interest	Rate of interest capitalization (%)	of	Proportion of project investment in budget (%)	of Project progress	Capital resources
Oil to Gas Works	0.00	0.00	0.00		55.44	55.44	Self-raised
Heat and power projects of recycling economy	0.00	0.00	0.00		31.09	31.09	Self-raised
Cogeneration of heat and electricity Project	862,167.64	0.00	0.00		--	--	Self-raised and borrowing
Sludge drying project	0.00	0.00	0.00		--	--	Self-raised
Others	0.00	0.00	0.00		--	--	Self-raised
<b>Total</b>	<b>862,167.64</b>	<b>0.00</b>	<b>0.00</b>				

(3) Depreciation reserves of construction in progress

Item	Amount at year-begin	Increase of this year	Decrease of this year	Amount at year-end	Reasons of accrual
Oil to Gas Works	14,815,695.82	0.00	0.00	14,815,695.82	In idle condition
Wharf transformation	226,400.00	0.00	226,400.00	0.00	
<b>Total</b>	<b>15,042,095.82</b>	<b>0.00</b>	<b>226,400.00</b>	<b>14,815,695.82</b>	

(4) Idle construction in progress temporary

Item	Amount at year-end			Amount at year-begin		
	Book balance	Depreciation reserve	Net book value	Book balance	Depreciation reserve	Net book value
Oil to Gas Works (Note)	41,245,625.24	14,815,695.82	26,429,929.42	39,147,235.65	14,815,695.82	24,331,539.83

Note: being approved by 26<sup>th</sup> meeting of 5<sup>th</sup> session of the Board, the circulation unit 7# and 9# have been closed for oil to gas work

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Ended as 31st December 2013

**11. Intangible assets**

Item	Amount at year-begin	Increase of this year	Decrease of this year	Amount at year-end
I. Total book original value	100,768,678.72	102,589.53	6,316,616.11	94,554,652.14
Including: land use right	97,570,241.38	0.00	6,316,616.11	91,253,625.27
Software	3,198,437.34	102,589.53	0.00	3,301,026.87
II. Total accumulated amortization	33,182,100.66	3,649,491.90	1,201,552.40	35,630,040.16
Including: land use right	32,222,089.46	2,309,461.70	1,201,552.40	33,329,998.76
Software	960,011.20	1,340,030.20	0.00	2,300,041.40
III. Total accumulated impairment provision	5,115,063.71	0.00	5,115,063.71	0.00
Including: land use right	5,115,063.71	0.00	5,115,063.71	0.00
Software	0.00	0.00	0.00	0.00
V. Total book value	62,471,514.35			58,924,611.98
Including: land use right	60,233,088.21			57,923,626.51
Software	2,238,426.14			1,000,985.47

Note1: assets amortized RMB3,649,491.90 in this year

Note 3: ended as 31 December 2013, property license of book value of land use right for the Group amounting as RMB 579,237.33 (on 31 December 2012: RMB 593,111.28)

**12. Long-term expense to be amortized**

Item	Amount at year-begin	Increase amount of this year	Amortization amount of this year	Other decreased amount	Amount at year-end	Reasons for other decrease
Improvements expenses of fixed assets from operating lease	45,822.68	0.00	45,822.68	0.00	0.00	Not applicable

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**13. Deferred income tax assets/ Deferred income tax liabilities**

(1) Deferred income tax assets and deferred income tax liabilities confirmed

① Deferred income tax assets confirmed

Item	Amount at year-end		Amount at year-begin	
	Deferred income tax assets	Deductable temporary difference and deductible losses	Deferred income tax assets	Deductable temporary difference and deductible losses
Deferred income tax assets:				
Provision for bad debts of accounts receivable	1,105,382.04	4,421,528.16	1,105,382.04	4,421,528.16
Other provision for bad debts of accounts receivable	185,396.25	741,585.00	185,396.25	741,585.00
Staff salary payable	729,101.00	2,916,404.00	728,465.50	2,913,862.00
Provision for devaluation of long-term equity investment	625,000.00	2,500,000.00	625,000.00	2,500,000.00
Other	143,914.82	575,659.27	138,303.09	553,212.37
<b>Total</b>	<b>2,788,794.11</b>	<b>11,155,176.43</b>	<b>2,782,546.88</b>	<b>11,130,187.53</b>

(2) Unconfirmed deferred income tax assets

Item	Amount at year-end	Amount at year-begin
Deductable temporary difference	257,152,326.02	258,661,445.72
Deductable losses	376,710,869.45	622,946,190.19
<b>Total</b>	<b>633,863,195.47</b>	<b>881,607,635.91</b>

(3) The deductible losses of unrealized deferred income tax assets will expire in the following year

Year	Amount at year-end	Amount at year-begin
2013	0.00	67,574,712.81
2014	20,807,915.25	106,325,984.58
2015	147,447,640.64	170,621,712.27
2016	61,381,414.19	84,236,145.47
2017	111,189,030.49	194,187,635.06

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Year	Amount at year-end	Amount at year-begin
2018	35,884,868.88	0.00
<b>Total</b>	<b>376,710,869.45</b>	<b>622,946,190.19</b>

**14. Details of assets depreciation reserves**

Item	Amount at year-begin	Provision this year	Decrease this year		Amount at year-end
			Carry-back	Write-off/write-out	
I. Bad debt provision	34,575,394.07	117,548.28	209,526.42	5,895,738.00	28,587,677.93
II. Provision for inventory	86,386,572.72	12,265,864.39	0.00	5,933,320.22	92,719,116.89
III. Impairment for long-term equity investment	2,500,000.00	0.00	0.00	0.00	2,500,000.00
IV. Impairment for fixed assets	53,917,272.66	19,799,521.89	0.00	22,880,025.66	50,836,768.89
V. Impairment for construction in progress	15,042,095.82	0.00	0.00	226,400.00	14,815,695.82
VI. Impairment for intangible assets	5,115,063.71	0.00	0.00	5,115,063.71	0.00
<b>Total</b>	<b>197,536,398.98</b>	<b>32,182,934.56</b>	<b>209,526.42</b>	<b>40,050,547.59</b>	<b>189,459,259.53</b>

**15. Other non-current assets**

Item	Amount at year-end	Amount at year-begin
Project of LNG (Note)	22,882,181.78	22,309,256.78
Account of projects paid in advance	0.00	7,868.70
<b>Total</b>	<b>22,882,181.78</b>	<b>22,317,125.48</b>

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”.

**16. Short-term loans**

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Item	Amount at year-end	Amount at year-begin
Guarantee loans	969,961,917.89	1,181,361,552.86
Credit loans	2,029,000,000.00	2,029,000,000.00
<b>Total</b>	<b>2,998,961,917.89</b>	<b>3,210,361,552.86</b>

Note: loan guarantee RMB 969,961,917.89 was provided by the Company for every subsidiary.

**17. Note payable**

Classification	Amount at year-end	Amount at year-begin
Bank acceptance	50,000,000.00	29,670,000.00

Note: Amount due at next accounting period amounting as RMB 50,000,000.00.

