

证券代码：000037、200037

证券简称：深南电 A、深南电 B

公告编号：2020-012



深圳南山热电股份有限公司
Shenzhen Nanshan Power Co., Ltd.

Annual Report 2019

March 2020

Section I. Important Notice, Contents and Interpretation

Board of Directors, Supervisory Committee, all directors, supervisors and senior officers of Shenzhen Nanshan Power Co., Ltd. (hereinafter, the Company) guarantee that the Annual Report contains no misrepresentations, misleading statements or material omissions, and take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Principal of the Company- Chairman Li Xinwei, person in charge of accounting works- Director and GM Chen Yuhui, CFO Dai Xiji and person in charge of accounting organ (chief accountants)- deputy GM Wang Yi(act for financial works) guarantee that the Financial Report of the annual report disclosed is truthful, accurate and complete.

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

The pre-plan for profit distribution that approved by 6th Session of 8th BOD is: based on the Company's share capital of 602,762,596 shares on 31st December 2019, distribute RMB 0.2 (tax included) cash dividends for every ten stocks to whole shareholders, 0 share bonus and no transfer of public reserve into share capital carry out.

Concerning the forward-looking statements with future planning involved in the Annual Report, they do not constitute a substantial commitment for investors. Investors are advised to exercise caution of investment risks.

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

Contents

Section I Important Notice, Contents and Interpretation	2
Section II Company Profile and Main Financial Indexes	7
Section III Summary of Company Business	11
Section IV Discussion and Analysis of the Operation	14
Section V Important Events	34
Section VI Changes in shares and particular about shareholders	56
Section VII Preferred Stock	62
Section VIII Convertible Bonds	64
Section IX Particulars about Directors, Supervisors, Senior Officers and Employees 错误!未定 义书签。	
Section X Corporate Governance	75
Section XI Corporate-bond	86
Section XII Financial Report	87
Section XIII Documents available for referenc	88

Interpretation

Items	Refers to	Contents
Company, the Company, Shen Nan Dian, The listed company	Refers to	Shenzhen Nanshan Power Co., Ltd.
Shen Nan Dian Zhongshan Company	Refers to	Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.
Shen Nan Dian Dongguan Company	Refers to	Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd
Shen Nan Dian Engineering Company	Refers to	Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.
Shen Nan Dian Environment Protection Company	Refers to	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.
Server Company	Refers to	Shenzhen Server Petrochemical Supplying Co., Ltd
New Power Company	Refers to	Shenzhen New Power Industrial Co., Ltd.
Singapore Company	Refers to	Shen Nan Energy (Singapore) Co., Ltd.
Nanshan Power Factory	Refers to	Nanshan Power Factory of Shenzhen Nanshan Power Co., Ltd.
Zhongshan Nanlang Power Plant	Refers to	Zhongshan Nanlang Power Plant of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.
Dongguan Gaobu Power Plant	Refers to	Dongguan Gaobu Power Plant of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd
NAM HOI	Refers to	HONG KONG NAM HOI (INTERNATIONAL) LTD.
Hong Kong Energy	Refers to	Shenzhen Energy (Hong Kong) International Co.,LTD.
SZ Energy Group	Refers to	Shenzhen Energy Group Co., Ltd.
Energy Corporation	Refers to	Shenzhen Energy Corporation
Shenzhen Capital Group	Refers to	Former name as Shenzhen Capital Co., Ltd., renamed as Shenzhen Capital Operation Group Co., Ltd. On 3 March 2020
Guangju Industrial	Refers to	Shenzhen Guangju Industrial Co., Ltd.
Guangju Holding	Refers to	Shenzhen Guangju Investment Holding (Group) Co., Ltd.
Guangju Energy	Refers to	Shenzhen Guangju Energy Co., Ltd.
Kehuitong	Refers to	Shenzhen Kehuitong Investment Holding Co., Ltd.
Shenzhen Gas	Refers to	Shenzhen Gas Group Co., Ltd.
SASAC of Shenzhen Municipal	Refers to	State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal
Audit institution, LIXINZHONGLIAN, accounting organ	Refers to	LIXINZHONGLIAN CPAS (SPECIAL GENERAL PARTNERSHIP)
Ruihua Certified Public Accounts	Refers to	Ruihua Certified Public Accounts (Engagement Partner)
SZ United Ex	Refers to	Shenzhen United Property and Share Rights Exchange
Company Law	Refers to	<i>Company Law of the People's Republic of China</i>

<i>Securities Law</i>	Refers to	<i>Securities Law of the People's Republic of China</i>
<i>Rules Governing the Listing of Stocks</i>	Refers to	<i>Rules Governing the Listing of Stocks on Shenzhen Stock Exchange</i>
<i>Articles of Association</i>	Refers to	<i>Article of Association of Shenzhen Nanshan Power Co., Ltd.</i>
Yuan, ten thousand Yuan, one hundred million	Refers to	Except the special description of the monetary unit, the rest of the monetary unit is RMB Yuan, ten thousand Yuan, one hundred million Yuan
Reporting period	Refers to	1 January 2019 to 31 December 2019

Section II. Company Profile and Main Financial Indexes

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		
Foreign name of the Company (if any)	Shenzhen Nanshan Power Co., Ltd.		
Legal representative	LI XINWEI		
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	http://www.nsr.com.cn		
E-mail	public@nspower.com.cn ; investor@nspower.com.cn		

II. Person/Way to contact

	Secretary to the BOD	Rep. of security affairs
Name	Zhang Jie	
Contact add.	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province	
Tel.	0755-26003611	
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	http://www.cninfo.com.cn/

Preparation place for annual report	Secretariat of the Board of Directors, 17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province
-------------------------------------	--

IV. Registration changes of the Company

Organization code	91440300618815121H
Changes of main business since listing (if applicable)	N/A

V. Other relevant information

CPA engaged by the Company

Name of CPA	LIXINZHONGLIAN CPAS (SPECIAL GENERAL PARTNERSHIP)
Offices add. for CPA	Room 5017-11, No. 1 Building, No.1 Gate, South Zone, Financial and Trade Center, No. 6975, Asia Road, Pilot Free Trade Zones (Dong-jiang Free Trade Port Zone), Tianjin
Signing Accountants	Liu Xinfia, Ding Dongmei

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

VI. Main accounting data and financial indexes

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

Yes No

	2019	2018	Changes over last year	2017
Operating income (RMB)	1,222,577,954.53	1,884,937,109.00	-35.14%	2,045,766,831.74
Net profit attributable to shareholders of the listed Company (RMB)	24,900,956.73	19,253,766.12	29.33%	15,904,182.47
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	14,685,745.16	-13,515,247.29	-208.66%	11,413,492.42
Net cash flow arising from operating activities (RMB)	202,943,908.61	236,563,160.38	-14.21%	196,799,855.73
Basic earnings per share (RMB/Share)	0.0413	0.032	28.13%	0.026

Diluted earnings per share (RMB/Share)	0.0413	0.032	28.13%	0.026
Weighted average ROE	0.74%	-0.69%	-207.25%	0.59%
	Year-end of 2019	Year-end of 2018	Changes over end of last year	Year-end of 2017
Total assets (RMB)	3,219,261,720.55	3,307,148,289.92	-2.66%	2,883,804,392.70
Net assets attributable to shareholder of listed Company (RMB)	2,002,772,808.24	1,977,871,851.51	1.26%	1,958,618,085.39

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

1. Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either IAS (International Accounting Standards) or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

2. Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

VIII. Quarterly main financial index

	In RMB/CNY			
	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	152,975,230.74	255,149,385.64	408,965,405.06	405,487,933.09
Net profit attributable to shareholders of the listed Company	-28,373,168.62	3,089,977.80	33,806,673.10	16,377,474.45
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses	-28,916,498.43	809,987.61	32,161,272.48	10,630,983.49
Net cash flow arising from operating activities	-4,897,654.96	61,115,031.85	27,344,953.54	119,381,578.18

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the Company's quarterly report and semi-annual report

Yes No

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

Applicable Not applicable

In RMB/CNY

Items	2019	2018	2017	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-527,109.02		-454,644.16	
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)	6,402,848.81	5,124,971.79	4,331,837.03	
Switch back of the impairment for receivables and contract assets that has impairment test independently	12,000.00		1,504,310.97	
Other non-operating income and expenditure except for the aforementioned items	5,578,877.22	37,044,913.53	335,919.18	
Less: impact on income tax	195,823.19	6,525,056.89	803,999.72	
Impact on minority shareholders' equity (post-tax)	1,055,582.25	2,875,815.02	422,733.25	
Total	10,215,211.57	32,769,013.41	4,490,690.05	--

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

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*, the Company has no such items in the reporting period for the aforesaid

Section III. Summary of Company Business

I. Main businesses of the Company in the reporting period

The company is specialized in power and thermal supply, as well as providing technical consulting and technical services for power stations. The company has three wholly-owned or holding gas turbine plants, which equipped with seven sets of 9E gas steam combined cycle power generating units, with total installed capacity up to 1260000 KW (Nanshan Power Factory: 3×180000 KW, Zhongshan Nanlang Power Plant: 2×180000 KW, Dongguan Gaobu Power Plant: 2×180000 KW). These three gas turbine plants are all located in the power load center of Pearl River Delta area, which are the main peaking power sources in their areas. During the reporting period, the Company mainly engaged in the combined cycle power generation business with gas-steam, the subordinate Nanshan Power Factory, Zhongshan Nanlang Power Plant and Dongguan Gaobu Power Plant are operates in a normal station. Due to the continuous reduction of the on-grid electricity price and the continuous reduction of the base power of the Company in recent years, and the pressure of fuel costs and environmental protection supervision, the Company's main business of electricity faced greater difficulties during the reporting period. In order to minimize the negative impact of the external environment on the company's operating performance, on the basis of paying close attention to safety production management, the company increased its economic operation management, complied with the constantly accelerating trend of the power market-oriented reform process in Guangdong Province, organized the three subordinate power plants actively participate in the power market marketing competition and achieved good results. In 2019, the Company's subordinate power plants totally completed electricity quantity (on-grid electricity quantity + electricity marketing quantity) of 3.466 billion KWH, the actual on-grid electricity quantity of 1.458 billion KWH and electricity marketing quantity of 2.008 billion KWH. Completion of the electricity for subordinate power plants are as: Nanshan Power Factory completed 647 million KWH of on-grid electricity, the full electricity quantity totaled 1.306 billion KWH, with a year-on-year down of 26.05%; Zhongshan Nanlang Power Plant completed 124 million KWH of on-grid electricity, the full electricity quantity totaled 848 million KWH, with a year-on-year down of 30.72% and the Dongguan Gaobu Power Plant completed 687 million KWH of on-grid electricity, the full electricity quantity totaled 1312 million KWH, with a year-on-year growth of 2.5%.

During the reporting period, the company not only strive to improve the operating efficiency of its main business of electric power, but also made great efforts to the operation and expansion of related businesses. The subordinate Shen Nan Dian Engineering Company continued to develop the technical consultation and technology service business for the construction of domestic and international gas turbine power stations. Shen Nan Dian Environmental Protection Company engaged in the drying treatment of wet sludge in sewage treatment plants by utilizing the waste heat generated by gas turbines, and the annual processing capacity of wet sludge was 155,200 tons, which created a new record for its production, and realized the reduction and harmless treatment of sludge and the comprehensive utilization of resources.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes

Equity assets	No major changes
Fixed assets	No major changes
Intangible assets	No major changes
Construction in process	The upgrading and improvement project for low-nitrogen combustion system was carried forward as fixed assets
Monetary fund	Repayment of bank loans and purchasing bank financial products
Account paid in advance	The account paid in advance for natural gas increased
Other account receivable	Margin of natural gas collected
Other current assets	New financial products in the year

2. Main overseas assets

Applicable Not applicable

III. Core Competitiveness Analysis

In recent years, due to the impact of the macroeconomic situation and the common problems of gas turbine generating industry, the Company's main business has been facing increasing difficulties and challenges. However, the basic core competitiveness formed by the operation and development for three decades and thanks to the strong support from major shareholders, and the management innovations adopted by new session of the Board and leading group, it has laid a necessary foundation for the Company to survive and seeking transformation and development.

1. A mature and completed governance structure & a rigorous and standardized risk-control mechanism. As a listed company with over 20-year baptism in securities market on the main board, the Company has established and continuously improved its modern enterprise management system, and has had a relatively mature and standardized corporate governance structure and a relatively streamlined management organization structure. The "Three Meetings" operation was normative and efficient, and the internal management was streamlined and orderly. In 2019, major changes have taken place in the corporate governance structure. The controlling shareholder of the Company's major shareholder, Shenzhen Energy Group, was changed to Shenzhen Capital Group which added confidence and support for the Company's pursuit of transformation, upgrading and sustainable development with strong shareholder resource advantages and experienced and professional director resource advantages. In addition, the Company's general party branch was upgraded to the party committee, which strengthened the leadership and the honest and clean supervision role of the party organization. At the same time, the Company continuously reinforcing the supervision and auditing role on standard operation and internal control of the listed company played by supervisory committee and auditing authority; effectively prevent and avoid the risks while improving the management and decision-making efficiency.

2. Hard-working and innovative management culture, and pragmatic and efficient operating mechanism. Combining its own actual situation, the Company has broken the barriers of the original traditional business model since 2018, and greatly improved the decision-making efficiency and work performance by establishing four major operation and management centers, including a power sales center, a fuel center, a financial center, and an information center, innovating the management model of production coordination and safety supervision, and effectively integrating business resources. On this basis, in 2019, the Company further innovated the management mechanism, while upgrading the production coordination and the safety supervision mode, the Company set up a capital (operation) center and set up an accounting sharing center to comprehensively balance the improvement of production, operation and management efficiency. While the Company built an efficient operating mechanism, the leadership team served as role

models, combined a series of effective management measures, such as deepening human resources reform and the "military order" assessment mechanism, advocated and built the management culture of unity, hard work, innovation and enterprise throughout the Company, which laid a good management foundation for the Company to deeply explore its internal potential and actively seek external opportunities.

3. A loyal and dedicated management team & professional and progressive technical personnel. With more than 30 years of hard work and the company's influence in the gas turbine power generation industry and the Company's pioneering and innovative spirit and enterprising spirit, the Company has absorbed and trained a group of technical experts and professionals in the gas turbine industry, accumulated rich experience in the construction and operation management of gas turbine power plants. In order to adapt to the market situation of the further propulsion of the electricity trading market-oriented reform in Guangdong Province, the Company formed a team of professionals to study the electricity trading strategy and build a mathematical model of electricity trading. It accumulated rich experience in electricity marketing, which laid a solid foundation for the Company to actively respond to the electricity market reform. Further more, Shen Nan Dian Engineering Company has provided professional services such as technical consulting, commissioning and maintenance for dozens of domestic and international gas turbine power stations. The Company's training center has successively undertaken the technician training business for tens of power plants at home and abroad, and has become a renowned professional training base in the domestic gas turbine industry, and has established a good reputation and professional brand image in the industry. The Company also has a group of management talents with innovative consciousness and fighting spirit, based on the principle of being highly responsible to the Company, they lead all employees to make unremitting efforts for the Company's continuous operation and transformation development.

Section IV. Discussion and Analysis of the Operation

I. Introduction

2019 was the 70th anniversary of the founding of the People's Republic of China, the 4th anniversary of the founding of Shenzhen City, and the beginning year of the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and the pioneering demonstration zone of socialism with Chinese characteristics. Faced with the complicated situation of rising risks and challenges at home and abroad, under the strong leadership of the Party Central Committee with Comrade Xi Jinping as the core, the whole party implemented the Party Central Committee's decision-making and deployment, adhered to the general tone of steady progress, and adhered to taking the supply-side structural reform as the main line, and steadily promoted the high-quality development. The progress of the main indicators of the "Thirteenth Five-Year Plan" was in line with the expectations, and the economic society maintained sustainable and healthy development.

In 2019, Guangdong's power market reform was further intensified. The market transaction size was about 200 billion kilowatt hours, a year-on-year increase of 27.2%, accounting for about 46% of the province's power generation. Under this trend, Nanshan Power Factory, the Company's subordinate, has also been included in the main body of the market-oriented power generation side, and the Company's power generation business entered a comprehensive market-based competitive landscape. At the same time, Guangdong's electricity spot market took the lead in entering the settlement trial operation nationwide. Under the situation of high natural gas prices and a sharp decline in base electricity, the Company's main business of electricity faced unprecedentedly huge challenges. Based on a practical and realistic, proactive and prudent attitude, combined with the key indicators of electric quantity and gas prices and the actual situation of the Company's business development, the Company has set a goal of striving to achieve annual profit on the basis of the cascade business goals determined at the beginning of the year.

During the reporting period, the Company's new leadership team led all employees to actively respond to various challenges, continued to take the "1+ 5" strategic road map as a guide, comprehensively and deeply analyzed the Company's operating situation, accurately grasped and made full use of favorable conditions, vigorously promoted a series of targeted measures to respond to changes in the situation, defied difficulties, struggled and determined to move forward. During the reporting period, we focused on the following major tasks:

1. Paid close attention to safety management and practiced environmental protection responsibility. Overcame difficulties such as obsolete power generation equipment, achieved the "five no" safety goal throughout the year by strengthening the safety production responsibility system, enhancing the dynamic assessment and peripheral management of safety production, upgrading the supervision mode of safety production, implementing the entire process and comprehensive safety management. At the same time, it achieved new records of "zero non-cut", "zero obstacles" and "zero accidents", and achieved a total of 5,722 days of safe production, created the Company's best safety records.

2. Investigated competitive strategies and improved main performance. In order to go all out to meet the challenges of the external market environment, the Company scientifically, reasonably and profitably operated its main business of electricity with priority to efficiency by seizing long-term electric quantity, intensively studying the electricity trading and the "two regulations" policy, and comprehensively analyzing multiple factors such as power transfer, monthly competition power, deviation income, cold reserve compensation, etc. The Company realized the transfer of 1.464 billion kilowatt-hours of electricity throughout the

year, an increase of 25% on a year-on-year basis, which laid a necessary foundation for the Company to achieve annual operating profit.

3. Strictly controlled cost and expanded fuel channels. Continuously strengthened the communications with suppliers, and actively expanded gas source procurement channels, opened up deep-energy OEM rights, reduced procurement costs, and enhanced market bargaining power; obtained stable and high-quality gas sources with competitive prices through the "Resource Strategic Cooperation Agreement" signed by Shen Nan Dian Dongguan Company and Shenzhen Gas, and effectively reduced fuel procurement costs. At the same time, the Company kept abreast of changes in the external situation, carried out scientific financial analysis and calculations dynamically, strengthened the role of financial staff in guiding and operating the Company's various operations, further strengthened the overall management of funds in the system, and adopted various measures to effectively reduce the cost of funds and the operating costs.

4. Responded to the national strategic call "One Belt and One Road" and actively explored overseas markets. The Company's subordinate Shen Nan Dian Engineering Company actively explored markets in Angola, Turkey, Malaysia, Georgia, Egypt and other countries along the "One Belt and One Road", and undertook related technical services such as operation and maintenance of gas turbine power stations. As of December 31, 2019, the contract signing of three operation and maintenance projects in Georgia and Malaysia had been completed, the total contract amount was 67.652 million Yuan, achieving profit of 12.1 million Yuan.

5. Served the Guangdong-Hong Kong-Macao Greater Bay Area, and made a little contribution to the "Shenzhen Blue". The Company actively fulfilled its social responsibilities and completed the "Shenzhen Blue" technical transformation project on schedule. The nitrogen oxide emission index of the generator set was better than the emission standards required by the government, which made positive contribution to the improvement of Shenzhen's environmental quality. The Company's subordinate Shen Nan Dian Environment Protection Company assisted the stabilizing treatment of urban sludge in Shenzhen. In 2019, 155,200 tons of wet sludge was treated, the treatment volume reached a new record. At the same time, 3 million Yuan was invested to complete the sludge drying waste gas treatment and transformation, and a new set of large-capacity chemical deodorization equipment was added which effectively reduced the environmental protection emission index after operation, and made positive social contributions to the "bluer sky and cleaner water" project at Qianhai area of the Greater Bay Area.

6. Innovated management mode and improved operation efficiency. Established a joint on-site coordination mechanism for environmental protection projects to improve production decision-making efficiency and achieve optimal sharing of production information and resources; established a capital (operation) center to strengthen corporate capital management and control to ensure the secure, reasonable and efficient operations of corporate capital; set up an accounting sharing center to further integrate finance into the Company's strategic transformation and the decision-making and management of various industrial chains so as to provide the Company with necessary capital reserves for capital operations.

7. Deepened human resources reform and strengthened performance appraisal mechanism. Continued to deepen human resources reform, and further optimized human resources allocation through batch adjustment of ranks and continuous post exchanges, etc. so as to lay the necessary talent base for the Company's business development goals; continued to implement the "military order" assessment, and summarized existing experience, on the basis of this, closely optimized and adjusted the "military order" assessment indicators around the Company's annual business goals to promote the Company's annual goals.

8. Promoted the revitalization of existing assets and explored incremental asset allocation. Comprehensively analyzed the macro

situation, industry trends and market situation, prudently studied, explored and started the revitalization work of existing assets, and strive to regenerate the old capacity, and also created favorable conditions for the injection of new capacity; with the help of the socialist pilot demonstration zones with Chinese characteristics and the favorable policies of Guangdong-Hong Kong-Macao Greater Bay Area, relied on the advantages of shareholders and other parties, gave full play to the Company's own subjective initiative, actively explored new project opportunities, and created conditions for the Company to seek strategic transformation and achieve sustainable and healthy development.

In 2019, the Company was guided by Xi Jinping's thoughts on socialism with Chinese characteristics in the new era, firmly grasped the correct political direction, comprehensively strengthened party leadership and party building, the Company's party organization has been upgraded to party committee, and continued to promote the deep integration of party building and company management so as to strengthen the party's construction and promote the operations.

In year of 2019, the Company has achieved a revenue in operation of 1223 million Yuan, the net profit attributable to shareholder of listed company amounted as 24.901 million Yuan and basic EPS was 0.04 Yuan.

