

Stock Code: 000037, 200037

No.: 2019-057

Short Form of Stock: Shen Nan Dian A, Shen Nan Dian B

Shenzhen Nanshan Power Co., Ltd.

Text of Third Quarterly Report 2019

Section I. Important Note

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

All Directors are attended the Board Meeting for Quarterly Report deliberation. Chairman Li Xinwei, person in charge of the Company, Director GM Chen Yuhui, person in charge of accounting works and CFO Dai Xiji as well as Deputy Manager Wang Yi (act for the financial management dept.), person in charge of accounting organ (accounting officer) hereby confirm that the Financial Report of this Quarterly Report is authentic, accurate and complete. 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.

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

The report has been prepared in both Chinese and English, for any discrepancies, the Chinese version shall prevail. Please read the full report seriously.

Section II Basic information of Company

I. Main accounting data and index

Whether it has retroactive adjustment or re-statement on previous accounting data or not

☐ Yes ☒ No

	Current period-end		Period-end of last year	Increase/decrease	
Total assets (RMB)	3,376,037,319.78		3,307,148,289.92		2.08%
Net assets attributable to shareholders of listed company (RMB)	1,986,395,333.79		1,977,871,851.51		0.43%
	Current period	Increase/decrease in comparison with same period of last year	From year-begin to end of the Period	Increase/decrease in comparison with year-begin to Period-end of last year	
Operating revenue (RMB)	408,965,405.06	-24.28%	817,090,021.44	-49.56%	
Net profit attributable to shareholders of the listed company (RMB)	33,806,673.10	371.94%	8,523,482.28	-77.07%	
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	32,161,272.48	463.61%	4,054,761.65	-88.28%	
Net cash flow arising from operating activities (RMB)	--	--	83,562,330.43	-54.18%	
Basic earnings per share (RMB/Share)	0.06	500.00%	0.01	-83.33%	
Diluted earnings per share (RMB/Share)	0.06	500.00%	0.01	-83.33%	
Weighted average ROE	1.72%	377.78%	0.43%	-77.13%	

Items and amount of extraordinary profit (gains)/losses

☒ Applicable ☐ Not applicable

In RMB

Item	Amount from year-begin to end of the Period	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-401,997.12	Abandonment loss of fixed assets

Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	4,814,245.06	Government grants are amortized with assets concerned
Other non-operating income and expenditure except for the aforementioned items	99,267.48	
Less: impact on income tax	58,566.03	
Impact on minority shareholders' equity (post-tax)	-15,771.24	
Total	4,468,720.63	--

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

In reporting period, the Company has no particular about 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*.

II. Statement of the total shareholders and shares-held of top ten shareholders at end of the Period

1. Common and preferred stockholders with voting rights recover and the top ten share-holding

In Share

Total common shareholders at the end of report period		25,172	Total preferred stockholders with voting rights recover at the end of report period (if applicable)	0		
Top ten share-holding						
Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
HONG KONG NAM HOI (INTERNATIONAL) LTD.	Foreign corporate	15.28%	92,123,248			
Shenzhen Guangju Industrial Co., Ltd.	State-owned corporate	12.22%	73,666,824			
SHENZHEN	State-owned	10.80%	65,106,130			

ENERGY (GROUP) CO., LTD.	corporate					
Gaohua—HSBC—GOLDMAN, SACHS & CO.LLC	Foreign corporate	2.13%	12,839,723			
BOCI SECURITIES LIMITED	Foreign corporate	1.78%	10,723,049			
Liu Fang	Domestic nature person	1.48%	8,921,888			
CMS (HK)	State-owned corporate	1.40%	8,442,728			
Zeng Ying	Domestic nature person	1.26%	7,602,400			
Mei Yi Investment Property Co., Ltd.	Domestic non-state-owned legal person	0.86%	5,207,600			
LI SHERYN ZHAN MING	Overseas nature person	0.79%	4,790,390			
Particular about top ten shareholders with un-restrict shares held						
Shareholders' name		Amount of unrestricted shares held at reporting period-end		Type of shares		
				Type	Amount	
HONG KONG NAM HOI (INTERNATIONAL) LTD.		92,123,248		Domestically listed foreign shares	92,123,248	
Shenzhen Guangju Industrial Co., Ltd.		73,666,824		RMB ordinary shares	73,666,824	
SHENZHEN ENERGY (GROUP) CO., LTD.		65,106,130		RMB ordinary shares	65,106,130	
Gaohua—HSBC—GOLDMAN, SACHS & CO.LLC		12,839,723		RMB ordinary shares	12,839,723	
BOCI SECURITIES LIMITED		10,723,049		Domestically listed foreign shares	10,723,049	
Liu Fang		8,921,888		RMB ordinary shares	5,861,088	
				Domestically	3,060,800	