**18. Account payable**

(1) Details of account payable:

Item	Amount at year-end	Amount at year-begin
natural gas	73,471,998.03	61,710,032.07
materials	3,378,921.66	7,490,094.27
electricity	1,046,970.91	358,044.06
designe charge	0.00	1,000,000.00
other	273,218.94	412,279.51
<b>Total</b>	<b>78,171,109.54</b>	<b>70,970,449.91</b>

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

(3) No major account payable with over one year account age at end of the Period

(4) Top five clients in account payable

Name	Relationship	Amount	Year	Ratio in

Notes to Financial Statement  
Ended as 31st December 2013

				total accoun t payabl e (%)
Guangdong Trade Branch of CNOOC Gas & Power Group	Non-related party	59,627,486.12	Within 1 year	76.28
Guangdong Guoyu Energy Co., Ltd.	Non-related party	12,407,858.80	Within 1 year	15.87
Zhanjiang Hengyuan Transport Co., Ltd	Non-related party	1,203,488.00	Within 1 year	1.54
Shenzhen Bikexin Industrial Co., Ltd.	Non-related party	819,401.70	Within 1 year	1.05
Shenzhen Power Bureau of Guangdong Power Grid	Non-related party	763,964.94	Within 1 year	0.98
<b>Total</b>		<b>74,822,199.56</b>		<b>95.72</b>

**19. Account received in advance**

(1) Details of account received in advance:

Item	Amount at year-end	Amount at year-begin
Transfer amount for unit capacity received in advance	0.00	14,586,000.00
Account received in advance	512,402.70	0.00
<b>Total</b>	<b>512,402.70</b>	<b>14,586,000.00</b>

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

**20. Wages payable**

Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end

Notes to Financial Statement  
Ended as 31st December 2013

Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end
I. wages, bonuses, allowances and subsidies	27,236,720.68	105,135,661.44	95,391,314.68	36,981,067.44
II. Welfare for employee	0.00	1,655,917.29	1,655,917.29	0.00
III. Social insurance	756,778.01	13,292,724.99	13,318,443.74	731,059.26
Including: 1. Medical insurance	147,184.88	3,926,478.21	3,940,904.18	132,758.91
2. Endowment insurance	462,756.49	8,679,228.32	8,704,816.98	437,167.83
3. Unemployment insurance	49,259.22	249,352.02	252,649.85	45,961.39
4. Work injury insurance	94,509.59	405,271.01	390,140.76	109,639.84
5. Maternity insurance	3,067.83	32,395.43	29,931.97	5,531.29
IV. Housing provident fund	586,773.82	6,335,456.46	6,370,874.86	551,355.42
V. Union funds and staff education expenses	1,473,688.63	2,237,003.38	2,102,697.98	1,607,994.03
VI. Non-monetary welfare	14,516.89	0.00	0.00	14,516.89
VII. Compensation for labor contract termination	0.00	302,182.46	0.00	302,182.46
VIII. Enterprise annuities	5,339,930.39	0.00	2,423,417.39	2,916,513.00
IX. Other	22,923.83	626,036.36	391,970.96	256,989.23
<b>Total</b>	<b>35,431,332.25</b>	<b>129,584,982.38</b>	<b>121,654,636.90</b>	<b>43,361,677.73</b>

Note: There is no fund in arrears in salaries payable to staff.

**21. Taxes payable**

Item	Amount at year-end	Amount at year-begin
VAT	27,275.63	167,735.99
Business tax	1,859,727.55	2,143,160.85

Notes to Financial Statement  
Ended as 31st December 2013

Item	Amount at year-end	Amount at year-begin
Enterprise income tax	14,803,610.02	-5,346,413.09
Individual income tax	1,661,719.64	2,202,475.60
Land-use tax of town	1,588,507.01	1,128,785.75
Real estate tax	2,521,674.86	2,247,122.42
Others	219,728.85	418,572.85
<b>Total</b>	<b>22,682,243.56</b>	<b>2,961,440.37</b>

**22. Interest payable**

Item	Amount at year-end	Amount at year-begin
Long-term loan interest of installment and interest charges	10,816.67	28,200.00
Interest payable of short-term loan	98,764,229.13	86,204,275.82
<b>Total</b>	<b>98,775,045.80</b>	<b>86,232,475.82</b>

Note: interest payable in short-term loans including RMB 67,685,090.69 payable to related party Zhongshan Xingzhong Group Co., Ltd. (Xingzhong Group)

**23. Other account payable**

(1) Details of other account payable

Item	Amount at year-end	Amount at year-begin
Loan (note 1)	206,473,308.65	242,808,006.95
Project expense	17,303,421.18	18,216,071.74
Temporary option contract amount (note 2)	12,848,310.64	13,250,331.05
Quality guarantee deposits	8,463,062.13	10,816,154.88
Housing reform fund	2,118,785.58	1,202,934.95
Land use right charge	1,027,616.63	1,014,930.00
Fund of the Board	575,659.27	1,089,168.75
Other	15,023,738.58	14,630,130.99

Notes to Financial Statement  
Ended as 31st December 2013

Item	Amount at year-end	Amount at year-begin
<b>Total</b>	263,833,902.66	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 and represented the amounts borrowed by Shenzhong Development Company from the Treasury bureau of Zhongshan city.

Note2: more details found in Note (IX) "Contingency"

(2) There are no unit conditions of shareholders with 5% (including 5%) or more of the voting shares in the Group in the report period.

(3) Account payable to relatd parties found more in 6. Account payable/receivable from/to related parties in

Note VIII

(4) Other account payable of more than one year is of RMB 251,337,410.03 (December 31, 2012: RMB 249,051,475.88), which is mainly the money borrowed by Shenzhong Development Company from Xingzhong Group and Zhongshan Financial Bureau.

**24. Accrued liabilities**

Item	Opening amount	Increased	Decreased	Closing amount
Guarantee offering outside	0.00	27,500,000.00	0.00	27,500,000.00

On 29 November 2013, Shenzhen Server and Jiahua Building Products (Shenzhen) Co., Ltd. (Jiahua Building) signed a supplementary term aiming at equity transfer over equity attribution and division of Yapoqiao Dock, which belongs to Shenzhen Server, Huidong Server, and Huidong Nanshan Town Government as well as its subordinate Nanshan Group. In order to solve this remaining historic problem, Shenzhen Server saved RMB 12,500,000.00 in condominium deposit account as guarantee. In addition, Server pledged its 20% of equity holding from Huidong Server to Jiahua Architecture with pledge duration of 2 years. The amount of collateral on loans could not exceed RMB 15,000,000.00. As of December 31, 2013, the group is forecast to lose RMB 27,500,000.00 concerning this matter.

**25. Long-term loans**

Item	Amount at year-end	Amount at year-begin
Guarantee loan	6,000,000.00	16,000,000.00

Note: the loans guanrantee provided to Environment Protection Co., by the Company, RMB 6,000,000.00.

**26. Other non-current liability**

Item	Content	Amount at year-end	Amount at year-begin
Deferred income	Government subsidy with assets concerned	50,713,516.50	44,015,465.64

Details of deferred incomes:

Notes to Financial Statement  
Ended as 31st December 2013

Items	Opening balance	Subsidies increased	Amount reckoned in non-operation revenue	Other changes	Closing balance	Assets related/income related
Treasury subsidies for sludge drying	4,611,250.00	0.00	255,000.00	0.00	4,356,250.00	Assets related
Support fund of recycling economy for sludge drying	1,651,041.62	10,000,000.00	317,750.55	0.00	11,333,291.07	Assets related
Subsidy for project of low-nitrogen transformation for welcoming the Universiade (Note)	35,755,787.59	0.00	2,553,984.84	0.00	33,201,802.75	Assets related
Support fund of enterprise informationalization	514,901.96	0.00	61,176.48	0.00	453,725.48	Assets related
Subsidy for energy-saving technology reform	1,482,484.47	0.00	114,037.27	0.00	1,368,447.20	Assets related
<b>Total</b>	<b>44,015,465.64</b>	<b>10,000,000.00</b>	<b>3,301,949.14</b>	<b>0.00</b>	<b>50,713,516.50</b>	

**27. Share capital**

Item	Changes in this year(+ -)						Amount at year-end	
	Amount at year-begin	New shares issued	Bonus shares	Capitalizing from reserves	Other	Subtotal	Amount	Ratio
Amount	Ratio						Amount	Ratio
<b>I. Restricted shares</b>								
1.state-owned shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. shares held by state-owned companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. shares held by other domestic	18,263.00	0.00	0.00	0.00	0.00	0.00	18,263.00	0.00