II. Main business analysis

1. Introduction

Found more in I. Introduction in Discussion and Analysis of the Operation

2. Revenue and cost

(1) Constitute of operation revenue

In RMB/CNY					
	2019		2018		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	1,222,577,954.53	100%	1,884,937,109.00	100%	-35.14%
Industry classification					
Energy industry	1,082,001,858.50	88.50%	1,768,441,244.50	93.82%	-38.82%
Engineering service	62,635,550.65	5.12%	45,701,543.76	2.42%	37.05%
Sludge drying	70,420,653.67	5.76%	64,698,909.32	3.43%	8.84%
Other business	7,519,891.71	0.62%	6,095,411.42	0.32%	23.37%
Product classification					
Electricity sales	1,082,001,858.50	88.50%	1,768,441,244.50	93.82%	-38.82%
Engineering service	62,635,550.65	5.12%	45,701,543.76	2.42%	37.05%

Sludge drying	70,420,653.67	5.76%	64,698,909.32	3.43%	8.84%
Other business	7,519,891.71	0.62%	6,095,411.42	0.32%	23.37%
Region classification					
Domestic	1,222,577,954.53	100.00%	1,884,937,109.00	100.00%	-35.14%
overseas	-	0.00%	-	0.00%	0.00%

(2) The industries, products, or regions accounting for over 10% of the Company's operating income or operating profit

Applicable Not applicable

In RMB/CNY

	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
Industry classification						
Energy industry	1,082,001,858.50	969,503,809.30	10.40%	-38.82%	-42.27%	5.36%
Engineering service	62,635,550.65	44,467,064.24	29.01%	37.05%	41.98%	-2.46%
Sludge drying	70,420,653.67	47,133,619.81	33.07%	8.84%	17.36%	-4.86%
Product classification						
Electricity sales	1,082,001,858.50	969,503,809.30	10.40%	-38.82%	-42.27%	5.36%
Engineering service	62,635,550.65	44,467,064.24	29.01%	37.05%	41.98%	-2.46%
Sludge drying	70,420,653.67	47,133,619.81	33.07%	8.84%	17.36%	-4.86%

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

(3) Income from physical sales larger than income from labors

Yes No

Industries	Item	Unit	2019	2018	Increase/decrease y-o-y
Electric Power	Sales volume	100 million KWH	34.66	42.7	-18.83%
	Output	100 million KWH	14.58	27.97	-47.87%
	Storage	100 million KWH	-	-	-

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

Applicable Not applicable

In 2019, the reform of Guangdong's electric power marketization has been further strengthened, and the market transaction size has increased by nearly 30% on a year-on-year basis, accounting for about 50% of power generation in the province. With Nanshan Power Factory being included in the main trading body of electricity marketization, three subordinate power plants of the Company all entered the power market transaction, the Company changed from the past planned power generation mode to the marketing-oriented power production mode, and the base electricity consumption dropped significantly.

(4) Performance of the material sales contract signed by the Company up to the reporting period

Applicable Not applicable

(5) Constitute of operation cost

Industry and products classification

Industries	Item	2019		2018		Increase/decrease y-o-y	In RMB/CNY
		Amount	Ratio in operation cost	Amount	Ratio in operation cost		
Energy industry	Power, heat supply	969,503,809.30	91.30%	1,679,314,517.30	95.84%	-42.27%	
Engineering service	Engineering cost	44,467,064.24	4.19%	31,319,671.15	1.79%	41.98%	
Other business	Sludge drying etc.	47,945,840.31	4.52%	41,519,138.75	2.37%	15.48%	

Products	Item	2019		2018		Increase/decrease y-o-y	In RMB/CNY
		Amount	Ratio in operation cost	Amount	Ratio in operation cost		
Electricity sales	Power supplying	969,503,809.30	91.30%	1,679,314,517.30	95.84%	-42.27%	
Engineering service	Engineering cost	44,467,064.24	4.19%	31,319,671.15	1.79%	41.98%	
Sludge drying	Sludge treatment	47,133,619.81	4.44%	40,161,542.67	2.29%	17.36%	
Other business	Other	812,220.50	0.08%	1,357,596.08	0.08%	-40.17%	

(6) Changes in the scope of consolidation in Reporting Period

Yes No

(7) Major changes or adjustment in business, product or service of the Company in Reporting Period

Applicable Not applicable

(8) Major sales and main suppliers

Major sales client of the Company

Total top five clients in sales (RMB)	1,179,362,173.80
Proportion in total annual sales volume for top five clients	96.47%
Proportion in total annual sales for the related party's sales in top five clients' sales	0.00%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Guangdong Power Grid Co., Ltd.	618,584,498.54	50.60%
2	Shenzhen Power Supply Bureau Co., Ltd.	447,680,549.85	36.62%
3	Shenzhen Municipal Water Affairs Bureau	54,214,502.32	4.43%
4	China Machinery Engineering Corporation	42,676,471.74	3.49%
5	Shenzhen Water Group	16,206,151.35	1.33%
Total	--	1,179,362,173.80	96.47%

Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	694,128,794.86
Proportion in total annual purchase amount for top five suppliers	73.13%
Proportion in total annual purchase amount for the related party's amount in top five suppliers	2.90%

Information of top five suppliers of the Company

Serial	Name	Purchases (RMB)	Proportion in total annual purchases
1	Shenzhen Gas Group Co., Ltd.	378,598,827.20	39.89%
2	CNOOC Gas Power Group Co., Ltd.	233,653,941.04	24.62%
3	Shenzhen Nan Guang Power Co., Ltd.	30,678,718.88	3.23%
4	Dongguan Jiufeng NG Storage Co., Ltd.	27,555,147.22	2.90%
5	Shenzhen Energy Gas Investment Holding Co., Ltd., Shenzhen Energy Gas Investment Holding Co., Ltd.	23,642,160.52	2.49%
Total	--	694,128,794.86	73.13%

Other notes of main suppliers of the Company

Applicable Not applicable

3. Expenses

In RMB/CNY

	2019	2018	Increase/decrease y-o-y	Note of major changes
Sales expense	5,599,305.43	3,715,812.95	50.69%	Increased due to the cost of dry sludge treatment from Shen Nan Dian Environment Protection Company (wholly-owned subsidiary) increased
Management expense	109,541,900.18	93,529,697.87	17.12%	Increased due to the previous year's expenses are charge off at same period last year
Financial expense	22,310,708.04	39,606,243.43	-43.67%	Decreased due to the loans and lending rate declined

4. R&D expenses

Applicable Not applicable

5. Cash flow

In RMB/CNY

Item	2019	2018	Y-o-y changes
Subtotal of cash in-flow from operation activity	1,413,997,516.01	2,228,506,103.32	-36.55%
Subtotal of cash out-flow from operation activity	1,211,053,607.40	1,991,942,942.94	-39.20%
Net cash flow from operation activity	202,943,908.61	236,563,160.38	-14.21%
Subtotal of cash in-flow from investment activity	35,486,018.97	284,400.00	12377.50%
Subtotal of cash out-flow from investment activity	193,242,132.78	152,775,247.81	26.49%
Net cash flow from investment activity	-157,756,113.81	-152,490,847.81	3.45%

Subtotal of cash in-flow from financing activity	1,465,170,000.00	1,551,000,000.00	-5.53%
Subtotal of cash out-flow from financing activity	1,653,932,661.32	1,132,043,516.39	46.10%
Net cash flow from financing activity	-188,762,661.32	418,956,483.61	-145.06%
Net increased amount of cash and cash equivalent	-143,466,610.74	503,343,234.63	-128.50%

Main reasons for y-o-y major changes in aspect of relevant data

Applicable Not applicable

1. Cash in-flow from operation activity has 36.55% declined over that of last year, mainly because the revenue from electricity sales decreased for the reduction of generation capacity in the year;
2. Cash out-flow from operation activity has 39.20% declined over that of last year, mainly because the costs of natural gas (NG) purchase decreased for the reduction of generation capacity in the year;
3. Net cash flow from operation activity has 14.21% down from a year earlier, mainly includes the generating revenue declined in the year and the payment of NG decreased and the VAT and surcharge reduced;
4. Cash in-flow from investment activity has an increase of 12377.50% on a y-o-y basis, mainly because redemption of the new financial products increased in the year;
5. Cash out-flow from investment activity has an increase of 26.49% on a y-o-y basis, mainly due to the expenses on new financial products increased in the year;
6. Cash in-flow from financing activity has an increase of 46.10% on a y-o-y basis, mainly because repayment of the bank loans increased in the year;
7. Net cash flow from financing activity has 145.06% down on a y-o-y basis, mainly because repayment of the bank loans increased in the year and the size of lending are decreased;
8. Net increased amount of cash and cash equivalent has 128.50% down on a y-o-y basis, mainly because the net cash from operation activities and financing activities are declined in the year.

Explanation on reasons for the significant differences between the net cash flow arising from operation activities in the Period and net profit of last year

Applicable Not applicable

III. Analysis of the non-main business

Applicable Not applicable

In RMB/CNY

	Amount	Ratio in total profit	Note	Whether be sustainable (Y/N)
Investment income	-1,429,841.92	-4.97%	Income from long-term equity investment measured by equity	Y
Gains/losses of fair value changes	-	0.00%		

Assets impairment	-	0.00%		
Non-operating income	5,601,216.93	19.47%	Income for selling the carbon emission quota and waste materials	N
Non-operating expenditure	270,348.79	0.94%	Loss on retirement of fixed assets	N

IV. Assets and liability

1. Major changes of assets composition

	In RMB/CNY					
	Year-end of 2019		Year-begin of 2019		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	773,209,854.84	24.02%	925,829,404.44	27.99%	-3.97%	Bank loans declined
Account receivable	178,150,580.32	5.53%	132,430,024.97	4.00%	1.53%	Electricity charge receivable increased
Inventory	124,686,443.61	3.87%	124,758,334.97	3.77%	0.10%	No major changes
Investment property	2,401,327.00	0.07%	2,606,302.71	0.08%	-0.01%	No major changes
Long-term equity investment	14,619,203.03	0.45%	16,049,044.95	0.49%	-0.04%	No major changes
Fix assets	1,381,675,872.68	42.92%	1,405,649,989.24	42.50%	0.42%	No major changes
Construction in process	66,474,630.23	2.06%	82,348,008.39	2.49%	-0.43%	No major changes
Short-term loans	881,075,378.48	27.37%	1,000,000,000.00	30.24%	-2.87%	Bank loans declined
Long-term loans		0.00%	25,940,000.00	0.78%	-0.78%	Repayment of the long-term loans ahead of schedule

2. Assets and liability measured by fair value

Applicable Not applicable

3. Assets right restriction till end of reporting period

V. Investment

1. Overall situation

Applicable Not applicable

2. The major equity investment obtained in the reporting period

Applicable Not applicable

3. The major non-equity investment doing in the reporting period

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The Company had no securities investment in the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company had no derivatives investment in the reporting period.

5. Use of proceeds

Applicable Not applicable

The Company had no use of proceeds in the reporting period.

VI. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

The Company had no sales of major assets in the reporting period.

2. Sales of major equity

Applicable Not applicable

VII. Analysis of main holding Company and stock-jointly companies

Applicable Not applicable

Particular about main subsidiaries and stock-jointly companies net profit over 10%

In RMB/CNY

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen New Power Industrial Co., Ltd.	Subsidiary	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	202,283,267 .08	155,533,014 .55	144,934,297 .05	-2,350,999 .13	-2,350,999 .13

Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Subsidiary	Sludge drying; the design and operations management of sludge treatment and disposal facilities and engineering; the technology development, technology transfer, technical advice, technical services of environmental pollution control and comprehensive utilization domain; (Except for the projects required to be approved before registration by laws, administrative regulations, or decisions and stipulation of the State Council, the restricted items must be approved before operating)	RMB million	79	151,486,548 .72	124,995,928 .28	70,441,892 61	16,058,909 .35	13,733,65 3.52
--	------------	--	----------------	----	--------------------	--------------------	------------------	-------------------	-------------------

Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Subsidiary	Engage in the technical advisory service for the construction projects of gas-steam combined cycle power plant (station), and undertake the maintenance and overhaul of the operation equipment of gas-steam combined cycle power plant (station). Import and export of goods and technologies (excluding distribution and state monopoly commodities)	RMB million	10 09	66,788,443. 36,050,095.	12	62,635,550. 11,237,044	.64	8,251,057. 23
---	------------	--	-------------	-------	-------------------------	----	------------------------	-----	---------------

Shenzhen Server Petrochemical Supplying Co., Ltd	Subsidiary	Self-supporting or import agent business of fuel oil; trade (excluding production and storage and transportation) in diesel, lubricating oil, liquefied petroleum gas, natural gas, compressed gas and liquefied gas, chemical products (excluding dangerous chemicals); investment, construction and technical supports in liquefied petroleum gas, natural gas and related facilities; import and export businesses and domestic trade of goods and technologies (excluding franchise, exclusive control, and monopoly products); leasing business. Licensed projects: fuel oil warehousing business (except for refined oil); general freight transport, special transportation of goods (containers), special transportation of goods (tank)	RMB 53.3 million	123,526,851 .76	93,735,606.27	1,174,190.48	-4,714,966 .66	-4,699,037 .46
--	------------	--	------------------	-----------------	---------------	--------------	----------------	----------------

Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Subsidiary	Gas turbine power generation, waste heat power generation, power supply and heating (excluding heating pipe network), leasing of wharf and oil depots (excluding refined oil, dangerous chemicals, or flammable and explosive goods).	RMB 746.8 million	597,611,180 .05	-94,338,788. 09	171,254,894 .37	-4,618,828 .55	656,087.4 0
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Subsidiary	Construction and operation of natural gas power stations, construction and operation of natural gas cogeneration power plants.	US \$ 35.04 million	621,158,083 .32	108,425,691 .07	464,032,241 .35	10,043,492 .05	10,034,29 0.45
Shen Nan Energy (Singapore) Co., Ltd.	Subsidiary	Agent for oils trade and spare parts of gas turbine	US \$ 0.9 million	150,337,347 .17	147,623,527 .73	0.00	235,764.20	235,764.2 0

Subsidiary disposes and acquired in the period

Applicable Not applicable

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Future Development Prospects

(i) Brief analysis of macroeconomic situation and industry trends

In 2020, the macroeconomic situation at home and abroad is complex and challenging. From the external environment, the growth of the world economy and trade has slowed down simultaneously, the geopolitical instability and economic operation risks have increased, and the uncertain factors have somewhat increased. From the internal environment, China's economic development is facing new risks and challenges, and its economic operation is facing new downward pressure. In particular, the outbreak of pneumonia caused by the novel coronavirus infections at the beginning of the year has a huge impact on the economic construction, further increasing the difficulties of the real economy, and significantly reducing the demand for power consumption. However, China's economy has tremendous resilience and potential. Although the novel coronavirus pneumonia epidemic has a significant impact on economic operations, the long-term positive trend will not be changed. 2020 is the closing

year for the implementation of China's "13th Five-Year Plan" and a key year for the layout of the "14th Five-Year Plan", the Political Bureau of the CPC Central Committee has emphasized that it is necessary to coordinate the work of epidemic prevention and control and economic and social development, unwaveringly implement the new development concept, deepen the supply-side structural reforms, fight the three major challenges, and accomplish the "six stability" work, give full play to the positivity, initiative and creativity of all parties, minimize the impact of the epidemic, and work hard to achieve the goals and tasks of economic and social development throughout the year, to achieve the goals and objectives of building a well-off society in an all-round way and overcoming poverty, and to start a new journey of socialist modernization.

In terms of power industry trends, in recent years, the gas turbine power generation industry in Guangdong Province has shown a development pattern that the energy structure is being optimized and adjusted, the core of gas power development is the Pearl River Delta region, the main body of new gas power is distributed energy resources and the growth of gas power construction is rather rapid, in the future, the market competition among gas and power companies in the province will further intensify. The output of gas generating units in 2019 was about 1.56 million kilowatts, and the expected output in 2020 is 6.72 million kilowatts, a significant year-on-year increase of 331%. On the other hand, according to the Notice of Guangdong Energy Bureau on Issuing Guidance Plan for Base Power of Generator Unit and on Making Annual Trading Arrangements for the Electricity Market in 2020"(YNDL Letter [2019] No.589) issued by Guangdong Energy Bureau, the total base power in the province in 2020 will be 206 billion kwh, a year-on-year decrease of 18%, and the base power of the Company's subordinate power plants to fall further. In addition, power spot trading is expected to be officially implemented in 2020, and the Company's main power business will face more intense and brutal market competition and challenges.

(ii) Summary of the Company's annual business plan for 2020

In 2020, the Company will unwaveringly take the "1 + 5" strategic road map as the guide, and through the implementation of the "125" project, that is, taking "strategic transformation" as a center, "solidifying foundation and destocking, city and industry integration" as two basic points, and taking "solidifying foundation, cutting overcapacity, integrating projects, optimizing mobile investment, laying out double cities" as five important measures, and strive to achieve strategic transformation and sustainable and healthy development, grab the "dual-zone drive" strategic opportunities in Guangdong-Hong Kong-Macao Greater Bay Area and the leading demonstration zone of socialism with Chinese characteristics, consider the situation and make careful deployment, and on the basis of continuing to do a good job in the production and operation of the existing main business, designedly implement the optimal transfer of existing assets, accelerate the Company's transformation and upgrading, and strive to create more value returns for shareholders. During the year, the Company will focus on the following work:

1. Strengthen safety management and implement environmental protection responsibilities. First, to consistently implement safety supervision and management and strictly implement the safety responsibility system and safety guarantee measures to ensure that the Company's safe production is stable and orderly. Second, to strengthen the technical supervision and management of equipment, enhance the regular inspection and maintenance of equipment, and ensure the equipment's normal operation; Third, build a full staff, all-round and all-weather security patterns, strive to create an all-around security situation of production, operation, management, etc., ensure the realization of the annual safety "five nos" and the capital chain security. Fourth, do a good job in environmental protection and strictly control emission targets to ensure the goal of achieving a blue card in the environmental credit evaluation; continue to play a pioneering roles in the industry, actively perform the social responsibility and participate in the municipal sludge treatment project of the Guangdong-Hong Kong-Macao Greater Bay Area.

2. Stick to the bottom line of compliance, help the development of the Company. First, further improve the corporate governance structure and modern enterprise management system of listed companies, persist in managing enterprises according to law and standardize operations. Second, continue in doing a good job of information disclosure in accordance with the laws and

regulations, make further efforts on improving the quality of information disclosure; Third, continue to manage the investor relations in accordance with the laws and regulations, make further efforts on improving the level of investor management, earnestly protect the legitimate rights and interest of whole investors. Fourth, to pay close attention to the changes in policies and regulations, adopt various methods to carry out publicity and training on relevant laws, regulations and policies, strengthen the risk awareness and legal awareness of business management personnel at all levels and all employees, and further improve the governance and standard operation. The fifth is to further strengthen the internal control management, improve the risk prevention mechanism, strengthen the overall-process supervision and management of funds and foreign investment, and effectively reduce and avoid capital and investment risks.

3. Adhere to the party's leadership and play a leading role. The first is to strictly implement the responsibility system for party building, adhere to the principle of party management and party building, and always regard party building as the top priority to ensure that the party building is at a new level. The second is to improve the Company's party building regulations in accordance with relevant party organization regulations and party building requirements to provide basis and guidance for the implementation of the Company's party building work. The third is to strengthen the party's leadership role, firmly establish the sense of responsibility, main business, and protagonist, further implement the party committee deliberations and decision-making mechanism, and strengthen the party's leading role in important decisions and governance for production safety, business management, and transformation development.

4. Pay close attention to the main business operations and improve business performance. The first is to pay close attention to the production, operation and management of the main business of power generation, based on the principle of "maximizing benefits", strive to enhance the power marketing capabilities, actively study spot trading policies and operating rules, and dynamically adjust the coping strategies according to the changes in the power marketing situation. The second is to strengthen the strategic cooperation with suppliers, dynamically formulate natural gas procurement strategies, reduce natural gas procurement costs while ensuring a stable supply of natural gas, and strive to obtain the maximum benefits of main business. The third is to strengthen the overall management of funds and the budget management, adopt diversified methods to reduce financial costs, and improve the efficiency of use of funds and the level of income on the premise of ensuring the control of liquidity and risks required for daily operations.

5. Revitalize stock assets and expand living space. The first is to combine the external operating environment and the actual situation of the Company, explore effective paths for the Company's stock assets to be optimally transferred and invested, and implement 70% equity transfer of Shen Nan Dian Dongguan Company to reduce the Company's funding pressure and operating pressure. The second is to actively respond to the national "One Belt and One Road" strategy, endeavor to find new bases and footholds for 9E units while striving for overseas engineering service projects so as to expand the space for the Company's transformation and development. The third is to take advantage of the "dual zone drive" advantage, and use the capital platform of listed companies to actively and prudently seek new project opportunities and development opportunities, and seek strategic transformation and sustainable development of the Company.

6. Follow up the land plan and lay out the "two cities with one production". Firstly, it is necessary to closely track and study the Qianhai area planning and related policy developments, maintain communications with the relevant functional departments of Shenzhen and the Qianhai Administration, study and formulate coping strategies and work plans, actively strive for the follow as the precursor, including the implementation of innovative industry projects as advance manufacturing, life & health, new generation IT and science & technology finance, promote the changes of the land nature in Qianhai area where Nanshan Power Factory locates; Secondly, we must actively seize the development opportunities of the Shenzhen-Zhongshan channel, fully revitalized the land resources of Shen Nan Dian Zhongshan Company, and strive for the landing of new projects and new production capacity. Thirdly, with the participation and cooperation of legal advisers, all work is carried out in accordance with

the standardization requirements of listed companies, and necessary decision-making approval procedures and information disclosure obligations shall be fulfilled to maximize the interests of the Company and all shareholders and the legitimate rights and interests of employees..

The business plan and related situation analysis described in this report do not constitute the company's performance commitment to investors. The company reminds investors to maintain sufficient risk awareness and understand the difference between business plan and performance commitment and make prudent investment decision making.

(iii) Possible main risks and countermeasures

1. In terms of main business, in recent years, with the further advancement of Guangdong's power market reform, the power generation side has said goodbye to the past generation scheduling model issued by the government, the market competition for the gas turbine power generation industry has intensified, the base power plan to fall further, the "two detailed rules" assessment and compensation standards fell sharply, and the main business of power generation was struggling. In addition, the pneumonia epidemic caused by COVID-19 had a negative impact on power generation, the Company faces greater main business challenges and huge operating pressure in 2020. The Company will actively communicate with relevant provincial and municipal government departments to reflect the difficulties of the enterprise and seek government supports; do its best to improve the profitability of the main business and the overall operating efficiency by strengthening the management of the stock assets. At the same time, the Company will actively explore diversified business models and transformation and development opportunities to create better conditions for the Company's continued operation and healthy development.
2. Safety production: The power generation equipment of the Company's subordinate power plants have various degrees of aging, potential malfunction and safety risks increase year by year, which make higher requirements on the equipment management and maintenance investment, in addition, the aging problem of the Company's technical personnel becomes increasingly obvious, so the Company's safety management faces big challenges. The Company will strengthen the equipment inspection and maintenance work, enhance the employees' safety education and training, intensify the safety production responsibility system, and strictly implement the safety management system and other measures while combining with the assessments, rewards and punishment so as to raise the awareness of safety and responsibilities among staff at all levels and ensure the production safety.
3. Fuel procurement: In 2020, the Company's natural gas purchase price is expected to fluctuate with the supplier's sales price and the market demand changes, while the foreign-trade dependence of China's natural gas is as high as 42% (data for the first half of 2019), resulting in gas prices being largely affected by the international political situation, it does not rule out the possibility that natural gas prices will fluctuate more than in 2019. In addition, with the continuous advancement of the market-oriented reform of electricity trading in Guangdong Province, the uncertainty of the Company's actual power generation will further increase, and it is difficult to match the planned power generation with the actual power generation, resulting in a big conflict between the planned purchase of natural gas and the actual purchase. As the natural gas procurement contract must be signed in advance, the contract amount has been determined at the time of signing, if the gas cannot be fetched according to the contract due to factors such as power transactions in the later period, it may lead to under-provision of the contract amount, and it is necessary to bear the relevant liabilities for under-provision. The Company will continue to take advantage of the scale procurement and the regulatory functions of multi-gas sources, and do its utmost to reduce the cost of natural gas procurement while ensuring it meets the power production needs.
4. Land of Nanshan Power Factory: In August 2019, the Shenzhen Municipal Government's online website announced the Notice of Shenzhen Municipal Planning and Natural Resources Bureau on Printing and Distributing "the Shenzhen City's 2019 Urban Renewal and Land Preparation Plan", and once again included the land parcel of the Company's subordinate Nanshan Power

Factory in the land preparation plan. Although the Company has actively used various opportunities to express its own demands and suggestions, it has achieved little success so far. The Company will closely maintain communication with the relevant functional departments of Shenzhen and Qianhai Authority, actively follow up the progress of the implementation of relevant government plans, and work closely with legal counsel to study the related situation of the land of Nanshan Power Factory, study and formulate coping strategies and work plans, and do their best to safeguard the legitimate rights and interests of listed company and all shareholders.