		listed foreign shares	
CMS (HK)	8,442,728	Domestically listed foreign shares	8,442,728
Zeng Ying	7,602,400	Domestically listed foreign shares	7,602,400
Mei Yi Investment Property Co., Ltd.	5,207,600	RMB ordinary shares	5,207,600
LI SHERYN ZHAN MING	4,790,390	Domestically listed foreign shares	4,790,390
Explanation on associated relationship among the top ten shareholders or consistent action	1. Shenzhen Energy (Group) Co., Ltd. holds 100% equities of HONG KONG NAM HOI (INTERNATIONAL) LTD indirectly; 2. Among other social public shareholders, the Company did not know whether there were associated relationships or belonging to consistent actors.		
Explanation on top ten common shareholders involving margin business (if applicable)	Among the top ten shareholders, Ms. Liu Fang holds 3,346,188 shares through credit transaction guarantee securities account		

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

☐ Yes ☒ No

Top ten common shareholders or top ten common shareholders with un-restrict shares not held have a buy-back agreement dealing in reporting period

2. Total of shareholders with preferred stock held and the top ten shareholdings

☐ Applicable ☒ Not applicable

Section III. Important events

I. Particular about major changes from items of main accounting statements and financial indexes as well as reasons

√ Applicable □ Not applicable

1. Closing number of accounts receivable counted as 198.9568 million Yuan, increased 50.24% over that of year-beginning, mainly because the account receivable for electricity and engineering increased;
2. Closing number of account paid in advance counted as 74.2613 million Yuan, increased 38.40% over that of year-beginning, mainly because the account paid in advance for natural gas increased;
3. Closing number of construction in process counted as 61.4591 million Yuan, decreased 25.37% over that of year-beginning, mainly because the construction in process transfer to fixed assets;
4. Closing number of accounts payable counted as 33.9624 million Yuan, increased 87.99% over that of year-beginning, mainly because the account payable for natural gas increased;
5. Closing number of wages payable counted as 39.5980 million Yuan, decreased 11.83% over that of year-beginning, mainly because the wages payable for employees declined;
6. Operation revenue counted as 817.09 million Yuan in the Period, decreased 49.56% on a y-o-y basis, mainly because the revenue from electricity sales declined;
7. Operation cost counted as 721.3131 million Yuan in the Period, decreased 50.97% on a y-o-y basis, mainly because the volume of power generation declined, than the costs declined correspondingly;
8. Taxes and surcharge counted as 4.6025 million Yuan in the Period, decreased 41.34% on a y-o-y basis, mainly because the VAT surcharges declined;
9. Sales expenses counted as 4.4944 million Yuan in the Period, increased 59.95% on a y-o-y basis, mainly because the transportation charge for sludge treatment increased;
10. Financial expenses counted as 16.9741 million Yuan in the Period, decreased 44.97% on a y-o-y basis, mainly because average financing rate declined;
11. Non-operation revenue counted as 0.1454 million Yuan in the Period, increased 1723.10% on a y-o-y basis, mainly because revenue from waste and aged materials disposal increased;
12. Non-operation expenditure counted as 0.0461 million Yuan in the Period, decreased 94.98% on a y-o-y basis, mainly because loss on non-current assets declined;
13. Net cash flow from operation activities counted as 83.5623 million Yuan in the Period, decreased 54.18% on a y-o-y basis in net inflow, mainly because revenue from electricity fee declined;
14. Net cash flow from investment activities counted as (48.0896) million Yuan in the Period, decreased 58.26% on a y-o-y basis in net out-flow, mainly because the expenditure from technology reform declined and purchase of fixed assets decreased;
15. Net cash flow from financing activities counted as 12.0844 million Yuan in the Period, decreased 95.82% on a y-o-y basis, mainly because net financing amount declined.