Notes to Financial Statement  
Ended as 31st December 2013

Item	Amount at year-begin		Changes in this year(+ -)					Amount at year-end	
	Amount	Ratio o	New shar es issue d	Bon us shar es	Capitalizi ng from reserves	Oth er	Subto tal	Amount	Ratio o
investors		3							3
4. shares held by foreign investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
total restricted shaers	18,263.00	0.00	0.00	0.00	0.00	0.00	0.00	18,263.00	0.00
<b>II. Unrestricted shares</b>									
. RMB common shares	338,894,012 .00	56.2 23	0.00	0.00	0.00	0.00	0.00	338,894,012 .00	56.2 23
. Domestically listed foreign shares	263,850,321 .00	43.7 74	0.00	0.00	0.00	0.00	0.00	263,850,321 .00	43.7 74
. Overseas listed foreign shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
.other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
total unrestricted shaers	602,744,333 .00	99.9 97	0.00	0.00	0.00	0.00	0.00	602,744,333 .00	99.9 97
<b>III. Total shares</b>	<b>602,762,596 .00</b>	<b>100. 00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>602,762,596 .00</b>	<b>100. 00</b>

**28. Capital reserve**

Item	Amount at year-begin	Increase in the year	Decrease in the year	Amount at year-end
Capital premium	233,998,444.00	0.00	963,004.38	233,035,439.6 2
Including: investors' capital	215,487,650.42	0.00	0.00	215,487,650.4 2
Balance caused by the acquisition of	18,510,793.58	0.00	963,004.38	17,547,789.20

Notes to Financial Statement  
Ended as 31st December 2013

Item	Amount at year-begin	Increase in the year	Decrease in the year	Amount at year-end
minority interests				
Other capital surplus	129,635,002.84	0.00	0.00	129,635,002.84
Including: capital surplus transferred from original system	129,631,483.51	0.00	0.00	129,631,483.51
<b>Total</b>	<b>363,633,446.84</b>	<b>0.00</b>	<b>963,004.38</b>	<b>362,670,442.46</b>

Note: capital reserve RMB 3,373,708.13 decreased during the acquisition of minority shareholders' equity in the period, RMB 2,410,703.75 capital reserve increased while adjusted minority shareholders' equity owned by related parties

**29. Reserve surplus**

Item	Amount at year-begin	Increase in the year	Decrease in the year	Amount at year-end
legal surplus reserve	310,158,957.87	0.00	0.00	310,158,957.87
Discretionary surplus reserve	22,749,439.73	0.00	0.00	22,749,439.73
<b>Total</b>	<b>332,908,397.60</b>	<b>0.00</b>	<b>0.00</b>	<b>332,908,397.60</b>

Note: As required by the Company Law of the PRC and the Articles of Association, the Group shall allocate 10 per cent of the profit after taxation to the statutory common reserve fund. It needs not allocate further amount if the accumulated amount of the statutory common reserve fund has reached over 50 per cent of registered capital.

Allocation to the discretionary common reserve fund shall be made after the allocation to statutory common reserve fund is made. The Company may, upon approval, use the discretionary common reserve fund to make up the loss for the previous year or increase share capital.

**30. Retained profit**

Notes to Financial Statement  
Ended as 31st December 2013

Item	Amount in this year	Amount in last year	Ratio of withdra wal or allocatio n
Retained profit of last year before adjusted	249,614,987 .36	454,070,630. 72	
Total adjusted amount for retained profit at year beginning (increased as +, decreased as -)	0.00	0.00	
Retained profit at beginning of the year after adjusted	249,614,987 .36	454,070,630. 72	
Add: net profit attributable to shareholders of parent company	53,099,116. 45	-204,455,643 .36	
Cover the deficit from surplus reserves	0.00	0.00	
Other transferred-in	0.00	0.00	
Less: withdrawal of statutory surplus reserve	0.00	0.00	
Withdrawal other common accumulation fund	0.00	0.00	
Common Stock dividend payable	0.00	0.00	
Dividend of common shares transfer as share capital	0.00	0.00	
Retained profit at period-end	302,714,103 .81	249,614,987. 36	

**31. Operating income, operating cost**

(1) Operating income

Item	Amount in this year	Amount at last year
Main business income	1,104,265,747.93	1,264,057,768.49
Other business income	6,162,002.21	1,387,999.80
<b>Total business income</b>	<b>1,110,427,750.14</b>	<b>1,265,445,768.29</b>
Main business cost	1,608,772,345.17	2,083,570,743.82

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Ended as 31st December 2013

Item	Amount in this year	Amount at last year
Other business cost	4,433,615.16	3,694,026.40
<b>Total business cost</b>	<b>1,613,205,960.33</b>	<b>2,087,264,770.22</b>

(2) Main business (by industries)

Industry	Amount in this year		Amount at last year	
	Operating income	Operating cost	Operating income	Operating cost
Energy Industry	1,042,794,552.81	1,568,213,728.67	1,211,995,839.00	2,051,647,473.35
Engineering labors and services	8,023,296.00	6,551,646.35	12,160,000.00	11,111,944.29
Other income	53,447,899.12	34,006,970.15	39,901,929.49	20,811,326.18
<b>Total</b>	<b>1,104,265,747.93</b>	<b>1,608,772,345.17</b>	<b>1,264,057,768.49</b>	<b>2,083,570,743.82</b>

(3) Main business (by products)

Products	Amount in this year		Amount at last year	
	Operating income	Operating cost	Operating income	Operating cost
Electricity sales	1,041,714,268.41	1,567,795,841.52	1,199,787,354.02	2,034,241,697.87
Heat sales	1,080,284.40	417,887.15	4,683,808.67	10,613,093.88
Sale of fuel oil	0.00	0.00	7,524,676.31	6,792,681.60
Engineering labors and services	8,023,296.00	6,551,646.35	12,160,000.00	11,111,944.29
Sludge drying	50,193,739.91	25,511,701.00	36,651,416.83	19,092,809.55
Other	3,254,159.21	8,495,269.15	3,250,512.66	1,718,516.63
<b>Total</b>	<b>1,104,265,747.93</b>	<b>1,608,772,345.17</b>	<b>1,264,057,768.49</b>	<b>2,083,570,743.82</b>

(4) Main business (by areas)

Areas	Amount in this year		Amount at last year	
	Operating income	Operating cost	Operating income	Operating cost
Domestic	1,096,242,451.93	1,602,220,698.82	1,253,817,768.49	2,074,112,596.63
Overseas	8,023,296.00	6,551,646.35	10,240,000.00	9,458,147.19
<b>Total</b>	<b>1,104,265,747.93</b>	<b>1,608,772,345.17</b>	<b>1,264,057,768.49</b>	<b>2,083,570,743.82</b>

(5) Condition of operating income of top 5 clients

Notes to Financial Statement  
Ended as 31st December 2013

Year	Total operating income	Proportion in total operating income (%)
2013	1,098,491,598.06	98.93
2012	1,252,679,924.43	99.00

**32. Operating tax and addition**

Item	Amount in this year	Amount at last year
Business tax	5,792,854.29	6,578,864.91
City maintenance tax	401,437.07	560,485.73
Others	314,744.01	483,999.56
<b>Total</b>	<b>6,509,035.37</b>	<b>7,623,350.20</b>

Note: taxation standards for every business tax and surcharge found more in Note. V. Taxes

**33. Management expenses**

Item	Amount in this year	Amount at last year
Salary	50,668,937.50	48,241,551.79
Taxes	5,726,234.98	7,159,268.11
Leasing expenses	5,567,120.77	5,924,195.12
Entertainment expense	3,798,897.81	5,185,841.23
Vehicles expenses	4,460,557.78	4,220,117.53
Expenses for agency appointment	4,450,942.29	3,991,574.10
Depreciation expense	3,326,900.50	3,535,760.60
Expenses from the Board	2,738,225.68	3,443,124.05
Amortization of intangible assets	2,915,113.98	2,675,750.95
Sundry expenses	2,750,479.19	2,473,787.91
Environmental expense	1,978,237.70	2,010,699.98
Communication charge	1,317,717.18	1,393,616.92
Property expense	1,187,984.71	1,240,239.76
Stock charge	695,627.47	974,949.43
Business traveling charge	787,835.77	902,760.54
Expenses for enterprise culture	627,496.30	803,270.80
Office expenses	733,875.33	521,699.05
Long-term expense for amortized	45,822.68	49,988.16

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Item	Amount in this year	Amount at last year
Verification fee for projects	680,787.80	0.00
Other	8,612,619.75	11,040,376.51
<b>Total</b>	<b>103,071,415.17</b>	<b>105,788,572.54</b>