Investors are advised to pay attention to the above-mentioned major risks and other risks that the Company may face and make rational investment decisions prudently.

X. Reception of research, communication and interview

1. In the report period, reception of research, communication and interview

Applicable Not applicable

Time	Way	Type	Basic situation index of investigation
Jan.-Dec. 2019	On-site reception	Individual	Enquiry of register of shareholders, getting information of the Company, attending the shareholders' general meeting, communicate and submit temporary proposals to shareholders' general meeting. Reception according to the laws and regulations.
Jan.-Dec. 2019	Reply the questions in interactive platform	Individual	Continuous operation of the Company, relevant lands issues of Nanshan Power Factory, relevant matters of Shen Nan Dian Dongguan Company, number of shareholders and future development ideas etc. The Company reply timely in written.
Jan.-Dec. 2019	Telephoning	Individual	Continuous operation of the Company, relevant lands issues of Nanshan Power Factory, relevant matters of Shen Nan Dian Dongguan Company and future development ideas etc. The Company answers and replies according to the laws and regulations.
Reception (times)		130 person times on-site, 44 person times reply in interactive platform and dozens of times through telephoning	
Number of hospitality		0	
Number of individual reception		174	

Disclosed, released or let out major undisclosed information	N
--	---

Section V. Important Events

I. Profit distribution plan of common stock and transfer of public reserve into share capital

Formulation, Implementation and Adjustment of common stock Profit Distribution Policy Especially Cash Dividend policy during the Reporting Period

Applicable Not applicable

According to the “Profit distribution policy” carried out in Article 168 of the *Article of Association*:

(i) “The Company shall carry out sustainable and stable profit distribution policy, comprehensively taking reasonable return on investment of the investors and the long-term development of the Company into consideration. The profit distribution of the Company shall not exceed the cumulative profits available for distribution, shall not damage the on-going business capability, and shall adhere to principle of distribution in doctrine of legal sequence and shall not be distributed if deficit not yet made up.”

(ii) The Company’s profit can be distributed in the form of cash, stock and combination of cash and stock, or any other way allowed by the laws and regulations.

(iii) The condition of cash bonus

”1. “The annual and semi-annual distributive profits are positive and the cash flow is abundant, and the cash bonus shall not affect the on-going business and operation of the Company;”

2. The audit institution issued standard unqualified audit reports on the Company's annual or semi-annual financial report; or the audit institution issued non-standard unqualified audit reports on the Company's annual or semi-annual financial report, but which did not affect the annual financial position, operating results and cash flow;

3. There were no major investment plans or major cash expenditures (except for fund-raising projects).

Significant investment plans or significant cash expenditures refer to the cumulative expenditures the Company plans to spend on investment abroad, asset purchases, or equipment purchases within the next twelve months reach or exceed 30% of the Company's latest audited total assets.

In accordance with relevant regulations of *Company Law* and *Article of Association*, combined with the practical condition of the Company, the Company intend to carry out profit distribution plan for the year of 2019 as: based on the share capital of 602,762,596 shares on 31st December 2019, distribute RMB 0.2 (tax included) cash dividends for every ten stocks to whole shareholders, totally RMB 12,055,251.92 distributed in cash.

Special instructions of the cash dividend policy	
Satisfy regulations of General Meeting or requirement of <i>Article of Association</i> (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):	Y

Profit distribution plan (pre-plan) of common stock and transfer of public reserve into share capital plan (pre-plan) in latest three years (including the reporting period)

1. In 2017, audited by Ruihua Certified Public Accounts , the net profit attributable to shareholders of listed Company for year of 2017 amounting as RMB 15,904,182.47. The Company has no plans of surplus accumulation fund accrual, no profit distribution plan and transfer of public reserve into share capital either. (For details, please refer to the announcement of the 2nd session of 8th BOD (No.: 2018-003) published on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and Juchao information website dated 22 March 2018)

2. In 2018, audited by Ruihua Certified Public Accounts, the net profit attributable to shareholders of listed Company for year of 2018 amounting as RMB 19,253,766.12. The Company has no plans of surplus accumulation fund accrual, no profit distribution plan and transfer of public reserve into share capital either. (For details, please refer to the announcement of the 4th session of 8th BOD (No.: 2019-008) published on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and Juchao information website dated 28 March 2019)

3. In 2019, audited by LIXINZHONGLIAN, the net profit attributable to shareholders of listed Company for year of 2019 amounting as RMB24,900,956.73. The Company has no plans of surplus accumulation fund accrual and based on the share capital of 602,762,596 shares on 31st December 2019, distribute RMB0.2(tax included) cash dividends for every ten stocks to whole shareholders, there is no transfer of public reserve into share capital. (For details, please refer to the announcement of the 6th session of 8th BOD (No.: 2020-009) published on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and Juchao information website dated 20 March 2020)

Cash dividend of common stock in latest three years (including the reporting period)

In RMB/CNY

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio of the cash bonus in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Proportion for cash bonus by other ways(i.e. share buy-backs)	Ratio of the cash bonus by other ways in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Total cash bonus (including other ways)	Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement

2019	12,055,251.92	24,900,956.73	48.41%	0.00	0.00%	12,055,251.92	48.41%
2018	0.00	19,253,766.12	0.00%	0.00	0.00%	0.00	0.00%
2017	0.00	15,904,182.47	0.00%	0.00	0.00%	0.00	0.00%

The Company gains profits in reporting period and the retained profit of common stock shareholders provided by parent Company is positive but no plan of cash dividend proposed of common stock

Applicable Not applicable

II. Profit distribution plan and transfer of public reserve into share capital for the Period

Applicable Not applicable

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (Tax included)	0.2
Shares added for every 10-share base (Share)	0
Equity base of distribution plan (Share)	602,762,596
Total cash dividend (RMB) (Tax included)	12,055,251.92
Cash dividend for other ways (i.e. repurchased) (RMB)	0.00
Total cash dividend (including other way) (RMB)	12,055,251.92
Distributable profits (RMB)	710,334,373.89
Ratio of cash dividend (including other way) in total profit distribution	100.00%
Cash dividend	
Other	
Detail explanation on profit distribution or transfer of public reserve into share capital	

According to the “Profit distribution policy” carried out in Article 168 of the *Article of Association*:

(i) “The Company shall carry out sustainable and stable profit distribution policy, comprehensively taking reasonable return on investment of the investors and the long-term development of the Company into consideration. The profit distribution of the Company shall not exceed the cumulative profits available for distribution, shall not damage the on-going business capability, and shall adhere to principle of distribution in doctrine of legal sequence and shall not be distributed if deficit not yet made up.”

(ii) The Company’s profit can be distributed in the form of cash, stock and combination of cash and stock, or any other way allowed by the laws and regulations.

(iii) The condition of cash bonus

”1. “The annual and semi-annual distributive profits are positive and the cash flow is abundant, and the cash bonus shall not affect the on-going business and operation of the Company;”

2. The audit institution issued standard unqualified audit reports on the Company’s annual or semi-annual financial report; or the audit institution issued non-standard unqualified audit reports on the Company’s annual or semi-annual financial report, but which did not affect the annual financial position, operating results and cash flow;

3. There were no major investment plans or major cash expenditures (except for fund-raising projects).

Significant investment plans or significant cash expenditures refer to the cumulative expenditures the Company plans to spend on investment abroad, asset purchases, or equipment purchases within the next twelve months reach or exceed 30% of the Company’s latest audited total assets.

In accordance with relevant regulations of *Company Law* and *Article of Association*, combined with the practical condition of the Company, the Company intend to carry out profit distribution plan for the year of 2019 as: based on the share capital of 602,762,596 shares on 31st December 2019, distribute RMB 0.2(tax included) cash dividends for every ten stocks to whole shareholders, totally RMB12,055,251.92 distributed in cash.

III. Implementation of commitment

1. Commitments that the actual controller, shareholders, related parties, acquirer and the Company have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable Not applicable

There was no commitments that the actual controller, shareholders, related parties, acquirer and the Company have fulfilled during the reporting period and have not yet fulfilled by the end of the reporting period

2. Concerning assets or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Applicable Not applicable

IV. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Modified Audit Report” issued by CPA

Applicable Not applicable

VI. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

Applicable Not applicable

I. Summary of the accounting policy change

(i) Causes

On March 31, 2017, the Ministry of Finance of the People's Republic of China (hereinafter, the Ministry of Finance) revised and issued the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, *Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets*, *Accounting Standards for Business Enterprises No. 24 - Hedge Accounting*, and issued and revised the *Accounting Standards for Business Enterprises No. 37 – Financial Instruments Presentation* on May 2, 2017 (the above-mentioned four standards are collectively referred to as the “*New Financial Instruments Standards*”), relevant accounting policy are adjusted correspondingly. And on 30 April 2019 and 19 September 2019, the *Revising and Printing the Format of Financial Statements for General Enterprises in 2019* (CK (2019) No.6) and *Notice on Revising and Printing the Format of Consolidated Financial Statements (2019)* [CK(2019) No.16] are issued by the Ministry of Finance, financial statement's format for general enterprise are being revised. According to the above mentioned requirement, relevant content of the accounting policy shall be adjusted correspondingly.

(ii) Changes

1. Accounting policy before change

Before the changes, the Company comply with the *Accounting Standards for Business Enterprises - Basic Standards* issued by Ministry of Finance on 15 February 2006 and vary specific accounting rules, as well as the *Accounting Standards for Business Enterprises* issued and revised subsequently, the *Application Guide of Accounting Standards for Business Enterprises*, *Interpretation Announcement on Accounting Standards for Business Enterprises* and other relevant regulations (hereinafter, the *Accounting Standards for Business Enterprises*).

2. Accounting policy after change

After the changes, the Company comply with the *New Financial Instruments Standards* issued in 2017 by Ministry of Finance and the *Revising and Printing the Format of Financial Statements for General Enterprises in 2019* issued in 2019. Except for the above mentioned accounting policies, the Company still exercise the *Accounting Standards for Business Enterprises* and relevant regulations that issued and revised on 15 February 2006 and subsequently by Ministry of Finance.

(iii) Date of change

The Company perform the accounting policy of *New Financial Instruments Standards* since 1 January 2019.

(iv) voting and deliberation condition

On 14 August 2019, the *Implementation of New Financial Instruments Standards* was deliberated and approved by the 5th session of 8th BOD and 5th session of 8th Supervisory Committee, independent directors issued an independent opinions. Change of this accounting policy no need to submit for deliberation on shareholders' general meeting.

II. Impact on the Company

1. The “Financial assets available-for-sale” adjusted to “Other equity instrument investment”, as for the equity instrument investment of Jiangxi Nuclear Power Co., Ltd, which has no quotation in active market and are not measured reliable for its fair value, the Company has no controls, common controls or significant influence over the Jiangxi Nuclear Power Co., Ltd; the “Financial assets

available-for-sale" that originally classified, according to the New Financial Instrument Standards, designated as "Financial assets measured at fair value and whose changes are reckoned in other comprehensive income", presented as "Other equity instrument investment"

2. Change of impairment of financial assets: According to the New Financial Instruments Standards, the accrual of impairment of financial assets changed to "expected loss method" instead of "incurred loss method".

3. Revised the presentation of financial statements correspondingly: According to the requirement of *Accounting Standards for Business Enterprises No. 37 – Financial Instruments Presentation* and the *Revising and Printing the Format of Financial Statements for General Enterprises in 2018 from Ministry of Finance*, the Company revised the presentation of financial statements, the investment for Jiangxi Nuclear Power Co., Ltd will presented as "Other equity instrument investment" instead of "Financial assets available-for-sale".

VII. Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

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

Applicable Not applicable

No changes in consolidation statement scope during the period

IX. Appointment and non-reappointment (dismissal) of CPA

Accounting firm appointed

Name of domestic accounting firm	LIXINZHONGLIAN CPAS (SPECIAL GENERAL PARTNERSHIP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	90
Continuous year of auditing service for domestic accounting firm	1
Name of domestic CPA	Liu Xinfia, Ding Dongmei
Continuous year of auditing service for domestic CPA	1

Re-appointed accounting firms in this period

Yes No

Re-appointed accounting firms in auditing period

Yes No

Perform the approval procedure for changing the CPA

Yes No

Explanation on re-appointment and change of CPA

Being deliberated and approved by Annual General Meeting of 2018 held by 18 April 2019, Ruihua Certified Public Accounts was appointed as the auditing institute for the financial and internal control of the Company for year of 2019. According to the operation and needs of business development as well as the arrangement of annual auditing works, being deliberated and approved by the ninth extraordinary meeting of 8th BOD held on 23 October 2019 and the second extraordinary shareholder general meeting of 2019 held on 11 November 2019, the Company change its auditing institute to LIXINZHONGLIAN Certified Public Accounts (Special General Partnership), the auditing organ of financial and internal control for year of 2019. As for changing the auditing institute, the Company made prior communication with Ruihua Certified Public Accounts and asked for their understanding and supports. (Found more in *Notice on Changing the Auditing Institute for year of 2019* [No.:2019-058] and *Resolution of the Second Extraordinary Shareholders General Meeting of 2019* [No.:2019-063] released on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and *Juchao Website* dated 25 October 2019 and 12 November 2019 respectively.

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

Applicable Not applicable

LIXINZHONGLIAN CPAS (SPECIAL GENERAL PARTNERSHIP) was appointed as the internal control auditing authority of the Company for year of 2019 with expenses of 0.2 million Yuan for one year

X. Suspension and Termination of Listing after Annual Report Released

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period.

XII. Major litigation and arbitration of the Company

Applicable Not applicable

No major litigation and arbitration occurred in the period

XIII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

XIV. Integrity of the Company and its controlling shareholders and actual controllers

Applicable Not applicable

XV. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

The Company has no equity incentive plan, employee stock ownership plans or other employee incentives.

XVI. Major related party transaction

1. Related party transaction with routine operation concerned

Applicable Not applicable

Related party	Relationship	Transaction Type	Content	Pricing principle	Transaction price	Transaction amount(in 10 thousand Yuan)	Proportion in similar transactions	Trading limit approved (in 10 thousand Yuan)	Whether over the approved limit or not (Y/N)	Means of payment	Available similar market price	Date of disclosure	Index of disclosure

Shenzhen Energy Gas Investment Holding Co., Ltd., Fuel Branch of Shenzhen Energy Corporation	Related legal person	Purchase fuel	The Company, New Power Company and Shenzhen Dian (Dongguan) Company are entered into the Natural Gas Sales and Purchasing Contract with SZ Energy Gas Holding respectively, and entered in the Purchasing and Sale Management Service Agreement of LNG with Fuel Branch	In principle, the price shall not be higher than the market price of natural gas with reference to the market standard	In principle, the price shall not be higher than the market price of natural gas with reference to the market standard	2,983.38	100.00%	8,867N	By agreement	--	2019-06-25	The Notice of OEM for Equity Gas Purchase and Related Party Transaction (Notice No.: 2019-033)
--	----------------------	---------------	---	--	--	----------	---------	--------	--------------	----	------------	--

Total	--	--	2,983.38	--	8,867				--	--
Detail of sales return with major amount involved	N/A									
Report the actual implementation of the daily related party transactions which were projected about their total amount by types during the reporting period (if any)	Not applicable									
Reasons for major differences between trading price and market reference price (if applicable)	Not applicable									

2. Related party transactions by assets acquisition and sold

Applicable Not applicable

No related party transactions by assets acquisition and sold for the Company in Period.

3. Main related transactions of mutual investment outside

Applicable Not applicable

No main related transactions of mutual investment outside for the Company in Period.

4. Contact of related credit and debt

Applicable Not applicable

Whether has non-operational contact of related liability and debts or not

Yes No

Claim receivable from related party:

Related party	Relationship	Causes	Whether has non-business capital occupying or not (Y/N)	Balance at period-begi n (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Current recovery (10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)	Ending balance (10 thousand Yuan)
Shen Nan Dian Environment Protection Company	Subsidiary	Substitute cost and Capital lending	N	570.35	1,728.67	1,910.04			388.98

Shen Nan Dian Dongguan Company	Subsidiary	Substitute cost and Capital lending	N	43,590.48	14,146.26	39,502.32	5.20%	1,401.99	18,234.42
Shen Nan Dian Zhongshan Company	Subsidiary	Substitute cost and Capital lending	N	60,120.96	17,428.87	10,790.83	5.20%	3,317.67	66,759.00
Shen Nan Dian Engineering Company	Subsidiary	Substitute cost and Capital lending	N	221.95	1,447.13	19.59	5.20%	24.08	1,649.49
Singapore Company	Subsidiary	Substitute cost and Capital lending	N	152.19					152.19
Influence on business performance and financial status of the Company from related liabilities	N/A								

Debts payable to related party:

Related party	Relationship	Causes	Balance at period-begin (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Current recovery (10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)	Ending balance (10 thousand Yuan)
New Power Company	Subsidiary	Substitute cost	5,080.21	20,040.77	16,259.15			8,861.83
Server Company	Subsidiary	Capital lending	7,000	273.38	673.38	3.92%	273.38	6,600
Shen Nan Dian Environment Protection Company	Subsidiary	Capital lending		2,553.39	30.61	3.92%	53.4	2,522.78
Syndisome Company	Subsidiary	Capital lending	380.54	28.32	22.17			386.69

Influence on business performance and financial status of the Company from related debts	N/A
--	-----

5. Other major related party transactions

Applicable Not applicable

No other major related party transactions occurred in the period

XVII. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

Explanation on trust

In accordance with the “Assets (Generator Sets) Custody Operation Contract of Shenzhen New Power Industrial Co., Ltd.” signed with the New Power Company, the Company entrusted with management for the generator assets owned by New Power Company (wholly-owned subsidiary of the Company). During the reporting period, the Company received an assets custody services of 10.7962 million Yuan

Gains/losses to the Company from projects that reached over 10% in total profit of the Company in reporting period

Applicable Not applicable

No gains or losses to the Company from projects that reached over 10% in total profit of the Company in reporting period.

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period.

2. Major guarantees

Applicable Not applicable

(1) Guarantees

In 10 thousand Yuan

Particulars about the external guarantee of the Company and its subsidiary (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarante e for related party (Y/N)
Total approving external guarantee in report period (A1)				0	Total actual occurred external guarantee in report period (A2)			0
Total approved external guarantee at the end of report period (A3)				0	Total actual balance of external guarantee at the end of report period (A4)			0
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarante e for related party (Y/N)
Shen Nan Dian Dongguan Company	2019-03-28	20,000	2019-06-24	20,000	General assurance	One year	N	N
Shen Nan Dian Dongguan Company	2019-03-28	20,000	2019-06-26	10,000	General assurance	One year	N	N
Total amount of approving guarantee for subsidiaries in report period (B1)				40,000	Total amount of actual occurred guarantee for subsidiaries in report period (B2)			30,000
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)				40,000	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)			30,000
Guarantee of the subsidiary for the subsidiaries								

Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarante e for related party (Y/N)
Total amount of approving guarantee for subsidiaries in report period (C1)		0		Total amount of actual occurred guarantee for subsidiaries in report period (C2)		0		
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)		0		Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)		0		
Total amount of guarantee of the Company (total of three above-mentioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)		40,000		Total amount of actual occurred guarantee in report period (A2+B2+C2)		30,000		
Total amount of approved guarantee at the end of report period (A3+B3+C3)		40,000		Total balance of actual guarantee at the end of report period (A4+B4+C4)		30,000		
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)						14.98%		
Including:								
Amount of guarantee for shareholders, actual controller and its related parties (D)						0		
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)						30,000		
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)						0		
Total amount of the aforesaid three guarantees (D+E+F)						30,000		
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)						无		
Explanations on external guarantee against regulated procedures (if applicable)						无		

Explanation on guarantee with composite way

(2) Guarantee outside against the regulation

Applicable Not applicable

No guarantee outside against the regulation in Period.

3. Entrust others to cash asset management

(1) Trust financing

Applicable Not applicable

Trust financing in the period:

In 10 thousand Yuan

Type	Capital sources	Amount occurred	Outstanding balance	Overdue amount
Bank financial products	Own funds	8,600	8,600	0
Total		8,600	8,600	0

Details of the single major amount, or high-risk trust investment with low security, poor fluidity and non-guaranteed

Applicable Not applicable

Entrust financial expected to be unable to recover the principal or impairment might be occurred

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

The company had no entrusted loans in the reporting period.

4. Other material contracts

Applicable Not applicable

The name of the company	The name of the company	Contract object	The date of signature of the contract	The book value of the assets involved in the contract	The assessed value of the assets involved in the contract	Name of the organization involved in the contract	The base date evaluation (if any)	Pricing principles	Bargain price(RMB'000)	Whether connected transaction	Incident relation	The performance by the end of the term	The date of disclosure	The index of disclosure

Shen	Zhuhai												Notice of Major Contract (Notice No.: 2014-030)
Nan	Trading												release d on China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website
Dian	Branch												
Zhong	CNOOC Gas	Natural Gas	2014-05-31		N/A								
han													
Compa													
ny	Power Group												

The Company, New Power Company	Shenzhen Gas Group Co., Ltd.	Pipeline gas	2018-05-14	N/A	The contract is a framework agreement, price of the NG will be decided through consultation by supplemental agreement between the two parties	The contract is a framework agreement, price of the NG will be decided through consultation by supplemental agreement between the two parties	N	Not applicable	In progress	Failure to meet specific disclosure requirements
--------------------------------	------------------------------	--------------	------------	-----	---	---	---	----------------	-------------	--

XVIII. Explanation on other significant events

1. Fulfill the social responsibility

In 2019, the Company faced more and more severe operating situations, the continuous reduction of on-grid electricity prices, high natural gas prices, and increasingly fierce competition in the power marketization transactions and other negative factors made the Company's power main business face greater difficulties and challenges. While making every effort to actively respond to the business dilemma and seek transformation and development, the Company continued to rely on its main business and fulfill its due social responsibilities within its ability, and remained committed to the healthy and harmonious development between the Company and its employees, the Company and the society, and the Company and the environment.