II. Progress and influence of the main events as well as solution analysis specification

√ Applicable □ Not applicable

1. T102-0011, T102-0155 land related matters. During the reporting period, the Announcement of Shenzhen Municipal Bureau of Planning and Natural Resources Issued a Notice on Shenzhen's 2019 Urban Renewal and Land Reconditioning Plan was released on the website of Shenzhen Government Online. In accordance with the Shenzhen's 2019 Urban Renewal and Land Reconditioning Plan and relevant contents of attached table, as the ;and reconditioning plan of Qianhai cooperation zone for year of 2019, the lands owned by Nanshan Power Plant of the Company are included in the reconditioning plan (found more in the Notice of Shenzhen's 2019 Urban Renewal and Land Reconditioning Plan issued by Shenzhen Municipal Bureau of Planning and Natural Resources (Notice No.: 2019-041) released on China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website). Upon learning of the above, the Company submitted the "Application of revised the land planning for lands of Nanshan Power Plant" to Shenzhen Qianhai Administration Bureau and relevant government authority immediately, and put forward the principle of win-win cooperation based on respect for history again. Learn from the experience of other blocks in Qianhai Area, change the land planning of Nanshan Power Plant's lands, and protect the legitimate rights and interest of the shareholders in a better way. Hereafter, the Company received a "Reply from Shenzhen Qianhai Administration Bureau on Relevant Matters with Land Planning Concerned of Nanshan Power Plant" (hereinafter referred to as Reply), and made a reply to plannings and land storage matters correspondingly. As for the requirement on changing the planning, the Reply said: "According to the Comprehensive Planning of China (Guangdong) Pilot Free Trade Zone Shenzhen Qianhai Shekou Area and Surrounding Areas of Da Nanshan and Xiao Nanshan" (hereinafter referred to as Qianhai Shekou Free Trade Comprehensive Planning), the lands of Nanshan Power Plant was planning for public facilities, public open space and roads; the plan calls for speeding up the relocation of Nanshan Power Plant. During the period of the public for Qianhai Shekou Free Trade Comprehensive Planning (Draft), we have received the opinions from your Company and research and handling the opinions according to procedures, the Plan clearly pointed out that the lands of Nanshan Power Plant will implement in line with the purpose of public facilities, public open space and roads". The Company, will continues to follow the relevant conditions closely under the participation and cooperation of legal counsel, make every efforts to protect the legitimate rights and interest of the listed company and all shareholders.

2. Matters of public listing transfer of 70% equity of Shen Nan Dian Dongguan Company. On 30 July 2019, the Proposal of Public Listing Transfer of 70% Equity of Shen Nan Dian (Dongguan) Weimei Power Co., Ltd was deliberated and approved by the 7th extraordinary meeting of 8th BOD, the 70% equity of Shen Nan Dian Dongguan Company, directly and indirectly held by the Company, are agreed to transfer with valuation of 83.2992 million Yuan by public listing. In the spirit of the BOD's resolution, on 4 September 2019, the Company listed the 70% equity of Shen Nan Dian Dongguan Co publicly on Shenzhen United Property Exchange with 20 working days for listing. During the period of listing, Shenzhen Gas Corporation Ltd propose the cooperation intention, and hopes to carry out strategy cooperation in aspect of natural gas resources with Shen Nan Dian Dongguan Company. After careful consideration, in line with the purpose of maximizing the interest of listed companies, on 15 September, the Proposal to Suspend the Public Listing Transfer of 70% Equity of Shen Nan Dian (Dongguan) Weimei Power Co., Ltd was deliberated and approved by 8th extraordinary meeting of 8th BOD, the Company are agreed to suspend the 70% equity transfer on public listing, and restart relevant equity transfer matters when appropriate in line with the follow-up business status and relevant information. (found more in the Proposal of Public Listing Transfer of 70% Equity of Shen Nan Dian (Dongguan) Weimei Power Co., Ltd and the

Proposal to Suspend the Public Listing Transfer of 70% Equity of Shen Nan Dian (Dongguan) Weimei Power Co., Ltd (Notice No.: 2019-040, 2019-051) released on China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website).

In addition to the above matters, the refund collection works of “Project Technical Reform Benefit Fund” and the Xinjiang Aid Project of Guangdong Province participated in 2013 is have no further progress in the reporting period

Implementation progress of shares buy-back

☐ Applicable ☒ Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

☐ Applicable ☒ Not applicable

III. Commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

☐ Applicable ☒ Not applicable

There are no commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period.

IV. Particular about security investment

☐ Applicable ☒ Not applicable

The Company had no security investment in Period.

V. Trust financing

☐ Applicable ☒ Not applicable

The Company had no trust financing in Period.

VI. Particulars about derivatives investment

☐ Applicable ☒ Not applicable

The Company had no derivatives investment in Period.

VII. Registration form of receiving research, communication and interview in the report period

☒ Applicable ☐ Not applicable

Time	Way	Type	Contents discussed and material provided
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July – Sept. 2019	Field research	Person (8)	Inquiry of register of shareholders
July – Sept. 2019	Question Reply on Interactive Easy	Person (14)	Relevant matters of Shen Nan Dian Dongguan Company, number of shareholders and reply on written
July – Sept. 2019	Telephone communication	Person (many times)	Relevant matters of Shen Nan Dian Dongguan Company, relevant matters with land concerned of Nanshan Power Plant, oral reply and no materials required

VIII. External security against the rules

☐ Applicable ☒ Not applicable

The Company has no external security against the rules in the Period.

IX. Controlling shareholders' and its related party's non-business capital occupying of the listed company

☐ Applicable ☒ Not applicable

There are no controlling shareholders' and its related party's non-business capital occupying of the listed company.