**34. Financial expenses**

Item	Amount in this year	Amount at last year
Interest expenditure	240,016,432.54	247,070,737.79
Less : interest income	5,175,591.52	5,273,117.21
Less: Capitalization of interest	0.00	0.00
Exchange gains/losses	-283,582.11	315,433.88
Less: Capitalization of exchange gains/losses	0.00	0.00
Other	2,137,325.75	5,451,929.06
<b>Total</b>	<b>236,694,584.66</b>	<b>247,564,983.52</b>

**35.Return on investment**

Item	Amount in this year	Amount at last year
Return on investment disposal for long-term equity investment	79,263,954.01	0.00

**36. Impairment of Assets**

Item	Amount in this year	Amount at last year
Loss on bad debt	-91,978.14	0.00
Inventory loss	12,265,864.39	8,684,891.96
Impairment loss of long-term equity investment	19,799,521.89	17,324,596.66
Impairment loss of construction in progress	0.00	24,999.67
<b>Total</b>	<b>31,973,408.14</b>	<b>26,034,488.29</b>

**37. Non-operating income**

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Item	Amount in this year	Amount at last year	Amount reckoned in current non-operating income/losses
Total profits of disposal of he non-current assets	299,145.30	1,338,332.91	299,145.30
Including: Profit of disposal of fixed assets	299,145.30	1,338,332.91	299,145.30
Income from capacity transfer	72,930,000.00	0.00	72,930,000.00
Government subsidy(see: Particulars about governmental subsidies)	788,998,649.8 8	852,344,961.8 2	9,032,973.54
VAT return on impor&export of natural gas	37,570,075.58 6	125,023,871.9 6	37,570,075.58
Other	443,984.60	497,451.77	443,984.60
<b>Total</b>	<b>900,241,855.3 6</b>	<b>979,204,618.4 6</b>	<b>120,276,179.0 2</b>

Note: the added value tax returns of RMB 37,570,075.58 for the natural gas received by Weimei Power Company from Guangdong Trade Branch of CNOOC Gas & Power Group.

Including particulars about governmental subsidies:

Item	Amount in this year	Amount at last year	Assets related /income related
Income from fuel subsidies	296,196,692.3 8	375,131,800.00	Income related
Subsidies income of fuel processing fee	483,768,983.9 6	474,996,055.80	Income related
Specific fund of energy-saving	0.00	530,000.00	Income related
Government bond subsidy for sludge drying	255,000.00	255,000.00	Assets related
Support fund of recycling economy for sludge drying	317,750.55	87,500.04	Assets related
Subsidy for project of low-nitrogen transformation for welcoming the Universiade	2,553,984.84	1,276,992.41	Assets related

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Support fund of enterprise informationalization	61,176.48	5,098.04	Assets related
Subsidy for energy-saving technology reform	114,037.27	62,515.53	Assets related
Supporting fund of circular economy	20,000.00	0.00	Income related
Subsidy for summer peaks from Zhongshan Economic and Information Bureau	5,641,024.40	0.00	Income related
Clean production reward from Zhongshan Nanlang Economic and Inforamtion Bureau	10,000.00	0.00	Income related
Reward of utilization of foreign fund from Zhongshan Nanlang Economic and Inforamtion Bureau	20,000.00	0.00	Income related
Subsidy for state-controlled enterprise from Zhongshan Enviornmental Bureau	30,000.00	0.00	Income related
Fund of energy-saving subsidy from Nanlang Town Economic and Information Bureau of Science and Technology	10,000.00	0.00	Income related
<b>Total</b>	<b>788,998,649.8</b>	<b>852,344,961.82</b>	
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**38. Non-operating expense**

Item	Amount in this year	Amount at last year	Amount reckoned into non-recurring gains/losses
Total loss from disposal of non-current assets	678,471.97	202,167.83	678,471.97
Including: Gains and loss of disposal of fixed assets	678,471.97	202,167.83	678,471.97
Expenses from external donation	10,000.00	1,655.55	10,000.00
Other	39,217.91	6,785.76	39,217.91

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Item	Amount in this year	Amount at last year	Amount reckoned into non-recurring gains/losses
<b>Total</b>	727,689.88	210,609.14	727,689.88

**39. Income tax expenses**

Item	Amount in this year	Amount at last year
Current income tax calculated based on tax laws and relevant regulations	21,733,867.71	1,927,538.45
Deferred income tax adjustment	-6,247.23	931,567.43
<b>Total</b>	21,727,620.48	2,859,105.88

**40. Basic EPS and diluted EPS**

The basic earnings per share is computed by dividing the net profit for the period attributable to ordinary shareholders of the Group by the number of weighted average ordinary shares in issue. The number of newly issued ordinary shares is confirmed starting from the day of consideration receivables (generally the offering date of stock) according to the specific terms in the offering agreement.

The numerator of the diluted earnings per share is the net profit for the period attributable to ordinary shareholders of the Group, which is confirmed after adjusting the following factors: (1) interests of diluted potential ordinary shares recognized as expenses for the period; (2) gains or expenses arising from the transfer of diluted potential ordinary shares; and (3) effect of income tax due to the above adjustment.

The denominator of diluted earnings per share is the sum of the followings: (1) weighted average number of ordinary shares in issue of the parent company in the basic earnings per share; and (2) average weighted number of the increased ordinary shares during the transfer of the estimated diluted potential ordinary shares to ordinary shares.

For the purpose of calculating the average weighted number of the increased ordinary shares during the transfer of the estimated diluted potential ordinary shares to ordinary shares in issue, diluted potential ordinary shares issued during the prior period were assumed to be transferred as at the beginning of the current period while diluted

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potential ordinary shares issued in the current period were assumed to be transferred on offering date.

(1)Amount of basic EPS

Profit in the Period	This Year	Last Year
	basic EPS	basic EPS
Net profit attributable to common shareholders of the Company	0.09	-0.34
Net profit attributable to common shareholders of the Company after deducting non-recurring gains/losses	-0.13	-0.54

(2)The Group has no dilution potential common shares held in the Period, thus, the diluted EPS equals to the basic EPS

**41. Notes to item of cash flow statement**

(1)Cash received and related to other operation activities

Item	Amount in this year	Amount at last year
Income of fuel subsidies	809,297,331.71	772,941,223.00
Government subsidies received	10,000,000.00	41,112,780.00
Interest income	5,175,591.52	5,273,117.21
Return on VAT for natural gas import	37,570,075.58	125,023,871.96
Income from capacity transfer	58,344,000.00	0.00
Open credit received	21,990,542.16	0.00
Other	349,947.33	1,703,464.81
<b>Total</b>	<b>942,727,488.30</b>	<b>946,054,456.98</b>

(2)Cash paid for other operating activities

Item	Amount in this year	Amount at last year
Leasing expense	5,567,120.77	5,924,195.12
Entertainment expense	3,798,897.81	5,185,841.23
Vehicles expense	4,460,557.78	4,220,117.53
Expense on agency appointment	4,450,942.29	4,297,574.10

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Item	Amount in this year	Amount at last year
Note margin paid	5,000,000.00	0.00
Other	17,191,122.92	1,564,504.42
<b>Total</b>	<b>40,468,641.57</b>	<b>21,192,232.40</b>

(3) Other investment-related cash received

Item	Amount in this year	Amount at last year
Time deposit received	0.00	3,240,000.00

(4) Other investment-related cash payment

Item	Amount in this year	Amount at last year
Margin of equity paid for disputes left over by history	12,500,000.00	0.00

(5) Cash received from other financing-related activities

Item	Amount in this year	Amount at last year
Margin received	0.00	62,536,060.00

(6) Other funding-related cash payment

Item	Amount in this year	Amount at last year
Borrowings paid to related party	35,785,979.94	0.00

**42. Supplementary information on cash flow statement**

**(1) Information of regulate the net profit into the cash flow of operating activities:**

Item	Amount in this year	Amount at last year
<b>①Regulate the net profit into the cash flow of operating activities:</b>		
Net profit	73,379,180.3	-235,004,108.
Add: Asset impairment provision	20,144,349.9	26,034,488.2