1. Corporate governance: in compliance with the relevant laws and regulations, governance norms of listed Company as well as the Company's Articles of Association, the Company established a sound modern enterprise management system and corporate governance mechanism, strove to achieve the well-defined power and responsibility, the performing of its own functions, effective checks and balances, and the coordinated operation among the general meeting of shareholders, board of supervisors, board of supervision and manager office. In accordance with the listed company's corporate governance standards and related regulations, the Company strictly implemented the decision-making procedures of the "three meetings", did a good job in information disclosure and investor relationship management in accordance with laws and regulations, actively maintained the public image of listed companies, and protected the legitimate interests of all shareholders.

2. In terms of party building, the Company attached great importance to party building and fully reflected the core leadership role of party organizations in business operations and management. According to organizational regulations, the Company's general party branch was upgraded to the party committee, forming a more complete organizational system. The Company actively implemented the requirements of comprehensively strengthening party discipline, earnestly implemented the directive spirit of higher-level party committees, strictly implemented the decision-making system of "three important and one major", and implemented the requirements of the "Party Constitution" and the relevant provisions of the "Articles of Association" into the actual work.

3. Safety production: we seriously in line with the Law on Safety in Production and relevant laws and regulations, and the rules of "same responsibility of the Party & Government, double duties, concerted efforts and negligence of duty"; established and perfected comprehensive safety management organization network and safety management system; Strengthened the all-round safety management concept and safety awareness at all levels, and strengthened the "zero non-stop", dynamic assessment and terminal management through innovative safety production supervision mode, which strictly prevented all kinds of accidents, and realized the "jumping" progress in safety production indicators and the company's best safety management achievements in the past ten years.

4. Environment protection: the Company has stringently complied with the national and local environment laws and regulations and consistently adhered to the policy of eco-friendly power generation and cyclic economic development. Our works relating to environment protection were effectively implemented with satisfaction of all the emission standards. It completed the task set for reduction of pollutant discharge, therefore, no environment pollution accident occurred. Besides, there was no effective complaint regarding environment pollution and no administrative punishment in connection with the same. The Company was rated as the "blue rate" at the annual environment credit rating for year of 2019. All the working targets for environment issues have been achieved for the year. The Company actively implemented the "Shenzhen Blue" sustainable action plan formulated by the Shenzhen Municipal Government, and completed the upgrading and transformation of the low-nitrogen combustion system of the last one gas turbine of Nanshan Power Factor within the prescribed time limit. The nitrogen oxide emission value after transformation was superior to the 15mg/m³ emission standard required by the government, which has made positive contributions to the improvement of ambient air quality in Shenzhen. Under the severe situation that the central environmental protection inspection team implemented the strict "looking back" supervision and some non-standard sludge treatment enterprises were exposed and discontinued successively, the Company's subordinate Shen Nan Dian Environment Protection Company maintained the normal production due to the strict implementation of environmental management, which greatly eased the sludge disposal pressure in Shenzhen and fulfilled its social responsibilities to the utmost extent.

5. Human Resources: The Company attached great importance to talent training and employee care, through a series of human resources reform measures and employee job skills training measures, continuously optimized human resource allocation, improved employees' professional quality and job competence, and made necessary talent preparations for the Company's transformation and development, at the same time, created favorable conditions for the personal career growth of employees; through a series of people's livelihood care measures, created better working environment and conditions for employees in accordance with local conditions, and increased employee happiness and corporate cohesion.

6. In terms of helping and supporting, the Company actively responded to and participated in relevant poverty alleviation plans, adopted 16 mu (32 parts) of land at Hujing Village, Longchuan County, HeYuan, and adopted 3840 kgs of selenium-rich rice with a total value of 63,360 Yuan. In difficult circumstances, the Company has contributed to changing the face of poor villages and helping the poor to enter a well-off society together.

2. Fulfill the precise social responsibility for poverty alleviation

Adopted 16 mu (32 parts) of land at Hujing Village, Longchuan County, HeYuan, and adopted 3840 kilograms of selenium-rich rice with a total value of 63,360 Yuan. In difficult circumstances, the Company has contributed to changing the face of poor villages and helping the poor to enter a well-off society together.

3. Environmental protection

(1) The listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department

Yes

Enterprise or subsidiary	Main pollutant and features	Way of discharge	Number of discharge outlet	Distribution of the discharge outlet	Emission concentration	Pollutant discharge standard implemented	Total discharge	Total approved emissions	Excessive emission
Shenzhen Nanshan Power Co., Ltd.	Oxynitride	Concentrate emission from boiler uptake	2	In plant area of Nanshan Power Factory	<15 mg/ m ³	Implementation of “Shenzhen Blue” emission standard<15 mg/m ³	82.46 ton	457.5 ton	0
Shenzhen New Power Industrial Co., Ltd.	Oxynitride	Concentrate emission from boiler uptake	1	In plant area of Nanshan Power Factory	<15 mg/ m ³	Implementation of “Shenzhen Blue” emission standard<15 mg/m ³	8.13 ton	228.75 ton	0
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Oxynitride	Concentrate emission from boiler uptake	2	In plant area of Gaobu Power Plant	<25mg/ m ³	GB13223	108 ton	414.4 ton	0
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Oxynitride	Concentrate emission from boiler uptake	2	In plant area of Nanlang Power Plant	<25 mg/ m ³	GB13223	11.48 ton	324.50 ton	0

Construction and operation of the facilities preventing and controlling pollution

All facilities are work normally, vary pollutant discharge are in standards

Environmental impact review and other environment protection administrative licensing

The aforesaid companies have pass the environment impact review and file in department of Environmental Protection of Guangdong province

Emergency plan for abrupt environmental accidents

The plans have file in department of Environmental Protection of Guangdong province and corresponding environmental protection bureau

Environmental self-monitoring plan

We have prepared the plans of self-monitoring and approved by Environmental Protection Bureau; monitoring data will release on Environmental Protection Website on time

Other information need for released

Nil

Relevant environmental protection information

Nil

XIX. Other important events

Applicable Not applicable

1. T102-0011, T102-0155 land related matters. During the reporting period, the Shenzhen Municipal Government's online website announced the Notice of Shenzhen Municipal Planning and Natural Resources Bureau on Printing and Distributing the Shenzhen City's 2019 Urban Renewal and Land Consolidation Plan, in accordance with the Shenzhen City's 2019 Urban Renewal and Land Consolidation Plan and its related content in the schedule, the land consolidation project of Qianhai Cooperation Zone in 2019 still included the land plot of the Company's subordinate Nanshan Power Factory (for details, please refer to the Company's Announcement on the Shenzhen Municipal Planning and Natural Resources Bureau's Publishing of "Shenzhen City's 2019 Urban Renewal and Land Consolidation Plan" (Announcement No.: 2019-041) disclosed on China Securities Journal, Securities Times, Hong Kong Commercial Daily and www.cninfo.com). After being informed of the above situation, the Company immediately submitted the "Application of Shen Nan Dian Company for Amending the Land Planning of Nanshan Thermal Power Plant" to Shenzhen Qianhai Administration Bureau and relevant government departments, and again proposed to follow the principles of "development in the original place and win-win cooperation", use the relevant experience of other land plots in Qianhai Area for reference to change the land use planning for the land plot of Nanshan Power Factory so as to better protect the legitimate rights and interests of the Company and its shareholders. After that, the Company received the "Reply Letter from Shenzhen Qianhai Administration Bureau on Land Planning Related Issues of Nanshan Thermal Power Plant" (hereinafter referred to as the "Reply Letter") from Shenzhen Qianhai Administration Bureau, and corresponding replies were made on planning-related matters and matters related to land acquisition and storage. The "Reply Letter" responded to the Company's request to change the planning as follows: "According to the "Comprehensive Planning for China (Guangdong) Pilot Free Trade Zone Shenzhen Qianhai Shekou Area

and Nanshan Surrounding Area (hereinafter referred to as the “Qianhai-Shekou Free Trade Comprehensive Planning”), the land where Nanshan Power Factory locates is planned for public facilities land, public open space land and land for roads; the planning requires to accelerate the relocation of Nanshan Thermal Power Plant. We have received your opinion and have studied and managed according to the procedures during the publicity of Qianhai-Shekou Free Trade Comprehensive Planning, the planning clearly defines that the land where the Nanshan Power Factory locates shall be implemented as public facilities land, public open space land and land for roads". The Company will continue to follow up and get to know the relevant situation with the participation and cooperation of legal advisers, study the coping strategies and work plans, and make every effort to protect the legitimate rights and interests of listed companies and all shareholders.

2. “Shenzhen Blue” technical transformation project. During the reporting period, the company continued to promote the “Shenzhen Blue” technical transformation project. On March 15, 2019, the company completed the upgrade of the low-nitrogen burner of the remaining 9E gas-fired unit of Nanshan Power Factory, and the nitrogen oxide emission value after the upgrade is better than the 15mg/m³ emission standard required by the government. At the end of June 2019, the company and the New Power Company received the second batch of special subsidies of RMB 23,361,160 and RMB 14,736,113 for the improvement of atmospheric environmental quality in Shenzhen from the Shenzhen Ecological Environment Bureau. So far, the subsidies for the “Shenzhen Blue” technical transformation project have been fully funded. (Found more to the *Announcement on the Receipt of 'the Notice on the General Office of Shenzhen Municipal People's Government's Issuance of the "Shenzhen Blue" Sustainable Action Plan in 2018'*, the *Announcement on the "Shenzhen Atmospheric Environmental Quality Improvement Subsidy Measures (2018-2020)"*, and the *Announcement on Receiving the Special Subsidy Fund for the Improvement of Atmospheric Environment Quality in Shenzhen* which the company disclosed on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and www.cninfo.com.cn, Announcement No.: 2018-015, 2018-028, 2019-036).

3. The free transfer of state-owned shares of Shenzhen Energy Group, the Company's major shareholder: during the reporting period, the Company received a notification from its major shareholder, Shenzhen Energy Group, that it was planning a major event involving the equity of Shenzhen Energy Group, which may cause changes in the controlling power of Shenzhen Energy Group. After applying to the Shenzhen Stock Exchange, the Company's stock was suspended from the market opening on February 18, 2019, and continued to be suspended from the market opening on February 20. After research, SASAC of Shenzhen Municipal decided to transfer its 75% equity of Shenzhen Energy Corporation for free to Shenzhen Capital Group, which is wholly-owned by SASAC of Shenzhen Municipal. According to relevant regulations, upon the Company's application, the Company's stock resumed trading since February 21, 2019. On March 1, 2019, SASAC of Shenzhen Municipal and Shenzhen Capital Group signed the Agreement on the Free Transfer of State-owned Property Rights of Shenzhen Energy Corporation, transferring 75% of the Company's major shareholder, Shenzhen Energy Corporation, to Shenzhen Capital Group for free. On April 8, 2019, Shenzhen Energy Corporation completed the industrial and commercial change registration procedures for the free transfer of state-owned shares, and obtained the "Notification of Change (Record)" issued by Shenzhen Market Supervision Administration. Prior to the free transfer of state-owned shares, Shenzhen Energy Corporation directly held 65,106,130 shares (A shares) of the Company, accounting for 10.80% of the Company's total share capital, and indirectly held 92,123,248 shares (B shares) of the Company, accounting for 15.28% of the Company's total share capital, held a total of 157,229,378 shares of the Company, accounting for 26.08% of the Company's total share capital. After the completion of the free transfer of state-owned shares, Shenzhen Capital Group became the controlling shareholder holding 75% of the shares of Shenzhen Energy Corporation, Shenzhen Energy Corporation remains the Company's largest shareholder, and the Company's shares have not changed. The Company still has no controlling shareholder and no actual controller. (Found more to the announcement of *Suspension of Trading on Major Matters, Progress of Major Matters and Continues to Suspension, Progress of Major Matters and Resume Trading, Suggestive Notice on the State-owned Shares transfer for free by Main shareholders and Notice on Complete the Registration of Industrial & Commercial Changes for State-owned Shares transfer for free by Main shareholders* that released on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and

www.cninfo.com.cn, with announcement No.: 2019—001, 2019—002, 2019—003, 2019—005, 2019—016, and the *Detail Report on Change of Interest* released on Juchao Website).

4. Public listing and transfer of 70% equity of Shen Nan Dian Dongguan Company, in order to achieve healthy and sustainable development, in 2019, the Company started the related work of relocation and investment of stock assets. After prudent research and decision-making by the board of directors, the Company took the lead in carrying out the public listing and transfer of 70% equity of Shen Nan Dian Dongguan Company held directly and indirectly. On September 4, 2019, the Company publicly listed and transferred 70% equity of Shen Nan Dian Dongguan Company at an evaluation price of RMB 8329.92 million at the Shenzhen United Property and Share Rights Exchange. During the public listing period, Shenzhen Gas proposed cooperation intentions and hoped to develop strategic cooperation on natural gas resources with Shen Nan Dian Dongguan Company. In view of the failure to collect an enterprise to delist from the time of the public listing to the suspension of listing, and considering the actual production and operation conditions, Shen Nan Dian Dongguan Company and Shenzhen Gas signed a "Resource Strategic Cooperation Agreement". In view that the strategic cooperation with Shenzhen Gas can make Shen Nan Dian Dongguan Company obtain stable gas sources with price advantages, which can help improve Shen Nan Dian Dongguan Company's operating performance and help maximize the profits of listed companies, after comprehensive consideration, on September 15, 2019, the eighth extraordinary meeting of the eighth board of directors of the Company approved the suspension of the public listing transfer. Thereafter, in accordance with the relevant requirements of the Shenzhen United Property and Share Rights Exchange on the "Decision to Resume or Terminate the Release of Information As Soon As Possible After the Suspension of Listing of the Company", on January 9, 2020, the tenth extraordinary meeting of the eighth board of directors of the Company approved the closing of the public listing transfer of 70% equity of Shen Nan Dian Dongguan Company. (Found more to the announcement of *Transferring 70% equity of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd by public listing*, Notice on Suspension of the 70% equity of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd transferred through public listing and Notice on Terminated the 70% equity of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd transferred through public listing that released on *China Securities Journal*, *Securities Times*, *Hong Kong Commercial Daily* and www.cninfo.com.cn, with announcement No.: 2019—040, 2019—051 and 2020—003).

In addition to the above matters, the construction-aid project for Xinjiang in Guangdong Province participated in 2013 and the collection for refunds of "technical reform benefit fund" are no further progress or changes in the period

XX. Significant event of subsidiary of the Company

Applicable Not applicable

On 19 November 2019, Dongguan Weimei Ceramic Industrial Park Co., Ltd entered into an *Equity Transfer Agreement on 10% Equity of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd* with Shenzhen Gas, the 10% equity of Shen Nan Dian Dongguan Company held by Donga Weimei Ceramic Industrial Park Co., Ltd are transferred to Shenzhen Gas. The registration of industrial & commercial for the equity transfer completed by Shen Nan Dian Dongguan Company on 5 December 2019.

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

	Before the Change		Increase/Decrease in the Change (+, -)				After the Change		In Share
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	14,139	0.0023%						14,139	0.0023%
1. State holding									
2. Shares held by state-owned legal person									
3. Other domestic shares	14,139	0.0023%						14,139	0.0023%
4. foreign ownership									
Among : Shares held by overseas legal person									
Shares held by overseas natural persons									
Domestic natural person's shares	14,139	0.0023%						14,139	0.0023%
II. Unrestricted shares	602,748,457	99.9977%						602,748,458	99.9977%
1. RMB Ordinary shares	338,894,011	56.2235%						338,894,011	56.2235%
2. Domestically listed foreign shares	263,854,446	43.7742%						263,854,446	43.7742%
3. Foreign shares listed overseas									
4. Among									
III. Total shares	602,762,596	100.00%						602,762,596	100.00%

Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changes

Applicable Not applicable

Implementation progress of shares buy-back

Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

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 or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

II. Securities issuance and listing

1. Security offering (without preferred stock) in Reporting Period

Applicable Not applicable

2. Changes of total shares and shareholders structure as well as explanation on changes of assets and liability structure

Applicable Not applicable

3. Existing internal staff shares

Applicable Not applicable

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 common stock shareholders at end of the reporting period	24,762	Total common stock shareholders at end of last month before annual report disclosed	25,090	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see note 8)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable) (see note 8)	0
--	--------	---	--------	--	---	---	---

Particulars about shares held above 5% by shareholders or top ten shareholders

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	
							State of share	Amount
HONG KONG NAM HOI (INTERNATIONAL) LTD.	Overseas legal person	15.28%	92,123,248			92,123,248		
Shenzhen Guangju Industrial Co., Ltd.	State-owned legal person	12.22%	73,666,824			73,666,824		
Shenzhen Energy Group Co., Ltd.	State-owned legal person	10.80%	65,106,130			65,106,130		
Gaohua—HSBC—GOLDMAN, SACHS & CO.LLC	Overseas legal person	2.13%	12,839,723			12,839,723		
BOCI SECURITIES LIMITED	Overseas legal person	1.82%	10,952,647			10,952,647		
Liu Fang	Domestic nature person	1.57%	9,452,088			9,452,088		
China Merchants Securities H.K. Co., Ltd.	State-owned legal person	1.38%	8,326,928			8,326,928		
Zeng Ying	Domestic nature person	1.26%	7,599,600			7,599,600		
Meiyi Investment Property Co., Ltd.	Domestic non state legal person	0.86%	5,207,800			5,207,800		

LI SHERYN ZHAN MING	Overseas nature person	0.80%	4,802,890			4,802,890		
Strategy investors or general corporation comes top 10 shareholders due to rights issue (if applicable)	N/A							
Explanation on associated relationship among the aforesaid shareholders	1. 100% equity of HONG KONG NAM HOI (INTERNATIONAL) LIMITED 100% held by Shenzhen Energy Group Co., Ltd.; 2. The Company is unknown whether there exists associated relationship or belongs to the consistent actor among the other shareholders.							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restrict shares held at 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 common shares	73,666,824		
Shenzhen Energy Group Co., Ltd.	65,106,130				RMB common shares	65,106,130		
Gaohua—HSBC—GOLDMAN, SACHS & CO.LLC	12,839,723				RMB common shares	12,839,723		
BOCI SECURITIES LIMITED	10,952,647				Domestically listed foreign shares	10,952,647		
Liu Fang	9,452,088				RMB common shares	6,391,288		
					Domestically listed foreign shares	3,060,800		
China Merchants Securities H.K. Co., Ltd.	8,326,928				Domestically listed foreign shares	8,326,928		
Zeng Ying	7,599,600				Domestically listed foreign shares	7,599,600		
Meiyi Investment Property Co., Ltd.	5,207,800				RMB common shares	5,207,800		
LI SHERYN ZHAN MING	4,802,890				Domestically listed foreign shares	4,802,890		

Expiration 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 100% held by Shenzhen Energy Group Co., Ltd.; 2. The Company is unknown whether there exists associated relationship or belongs to the consistent actor among the other shareholders.
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	Among the top ten shareholders, Ms. Liu Fang holds 3,891,588 shares through credit transaction guarantee securities account

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

Yes No

The top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

2. Controlling shareholders

Nature of controlling shareholders: no controlling shareholder

Type of controlling shareholders: nil

Explanation on the Company's absence of controlling shareholder

In accordance with the paraphrase of controlling shareholder carried in *Rules Governing the Listing of Stocks*, the Company has no controlling shareholder and such condition has no changes in the reporting period

Change of controlling shareholder in reporting period

Applicable Not applicable

No changes of controlling shareholder for the Company in reporting period

3. Actual controller of the Company and persons acting in concert

Nature of actual controller: no actual controller

Type of actual controller: nil

Explanation on the Company's absence of actual controller

According to the *Rules Governing the Listing of Stocks* definition of actual controlling, no actual controlling of the Company and no changes for the aforesaid condition in reporting period

Whether has shareholder owns over 10% shares at ultimate control level

Yes No

Legal Person

Share-holding at ultimate control level

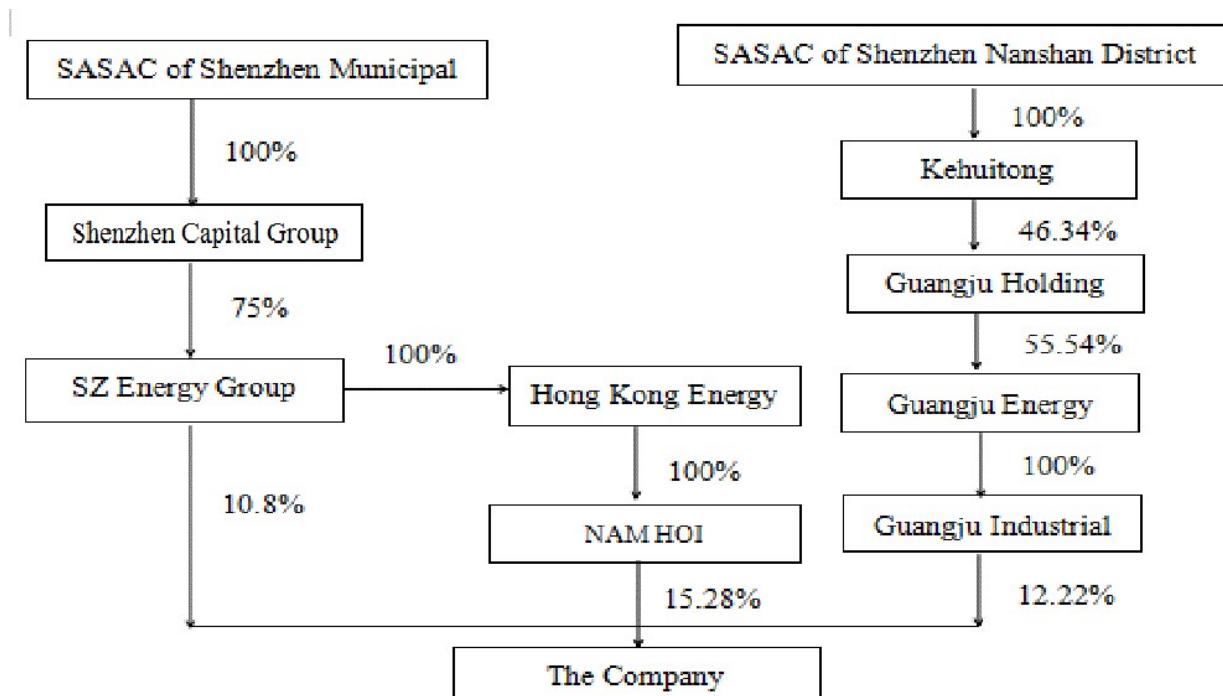
Shareholder	Legal representative/Person in charge of the enterprise	Date of establishment	Organization code	Main business
SASAC of Shenzhen Municipal	Yu Gang	2004	11440300K317280672	Fulfill investor duty on behalf of the Shenzhen Municipal Government
Shenzhen Nanshan District SASAC	Li Zhina	2005	114403050075421285	Administrative units
Other equity of listed companies in and out of China controlled by shareholder in ultimate control level during the reporting period	Not applicable			