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Item	Amount in this year	Amount at last year
Depreciation of fixed assets, oil & gas assets and productive biological assets	138,046,977. 83	171,319,379. 18
Amortization of intangible assets	3,649,491.90	3,396,707.78
Amortization of long-term deferred expenses	45,822.68	49,988.16
Loss from disposing fixed assets, intangible assets and other long-term assets (income listed with “-“)	379,326.67	-1,136,165.08
Abandonment loss from fixed assets (income listed with “-“)	0.00	0.00
Loss from changes of fair value (income listed with “-“)	0.00	0.00
Financial expenses(income listed with “-“)	240,020,837. 98	247,070,737. 79
Investment loss(income listed with “-“)	-79,263,954. 01	0.00
Decrease of defferred income tax assets(increased listed with “-“)	-6,247.23	931,567.43
Increase of deferred income tax liability (decreased listed with “-“)	0.00	0.00
Decrease of inventory(increased listed with “-“)	-74,660,105. 96	29,024,180.7 8
Decrease of receivable operating items(increased listed with “-“)	40,560,144.2 5	-37,015,553.0 2
Increase of payable operating items(decreased listed with “-“)	119,983,355. 72	-98,623,779.0 9
Other		
<b>Net cash flow from operation activities</b>	<b>482,279,180. 11</b>	<b>106,047,443. 83</b>
<b>②Major investment and financing activities not involving cash income and expenditure:</b>		
Debt capitalization		

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Item	Amount in this year	Amount at last year
Convertible company bond due within one year		
Fixed assets acquired under finance leases		
<b>③Net change of cash and cash equivalents:</b>		
Balance of cash at year-end	538,054,829.	526,852,121.
	52	41
Less: Balance of cash at year-begin	526,852,121.	629,318,992.
	41	12
Add: Closing balance of cash equivalent	0.00	0.00
Less: Opening balance of cash equivalent	0.00	0.00
Net increase of cash and cash equivalents	11,202,708.1	-102,466,870.
	1	71

(2) Subsidiaries and other operation units obtained or disposed in Period

Item	Amount in this year	Amount at last year
<b>Subsidiaries and other units disposed:</b>		
A. Price of subsidiaries and other units disposed	51,509,457.84	0.00
B. Cash and cash equivalent received from disposal of subsidiaries and other units	51,509,457.84	0.00
Less: Cash and cash equivalent held by subsidiaries and other units	3,289,556.14	0.00
C. Net Cash received from disposal of subsidiaries and other units	48,219,901.70	0.00
D. Net assets of subsidiaries disposed	-33,821,784.81	0.00
Including: current assets	3,289,556.14	0.00
Non-current assets	395,227.80	0.00
Current liabilities	37,506,568.75	0.00
Non-current liabilities	0.00	0.00

(3) Composition of cash and cash equivalents

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Item	Amount at year-end	Amount at year-begin
①Cash	538,054,829.52	526,852,121.41
Including: cash in hand	199,128.31	174,009.24
Bank savings available for payment needed	536,956,524.68	526,015,559.51
Other monetary capital available for payment needed	899,176.53	662,552.66
②Cash equivalent	0.00	0.00
including: bond investment due within three months	0.00	0.00
<b>③Balance of cash and cash equivalent at year-end</b>	<b>538,054,829.52</b>	<b>526,852,121.41</b>

**(VIII)Related party and related transaction**

1. 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 VI 1. Subsidiaries of the Company

3. Joint venture and affiliated enterprise of the Group

Found in 7. Long-term equity investment in Note VII.

4. 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
Dongguan Weimei Ceramics Industrial Park Co., Ltd. ("Weimei Ceramics")	Minority shareholders of the subsidiaries	72919361X
Zhongshan Xingzhong Group Co., Ltd. ("XINGZHONG GROUP")	Minority shareholders of the subsidiaries	733112675
Shenzhen Mawan Powr Co., Ltd. ("Mawan Power Company")	Subsidiary of ultimate controller of Energy Group	618816706
Shenzhen Moon Bay Oil Harbour Co., Ltd. ("Moon Bay Oil Company")	Subsidiary of ultimate controller of Energy Group	618849428
Shenzhen Energy Group Holding Co., Ltd. ("Energy Holding")	Subsidiary of ultimate controller of Energy Group	19224115-8
Shenzhen Pipe Energy Technology Development Co.,	Other related party	77877487-5

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Other related parties name	Relationship between the Company	Organization code
ltd. (“Pipe Technology”)		
Director of the Company and other senior executives	Key management staff	Not applicable

5. Related Transactions

(1) Lending money of related party

This year:

Related parties	Amount of lending money	Commencement date	Maturity Date	Note
Borrowing:				
XINGZHONG GROUP	125,316,816.85	2013.01.01	2013.12.31	Renewal
XINGZHONG GROUP	23,750,000.00	2013.01.01	2013.12.31	Renewal
XINGZHONG GROUP	16,250,000.00	2013.01.01	2013.12.31	Renewal
XINGZHONG GROUP	14,335,291.80	2013.01.01	2013.12.31	Renewal
XINGZHONG GROUP	2,500,000.00	2013.01.01	2013.12.31	Renewal

Last year:

Related parties	Amount of lending money	Commencement date	Maturity Date	Note
Borrowing:				
XINGZHONG GROUP	125,316,816.85	2012.01.01	2012.12.31	Renewal
XINGZHONG GROUP	23,750,000.00	2012.01.01	2012.12.31	Renewal
XINGZHONG GROUP	16,250,000.00	2012.01.01	2012.12.31	Renewal
XINGZHONG GROUP	14,335,291.80	2012.01.01	2012.12.31	Renewal
XINGZHONG GROUP	2,500,000.00	2012.01.01	2012.12.31	Renewal
Weimei Ceramics	35,785,979.94	2012.07.16	2013.01.31	Renewal

(2) Assets transfer and debt reorganization of related parties

Related	Transaction	Transaction content	Price	Amount in this year	Amount at last year

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parties	type		setting principal		Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)
Energy Holding	Assets transfer	Capacity of units closed down transferred	Contract pricing	72,930,000.00	100.00	0.00	0.00	0.00
Pipe Technology	Assets transfer	16.05% equity of Huidong Server hold by Pipe Technology transferred	Contract pricing	1,344,200.00	100.00	0.00	0.00	0.00

(3) Remuneration for key management staffs

In 10 thousand Yuan

Item	Amount in this year	Amount at last year
Remuneration for key management staffs	744.49	726.59

(4) Fund occupation expenses

Related parties	Transaction type	Transaction content	Price setting principal	Amount in this year		Amount at last year	
				Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)
XINGZHONG GROUP	Fund occupation expenses	Interest expenses	Note 35	12,779,994.35	98.57	11,605,720.41	83.50
Weimei Ceramics	Fund occupation expenses	Interest expenses	Note	184,894.23	1.43	2,293,811.73	16.50

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

6. Account payable/receivable from related parties

Item	Amount at year-end	Amount at year-begin
Account received in advance:		
Energy Holding	0.00	14,586,000.00
<b>Total</b>	<b>0.00</b>	<b>14,586,000.00</b>

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Item	Amount at year-end	Amount at year-begin
Other account payable:		
XINGZHONG GROUP	182,152,108.65	182,152,108.65
Weimei Ceramics	0.00	36,334,698.30
<b>Total</b>	<b>182,152,108.65</b>	<b>218,486,806.95</b>
Interest payable		
XINGZHONG GROUP	67,685,090.69	54,905,096.34
<b>Total</b>	<b>67,685,090.69</b>	<b>54,905,096.34</b>

**(IX) Contingency**

In March 2008, the Company and Just-run (Singapore) Private Company (Just-run 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 ( $200,000 \text{ barrels} \times 1.50 \text{ U.S. dollars / barrel}$ ); When the floating price is 62.00-63.50 U.S. dollars / barrel, the Company will obtain the income of ( $\text{the floating price} - 62.00 \text{ USD / barrel} \times 200,000 \text{ barrels per month}$ ); when the floating price is less than 62.00 U.S. dollars / barrel, the company will pay Just-run Company an amount equivalent to ( $62.00 \text{ U.S. dollars / barrel} - \text{the floating price} \times 400,000 \text{ barrels per month}$ ).

The second confirmation is valid from January 1<sup>st</sup>, 2009 to October 31<sup>st</sup>, 2010, constituted by three options contracts, Just-run 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 ( $200,000 \text{ barrels} \times 1.70 \text{ U.S. dollars / barrel}$ ); when the floating price is 64.80-66.50 U.S. dollars / barrel, the Company will receive a monthly income of ( $\text{the floating price} - 64.80 \text{ U.S. dollars / barrel} \times 200,000 \text{ barrels}$ ); when the floating price is lower than 64.50 U.S. dollars / barrel, the Company will pay Just-run Company an amount equivalent to ( $64.50 \text{ U.S. dollars / barrel} - \text{the floating price} \times 400,000 \text{ barrels}$ ).

From Apr.2008 to Oct.2008, based on the above confirmations, Just-run Company pays to the Company with US\$ 2.10 million, the Company includes it into "other payables" item after receives this payment.

On 6 November 2008, Just-run 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 Just-run Company

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announces the termination of the transaction. The Company replies Just-run 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, Just-run 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 Just-run 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 Just-run 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 31 March 2011, Just-run 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 Just-run 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 Just-run 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. Subsequently, the Company negotiate with Jierun Company, under circumstances of changed and/or give up any parties's right. Ended as the disclosed date for this financial statement, the event has no further progress. 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.

On 10 Febrary 2014, Just-run sent a letter to the Company, repeated the claims of paying arrears of US\$ 83,699,901.66 and relevant interest that stated in Letters of 6 Febrary 2012. The Company replied on 28 March 2014 for claims to be not authorized, and asked for paying the payables US\$ 300,000.00 under the confirmation No. 165723967102.11 from Just-run Company that arising in October 2008 and interest since from 7 November 2008, and the Company agrees to negotiate with Just-run Company for solving the issues on the basis of rights of both parties are not been affected. Up to the date the Financial Reprot authorized to disclosed, the event has no further progress. Management of the Company considers that the issue is open to solved through judicial channel if the negotiations fail to reached.

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## Notes to Financial Statement Ended as 31st December 2013

Based on the legal opinions issued by independent qualified lawyers in connection with the aforesaid event, 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 year of 2013.

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

### **(X) Commitment**

#### 1. Major commitment

##### (1) Capitalization commitment

In RMB		
Item	Amount at year-end	Amount at year-begin
Signed capital expenditure commitment which was still not recognized in financial statements		
-Construction commitment of long-term assets(note)	26,750,000.00	1,270,920.99
-External investment commitment	0.00	8,000,000.00
<b>-Total</b>	<b>26,750,000.00</b>	<b>9,270,920.99</b>

Note: Construction commitment of long-term assets refers to the contract of technical supply renovation for 9E gas turbine low Nox burner that signed by Zhongshan Power, subsidiary of the Company

##### (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	Amount at year-end	Amount at year-begin
Minimum lease payments of irrevocable operating lease:		
The first year after balance sheet day	6,739,925.50	3,515,510.00

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Item	Amount at year-end	Amount at year-begin
The second year after balance sheet day	6,736,681.50	1,400,586.63
The third year after balance sheet day	3,728,646.50	1,427,596.50
Subsequent years	64,308,576.00	65,009,429.93
<b>Total</b>	<b>81,513,829.50</b>	<b>71,353,123.06</b>

## XI. Events Occurring after the Balance Sheet Date

1. At the beginning of 2014, Ministry of Finance based on the Cai Kuai [2014] No.6, No.7, No.8, No.10, No.11, No.13, No.14 and No.16 respectively issued the “Accounting Standards for Business Enterprise No.39 –Fair value measurement”, “Accounting Standards for Business Enterprise No.30 –Preparation of financial statement (revised in 2014)”, “Accounting Standards for Business Enterprise No.9 –Employee compensation(revised in 2014)”, “Accounting Standards for Business Enterprise No.33 –Consolidated financial statement(revised in 2014)”, “Accounting Standards for Business Enterprise No.40 – Joint venture arrangements”, “Specification of Financial Liability and Equity Instrument and Regulation of relevant accounting treatment”, “Accounting Standards for Business Enterprise No.2 –Long-term Equity investment (revised in 2014)” and “Accounting Standards for Business Enterprise No.41 –Disclosure of Interests in Other Entities”, asking implemented in all enterprises with the accounting standards performed in all enterprises since 1 July 2014, and encourage the enterprise listed overseas to performed the rules in advance.

The Group performs the above mentioned rules since 1 July 2014, and made changes on relevant accounting policy in line with the rules that above mentioned.

2. The Company is preparing for a private placement, for uncertain from the placement, in order to protect interest of the investors and avoid major impact on price of the stock of the Company, in line with relevant regulations from Shenzhen Stock Exchange, being applied by the Company, stock of the Company suspended since 9 January 2014; up to disclosure date for the Report, stock of the Company still suspended.

## XII. Note to main items of financial statements of the Company

### 1. Accounts receivable

#### (1) Accounts receivable classifying according to the category:

Type	Amount at year-end			
	Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)

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Type	Amount at year-end			
	Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	0.00	0.00	0.00	0.00
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	561,165.82 2.31	100.00	0.00	0.00
Account receivable with individual minor amount but withdrawal bad debt provision independently	0.00	0.00	0.00	0.00
<b>Total</b>	<b>561,165.82 2.31</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

(cont.)

Type	Amount at year-begin			
	Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	0.00	0.00	0.00	0.00
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	589,569.09 0.03	100.00	0.00	0.00
Account receivable with individual minor amount but withdrawal bad debt provision independently	0.00	0.00	0.00	0.00
<b>Total</b>	<b>589,569.09 0.03</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

(2) Age analysis of account receivable:

Item	Amount at year-end		Amount at year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)

Notes to Financial Statement  
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Item	Amount at year-end		Amount at year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	319,486,825.69	56.93	397,683,293.41	67.45
1 to 2 years	241,676,107.62	43.07	191,882,907.62	32.55
2 to 3 years	0.00	0.00	0.00	0.00
Over 3 years	2,889.00	0.00	2,889.00	0.00
<b>Total</b>	<b>561,165,822.31</b>	<b>100.00</b>	<b>589,569,090.03</b>	<b>100.00</b>

(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

Name of the company	Relationship between the Company	Amount	Age	Proportion in total account receivable (%)
Bureau of Finance of Shenzhen Municipality	Government institution	537,872,800.00	Within 2 years	95.85
Guangdong Power Grid Corporation	Non-related party	23,081,694.31	Within 1 year	4.11
Shenzhen University	Non-related party	208,439.00	Within 1 year	0.04
Ai Xihua	Non-related party	2,889.00	Over 3 years	0.00
<b>Total</b>		<b>561,165,822.31</b>		<b>100.00</b>

## 2. Other account receivable

(1) Other account receivable classified according to type:

Type	Amount at year-end	
	Book balance	Bad debt provision

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	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	16,781,666.46	1.04	16,781,666.46	100.00
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	1,589,197,476.22	98.75	0.00	0.00
Account receivable with individual minor amount but withdrawal bad debt provision independently	3,396,673.11	0.21	3,048,979.11	89.76
<b>Total</b>	<b>1,609,375,815.79</b>	<b>100.00</b>	<b>19,830,645.57</b>	<b>1.23</b>

(cont.)