Change of actual controller in the period

Applicable Not applicable

Actual controller of the Company has no changes in the reporting period

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



Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

4. Particulars about other legal person shareholders with over 10% shares held

Applicable Not applicable

5. Shares reduction restriction from controlling shareholder, actual controller, recombined square and other commitment entity

Applicable Not applicable

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period

Section VIII Convertible Bonds

Applicable Not applicable

The Company had no convertible bonds in the Period

Section IX. Particulars about Directors, Supervisors, Senior Officers and Employees

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

Name	Title	Working status	Sex	Age	Start date of office term	End date of office term	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Li Xinwei	Chairman	Currently in office	M	54	2017-08-28	2020-11-17	0	0	0	0	0
Li Hongsheng	Vice chairman	Currently in office	M	56	2011-01-13	2020-11-17	0	0	0	0	0
Huang Qing	Director	Currently in office	M	48	2019-06-03	2020-11-17	0	0	0	0	0
Chen Yuhui	Director, GM	Currently in office	M	54	2017-08-28, 2017-08-11	2020-11-17	0	0	0	0	0
Wu Guowen	Director, Standing Deputy GM	Currently in office	M	54	2016-04-25, 2016-04-01	2020-11-17	0	0	0	0	0
Li Wenyi	Director	Currently in office	M	40	2019-06-03	2020-11-17	0	0	0	0	0
Mo Jianmin	Independent director	Currently in office	M	53	2017-11-17	2020-11-17	0	0	0	0	0
Chen Zetong	Independent director	Currently in office	M	49	2017-11-17	2020-11-17	0	0	0	0	0
Du Wei	Independent director	Currently in office	M	64	2019-11-11	2020-11-17	0	0	0	0	0

Qiang Wenqiao	Director	Office-leading	M	50	2014-11-12	2019-5-15	0	0	0	0	0
Yu Chunling	Director	Office-leading	F	54	1998-08-01	2019-5-15	0	0	0	0	0
Liao Nangang	Independent Director	Office-leading	M	49	2013-11-15	2019-11-11	0	0	0	0	0
Ye Qiliang	Chairman of supervisory board	Currently in office	M	56	2017-11-17	2020-11-17	0	0	0	0	0
Li Zhiwei	Supervisor	Currently in office	M	39	2019-06-03	2020-11-17	0	0	0	0	0
Liao Junkai	Supervisor	Currently in office	M	31	2019-06-03	2020-11-17	0	0	0	0	0
Liang Jianqiang	Employee supervisor	Currently in office	M	51	2014-11-12	2020-11-17	0	0	0	0	0
Peng Bo	Employee supervisor	Currently in office	M	46	2017-11-17	2020-11-17	1,527	0	0	0	1,527
Xiong Qingsheng	Supervisor	Office-leading	M	46	2017-11-17	2019-5-15	0	0	0	0	0
Pan Sha	Supervisor	Office-leading	F	47	2017-11-17	2019-5-15	0	0	0	0	0
Zhang Jie	Deputy GM, secretary of the Board	Currently in office	F	51	2006-12-30, 2015-12-23	2020-11-17	17,325	0	0	0	17,325
Dai Xiji	CFO	Currently in office	M	50	2017-11-17	2020-11-17	0	0	0	0	0
Lin Qing	Deputy GM	Office-leading	F	55	2003-10-17	2019-11-25	0	0	0	0	0
Total	--	--	--	--	--	--	18,852				18,852

II. Changes of directors, supervisors and senior officers

√Applicable Not applicable

Name	Title	Type	Date	Reason
Qiang Wenqiao	Director	Leaving office	2019-05-15	For work
Yu Chunling	Director	Leaving office	2019-05-15	For work
Xiong Qingsheng	Supervisor	Leaving office	2019-05-15	For work
Pan sha	Supervisor	Leaving office	2019-05-15	For work
Liao Nangang	Independent director	Term expired and leaving office	2019-11-11	Reach the specified term of office
Lin Qing	Deputy GM	Term expired and leaving office	2019-11-25	Retire

III. Post-holding

Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior officers at the present

Members of the Board of Directors:

Mr. Li Xinwei was born in 1965, a senior accountant, a postgraduate of Xiamen University, and a master of business administration. From 1984 to 1992, he held the post of director of the accounting department of Guangdong Nuclear Power Joint Venture Co., Ltd.; from 1992 to 2006, he served as the financial manager of Shenzhen Worldsun Enterprises Co., Ltd. and he served as the cadre of finance department of Shenzhen Energy Corporation, the director of finance department of Shenzhen Mawan Power Co., Ltd., the chief accountant and the director of finance department of Shenzhen Energy Group Power Generation Branch, the deputy director of capital office of Shenzhen Energy Group Co., Ltd. (at ministerial level), the director and deputy general manager of Shenzhen Mawan Power Co., Ltd.; from 2004 to 2006, he also served as the chairman of Huizhou City Gas Development Co., Ltd.; from 2006 to August 2017, he held the post of managing director of Shenzhen Energy Finance Co., Ltd., he also holds the post of chairman of Sichuan Shenzhen Energy Power Investment Holding Co., Ltd. from 2015 to October 2018; and he has held the post of director and chairman of the Company since August 2017, now served as chairman of Shenzhen Shen Nan Dian Environment Protection Co., Ltd., Shenzhen Shennandian Turbine Engineering Technology Co., Ltd. and director of Shen Nan Energy (Singapore) Co., Ltd. May 2019 to present: Secretary of the Party committee of the company.

Mr. Li Hongsheng, born in 1963, was Communist party member, a master. From November 2004, he served as director of Shenzhen Guangju Investment Holding (Group) Co., Ltd, director financial controller of Shenzhen Guangju Energy Co., Ltd, chairman of Shenzhen Yangrun Investment Co., Ltd.; From December 2007 to now he serves as Managing director of Shenzhen Guangju Energy Co., Ltd. and director of Guangju Energy (HK) Co., Ltd; and he serves as director and vice chairman of the Company since January 2011.

Mr. Huang Qing, born in 1971, intermediate economist, master of economics, graduated from Wuhan University with a major in national economic planning and management. He successively served as a staff member, deputy chief staff member, and a chief staff member of the General Office of Shenzhen Municipal Government, deputy chief of the General Office of Shenzhen Municipal Government, chief of the General Office of Shenzhen Municipal Government, deputy departmental-level secretary of the General Office of Shanxi Provincial Government, deputy director of Shanxi Provincial Government's Guangzhou Office and a member of the Party Group. He currently serves as deputy general manager of Shenzhen Capital Operation Group Co., Ltd.(former Shenzhen Capital Co., Ltd.), concurrently serves as director and president of Guangzhou NasSoft Information Technology Co., Ltd., director of

Shenzhen Energy Corporation, director and vice president of Shenzhen Water Investment Co., Ltd., director of Shenzhen HTI Group Co., Ltd., director of Xiong'an Lvyan Zhiku Co., Ltd., director of Shenzhen Institute of Building Research Co., Ltd., supervisor of Shenzhen Yixin Investment Co., Ltd., and the director of Shum Yip Investment Development Co., Ltd.; and he serves as the director of the Company since June 2019.

Mr. Chen Yuhui was born in 1965, a senior engineer, graduated from Shanghai Jiao Tong University and obtained a bachelor's degree in marine power and a master's degree in vibration, shock & noise (postgraduate degree). In 1989, he worked in the maintenance department of Shenyang Liming Gas Turbine Co., Ltd.; from December 1989 to June 2006, he worked in Shenzhen Energy Group Yueliangwan Power Plant, and successively held the posts of chief-operator of operation department, specialist engineer of general office, deputy director of maintenance department, factory deputy manager, factory manager, etc.; from June 2006 to July 2014, he worked in Shenzhen Energy East Power Plant and held the posts of deputy general manager and operation director; from July 2014 to August 2017, he served as the chairman, general manager, and party branch secretary of Zhuhai Shenzhen Energy Hongwan Power Co., Ltd.; and he has held the posts of director and general manager of the Company and the chairman of Shennandian (Zhongshan) Power Co., Ltd. and Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd. and the director of Shen Nan Energy (Singapore) Co., Ltd. since August 2017, May 2019 to present: Deputy Secretary of the Party committee of the company.

Mr. Wu Guowen, born in 1965, an undergraduate, He worked in Shenzhen Guangju Energy Co., Ltd. since 1994; and worked in Shenzhen Yisheng Liquid Storage Co., Ltd. from 2008 to November 2010, and served as deputy GM; he works in Shenzhen Guangju Real Estate Co., Ltd. From December 2010 to March 2016, and successively appointed as standing deputy GM, legal representative, executive director and GM; serves as staff supervisor in Shenzhen Guangju Energy Co., Ltd. since August 2013. he serves as director, standing deputy GM of the Company since April 2016, he serves as chairman of Shenzhen Server Energy Co., Ltd. Since March 2018.

Mr. Li Wenying, born in 1979, master of business administration, graduated from Guanghua School of Management, Peking University with a major in business administration. He successively served as the planning director of National Express Transport Group Co., Ltd., department manager of Shenzhen Zhongnan Industrial Co., Ltd., department manager of Shenzhen Tongchan Group Co., Ltd., investment manager, senior manager and deputy director of Shenzhen Capital Operation Group Co., Ltd.(former Shenzhen Capital Co., Ltd.), and the deputy director (presiding over the work) of Investment Development Department of Shenzhen Capital Co., Ltd. He currently serves as the director of the Investment Development Department of Shenzhen Capital Operation Group Co., Ltd., concurrently serves as director of Shenzhen Energy Group Co., Ltd. and director of Shenzhen SD Microfinance Co., Ltd.; since June 2019, he has been a director of the Company.

Mr. Mo Jianmin was born in 1966, a China Certified Public Accountant, graduated from School of Law of Nanchang University. From March 1985 to October 1996, he worked at Tonggu County Taxation Bureau of Jiangxi Province and Local Taxation Bureau of Tonggu County; from November 1996 to October 1999, he worked at Shenzhen Tongren Certified Public Accountants; from October 1999 to March 2001, he worked at Zhongtianqin Certified Public Accountants; from April 2001 to December 2003, worked at Shenzhen Languang Enterprise Group; from January 2004 to December 2010, he worked at Shenzhen Jinniu Accounting Firm; from January 2011 to October 2012, he was appointed as a partner of Jonten Certified Public Accountants Shenzhen Branch; from November 2012 to May 2014, he served as a partner of Beijing Yongtuo Certified Public Accountants; he has served as a partner of Da Hua Certified Public Accountants since June 2014. He serves as independent director of the Company since Nov. 2017.

Mr. Chen Zetong was born in 1970, a bachelor of laws at Southwest University of Political Science and Law, a master of laws at the University of Hong Kong, a doctor of laws at Jilin University. From 1994 to 2003, he served as a court clerk, assistant judge and

judge at the Real Estate Trial Division of Shenzhen Intermediate People's Court; from July to August 2002, he practiced as a judicial assistant in the High Court of Hong Kong; from 2003 to 2006, he served as the presiding judge at the Economic Trial Division; from 2006 to 2010, he served as the deputy presiding judge at the seventh court of Shenzhen Intermediate People's Court (Corporate Liquidation and Bankruptcy Trial Division), and presided over the work of this court from June 2006 to August 2008. From 2010 to 2012, he served as a partner of Beijing King & Wood Mallesons. Since 2012, he has been a senior partner of Beijing JunZeJun Law Offices. He is currently an arbitrator of Shenzhen Court of International Arbitration, concurrently an independent director of listed company Tianma Microelectronics Co., Ltd. (A-share 000050), an independent director of Hubei Sanxia New Building Materials Co., Ltd. (A-share 600293), an independent director of non-listed company Funde Insurance Holding Co., Ltd., an independent director of Funde Sino Life Co., Ltd., and an independent director of Sino Life Assets Management Co., Ltd. He serves an independent director of the Company since November 2017

Mr. Du Wei, born in 1955, senior engineer, Ph.D., graduated from the Institute of Plasma Physics Chinese Academy of Sciences, majoring in nuclear fusion and plasma physics. He served as a cadre of the National Energy Commission, assistant engineer and principal staff member of the Yangtze River Basin Planning Office, engineer and deputy manager of China Nanshan Development Co., Ltd., deputy general manager and general manager of Shenzhen Changjiang Computer Industry Corporation, deputy director and director of the senior manager evaluation and recommendation center of the Organization Department of Shenzhen Municipal Committee, deputy general manager of Shenzhen Expressway Development Co., Ltd.; president of Shenzhen International Western Logistics Co., Ltd., and general manager of Shenzhen International Qianhai Industry (Shenzhen) Co., Ltd. He is currently a senior consultant of Shenzhen International Business Management (Shenzhen) Co., Ltd., and has been an independent director of the Company since November 2019.

Members of supervisory committee of the board:

Mr. Ye Qiliang was born in 1963, a member of the Communist Party of China with a college degree. From 1979 to January 1984, he served in the Army 83020; from January 1984 to March 1997, he worked in Quannan County of Jiangxi Province; from March 1997 to February 1999, he worked at Shenzhen Shennan Petroleum (Group) Co., Ltd. and served as a clerk in the investment department; from February 1999 to June 2009, he worked at Shenzhen Guangju Energy Co., Ltd. and served as the deputy director of the general manager office, the deputy director of the secretariat of the board of directors, and the representative of securities affairs; he serves as the committee member of labor union of Shenzhen Guangju Energy Co., Ltd. since July 2012; from July 2009 to March 2016, he successively served as the deputy general manager and general party branch member of Shenzhen Nanshan Petroleum Co., Ltd.; he has served as the secretary of party general branch of the Company from April 2016 to July 2018, served as the deputy secretary of party general branch of the Company from July 2018 to May 2019, now he served as deputy party secretary the Company since May 2019.

Mr. Li Zhiwei, born in 1980, senior accountant, certified public accountant, national leading accountant (enterprise), Doctor of Accounting, graduated from Xiamen University majoring in Accounting. He has successively served as cost strategy planner, finance director of R & D system, investment director, subsidiary CFO, and foreign exchange director of ZTE Corporation, and chief accountant of ZTE Corporation. He currently serves as deputy director of the Planning and Finance Department of Shenzhen Capital Operation Group Co., Ltd.(former Shenzhen Capital Co., Ltd.), and concurrently serves as a director of Shenzhen CMAF Intelligent Industry Co., Ltd. and a director of Shenzhen SD Microfinance Co., Ltd.; since June 2019, he has been a supervisor of the Company.

Mr. Liao Junkai, born in 1988, master of law, graduated from South China University of Technology with a major in master of law (law). He has successively held positions of assistant, supervisor and manager of the Risk Control Department of Shenzhen Capital Co., Ltd. He is currently the senior manager of the Risk Control Department of Shenzhen Capital Operation Group Co., Ltd.(former Shenzhen Capital Co., Ltd.); he has been a supervisor of the Company since June 2019.

Mr. Liang Jianqiang, born in 1968, an engineer, bachelor degree, graduated from department of engineering physics of Tsinghua University in 1991, major in nuclear energy and heat energy utilization. He worked in Shenzhen Moon Bay Gas Turbine Power Plant from 1991 to 1998, successively served as specialist engineer of gas turbine in operation department, sub-director of the gas turbine in inspection and maintenance department and specialist engineer of planning in inspection and maintenance department. He works in Shenzhen Nanshan Power Co., Ltd. since July 1998 transferred by Shenzhen Energy Group Co., Ltd, and successively served as deputy chief, chief of the inspection and maintenance department, deputy chief of the operation department, director of production management department and security chief. Served as chief of production technology department and security chief of the Company from 2005 to 2013; he serves as employee supervisor of the Company since November 2014. Serves as deputy director in Nanshan Power Plant in December 2013 and acting manager of Nanshan Power Plant since October 2017. he serves as director of Nanshan Power Plant since December 2017. and now he serves as director of Shen Nan Dian Environmental Protection Co., Ltd and the vice chairman of Shenzhen New Power Industrial Co., Ltd.

Mr. Peng Bo was born in 1973, a senior economist, engineer, and a master graduate student. He graduated from Huazhong University of Science and Technology, majoring in power system automation in 1994, and then he majored in business administration at Huazhong University of Science and Technology and obtained a master's degree. He has been working in Shenzhen Nanshan Power Co., Ltd. since 1994, and has served as a professional engineer of gas turbine thermal control maintenance, supervisor of labor and capital, assistant of office director, and deputy director of human resources department; from April 2007 to December 2013, he served as the director of human resources department, and concurrently served as the supervisor of a subsidiary Zhongshan Zhongfa Power Company; from May 2011 to November 2014, he served as the employee supervisor of the company's sixth board of supervisors; from December 2013 to December 2017, he served as the deputy director of Nanshan Thermal Power Plant; he serves as the director and GM of Shenzhen Shennandian Environmental Protection Co., Ltd. since December 2017. now he holds the employee supervisor of the Company since November 2017.

Senior officers of the Company:

Resume of Director/GM Chen Yuhui and Director/ standing deputy GM Wu Guowen found the aforesaid

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. and holds the posts of deputy GM of the Company since December 2006. She worked as chairman of Shenzhen Shen Nan Dian Environment Protection Co., Ltd from 2014 to September 2018. She holds the secretary of the Board of the Company since 23 December 2015.

Mr. Dai Xiji was born in 1969, a bachelor, and a senior accountant. From July 1992 to December 1996, he served as an accountant of Shenzhen Mawan Power Co., Ltd. Mawan Power Plant; from January 1997 to July 1998, he served as an accountant at the finance department of Shenzhen Energy Corporation Power Generation Branch; from July 1998 to December 1999, he was an accountant at the finance and accounting division of Shenzhen Energy Group Co., Ltd.; from December 1999 to December 2007, he served as the deputy director at finance department and the director at finance and accounting division of Mawan Power Plant; from January 2008 to September 2008, she served as the director at finance department of Shenzhen Mawan Power Co., Ltd.; from August to September 2008, he served as the cadre at the preparation office of Binhai Power Plant; from September 2008 to July 2014, he served as the senior manager at financial management department of Shenzhen Energy Group Co., Ltd.; From February 2011 to June 2014, he concurrently serves as the manager at the financial management department of Shenzhen Energy Fuel Branch; from July 2014 to

November 2017, he was appointed as the deputy general manager of Shenzhen Energy Fuel Branch, he serves as CFO of the Company since November 2017 and now he also acts as the chairman of Shenzhen New Power Industrial Co., Ltd., the subordinate Enterprise of the Company and director of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd., and director of Shen Nan Energy (Singapore) Co., Ltd.

Post-holding in shareholder's unit

Applicable Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit n	Worked from	Expired on	Received remuneration from shareholder's unit (Y/N)
Huang Qing	Shenzhen Energy Group Co., Ltd.	Director	2019-04-24		N
Li Wenying	Shenzhen Energy Group Co., Ltd.	Director	2019-04-24		N

Post-holding in other unit

Applicable Not applicable

Name	Name of other units	Position in other unit	Worked from	Expired on	Received remuneration from other unit (Y/N)
Li Xinwei	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Chairman	2018-10-30		N
	Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Chairman	2019-01-18		N
	Shen Nan Energy (Singapore) Co., Ltd.	Director	2017-12-27		N
Li Hongsheng	Shenzhen Guangju Energy Co., Ltd.	Director, GM	2007-12-22		Y
Huang Qing	Shenzhen Capital Operation Group Co., Ltd	Deputy GM	2016-9-1		Y
Chen Yuhui	Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Chairman	2017-08-26		N
	Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Chairman	2017-08-26		N
	Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Chairman	2018-01-01	2019-01-18	N
	Shen Nan Energy (Singapore) Co., Ltd.	Director	2017-12-27		N
Wu Guowen	Shenzhen Server Energy Co., Ltd.	Chairman	2018-05-02		N
Li Wenying	Shenzhen Capital Operation Group Co., Ltd	Director of the Investment Development Department	2012-9-1		Y

Mo Jianmin	Da Hua Certified Public Accountants	Partner	2014-06-09		Y
Chen Zetong	Junzejun Law Offices	Senior partner	2012-09-01		Y
Du Wei	Shenzhen International Business Management (Shenzhen) Co., Ltd.	Senior adviser	2017-03-01		Y
Li Zhiwei	Shenzhen Capital Operation Group Co., Ltd	Deputy director of accounting and finance department	2018-05-01		Y
Liao Junkai	Shenzhen Capital Operation Group Co., Ltd	Senior manager of risk control department	2014-07-01		Y
Liang Jianqiang	Shenzhen New Power Industrial Co., Ltd.	Vice chairman	2018-02-23		N
	Shenzhen Nanshan Power Co., Ltd.Nanshan thermo electric plant	GM	2017-12-12		Y
	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Director	2014-03-26		N
Peng Bo	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Director, GM	2017-10-16		Y
Dai Xiji	Shenzhen New Power Industrial Co., Ltd.	Chairman	2018-02-23		N
	Shen Nan Energy (Singapore) Co., Ltd.	Director	2017-12-27		N
	Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Director	2017-12-19		N

Punishment of securities regulatory authority in recent three years to the Company's current and outgoing directors, supervisors and senior officers during the reporting period

Applicable Not applicable

IV. Remuneration for directors, supervisors and senior officers

Decision-making procedures, recognition basis and payment for directors, supervisors and senior officers

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 officers.
2. Determine basis: Currently, except for the independent directors, the Company has no remuneration system for non-independent directors and supervisors, the directors and staff supervisor only received the pay for the post actually served in the Company. The Board of Directors will define the annual remuneration standard of the senior officers of the Company on the basis of annual operating performance, post rank and other factors and in consideration of the industrial remuneration level. It will decide the actually paid remuneration standard by referring to the examination of annual operation performance and audit status.

3. Actual payment: the Company is strictly paying the remuneration to directors in line with the decision-making process and determining basis on remuneration for directors, supervisors and senior officers, the relevant expenses arising from transportation, accommodation, research, study and attending a meeting are borne by the Company.