Type	Amount at year-begin			
	Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	22,677,404.46	1.60	22,677,404.46	100.00
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	1,389,601,552.60	98.02	0.00	0.00
Account receivable with individual minor amount but withdrawal bad debt provision independently	5,362,330.44	0.38	3,140,957.25	58.57
<b>Total</b>	<b>1,417,641,287.50</b>	<b>100.00</b>	<b>25,818,361.71</b>	<b>1.82</b>

(2) Other account receivable classified according to age:

Item	Amount at year-end		Amount at year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)

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Item	Amount at year-end		Amount at year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,073,321,132.80	66.69	448,233,511.78	31.62
1 to 2 years	384,352,071.98	23.88	253,063,347.15	17.85
2 to 3 years	90,141,334.50	5.60	43,771,156.40	3.09
Over 3 years	61,561,276.51	3.83	672,573,272.17	47.44
<b>Total</b>	<b>1,609,375,815.79</b>	<b>100.00</b>	<b>1,417,641,287.50</b>	<b>100.00</b>

(3) Withdrawal of bad debt provision

① other account receivable with individual major amount and withdrawal bad debt provision independently

Content of other account receivable	Book balance	Bad debt provision	Withdrawal proportion (%)	Reasons
Huiyang County Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00	Unrecover for those which was overdue
Individual income tax	2,470,039.76	2,470,039.76	100.00	Unrecover for those which was overdue
<b>Total</b>	<b>16,781,666.46</b>	<b>16,781,666.46</b>	<b>100.00</b>	

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

Content of other account receivable	Book balance	Bad debt provision	Withdrawal proportion (%)	Reasons
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31	Unrecover for those which was overdue
Deposit receivable	1,312,974.95	1,312,974.95	100.00	Unrecover for those which was overdue
<b>Total</b>	<b>3,396,673.11</b>	<b>3,048,979.11</b>	<b>89.76</b>	

(4) Other large receivable verified actually in this period

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Name	Nature of other receivable	Verified amount	Reasons	Arising from related transactions or not
Nanshan District Investment Management Company	Loans	5,895,738.00	Unrecover	No

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

(6) Top 5 companies in other account receivable

Name of the company	Relationship between the Group	Amount	Duration	Proportion in total other account receivable (%)
Shenzhen Development Company	Subsidiary	774,798,808.58	Within 1 year	48.14
Zhongshan Power	Subsidiary	620,728,464.16	Within 1 year to over 3 years	38.57
Shenzhen Property	Subsidiary	87,717,662.50	Within 1 year	5.45
Weimei Power	Subsidiary	62,335,748.34	Within 1 year to over 3 years	3.87
Enviornmental Company	Subsidiary	41,396,606.40	Within 2 years	2.57
<b>Total</b>		<b>1,586,977,289.98</b>		<b>98.60</b>

(2) Account receivable from related parties

Units	Relationship	Amount	Proportion in total other account receivable (%)
Shenzhen Development Company	Subsidiary	774,798,808.58	48.14
Zhongshan Power	Subsidiary	620,728,464.16	38.57
Shenzhen Property	Subsidiary	87,717,662.50	5.45
Weimei Power	Subsidiary	62,335,748.34	3.87
Enviornmental Company	Subsidiary	41,396,606.40	2.57

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Units	Relationship	Amount	Proportion in total other account receivable (%)
Singapore Company	Subsidiary	212,337.56	0.01
Syndisome	Subsidiary	64,911.33	0.00
<b>Total</b>		<b>1,587,254,538.87</b>	<b>98.61</b>

### 3. Long-term equity investment

#### (1) Category of long-term equity investment

Item	Amount at year-begin	Increased	Decreased	Amount at year-end
Investment to subsidiary	691,982,849.76	0.00	0.00	691,982,849.76
Other equity investment	49,315,000.00	8,000,000.00	0.00	57,315,000.00
Less: impairment of long-term equity investment	0.00	0.00	0.00	0.00
<b>Total</b>	<b>741,297,849.76</b>	<b>8,000,000.00</b>	<b>0.00</b>	<b>749,297,849.76</b>

#### (2) Details of long-term equity investment

Invested company	Calculation method	Investment cost	Amount at year-begin	Increase/decrease( +,-)	Amount at year-end
Shenzhen Server	Cost method	26,650,000.00	26,650,000.00	0.00	26,650,000.00
New Power Company	Cost method	71,270,000.00	71,270,000.00	0.00	71,270,000.00
Zhongshan Power	Cost method	410,740,000.00	410,740,000.00	0.00	410,740,000.00
Engineering Company	Cost method	6,000,000.00	6,000,000.00	0.00	6,000,000.00
Weimei Power	Cost method	115,319,049.76	115,319,049.76	0.00	115,319,049.76
Singapore Company	Cost method	6,703,800.00	6,703,800.00	0.00	6,703,800.00
Enviornmental Company	Cost method	55,300,000.00	55,300,000.00	0.00	55,300,000.00
Shenzhen Development Company	Cost method	0.00	0.00	0.00	0.00
Shenzhen Property	Cost method	0.00	0.00	0.00	0.00

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Invested company	Calculation method	Investment cost	Amount at year-begin	Increase/decrease(+,-)	Amount at year-end
Jiangxi Nuclear Power	Cost method	57,315,000.00	49,315,000.00	8,000,000.00	57,315,000.00
<b>Total</b>		749,297,849.76	741,297,849.76	8,000,000.00	749,297,849.76

(cont.)

Invested company	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 accruing this year	Cash bonus this year
Shenzhen Server	50.00	50.00	Not applicable	0.00	0.00	0.00
New Power Company	75.00	75.00	Not applicable	0.00	0.00	0.00
Zhongshan Power	55.00	55.00	Not applicable	0.00	0.00	0.00
Engineering Company	60.00	60.00	Not applicable	0.00	0.00	0.00
Weimei Power	40.00	40.00	Not applicable	0.00	0.00	0.00
Singapore Company	100.00	100.00	Not applicable	0.00	0.00	0.00
Enviornmental Company	70.00	70.00	Not applicable	0.00	0.00	0.00
Shenzhen Development Company	75.00	75.00	Not applicable	0.00	0.00	0.00
Shenzhen Property	75.00	75.00	Not applicable	0.00	0.00	0.00
Jiangxi Nuclear Power	5.00	5.00	Not applicable	0.00	0.00	0.00
<b>Total</b>				0.00	0.00	0.00

**4. Operation revenue/cost**

**(1) Operation revenue/cost**

Item	This Year	Last Year
Main business revenue	253,036,062.44	531,610,565.10
Other business revenue	27,338,497.84	17,173,957.99
<b>Total operation revenue</b>	<b>280,374,560.28</b>	<b>548,784,523.09</b>
Main business cost	453,369,820.44	924,236,439.18
Other business cost	8,768,665.72	885,787.38
<b>Total operation cost</b>	<b>462,138,486.16</b>	<b>925,122,226.56</b>

**(2) Main business (by industries)**

Industries	This Year		Last Year	
	Operation revenue	Operation cost	Operation revenue	Operation cost
Energy	253,036,062.44	453,369,820.44	531,610,565.10	924,236,439.18

**(2) Main business (by products)**

Products	This Year		Last Year	
	Operation revenue	Operation cost	Operation revenue	Operation cost
Electricity sold	251,955,778.04	452,951,933.29	527,193,914.04	917,976,182.48
Thermal sold	1,080,284.40	417,887.15	4,416,651.06	6,260,256.70
<b>Total</b>	<b>253,036,062.44</b>	<b>453,369,820.44</b>	<b>531,610,565.10</b>	<b>924,236,439.18</b>

**(2) Main business (by region)**

Region	This Year		Last Year	
	Operation revenue	Operation cost	Operation revenue	Operation cost
Domestic	253,036,062.44	453,369,820.44	531,610,565.10	924,236,439.18

**(5) Operation revenue from top five clients**

Period	Total operation revenue from top five clients	Ratio of operation revenue in current period (%)
2013	278,790,338.24	99.43
2012	536,921,005.82	97.84

### 5. Supplement of cash flow statement

Item	This Year	Last Year
<b>(1) Net profit adjusted as cash flow from operation activities:</b>		
<b>Net profit</b>	63,674,144.84	-29,424,910.93
Add: Assets for impairment	6,101,657.22	9,970,118.75
Depreciation of fixed assets, oil & gas assets and productive biological assets	11,474,866.50	45,452,442.79
Amortization of intangible assets	1,449,420.00	1,449,427.40
Amortization of long-term expenses to be amortized	45,822.68	49,988.16
Loss from disposal of fixed assets, intangible assets and other long-term assets (income listed with “-“)	13,877.75	23,702.69
Abandonment loss from fixed assets (income listed with “-“)	0.00	0.00
Loss from changes of fair value (income listed with “-“)	0.00	0.00
Financial expenses (income listed with “-“)	147,297,427.39	140,817,129.79
Investment losses (income listed with “-“)	0.00	0.00
Decrease of deferred income tax assets (increased listed with “-“)	0.00	0.00
Increase of deferred income tax liabilities (decreased listed with “-“)	0.00	0.00
Decrease of inventory (increased listed with “-“)	-1,922,019.28	17,743,001.16
Decrease of operational receivable (increased listed with “-“)	-185,187,498.21	-36,206,844.39
Increase of operational payable (decreased listed with “-“)	245,985,207.18	-263,007,003.47
Other		
<b>Net cash flow from operation activities</b>	<b>288,932,906.07</b>	<b>-113,132,948.05</b>