Remuneration for directors, supervisors and senior officers in reporting period

In 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company
Li Xinwei	Chairman	M	54	Currently in office	79.5	N
Li Hongsheng	Vice chairman	M	56	Currently in office	0	Y
Huang Qing	Director	M	48	Currently in office	0	Y
Chen Yuhui	Director, GM	M	54	Currently in office	71.5	N
Wu Guowen	Director, Standing deputy GM	M	54	Currently in office	67	N
Li Wenying	Director	M	40	Currently in office	0	Y
Mo Jianmin	Independent director	M	53	Currently in office	11.9	N
Chen Zetong	Independent director	M	49	Currently in office	11.9	N
Du Wei	Independent director	M	64	Currently in office	1.98	N
Qiang Wenqiao	Director	M	50	Leaving office	0	Y
Yu Chunling	Director	F	54	Leaving office	0	Y
Liao Nangang	Independent director	M	49	Leaving office	10.91	N
Ye Qiliang	Chairman of supervisory committee	M	56	Currently in office	66.5	N
Li Zhiwei	Supervisor	M	39	Currently in office	0	Y

Liao Junkai	Supervisor	M	31	Currently in office	0	Y
Liang Jianqiang	Employee supervisor	M	51	Currently in office	32.5	N
Peng Bo	Employee supervisor	M	46	Currently in office	33.46	N
Xiong Qingsheng	Supervisor	M	46	Leaving office	0	Y
Pan sha	Supervisor	F	47	Leaving office	0	Y
Zhang Jie	Deputy GM, secretary of the Board	F	51	Currently in office	64.5	N
Dai Xiji	CFO	M	50	Currently in office	64.5	N
Lin Qing	Deputy GM	F	55	Leaving office	60.96	N
Total					571.11	

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

Applicable Not applicable

V. Particulars of workforce

1. Number of Employees, Professional categories, Education background

Employee in-post of the parent Company (people)	277
Employee in-post of main Subsidiaries (people)	239
The total number of current employees (people)	516
The total number of current employees to receive pay (people)	516
Retired employee's expenses borne by the parent Company and main Subsidiaries (people)	0
Professional categories	
Types of professional category	Numbers of professional category
Production and technical personnel	308
Financial staff	32
Administration staff	176
Total	516
Education background	
Type of education background	Numbers (people)

High school and below	83
3-years regular college graduate and Polytechnic school graduate	241
Bachelor degree	169
Master and above	23
Total	516

2. Remuneration Policy

According to the Company's annual operation performance combined with the market-oriented remuneration in the region and industry, the Board implements a principle of annual remuneration provision with the fixed remuneration as main body, which will, at the same time of controlling remuneration cost, create conditions for the stable workforce. Meanwhile, special incentive mechanism will be available according to the completion of annual business objectives and core mission so as set up an incentive mechanism linked with operation performance and exert the incentive role of remuneration.

The remuneration and incentive scheme of the chairman of board will be submitted to the shareholders' meeting for approval after it has been deliberated by the board of directors. The remuneration and incentive scheme of the general manager, deputy general manager and other senior officers level will be prepared by the Board Remuneration and Appraisal Committee and then be submitted to the board of directors for approval. The Board of Directors will decide the annual remuneration standard of the senior officers of the Company on the basis of annual operating efficiency, post rank and other factors and in consideration of the industrial remuneration level and the actually paid remuneration standard by referring to the examination of annual operation performance and audit status. The operation team is authorized to manage the remuneration and incentive of other personnel on the principle of "defining salary in terms of post and obtaining remuneration in terms of labor". Within the annual remuneration limit approved by the board of directors, and in compliance with the remuneration principle and Interim Remuneration Management Provision set down by the Board of Directors, determine and execute the remuneration standard, distribution plan, examination and incentive method of employees at each level.

3. Training programs

The Company always attached great importance to staff training, and established of the "staff training and management regulations" and a more perfect training network. Through strengthening the staff training, enhancing the staff's job skills and comprehensive quality, to better meet the Company's management, management demand for talent, while training reserve personnel for the Company's sustainable development. During the reporting period, the Company strictly implemented the training plans that formulated in beginning of the Year, mainly carried out the following aspects of the training:

(1) Safety Training: According to the Production Safety Law, other laws and regulations and the Safety Training Regulations of the Company, organize the safety certificate training and following training for the safety principal, principal and security officer of the Company headquarters and affiliated companies in order to meet legal regulatory requirements for security training, carry out emergency drills and safety management procedures training, and improve the safety awareness and accident prevention capacity of management at all levels and employee;

(2) Post qualification training: by means of learning assignments, the obtaining of certificate, internal training and assessment, carry out certification training for key business and technical post, meet with requirements of relevant laws and regulations for vocational qualification requirements, and improve employee job performance ability.

(3) Simulator skills training: relying on gas turbine simulation training base, continued to carry out stimulator training for the operation personnel within three power plants of the Company, and improve the practical operation and adaptability to changes of plant operations personnel.

(4) The induction training of new employees: Carry out systematic and pointed job skill and professional training for the newly recruited graduates of the company;

(5) Training and study of party members: the Company Party committee and the party branches of the company will formulate detailed and feasible plans according to the requirements of the higher-level organizations, and actively carry out the learning activities of “two studies and one doing” and “studying makes a stronger country” by adopting various forms such as issuing books and materials, bringing in teachers and experts, and leading party members to go out; strictly implement the “three meetings and one class” system, and develop activities such as “secretary teaches party lessons”. We will ensure that party organizations play the role of battle-bastion and the majority of party members to play a vanguard and exemplary role through training and study.

4. Labor outsourcing

Applicable Not applicable

Section X. Corporate Governance

I. Corporate governance of the Company

Corporate governance of the Company has major changes in the reporting period, the controlling shareholder of SZ Energy Group (the first majority shareholder of the Company) changed to Shenzhen Capital Group. During the reporting period, in accordance with guideline of Company Law, Securities Law, Corporate Governance Guidelines, Stock Listing Rules and other regulatory documents, and requirements of Articles of Associations and rules of procedures, constantly optimized the corporate governance structure, maintained sound modern enterprise management system, improve governance and standardization meticulous management, and effectively protected the interests and legitimate rights of listed companies, investors and employees.

1. Shareholders' meeting: the Company holds the shareholders general meeting in strict accordance with the legal procedures, and to ensure that the shareholders exercise their rights in accordance with the law. During the reporting period, the Company held one regular shareholders' meeting and two extraordinary shareholders meeting to carefully deliberate and decide on issues which were submitted to the general shareholders' meeting for approval. The convening of the shareholders' meeting was legal and all decision-making processes were open, fair and just. The qualifications and proposals of the attendees met the requirements of laws and regulations, and the resolutions of the shareholders' general meeting were disclosed in a timely manner after the meeting, which effectively protected all shareholders from exercising their right to know and vote on major issues of the Company in accordance with the law. Shareholders of the Company earnestly fulfilled their responsibilities under the Company Law and Articles of Association , there were no large shareholders and related parties who occupied or transferred the Company's funds, assets and other resources with various forms.

2. Board of Directors: The Company's board of directors adhered to standardized operation and management, took various measures to strengthen its own construction, and improved the board's standardized operation and scientific decision-making level. In the report period, the Board of Directors of the Company held two regular meetings and two extraordinary meetings to carefully research, deliberate and make decisions on significant matters within the rights of board of directors. During the reporting period, the Company's board of directors replaced two shareholder representative directors and one independent director, which added professional director resources to the Company and was beneficial to the Company's transformation and development. Four special committees under the Board of Directors, the Strategy and Investment Committee, Audit Committee, Nomination Committee, as well as Remuneration and Appraisal Committee are carefully deliberated relevant proposals and giving opinions and suggestions. The full use of the active role of the special committees in major investment decisions, important personnel adjustments, standardized salary management, internal audit, and risk control has effectively ensured the scientific nature of the Company's decisions and the normalization of management. Independent directors played their professional advantages, upheld the objective and independent principle and conscientiously performed their duties, and paid attention to the interests of the Company as a whole and those the shareholders of the Company, especially the legitimate interests of minority shareholders. They issued independent opinions on resolutions and brought forward constructive comments and suggestions on the Company's standardized operation and risk prevention.

3. Supervisory Committee: pursuit to relevant rules of laws and regulations, supervisory committee of the Company perform the supervision responsibility in line with to the Company and shareholders responsible manner. During the reporting period, the Supervisory Committee of the Board held two regular meetings and seven extraordinary meetings, effectively supervised the day-to-day operations of the board of directors, the Company's financial status, operating conditions, related transactions, asset

disposal, financial investment, and the legality and compliance of directors and senior management in performing their duties, independently issued opinions, and effectively protected the legitimate rights and interests of the Company and shareholders, especially the small and medium shareholders. During the reporting period, the Board of Supervisors of the Company replaced two shareholder representative supervisors. At the same time, the board of supervisors extended the connotation of supervision and standardized operation and risk prevention to daily operations, the board of supervisors also learned about the Company's operations and management by attending the shareholders' meetings and attending the board meetings and organizing on-site inspections on the Company's subsidiaries to better understand the Company's operations and management so as to better perform supervisory duties.

4. Manager Office: During the reporting period, the Company's managers strictly implemented various decisions of the shareholders' meeting and the board of directors in accordance with the requirements of relevant laws and regulations and the Company's Articles of Association and other regulatory documents, and actively organized the Company's various production, operation and management tasks, constantly improved the office conference system and internal control system, continued to optimize work processes and decision-making procedures, built a harmonious and aggressive corporate culture atmosphere, followed the work principle of reasonable division of labor and enhanced cooperation and the purpose of collective decision-making on major issues, and continuously improved the Company's management level and strive to achieve better business performance.

5. Major information confidentiality : In strict accordance with the requirement of *Rules Governing the Listing of Stocks and Insiders Registration System*, to standardize the confidentiality of inside information, and submit the inside information list in strict accordance with relevant regulations, kindly reminded the insider information to strictly comply with the related regulations on insider information confidentiality and stocks trading of the Company before the convening of the meetings of general shareholders, board of directors and supervisory board. There were no significant information disclosures within the reporting period. There were no significant information disclosures within the reporting period. During the reporting period, the Company did not provide undisclosed information to large shareholders in violation of information disclosure requirements.

6. Information disclosure and investor relations management: During the reporting period, in strict accordance with the requirement of relevant laws, regulations and normative documents as *Company Law*, *Rules Governing the Listing of Stocks and Management Mechanism of the Information Disclosure*, conscientiously fulfill the obligation of information disclosure, and disclosed the periodic and Ad-hoc Reports in a timely and fair manner to whole shareholders on *China Securities Journal*, *Securities Times*, *Hong Kong Commercial Daily* and *Juchao Website* with truthfulness, accuracy and completeness contents. In 2019, the Company completed the preparation and disclosure of periodic reports and interim announcements on schedule, a total of 63 announcements were issued throughout the year, strive to give investors a complete picture of the Company's finances, operation, personnel, and other significant matters. The Company strictly complied with the requirements of the "Company Investor Relations Management Work System" and did a good job in investor relations management. In addition to the on-site visit reception, it also used the Company's mailbox, investor phone line, and the irm.cninfo.com.cn of Shenzhen Stock Exchange, the smooth communication channels with investors enabled investors to have a more comprehensive, in-depth and objective understanding of the Company.

7. Internal control and standardized management: During the reporting period, in order to better meet the company's needs for standardized governance and efficient operation, in accordance with the requirement of relevant laws, regulations and normative documents, combine with actual condition of the Company, to established and completed the management mechanism and working procedure matching the innovation management mode timely, to ensure an efficient decision-making and standardization of the business operation. The Company carried out special audit work on internal control self-evaluation, internal regular audit and departure audit, and took active and effective measures to improve existing problems and deficiencies. Strengthened the training and ideological education of directors, supervisors, senior officers personnel, and middle-level management cadres at all levels, and emphasized the performance of duties according to law, standardized the words and deeds, and fought against corruption. The

company has been striving to prevent business management risks by continuously improving the internal control system, increasing the assessment and rewards and punishments, and further improving the standardization of management.

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed Company from CSRC?

Yes No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed Company from CSRC.

II. Independence of the Company relative to controlling shareholders' in aspect of businesses, personnel, assets, organization and finance

The Company has not controlling shareholder. The Company is completely independent in personnel, assets, finance, business, and institutions and is able to make independent decision and operations.

1. Personnel independence: The Company has set up an independent human resource management system and compensation & benefits systems. All members of the management level and senior officers are full-time executives and are paid remuneration by the Company and none of them takes other administrative posts in shareholders. Within the amount approved by the Board, the Company independently hires or fires employees according to the management needs. The Company has established a more perfect human resources management system, and has an independent management right.

2. Assets independence: the Company has independent production facilities and auxiliary systems, land use rights, property rights, office facilities and equipment. Within the range authorized by the board of directors and general shareholders' meeting, the Company has the powers of independent acquisition and disposition of assets.

3. Financial independence: The Company has independent financial management and accounting system, is equipped with independent financial management and accounting personnel, and establishes a relatively sound financial management system, independent bank account and tax accounts. Within the range authorized by the board of directors and shareholders' meeting, the Company can make independent financial decision and there are no substantial shareholders with financial management interference, embezzlement of funds and other circumstances.

4. Business independence: the Company independently carries out production and business activities, has set up independent and complete production, procurement, sales channels and management system. Within the range authorized by the board of directors and shareholders' meeting, the Company makes its own management decisions, carries out self management and takes full responsibilities for its own profits and losses.

5. Independent organization: The Company, in accordance with the needs of production, operation, management, followed modern enterprise management standards and established a relatively sound organization and management structure. There were neither interference of shareholders in the establishment and operation of the neither Company nor organization structure shared between shareholders and the Company.

Note: if the Company unable to guarantee independence with the controlling shareholder and unable to maintain independent operation ability in aspect of business, personnel, assets, organization and finance, explanation shall required.

III. Horizontal competition

Applicable Not applicable

IV. In the report period, the Company held annual shareholders' general meeting and extraordinary shareholders' general meeting

1. Annual Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
Annual General Meeting of 2018	AGM	38.59%	2019-04-18	2019-04-19	“Resolution Notice of Annual General Meeting 2018” No.:2019-019, published on “China Securities Journal” “Securities Times” “Hong Kong Commercial Daily” and Juchao Website
First Extraordinary shareholders' general meeting of 2019	Extraordinary shareholders' general meeting	51.38%	2019-06-03	2019-06-04	“Resolution Notice of First Extraordinary shareholders' general meeting of 2019” No.:2019-030, published on “China Securities Journal” “Securities Times” “Hong Kong Commercial Daily” and Juchao Website

Second Extraordinary shareholders' general meeting of 2019	Extraordinary shareholders' general meeting	38.91%	2019-11-11	2019-11-12	“Resolution Notice of Second Extraordinary shareholders' general meeting of 2019” No.:2019-062, published on “China Securities Journal” “Securities Times” “Hong Kong Commercial Daily” and Juchao Website
--	---	--------	------------	------------	--

2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

V. Responsibility performance of independent directors

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

The attending of independent directors to Board Meeting and Shareholders General Meeting							
Independent Director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending the Board Meeting by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attend the general meeting
Mo Jianmin	9	2	7	0	0	N	2
Chen Zetong	9	0	7	2	0	N	2
Liao Nangang	9	2	7	0	0	N	3
Du Wei	0	0	0	0	0	N	0

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

Nil

2. Objection for relevant events from independent directors

Independent directors come up with objection about Company's relevant matters

Yes No

No independent directors come up with objection about Company's relevant matters in the Period

3. Other explanation about responsibility performance of independent directors

The opinions from independent directors have been adopted

Yes No

Explanation on advice that accepted/not accepted from independent directors

Within the reporting period, in accordance with the *Company Law*, the *Corporate Governance Guidelines*, *Guideline on the Establishment of Independent Directors in Listed Companies*, the *Working System of Independent Directors*, the *Articles of Association* and other requirements of normative documents, and based on the spirit of independence, objectivity and the principle of prudence, all independent directors of the Company conscientiously performed their duties, understood and paid attention to the Company's business development, and deliberated and voted all resolutions submitted by the board of directors. Besides, by means of their professional advantages in their respective fields, all independent directors deeply and prudently judged significant matters for which the opinions of independent directors were necessary, delivered a written independent opinions and made recommendations to safeguard the legitimate interests of the Company and all shareholders. The Board of Directors fully respected the performance of duties by independent directors, attached great importance to and carefully accepted the views and recommendations of the independent director. And there were no recommendations of independent directors not adopted.

VI. Duty performance of the special committees under the board during the reporting period

(i) Strategy and investment management committee

1. Attending the meeting of the Board and shareholders general meeting, keep track of the production, operation and development of the Company

In 2019, member of the strategy and investment management committee attended the 9 meetings of the Board, 3 shareholders general meetings, they careful review the all comprehensive documents as *Work Report of GM for year of 2018*, *Integrated Business Plans for year of 2019* and *Revised the Article of Association of Shenzhen Nanshan Power Co., Ltd*, performing the duties and offering advice and suggestions to the Board with purpose of keep track of the Company's production and operation

2. Convening a meeting of strategy and investment management committee, review the company's business plan and major investment decisions

On March 26, 2019, the Strategy and Investment Management Committee of the 8th Board of Directors of the Company held its second meeting by way of communication voting, reviewed and approved the 2018 Annual Performance Report of the Strategy and Investment Management Committee of the Board of Directors, and studied and determined the work ideas and work plans for 2019.

On June 28, 2019, the Strategy and Investment Management Committee of the 8th Board of Directors of the Company held its third meeting to hear the "Report on the Implementation of Land Operations" and the "Report on the Implementation of the Company's 2019 Asset Optimal Relocation and Investment Work", and the deliberation passed the "Proposal on Carrying out the Share Transfer of Shen Nan Dian (Dongguan) Weimei Power Co., Ltd.".

On October 23, 2019, the Strategy and Investment Management Committee of the 8th Board of Directors of the Company held its fourth meeting by way of communication voting, reviewed and approved the "Proposal on the Use of Idle Funds to Purchase Financing Products", and agreed to use its own idle funds to purchase financing products to improve the efficiency of fund use under the premise of ensuring the fund security and controllable risks.

(ii) Audit Committee

1. Attending the meeting of the Board and shareholder general meeting, know the production, operation and development of the

Company

In 2019, the audit committee members of the company's board of directors attended 9 board meetings, 3 shareholders meetings, and carefully reviewed all documents including “*2018 Annual General Manager Work Report*” and “*Proposal on the 2019 Annual Comprehensive Business Plan*” and conduct careful research on documents as auditing reports and internal control system and relevant proposals, creating conditions for conscientious performance of duties and suggestions to the Board.

2. Held meeting of Audit Committee and issued opinions on annual audit and other related matters.

On March 22, 2019, the fifth meeting of the Audit Committee of the eighth Board of Directors of the Company was held by telephone conference. The meeting heard Ruihua Certified Public Accountants' introduction to the communication issues with the management during the 2018 annual audit, and discussed the important matters raised by the accountants in the audit process item by item, and determined the treatment opinions on the important matters, and required the Company to cooperate with the audit institution to finalize the 2018 annual audit report in strict accordance with the requirements of regulatory authorities.

On 26 Mar. 2019, the Audit Committee of the 8th Board of Directors of the Company convened the 6th meeting with Ruihua Certified Public Accountants about the finalization of 2018 annual audit report, and listened to the accounting firm's suggestions to the annual audit work, the deliberation reviewed and passed the *Proposal for Reviewing 2018 Annual Internal Control Evaluation Report*, the *Proposal on the Company's Work Plan for 2019 Annual Internal Audit and Internal Control*, the Re-engagement of Auditing Institution and Remuneration for year of 2019 and the 2018 Duty Performance Report of the Audit Committee of the Board etc.

On 2 August 2019, the 8th audit committee of the Board hold 7th meeting voting by correspondence, deliberated and approved the *proposal of changing the auditing institute for year of 2019*, the Company changed its annual auditing organ to LIXINZHONGLIAN CPAS (SPECIAL GENERAL PARTNERSHIP); deliberated and approved the proposal of exercising new financial instrument rules.

(iii) Nomination Committee

1. Attending the shareholding meeting and the Board, keep track of the production, operation and development of the Company

In 2019, members of the Nomination Committee of the 8th Board of Directors attended 9 Board meetings, 3 shareholders' meetings, they careful review the all documents as Work Report of GM for year of 2018, Integrated Business Plans for year of 2019 and *Revised the Article of Association of Shenzhen Nanshan Power Co., Ltd* etc. Keep track of the Company's production and creating condition for performing the duties and offering advice and suggestions to the Board.

2. Convened meeting of Nomination Committee, consider the proposal of changing directors

On March 26, 2019, the Nomination Committee of the 8th Board of Directors of the Company convened the 3rd meeting, reviewed and approved the *Performance Report for year of 2018 of Nomination Committee of the Board*, and formulated a working ideas and plans for the year of 2019.

On 17 May, 2019, the 8th Nomination Committee of the Board hold 4th meeting voting by correspondence to deliberated and approved the *proposal for changing the Board*.

On 23 October, 2019, the 8th Nomination Committee of the Board hold 5th meeting voting by correspondence to deliberated and approved the proposal for changing the Independent Directors.

(iv) Remuneration and Appraisal Committee

1. Attending the meeting of the Board and shareholders general meeting, and propose opinions and plans on remuneration, assessment and reward

In 2019, members of the remuneration and appraisal committee attended 9 Board meetings, 3 shareholders' meetings, they careful

review all documents as *Work Report of GM for year of 2018*, *Integrated Business Plans for year of 2019*, and *Revised the Article of Association of Shenzhen Nanshan Power Co., Ltd* etc. and creating condition for offering suggestion and plan to the Board in order to performing their duties; Furthermore, reviewing and deliberating relevant proposals with remuneration and awarding plans concerned, keep eyes on the implementation of remuneration and propose suggestion; organized activities of formulating relevant reward programs and supervise the implementation, which conscientiously fulfill the obligation of diligence and duties.

2. Held meeting of Remuneration and Appraisal Committee, deliberated the resolution on the provision of annual remuneration and relevant rewards with appraisal concerned, and make recommendations for the Board of Directors

On March 26, 2019, the Remuneration and Appraisal Committee of the 8th Board of Directors convened 2nd meeting approved the *Work Report of Remuneration and Appraisal Committee for year of 2018*, and determine the work idea and plans for year of 2019 by research, deliberated and approved the *Accrual of the Remuneration for 2019 and Appraisal Plan and Request for Special Award for 2018*.

On 6 September, 2019, the Remuneration and Appraisal Committee of the 8th Board hold 3rd meeting voting by correspondence to deliberated and approved the *Distribution Plan for Special Awards of 2018*.

VII. Works from Supervisory Committee

The Company has risks in reporting period that found in supervisory activity from supervisory committee

Yes No

Supervisory committee has no objection about supervision events in reporting period

VIII. Examination and incentives of senior officers

The Remuneration and Evaluation Committee of the Board is responsible for setting down and supervision implementation the appraisal and remuneration system of Company managers and other senior officers personnel to develop, established the remuneration incentive mechanism liked with operation performance. At the beginning of the year, according to the annual operation target, core tasks and post ranks of senior officers, and in comprehensive consideration of the industrial and regional remuneration level, research and determine the total amount of remuneration and the remuneration and appraisal standard of senior officers. After the year ends, determine the annual remuneration granting standard and incentive scheme in accordance with the appraisal of completion of operation performance and in combination of the performance of duties of senior officers.