Item	This Year	Last Year
<b>(2) Major investment and financing activities not involved with cash income and expenses:</b>		
Debt transfer to assets		
Convertible bonds due within one year		
Financing rent-in fixed assets		
<b>(3) Net changes of cash and cash equivalent:</b>		
Balance of cash at year-end	264,557,683.68	204,114,395.05
Less: balance of cash at year-beginning	204,114,395.05	303,150,447.89
Add: Year-end balance of cash equivalent	0.00	0.00
Less: Year-beginning balance of cash equivalent	0.00	0.00
Net increase of cash and cash equivalent	60,443,288.63	-99,036,052.84

### XIII. Supplementary information

#### 1. Statement of non-recurring gains/losses

Item	This Year	Last Year
Gains/losses from the disposal of non-current asset	78,884,627.34	1,136,165.08
Governmental subsidy calculated into current gains and losses, with closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	9,032,973.54	2,217,106.02
Import VAT refunds for natural gas	37,570,075.58	125,023,871.96
Income from capacity transfer	72,930,000.00	0.00
Other non-operating income and expenditure except for the aforementioned items	394,766.69	489,010.46
Subtotal	198,812,443.15	128,866,153.52
Impact on income tax	-20,699,535.10	-414,701.91
Impact on minority shareholders' equity (post-tax)	-48,063,017.90	-9,634,451.05

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Item	This Year	Last Year
Total	130,049,890.15	118,817,000.56

Confirmation for the non-recurring gains/losses, the Company executed in line with the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss (Zheng Jian Hui Notice [2008] No.43)*

**3. ROE and EPS**

Profit in the Period	Weighted average ROE (%)	EPS (RMB/Share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of the listed company	3.37	0.09	0.09
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-4.88	-0.13	-0.13

Note: (1) Weighted average return on net assets =  $P_0/(E_0 + NP/2 + E_i \times M_i/M_0 - E_j \times M_j/M_0 \pm E_k \times M_k/M_0)$

Among the above:  $P_0$  respectively represents net profit attributable to holders of ordinary shares of the Company and the net profit attributable to holders of ordinary shares of the Company after non-recurring profit and loss items;  $NP$  represents net profit attributable to holders of ordinary shares of the Company;  $E_0$  represents net assets attributable to holders of ordinary shares of the Company at the beginning of the reporting period;  $E_i$  represents the increase in net assets attributable to holders of ordinary shares of the Company, arising from new issue of shares or debt-for-equity swap during the reporting period;  $E_j$  represents the decrease in net assets attributable to holders of ordinary shares of the Company, arising from share repurchase or cash dividend during the reporting period;  $M_0$  represents the year and month;  $M_i$  represents the months from the next month of the increase of assets to the end of the reporting period for the year;  $M_j$  represents the months from the next month of the decrease of assets to the end of the reporting period for the year;  $E_k$  represents the increase or decrease of net assets arising from other transactions or matters;  $M_k$  represents the months from the next month of the increase or decrease of other assets to the end of the reporting period for the year.

Where there is a business combination under common control during the reporting period, when computing the weighted average return on net assets after non-recurring profit and loss items, the net assets of the party being absorbed shall be weighted starting from the next month after the consolidation date. When computing the

Notes to Financial Statement  
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weighted average return on net assets during the comparative period, both the net profit and net assets of the party being absorbed shall be weighted starting from the next month after the exercise of control by the ultimate controlling party. When computing the weighted average return on net assets after non-recurring profit and loss items during the comparative period, the net assets of the party being absorbed shall not be weighted (or the weight is nil).

(2) Calculation on basic EPS and diluted EPS found in 40. Note VII.

**3. Abnormal changes on items of consolidated financial statement as well as their reasons**

(1) Closing amount of monetary fund dated 31 December 2013 was RMB 543,054,829.52, an increase of 3.08% from that of year beginning, mainly because cash in-flow from operation activities increased in this year;

(2) Closing amount of other account receivable dated 31 December 2013 was RMB 42,191,268.26, an increase of 158.88% from that of year beginning, mainly because 60 percent equity of Huidong Server was transferred in the Year, and transferred the other receivable of Huidong Server to open credit that out of the consolidation scope, and margin for equity transfer left over by history paid in the Year;

(3) Closing amount of inventory dated 31 December 2013 was RMB 1,288,814,086.30, an increase of 5.60% from that of year beginning, mainly because Shenzhen Property paid the amount of hyper volume and land premium for the lands ready for development in the Year;

(4) Closing amount of other current assets dated 31 December 2013 was RMB 565,589,166.99, a decrease of 6.77% from that of year beginning, mainly because VAT input tax decreased in the Year;

(5) Closing amount of long-term equity investment dated 31 December 2013 was RMB 83,681,000.00, an increase of 69.69% from that of year beginning, mainly because 60 percent equity of Huidong Serves was transferred in the Year, and re-calculate the remaining 40 percent equity with fair value and increased capital to Jiangxi Nuclear Power;

(6) Closing amount of fixed assets dated 31 December 2013 was RMB 1,892,316,932.05, a decrease of 7.24% from that of year beginning, mainly because fixed assets are depreciated normally in this year and withdrawal the impairment provision;

(7) Closing amount of long-term expenses to be amortized dated 31 December 2013 was RMB 0.00, a decrease of 100.00% from that of year beginning, mainly because long-term expenses to be amortized at beginning of the year has amortized completed in the Year;

(8) Closing amount of short-term loans dated 31 December 2013 was RMB 2,998,961,917.89, a decrease of 6.58% from that of year beginning, mainly because loans from the bank decreased in this year;

(9) Closing amount of note payable dated 31 December 2013 was RMB 50,000,000.00, an increase of 68.52% from that of year beginning, mainly because notes issued in the Year increased;

(10) Closing amount of taxes payable dated 31 December 2013 was RMB 22,682,243.56, an increase of 665.92% from that of year beginning, mainly because payable income tax increased in the Year;

(11) Closing amount of long-term loans dated 31 December 2013 was RMB 6,000,000.00, a decrease of 62.50% from that of year beginning, mainly because long-term loans are paid in this year

(12) Operation revenue for year of 2013 was RMB 1,110,427,750.14, decreased 12.25% from the year earlier, mainly because power sales decreased in the Year;

(13) Operation cost for year of 2013 was RMB 1,613,205,960.33, decreased 22.71% from the year earlier, mainly

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because ① generating capacity in the Year declined; ② depreciation of fixed assets decreased; and ③ Guangdong Trade Branch of CNOOC Gas & Power Group no longer to return the import VAT rebate of the Company, and presents in the sales price of natural gas that the purchasing cost of natural gas declined in the Year.

(14) Investment income for year of 2013 was RMB 79,263,954.01, while RMB 0.00 for last year, mainly because equity of subsidiary was disposed in the Year;

(15) Non-operation revenue for year of 2013 was RMB 900,241,855.36, decreased 8.06% from the year earlier, mainly because Guangdong Trade Branch of CNOOC Gas & Power Group no longer to return the import VAT rebate of the Company, which was depreciated in the selling price of natural gas;

(16) Non-operation expenditure for year of 2013 was RMB 727,689.88, increased 245.52% from the year earlier, mainly because losses from disposal of fixed assets increased in the Year;

(17) Income tax expenses for year of 2013 was RMB 21,727,620.48, increased 659.94% from the year earlier, mainly because current income tax expenses increased.