IX. Internal Control

1. Details of major defects in IC appraisal report that found in reporting period

Yes No

2. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	2020-03-20
--	------------

Disclosure index of full internal control evaluation report	“Audit report of internal control for year of 2019” published on Juchao Website (www.cninfo.com.cn)	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the Company's consolidated financial statements	100.00%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the Company's consolidated financial statements	100.00%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports

Quantitative standard	Major defects: mistaken amount \geq total assets in consolidated financial statement $\times 0.5\%$	Major defects: amount of direct loss \geq total assets in consolidated financial statement $\times 0.5\%$
	Substantial defects: total assets in consolidated financial statement $\times 0.2\% \leq$ mistaken amount $<$ total assets in consolidated financial statement $\times 0.5\%$	Substantial defects: total assets in consolidated financial statement $\times 0.2\% \leq$ amount of direct loss $<$ total assets in consolidated financial statement $\times 0.5\%$
	General defect: mistaken amount $<$ total assets in consolidated financial statement $\times 0.2\%$	General defect: amount of direct loss $<$ total assets in consolidated financial statement $\times 0.2\%$
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

X. Auditing report of internal control

Applicable Not applicable

Deliberations in Internal Control Audit Report	
The accountant firm thinks Shenzhen Nanshan Power Co., Ltd. maintains effective internal control of financial report in all significant aspects in accordance with <i>the Basic Regulation of Enterprise Internal Control</i>	
Disclosure of internal control audit report	Disclosed
Disclosure date of audit report of internal control (full-text)	2020-03-20
Index of audit report of internal control (full-text)	“Audit report of internal control for year of 2019” published on Juchao Website (www.cninfo.com.cn)
Opinion type of auditing report of IC	Standard unqualified
whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

Yes No

The internal control audit report, issued by CPA, has concerted opinion with self-evaluation report, issued from the Board

Yes No

Section XI. Corporation Bonds

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when annual report approved for released or fail to cash in full on due

No

Section XII. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	2019-03-18
Name of audit institute	LIXINZHONGLIAN CPAS (SPECIAL GENERAL PARTNERSHIP)
Name of CPA	Liu Xinfā, Ding Dongmei

Text of Report (Attached)

Section XIII. Documents available for Reference

- I. Original Annual Report of 2019 carrying the signature of the legal representative of the Company
- II. Financial statement with signature and seal of Person in charge of the Company (legal person), person in charge of accounting works (General manager and chief financial officer) and person in charge of accounting organ(accountant in charge);
- III. Original audit report seal with accounting firms and signature and seal from CPA;
- IV. Text of notice and original draft that public on *China Securities Journal*, *Securities Times* and *Hong Kong Commercial Daily* that appointed by CSRC within report period.
- V. The place where the document placed: Shenzhen Stock Exchange, Office of Board of Directors of the Company.

Shenzhen Nanshan Power Co., Ltd.

深圳南山热电股份有限公司

Auditor's Report

立信中联审字[2020] D-151 号

立信中联会计师事务所（特殊普通合伙）
LixinZhonglian CPAs (SPECIAL GENERAL PARTNERSHIP)



立信中联会计师事务所（特殊普通合伙）
LixinZhonglian CPAs (SPECIAL GENERAL PARTNERSHIP)

Auditor's Report

LixinZhonglian Shen Zi[2019] No. D-0151

To Shareholders of Shenzhen Nanshan Power Co., Ltd.

I. Auditor's opinion

We, as the auditors, audited the financial statements of Shenzhen Nanshan Power Co., Ltd. (hereinafter, the "Company"), which included the consolidated and parent company's balance sheet as of 31 December 2019, the consolidated and parent company's statement of income, the consolidated and parent company's statement of cash flow and the consolidated statement of changes in equity of the Company and parent company's for the year ended 31 December 2019, together with the relevant notes thereto.

We have the view that the attached financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises* in all material aspects, which reflect fairly the consolidated financial position of the Company and parent company's as of 31 December 2019 and the operating results and cash flow of the Company and parent company's for the year of 2019.

II. Basis for audit opinions

We conducted this audit under the requirements of the Auditing Standards of the Certified Public Accountant of the PRC. The section headed "Certified Public Accountant's responsibility for audit of financial statement" in the audit report has further clarified our responsibilities under these standards. Pursuant to the code of professional conduct as certified public accountant in the PRC, we are independent of the Company and have performed other responsibility as required by our professional ethics. We believe that the audit evidence obtained by us is sufficient and adequate, which provides foundation for us to issue audit opinion.

III. Key audit items

Key audit issues refer to those which in our opinion based on our professional judgment are the most important issues in respect of audit for the current financial statements. We issue audit opinions on these issues in their entity and provide no opinions separately for each of them.

Key audit items	Countermeasures	
(i) Impairment of fixed assets	<p>Reference to the Annotations of Financial Statement with the "15. Accounting policy" in Note III. Major accounting policies and estimation, and the note (11) of V. Annotation of the items in consolidate financial statement</p> <p>As at 31 December 2019, the Company has fixed</p>	<p>Auditing procedures on the impairment of fixed assets including:</p> <p>(1)assess and test the design and effectiveness of execution of the internal control related to fixed assets impairment;</p> <p>(2)select samples of fixed assets to implement supervision procedure, so as to understand whether the assets</p>

Key audit items	Countermeasures
<p>assets with carrying value of RMB 1,381,857,204.28, accounting for 43% of the consolidated total assets and 87% of the non-current assets of the Company, which constitutes the essential part of the Company's assets. The management has assessed whether there is any sign of impairment in fixed assets. For those assets with impairment sign identified, the management makes impairment test by comparison between the recoverable amount of the fixed assets (calculated individually or the assets group in which the asset belongs to) and their carrying value.</p> <p>Since the management of Shen Nan Dian needs to determine the estimated recoverable amount of fixed assets with significant accounting estimation and judgment, and the impact amount is significant, we determine the impairment of fixed assets as a key audit item</p>	<p>experience backward crafts, long-term idle and load rate;</p> <p>(3) Make use of the work of the experts of external appraiser, comprehensively evaluate the parameters used in assessment method of the external appraiser's qualification and competency</p>
<p>(ii) Revenue recognition principle</p> <p>As for the accounting policy for revenue recognition and analysis of revenue, reference to the Annotations of Financial Statement with the “(23) Accounting policy” in Note III Major accounting policies and estimation and the Note (30). in V. Annotation of the items in consolidate financial statement</p> <p>In 2019, consolidate operation revenue for Shen Nan Dian amounted as RMB 1,221,870,208.52, a 35% down from a year earlier.</p> <p>Since the operation revenue is one of the key performance indicators of the Company, and there is an inherent risk that the revenue recognition point may be manipulated to achieve specific objectives or expectations, we identify the revenue recognition as a key audit item.</p>	<p>Auditing procedures with recognition of operation revenue concerned including:</p> <ol style="list-style-type: none"> 1. Evaluate the design and operational effectiveness of key internal controls related to revenue recognition; 2. Select sample to examining the sales contract, identify terms and conditions of the contract relating to the transfer of risk and reward in the ownership of the goods, and to evaluate whether the point of revenue recognition conforms to the requirements of <i>Accounting Standards for Business Enterprises</i>; 3. Make substantial analysis process with respect to operating income and gross profit, and make judgment on the reasonableness of the change in operating income and gross profit for the period; 4. Select samples from the accounting records of operating income and settlement sheet of power rate to review the truthfulness and completeness of operating revenue recognition; inspect receivables records and select samples to issue letters to enquire the balance of ending trade receivables and amount received in advance. Together with the collection of trade receivables in subsequent periods, to confirm the truthfulness of sales

Key audit items	Countermeasures
	<p>transactions;</p> <p>5. Make deadline test on operating income to confirm whether the operating income is recorded in appropriate accounting periods.</p>

IV. Other information

The management of Shen Nan Dian (hereinafter, the Management) is responsible for other information, which includes the information covered in the 2019 Annual Report except for the financial statements and our audit report.

Our audit opinion issued on financial statement does not cover other information, and we would not issue any form of verification conclusion for those information.

To prepare our audit on financial statement, we are required to read other information, and during the procedure, to consider that whether other information differs materially from the financial statement or the information obtained by us during the audit or whether there exists material error.

Based on the works done by us, in case we find any material error in other information, we shall report this fact. In this regard, we have nothing to report.

V. Management's responsibility for financial statements

The Management is responsible for preparing financial statements according to the Business Accounting Standards which make fair reflection, and for designing, implementing and maintaining necessary internal control system to make sure that there is no material misstatement in the financial statements due to fraud or mistake.

When preparing the financial statements, the management is responsible for assessing the Company's ability of continuous operation, disclosing the matters relating to continuous operation and applying the assumption of continuous operation, unless the management plans to liquidate the Company, terminate operation or has no other practicable choice.

The governance is responsible for monitoring the financial reporting process of the Company.

VI. Auditor's responsibility for audit of the financial statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always be found in the presence of a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain

professional skepticism throughout the audit. We also:

(1)Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2)Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3)Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4)Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, we have to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5)Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6)Obtain adequate and appropriate audit evidence in relation to the financial information of the entities or business transactions of the Company, in order to issue audit opinion on the financial statement. We are responsible for guiding, supervising and executing the audit for the Group, and we accept full responsibility for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated

in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

LIXINZHONGLIAN CPAS

(SPECIAL GENERAL PARTNERSHIP) Chinese CPA (Engagement
partner) :

Chinese CPA (Engagement
partner) :

Tianjin China

18 March 2020

Consolidated Balance Sheet

2019-12-31

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB/CNY

Item	Note V	Ending balance	Opening balance
Current assets:		—	—
Monetary funds	(1)	773,209,854.84	925,829,404.44
Tradable financial assets			
Financial assets measured by fair value and with variation reckoned into current gains/losses			
Derivative financial liability			
Note receivable			
Account receivable	(2)	178,150,580.32	132,430,024.97
Receivable financing			
Account paid in advance	(3)	70,005,681.50	53,655,777.12
Other account receivables	(4)	32,321,826.94	40,133,297.74
Inventory	(5)	124,686,443.61	124,758,334.97
Assets held for sale			
Non-current asset due within one year			
Other current assets	(6)	445,236,731.33	390,108,844.11
Total current assets		1,623,611,118.54	1,666,915,683.35
Non-current assets:		—	—
Debt investment			
Financial assets available for sale	(7)		60,615,000.00
Other debt investment			
Held-to-maturity investment			
Long-term account receivable			
Long-term equity investment	(8)	14,619,203.03	16,049,044.95
Other equity instrument investment	(9)	60,615,000.00	
Other non-current financial assets			
Investment real estate	(10)	2,401,327.00	2,606,302.71

Fixed assets	(11)	1,381,675,872.68	1,405,649,989.24
Construction in progress	(12)	66,474,630.23	82,348,008.39
Productive biological asset			
Oil and gas asset			
Intangible assets	(13)	43,602,166.44	45,987,255.24
Expense on Research and Development			
Goodwill			
Long-term deferred expenses	(14)	1,174,171.16	
Deferred income tax asset	(15)	2,206,049.69	2,071,324.26
Other non-current asset	(16)	22,882,181.78	24,905,681.78
Total non-current asset		1,595,650,602.01	1,640,232,606.57
Total assets		3,219,261,720.55	3,307,148,289.92

Legal Representative:

Person in charge of accounting works:

Finance Director;

Person in charge of accounting institute:

Consolidated Balance Sheet (Cont.)

2019-12-31

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB/CNY

Liabilities and shareholder's equity	Note V	Ending balance	Opening balance
Current liabilities:			
Short-term loans	(17)	881,075,378.48	1,000,000,000.00
Trading financial liability			
Financial liability measured by fair value and with variation reckoned into current gains/losses			
Derivative financial liability			
Note payable			
Account payable	(18)	19,871,102.41	18,065,898.69
Accounts received in advance			
Payroll payable	(19)	55,208,432.53	44,912,599.66
Taxes payable	(20)	21,769,273.77	16,000,039.55
Other accounts payable	(21)	43,691,472.06	63,091,881.43
Liability held for sale			
Non-current liabilities due within 1 year			
Other current liabilities			
Total current liabilities		1,021,615,659.25	1,142,070,419.33
Non-current liabilities:			
Long-term loans	(22)		25,940,000.00
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Long-term account payable			
Accrual liability	(23)	26,646,056.28	26,726,232.38
Deferred income	(24)	108,507,683.52	75,612,259.33
Deferred income tax liabilities			

Other non-current liabilities			
Total non-current liabilities		135,153,739.80	128,278,491.71
Total liabilities		1,156,769,399.05	1,270,348,911.04
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)	(25)	602,762,596.00	602,762,596.00
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital reserve	(26)	362,770,922.10	362,770,922.10
Less: Inventory shares			
Other comprehensive income	(27)	-2,500,000.00	
Surplus reserve	(28)	332,908,397.60	332,908,397.60
Retained profit	(29)	706,830,892.54	679,429,935.81
Total owner's equity attributable to parent company		2,002,772,808.24	1,977,871,851.51
Minority interests		59,719,513.26	58,927,527.37
Total owner's equity (or shareholders' equity)		2,062,492,321.50	2,036,799,378.88
Total liabilities and owner's equity(or shareholders' equity)		3,219,261,720.55	3,307,148,289.92

Legal Representative:

Person in charge of accounting works:

Finance Director;

Person in charge of accounting institute:

Balance Sheet

2019-12-31

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB/CNY

Item	Note XIV	Ending balance	Opening balance
Current assets:		—	—
Monetary funds		632,948,706.11	766,041,463.01
Tradable financial assets			
Financial assets measured by fair value and with variation reckoned into current gains/losses			
Derivative financial liability			
Note receivable			
Account receivable	(1)	31,824,693.69	50,415,180.20
Receivable financing			
Accounts paid in advance		46,152,700.57	33,326,061.81
Other account receivables	(2)	873,861,071.55	1,048,357,217.53
Inventories		101,728,367.43	111,279,675.08
Assets held for sale			
Non-current asset due within one year			
Other current assets		438,613,774.49	362,678,678.87
Total current assets		2,125,129,313.84	2,372,098,276.50
Non-current assets:		—	—
Debt investment			
Financial assets available for sale			60,615,000.00
Other debt investment			
Held-to-maturity investment			
Long-term account receivable			
Long-term equity investment	(3)	303,341,165.00	303,341,165.00
Other equity instruments		60,615,000.00	

investment			
Other non-current financial assets			
Investment property			
Fixed assets		321,395,526.04	284,572,482.22
Construction in progress		1,949,450.23	16,490,240.75
Productive biological asset			
Oil and gas asset			
Intangible assets		404,104.06	1,518,096.75
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned		790,841.39	
Deferred income tax asset			
Other non-current asset			
Total non-current asset		688,496,086.72	666,536,984.72
Total assets		2,813,625,400.56	3,038,635,261.22

Legal Representative:

Person in charge of accounting works:

Finance Director;

Person in charge of accounting institute:

Balance Sheet (Cont.)

2019-12-31

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB/CNY

Liabilities and shareholder's equity	Note XIV	Ending balance	Opening balance
Current liabilities:			
Short-term loans		580,640,114.59	860,000,000.00
Trading financial liability			
Financial liability measured by fair value and with variation reckoned into current gains/losses			
Derivative financial liability			
Note payable			
Account payable		864,016.74	5,349,562.56
Accounts received in advance			
Wage payable		33,840,544.53	26,953,632.92
Taxes payable		718,630.17	11,962,377.72
Other accounts payable		203,332,331.14	157,816,358.94
Liability held for sale			
Non-current liabilities due within 1 year			
Other current liabilities			
Total current liabilities		819,395,637.17	1,062,081,932.14
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Long-term account payable			
Accrual liability			
Deferred income		58,261,356.20	41,337,945.14
Deferred income tax liabilities			

Other non-current liabilities			
Total non-current liabilities		58,261,356.20	41,337,945.14
Total liabilities		877,656,993.37	1,103,419,877.28
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)		602,762,596.00	602,762,596.00
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital public reserve		289,963,039.70	289,963,039.70
Less: Inventory shares			
Other comprehensive income			
Surplus public reserve		332,908,397.60	332,908,397.60
Retained profit		710,334,373.89	709,581,350.64
Total owner's equity attributable to parent company		1,935,968,407.19	1,935,215,383.94
Minority interests			
Total owner's equity (or shareholders' equity)		1,935,968,407.19	1,935,215,383.94
Total liabilities and owner's equity(or shareholders' equity)		2,813,625,400.56	3,038,635,261.22

Legal Representative:

Person in charge of accounting works:

Finance Director;

Person in charge of accounting institute:

Consolidated Profit Statement

2019

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB/CNY

Item	Note V	Current Period	Last Period
I.Operating income	(30)	1,222,577,954.53	1,884,937,109.00
Less: operating cost	(30)	1,061,916,713.85	1,752,153,327.20
Tax and surcharge	(31)	7,640,784.83	11,443,320.37
Sales expense	(32)	5,599,305.43	3,715,812.95
Administration expense	(33)	109,541,900.18	93,529,697.87
R&D expenses		-	-
Financial expense	(34)	22,310,708.04	39,606,243.43
Including: interest expenses	(34)	49,212,452.58	48,580,643.69
Interest income	(34)	26,884,777.55	9,503,215.24
Add: other income	(35)	10,137,838.38	8,428,575.96
Investment income (Loss is listed with “-”)	(36)	-1,429,841.92	-2,205,628.45
Including: Investment income on affiliated company and joint venture	(36)	-1,429,841.92	-2,205,628.45
The termination of income recognition for financial assets measured by amortized cost		-	-
Net exposure hedging income		-	-
Income from change of fair value (Loss is listed with “-”)		-	-
Credit impairment loss (Loss is listed with “-”)	(37)	-556,572.76	-
Assets impairment loss (Loss is listed with “-”)	(38)	-	-385,343.65
Income from disposal of assets (Loss is listed with “-”)	(39)	-279,099.94	-

II. Operating profit (Loss is listed with “-”)		23,440,865.96	-9,673,688.96
Add: Non-operating revenue	(40)	5,601,216.93	39,264,446.03
Less: Non-operating expenditure	(41)	270,348.79	1,141,532.50
III. Total Profit (Loss is listed with “-”)		28,771,734.10	28,449,224.57
Less: Income tax expenses	(42)	3,078,791.48	15,996,399.82
IV. Net profit (Net loss is listed with “-”)		25,692,942.62	12,452,824.75
(i) Classify by business continuity			
1. continuous operating net profit		25,692,942.62	12,452,824.75
2. termination of net profit			
(ii) Classify by ownership			
1. Minority shareholders' gains and losses (net loss is listed with “-”)		791,985.89	-6,800,941.37
2. Net profit attributable to shareholders of parent company (net loss is listed with “-”)		24,900,956.73	19,253,766.12
V. Net amount of other comprehensive income after-tax			
Net after-tax of other comprehensive income attributable to owners of parent company			
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss			
1. Changes of the defined benefit plans that re-measured			
2. Other comprehensive income under equity method that cannot be transferred to gain/loss			
3. Change of fair value of investment in other equity			

instrument			
4.Fair value change of enterprise's credit risk			
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss			
1.Other comprehensive income under equity method that can transfer to gain/loss			
2.Change of fair value of other debt investment			
3.gain/loss of fair value changes for available-for-sale financial assets			
4.Amount of financial assets re-classify to other comprehensive income			
5.Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset			
6.Credit impairment provision for other debt investment			
7.Cash flow hedging reserve			
8.Translation differences arising on translation of foreign currency financial statements			
9.Other			
Net after-tax of other comprehensive income attributable to minority shareholders			
VI. Total consolidated income		25,692,942.62	12,452,824.75
Total consolidated income attributable to owners of parent company		24,900,956.73	19,253,766.12
Total consolidated income		791,985.89	-6,800,941.37

attributable to minority shareholders			
七、每股收益:			
(一) 基本每股收益		0.04	0.03
(二) 稀释每股收益		0.04	0.03

Legal Representative:

Person in charge of accounting works:

Finance Director;

Person in charge of accounting institute:

Profit Statement

2019

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB/CNY

Item	Note XIV	Current Period	Last Period
I.Operating income	(4)	406,004,521.28	785,960,951.01
Less: operating cost	(4)	388,210,502.44	744,134,218.18
Tax and surcharge		2,361,313.49	2,336,818.62
Sales expense		-	-
Management expense		54,248,280.07	46,200,286.78
R&D expenses		-	-
Financial expense		-30,081,146.05	-18,931,826.38
Including: interest expenses		39,534,771.43	36,464,884.41
Interest income		69,680,898.66	56,241,370.17
Add: other income		7,437,748.94	2,687,817.81
Investment income (Loss is listed with “-”)		-	-
Including: Investment income on affiliated company and joint venture		-	-
The termination of income recognition for financial assets measured by amortized cost		-	-
Net exposure hedging income		-	-
Income from change of fair value (Loss is listed with “-”)		-	-
Loss of credit impairment (Loss is listed with “-”)		-	-
Losses of devaluation of asset (Loss is listed with “-”)		-	-388,641,684.76
Income from assets disposal (Loss is listed with “-”)		-231,973.37	-
II. Operating profit (Loss is listed with “-”)		-1,528,653.10	-373,732,413.14
Add: Non-operating income		46,869.52	23,917,666.03
Less: Non-operating expense		12,018.03	1,001,588.80

III. Total Profit (Loss is listed with “-”)		-1,493,801.61	-350,816,335.91
Less: Income tax		-2,246,824.86	9,721,941.34
IV. Net profit (Net loss is listed with “-”)		753,023.25	-360,538,277.25
(i) Classify by business continuity			
1. continuous operating net profit		753,023.25	-360,538,277.25
2. termination of net profit			
(ii) Classify by ownership			
1. Minority shareholders' gains and losses (net loss is listed with “-”)			
2. Net profit attributable to shareholders of parent company (net loss is listed with “-”)		753,023.25	-360,538,277.25
V. Net amount of other comprehensive income after-tax			
Net after-tax of other comprehensive income attributable to owners of parent company			
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss			
1. Changes of the defined benefit plans that re-measured			
2. Other comprehensive income under equity method that cannot be transferred to gain/loss			
3. Change of fair value of investment in other equity instrument			
4. Fair value change of enterprise's credit risk			
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss			

1. Other comprehensive income under equity method that can transfer to gain/loss			
2. Change of fair value of other debt investment			
3. gain/loss of fair value changes for available-for-sale financial assets			
4. Amount of financial assets re-classify to other comprehensive income			
5. Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset			
6. Credit impairment provision for other debt investment			
7. Cash flow hedging reserve			
8. Translation differences arising on translation of foreign currency financial statements			
9. Other			
Net after-tax of other comprehensive income attributable to minority shareholders			
VI. Total consolidated income		753,023.25	-360,538,277.25
Total consolidated income attributable to owners of parent company		753,023.25	-360,538,277.25
Total consolidated income attributable to minority shareholders			
VII. Earnings per share			
(i) Basic earnings per share			
(ii) Diluted earnings per share			

Legal Representative:

Person in charge of accounting works:

Finance Director;

Person in charge of accounting institute:

Consolidated Cash Flow Statement

2019

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB/CNY

Item	Note V	Current Period	Last Period
I. Cash flows arising from operating activities:			
Cash received from selling commodities and providing labor services		1,331,274,801.35	2,165,865,438.32
Write-back of tax received		3,984,902.00	5,096,924.80
Cash received with other operating activities concerned	(43)	78,737,812.66	57,543,740.20
Subtotal of cash inflow arising from operating activities		1,413,997,516.01	2,228,506,103.32
Cash paid for purchasing commodities and receiving labor service		968,845,362.61	1,699,322,019.51
Cash paid to/for staff and workers		144,365,094.41	136,763,050.21
Taxes paid		40,161,219.78	89,933,046.65
Other cash paid in relation to operation activities	(43)	57,681,930.60	65,924,826.57
Subtotal of cash outflow arising from operating activities		1,211,053,607.40	1,991,942,942.94
Net cash flows arising from operating activities		202,943,908.61	236,563,160.38
II. Cash flows arising from investing activities:			
Cash received from recovering investment		32,000,000.00	
Cash received from investment income		6,273.97	
Net cash received from disposal of fixed, intangible and other long-term assets		1,990,145.00	284,400.00
Net cash received from disposal of subsidiaries and other			

units			
Cash received from other investment activities	(43)	1,489,600.00	
Subtotal of cash inflow from investing activities		35,486,018.97	284,400.00
Cash paid for purchasing fixed, intangible and other long-term assets		75,242,132.78	152,775,247.81
Cash paid for investment		118,000,000.00	
Net cash received from subsidiaries and other units			
Cash paid related with other investment activities	(43)		
Subtotal of cash outflow from investing activities		193,242,132.78	152,775,247.81
Net cash flows arising from investing activities		-157,756,113.81	-152,490,847.81
III. Cash flows arising from financing activities			
Cash received from absorbing investment			
Including: Cash received from absorbing minority shareholders' investment by subsidiaries			
Cash received from loans		1,460,000,000.00	1,530,000,000.00
Cash received from issuing bonds			
Other cash received in relation to financing activities	(43)	5,170,000.00	21,000,000.00
Subtotal of cash inflow from financing activities		1,465,170,000.00	1,551,000,000.00
Cash paid for settling debts		1,605,940,000.00	1,078,250,000.00
Cash paid for dividend and profit distributing or interest paying		47,992,661.32	48,623,516.39
Including: Dividend and profit of minority shareholder paid by subsidiaries			
Cash paid related with	(43)		5,170,000.00

financing activities			
Subtotal of cash outflow from financing activities		1,653,932,661.32	1,132,043,516.39
Net cash flows arising from financing activities		-188,762,661.32	418,956,483.61
IV. Influence on cash due to fluctuation in exchange rate		108,255.78	314,438.45
V. Net increase of cash and cash equivalents		-143,466,610.74	503,343,234.63
Add: Balance of cash and cash equivalents at the period -begin		914,956,611.70	411,613,377.07
VI. Balance of cash and cash equivalents at the period -end		771,490,000.96	914,956,611.70

Legal Representative:

Person in charge of accounting works:

Finance Director;

Person in charge of accounting institute:

Cash Flow Statement

2019

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB/CNY

Item	Note	Current Period	Last Period
I. Cash flows arising from operating activities:			
Cash received from selling commodities and providing labor services		563,020,587.66	937,195,103.67
Write-back of tax received			
Other cash received concerning operating activities		72,985,064.74	36,494,830.38
Subtotal of cash inflow arising from operating activities		636,005,652.40	973,689,934.05
Cash paid for purchasing commodities and receiving labor service		395,885,100.64	831,681,363.28
Cash paid to/for staff and workers		90,154,340.11	81,997,181.05
Taxes paid		11,935,461.99	5,122,624.45
Other cash paid concerning operating activities		49,268,827.60	31,038,781.40
Subtotal of cash outflow arising from operating activities		547,243,730.34	949,839,950.18
Net cash flows arising from operating activities		88,761,922.06	23,849,983.87
II. Cash flows arising from investing activities:			
Cash received from recovering investment		32,000,000.00	
Cash received from investment income		6,273.97	
Net cash received from disposal of fixed, intangible and other long-term assets		1,795,100.00	269,000.00
Net cash received from			

disposal of subsidiaries and other units			
Other cash received concerning investing activities		488,010,509.85	578,720,050.85
Subtotal of cash inflow from investing activities		521,811,883.82	578,989,050.85
Cash paid for purchasing fixed, intangible and other long-term assets		51,869,922.10	111,411,381.86
Cash paid for investment		118,000,000.00	
Net cash received from subsidiaries and other units			
Other cash paid concerning investing activities		275,000,000.00	660,000,000.00
Subtotal of cash outflow from investing activities		444,869,922.10	771,411,381.86
Net cash flows arising from investing activities		76,941,961.72	-192,422,331.01
III. Cash flows arising from financing activities			
Cash received from absorbing investment			
Including: Cash received from absorbing minority shareholders' investment by subsidiaries			
Cash received from loans		1,160,000,000.00	1,220,000,000.00
Cash received from issuing bonds			
Other cash received concerning financing activities		25,000,000.00	11,660,000.00
Subtotal of cash inflow from financing activities		1,185,000,000.00	1,231,660,000.00
Cash paid for settling debts		1,440,000,000.00	410,000,000.00
Cash paid for dividend and profit distributing or interest paying		36,757,499.51	32,493,128.98
Including: Dividend and profit of minority shareholder paid by subsidiaries			

Other cash paid concerning financing activities		7,039,888.75	2,778,562.50
Subtotal of cash outflow from financing activities		1,483,797,388.26	445,271,691.48
Net cash flows arising from financing activities		-298,797,388.26	786,388,308.52
IV. Influence on cash due to fluctuation in exchange rate		747.58	1,950.58
V. Net increase of cash and cash equivalents		-133,092,756.90	617,817,911.96
Add: Balance of cash and cash equivalents at the period -begin		766,041,463.01	148,223,551.05
VI. Balance of cash and cash equivalents at the period -end		632,948,706.11	766,041,463.01

Legal Representative:

Person in charge of accounting works:

Finance Director;

Person in charge of accounting institute:

Statement of Changes in Owners' Equity (Consolidated)

2019

Prepared by Shenzhen Nanshan Power Co.,
Ltd.

In RMB/CNY

Item	Current year										Total owners' equity (or shareholders)		
	Owners' equity attributable to the parent Company									Minority's equity			
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Inventor y shares	Other comprehensi ve income	Specia l reserv e	Surplus reserves	Retained profit	Othe r		
		Preferre d stock	Perpetu al debt	Other									
I. Balance at the end of the last year	602,762,596.00				362,770,922.10				332,908,397.60	679,429,935.81		58,927,527.37	2,036,799,378.88
Add: Changes of accounting policy							-2,500,000.00			2,500,000.00			
Error correction of the last period													
Enterprise combine under the same control													

Other														
II. Balance at the beginning of this year	602,762,596.00				362,770,922.10			-2,500,000.00		332,908,397.60	681,929,935.81		58,927,527.37	2,036,799,378.88
III. Increase/Decrease in this year (Decrease is listed with “-”)										24,900,956.73		791,985.89	25,692,942.62	
(i) Total comprehensive income										24,900,956.73		791,985.89	25,692,942.62	
(ii) Owners'(or shareholders') devoted and decreased capital														
1. Common shares invested by owners(or shareholders)														
2. Capital invested by holders of other equity instruments														
3. Amount reckoned into														

owners(or shareholders) equity with share-based payment												
4. Other					-							
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share												

capital)												
3. Remedying loss with surplus reserve												
4. Change amount of defined benefit plans that carry forward retained earnings												
5 . Carry-over retained earnings from other comprehensive income												
6. Others												
IV. Balance at the end of the year	602,762,596.00			362,770,922.10		-2,500,000.00		332,908,397.60	706,830,892.54		59,719,513.26	2,062,492,321.50

Legal Representative:

Person in charge of accounting works:

Finance Director;

Person in charge of accounting institute:

Item	Last year										Total owners' equity (or shareholders')	
	Owners' equity attributable to the parent Company								Minority's equity			
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Inventor y shares	Other comprehensiv e income	Surplus reserve	Provisio n of general risk	Retained profit		
Preferre d stock	Perpetua l debt	Other										
I. Balance at the end of the last year	602,762,596.00				362,770,922.10			332,908,397.60		660,176,169.69	2,024,346,554.13	
Add: Changes of accounting policy												
Error correction of the last period												
Enterprise combine under the same control												
Other												

II. Balance at the beginning of this year	602,762,596.00				362,770,922.10			332,908,397.60		660,176,169.69	65,728,468.74	2,024,346,554.13
III. Increase/Decrease in this year (Decrease is listed with “-”)										19,253,766.12	-6,800,941.37	12,452,824.75
(i) Total comprehensive income										19,253,766.12	-6,800,941.37	12,452,824.75
(ii) Owners' (or shareholders') devoted and decreased capital												
1. Common shares invested by owners (or shareholders)												
2. Capital												

invested by holders of other equity instruments											
3. Amount reckoned into owners(or shareholders) equity with share-based payment											
4. Other											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Withdrawal of general risk provisions											
3. Distribution for owners (or shareholders)											

4. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves conversed to capital (share capital)												
2. Surplus reserves conversed to capital (share capital)												
3. Remedyng loss with surplus reserve												
4. Change amount of defined benefit plans that carry												

forward retained earnings											
5. Other											
IV. Balance at the end of the year	602,762,596.0 0			362,770,922.1 0			332,908,397.6 0		679,429,935.8 1	58,927,527.37	2,036,799,378.8 8

Legal Representative:

Person in charge of accounting works:

Finance Director;

Person in charge of accounting institute:

Statement of Changes in Owners' Equity

2019

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB/CNY

Item	Current year										Minority's equity	Total owners' equity (or shareholders')		
	Owners' equity attributable to the parent Company													
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less : Investor preference shares	Other comprehensive income	Surplus reserve	Retained profit	Other				
		Pref erre d stoc k	Per petu al debt	Ot he r										
I. Balance at the end of the last year	602,762,596.00				289,963,039.70			332,908,397.60	709,581,350.64			1,935,215,383.94		
Add: Changes of accounting policy														
Error correction of the last period														
Enterprise combine under the same control														

Other											
II. Balance at the beginning of this year	602,762,596.00			289,963,039.70		332,908,397.60	709,581,350.64			1,935,215,383.94	
III. Increase/ Decrease in this year (Decrease is listed with “-”)								753,023.25		753,023.25	
(i) Total comprehensive income								753,023.25		753,023.25	
(ii) Owners'(or shareholders') devoted and decreased capital											
1. Common shares invested by owners(or shareholders)											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners(or shareholders) equity with share-based payment											
4. Other					-						
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)											
3. Other											

(IV) Carrying forward internal owners' equity											
1. Capital reserves conversed to capital (share capital)											
2. Surplus reserves conversed to capital (share capital)											
3. Remedying loss with surplus reserve											
4. Change amount of defined benefit plans that carry forward retained earnings											
5. Carry-over retained earnings from other comprehensive income											
6. Others											
IV. Balance at the end of the year	602,762,596.00			289,963,039.70			332,908,397.60	710,334,373.89			1,935,968,407.19

Legal Representative:

Person in charge of accounting works:

Finance Director:

Person in charge of accounting institute:

Statement of Changes in Owners' Equity (Cont.1)

2019

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB/CNY

Item	Last year										Minority 's equity	Total owners' equity (or shareholder 's)	
	Owners' equity attributable to the parent Company												
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Invento ry shares	Other comprehensi ve income	Surplus reserve	Provisio n of general risk	Retained profit	Othe r		
Preferr ed stock	Perpetu al debt	Other											
I. Balance at the end of the last year	602,762,596. 00				289,963,039. 70			332,908,397. 60		1,070,119,627. 89			2,295,753,661. 19
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the	602,762,596.				289,963,039.			332,908,397.		1,070,119,627.			2,295,753,661.

beginning of this year	00				70			60		89			19
III. Increase/Decrease in this year (Decrease is listed with “-”)										-360,538,277. 25			-360,538,277. 25
(i) Total comprehensive income										-360,538,277. 25			-360,538,277. 25
(ii) Owners'(or shareholders') devoted and decreased capital													
1. Common shares invested by owners(or shareholders)													
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners(or shareholders) equity with share-based													

payment													
4. Other													
(III) Profit distribution													
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)													
4 Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves conversed to capital (share capital)													
2. Surplus reserves conversed to capital (share capital)													
3. Remedy loss													

with surplus reserve													
4. Change amount of defined benefit plans that carry forward retained earnings													
5 . Carry-over retained earnings from other comprehensive income													
6. Other													
IV. Balance at the end of the report period	602,762,596.00			289,963,039.70			332,908,397.60		709,581,350.64				1,935,215,383.94

Legal Representative:

Person in charge of accounting works:

Finance Director;

Person in charge of accounting institute:

Shenzhen Nanshan Power Co., Ltd.
Notes to financial statement 2019
(Unless otherwise stated, the amount of unit is RMB/CNY)

I. Company Profile

(1) Profile

Shenzhen Nanshan Power Co., Ltd (hereinafter, the “Company”) was reorganized to be a joint-stock enterprise from a foreign investment enterprise on 25 November 1993, upon the approval of General Office of Shenzhen Municipal Government with Document Shen Fu Ban Fu [1993] No.897.

After approved by Document Shen Zhu Ban Fu [1993] No.179 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 Stock Exchange successively on July 1, 1994 and Nov. 28, 1994.

Headquarter of the Company located on 16/F, 17/F, Han Tang Building, OCT, Nanshan District, Shenzhen City, Guangdong Province, P.R.C.

The financial statement has approved for report by the Board on 18 March 2020.

(2) Scope of consolidate financial statement

Subsidiary included in the consolidate financial statement of the Company up to 31 December 2019 are as:

Subsidiary
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd. (“Zhongshan Electric Power”)
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd (“Weimei Electric Power”)
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd. (“Engineering Company”)
Shenzhen Shen Nan Dian Environment Protection Co., Ltd. (“Environment Protection Company”)
Shenzhen Server Petrochemical Supplying Co., Ltd (“Shenzhen Server”)
Shenzhen New Power Industrial Co., Ltd. (“New Power Company”)
Shen Nan Energy (Singapore) Co., Ltd. (“Singapore Company”)
Hong Kong Syndisome Co., Ltd. (“Syndisome”)
Zhongshan Shen Nan Dian Storage Co., Ltd. (“Shen Storage”)

Scope of the consolidate financial statement and its changes found more in the VI. Change of Consolidate Scope and VII. Equity in other entity carry in the Note

II. Preparation basis of Financial statement

(1) Preparation basis

The Company's financial statements have been prepared based on the going concern and the actual transactions and events. In accordance with the *Accounting Standards for Business Enterprises- Basic Norms* and every specific accounting rules, the 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*" of China Securities Regulatory Commission.

(2) Going concern

The Company is capable of going concern for 12 months from the end of the reporting period, and there are no major issues affecting the ability to go concern.

III. Major Accounting Policies and Estimation

The Company together with its subsidiaries is mainly engaged in businesses as production of power and heat, power plant construction, fuel trading, engineering consulting and sludge drying. According to the actual production and operation characteristics, the Company and its subsidiaries establish certain specific accounting policies and accounting estimates in respect of their transactions and matters such as sales revenue recognition pursuant to relevant business accounting principles. Details are set out in (15) Fixed assets and the (23) Revenue under Note III. For explanation on material accounting judgment and estimate issued by the management, please refer to (28) Major accounting judgment and estimation under Note III.

(1) Statement on observation of Accounting Standard for Business Enterprises

The Financial Statements are up to requirements of Accounting Standards for Business Enterprises, and reflect the financial status, operation outcomes and cash flows of the Company in reporting period in truthfulness and completeness.

(2) Accounting period

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

(3) Operating cycle

The operating cycle of the Company is 12 months.

(4) Book-keeping standard currency

Book-keeping standard of the Company is RMB(CNY)

(5) Accounting treatment on enterprise combine under the same control and under the

different control

Enterprise combination under the same control: The assets and liabilities obtained by the Company in enterprise combination are measured at the book value of the consolidated financial statements of the ultimate controlling party in accordance with the assets and liabilities of the combined party on the date of combination. 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 share capital premium in capital reserve. If the share capital premium in capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Enterprise combinations not under the same control: The Company's assets paid and liabilities incurred or assumed on the date of purchase as a consideration of enterprise combination are measured at fair value, and the difference between the fair value and its book value is included in the current profit and loss. Where the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; where the cost of a business combination less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, reckoned into current gains/losses after double-check.

The intermediary fees, such as auditing, legal services, consultation and other directly relevant incurred in the merger of enterprises shall be reckon into the current gains/losses when incurred; the transaction costs of issuing equity securities for the purpose of enterprise combination should be charge-off.

(6) Preparation methods for consolidated statement

1. Consolidate scope

Scope of the consolidate financial statement is determined on a control basis, all subsidiaries (including the part of the enterprise under control of the investee that can be divided) are included in the consolidated financial statement.

2. Consolidate procedures

Based on the financial statements of itself and its subsidiaries, the Company compiles the consolidated financial statements in line with other relevant information. The Company compiles consolidated financial statements, considers the entire enterprise group as an accounting entity, and reflects the overall financial position, operating results and cash flow of the enterprise group in accordance with the relevant accounting standards' recognition, measurement and presentation requirements and in accordance with unified accounting policies.

The accounting policies and accounting periods adopted by all subsidiaries included in the consolidation scope of the consolidated financial statements are consistent with the Company. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with the Company, when preparing the consolidated financial statements, make necessary adjustments

according to the accounting policies and accounting periods of the Company. For a subsidiary acquired through a business combination not under the same control, its financial statements are adjusted based on the fair value of the identifiable net assets at the acquisition date. For a subsidiary acquired through a business combination under the same control, its financial statements are adjusted based on the book value of its assets and liabilities (including the goodwill formed by the ultimate controlling party's acquisition of the subsidiary) in the ultimate controlling party's financial statements.

The subsidiary's owner's equity, current net profit or loss and the share of current comprehensive income belonging to minority shareholders are separately listed under the owner's equity item in the consolidated balance sheet, under the net profit item in the consolidated income statement and under the total comprehensive income item. If the current loss shared by the minority shareholders of a subsidiary exceeds the minority shareholder's share in the owner's equity of the subsidiary at the beginning of the period, the balance shall offset against the minority shareholders' equity.

(1) Increase subsidiaries or businesses

During the reporting period, if a subsidiary or business is added due to a business combination under the same control, adjust the opening balance of the consolidated balance sheet; incorporate the income, expenses, and profits of the subsidiary or business combination from the beginning of the current period to the end of the reporting period into the consolidated income statement; incorporate the cash flows of the subsidiary or business combination from the beginning of the current period to the end of the reporting period into the consolidated cash flow statement, and adjust the relevant items of the comparative statement as if the consolidated reporting entity had been existing since the time when the ultimate controlling party began controlling.

Where it is possible to exercise control over an investee under the same control due to additional investment, all parties participating in the combination are deemed to have adjusted in their current state when the ultimate controlling party commenced control. The equity investment held before the control of the combined party is obtained, the relevant profit or loss and other comprehensive income that have been confirmed between the date of acquisition of the original equity and the date on which the combining party and the combined party are under the same control until the combining date, as well as other changes in net assets respectively write down the retained earnings at the beginning of period or the current profits and losses in the comparative statements.

During the reporting period, if a subsidiary or business is added due to a business combination not under the same control, the opening balance of the consolidated balance sheet period will not be adjusted; the income, expenses, and profits of the subsidiary or business from the acquisition date to the end of the reporting period will be included in the consolidated income statement; the cash

flows of the subsidiary or business from the acquisition date to the end of the reporting period are included in the consolidated statement of cash flow.

For reasons such as additional investments that can control an investee not under the same control, the Company remeasures the equity of the acquiree held before the purchase date according to the fair value of the equity on the purchase date, and the balance between the fair value and its book value is included in the current investment income. If the equity of the acquiree held before the purchase date involves other comprehensive income under the equity method and other changes in owner's equity other than net profit or loss, other comprehensive income and profit distribution, other comprehensive income and other changes in owner's equity related to it shall be converted into the investment income of the current period on the date of purchase, except for other comprehensive income arising from the re-measurement of the net liabilities or changes in net assets of the defined benefit plan of the investee.

(2) Disposal of subsidiaries or businesses

① General treatment method

During the reporting period, when the Company disposes of a subsidiary or business, the income, expenses and profits of the subsidiary or business from the beginning of the period to the disposal date are included in the consolidated income statement, while the cash flow of the subsidiary or the business from the beginning of the period to the disposal date is included in the consolidated statement of cash flow.

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 (or combination 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. Other comprehensive income related to the original subsidiary's equity investment or other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution will be converted to current investment income when the control is lost, except for other comprehensive income arising from the remeasurement of the net liabilities or changes in net assets of the defined benefit plan of the investee.

If other investors' capital increases in the subsidiary results in a decline in the Company's shareholding ratio and thus loss of control power, accounting shall be conducted in accordance with the above principles.

② Dispose subsidiary step-by-step

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, 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.

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 different 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.

If the transactions that dispose of the equity investment in the subsidiary until the loss of control do not belong to the package transaction, before the loss of control, the relevant policies for partial disposal of the equity investment in the subsidiary shall be accounted for without losing control. When the control right is lost, the accounting treatment shall be carried out according to the general treatment method for disposing of the subsidiary.

(3) Purchase of minority shares in subsidiaries

The difference between the Company's newly acquired long-term equity investment due to the purchase of minority shares and the net assets share calculated continuously by the subsidiary from the date of purchase (or merger date) in accordance with the calculation of the newly increased shareholding ratio, adjust the equity premium in the capital reserve in the consolidated balance sheet, if the equity premium in the capital reserve is insufficient to offset, adjust the retained earnings.

(4) Partial disposal of equity investment in subsidiaries without losing control

The difference between the disposal cost obtained as a result of partial disposal of long-term equity investment in a subsidiary without losing control and the net assets share calculated continuously by the subsidiary from the date of purchase or merger corresponding to the disposal of the long-term equity investment, adjust the equity premium in the capital reserve in the consolidated balance sheet, if the equity premium in the capital reserve is insufficient to offset, adjust the retained earnings.

(7) Classification of joint arrangement and accounting treatment

Joint arrangement is divided into joint operation and joint venture.

As a joint party of the joint arrangement, it is a joint operation when the Company enjoys assets related to the arrangement and bears the liabilities related to the arrangement.

The company confirms the following items related to the share of interests in its joint operations, and in

accordance with the provisions of the relevant accounting standards for accounting treatment:

- (1) Recognize the assets held solely by the Company, and recognize assets held jointly by the Company in appropriation to the share of the Company;
- (2) Recognize the obligations assumed solely by the Company, and recognize obligations assumed jointly by the Company in appropriation to the share of the Company;
- (3) Recognize revenue from disposal of the share of joint operations of the Company;
- (4) Recognize fees solely occurred by Company;
- (5) Recognize fees from joint operations in appropriation to the share of the Company.

Accounting policy for the joint venture investment found more in (13) Long-term equity investment under Note III.

(8) Determination criteria of cash and cash equivalent

While preparing the cash flow statement, the stock cash and savings available for payment at any time are recognized as cash. The investments meets the follow four conditions at the same time are recognized as cash equivalent, that is short-term (normally fall due within three months from the date of acquisition) and highly liquid investments held the Group which are readily convertible into known amounts of cash and which are subject to insignificant risk of value change.

(9) Foreign currency business and foreign currency statement translation

1. Foreign currency business

Foreign currency business uses the spot exchange rate on the transaction date as the conversion rate to convert foreign currency amounts into RMB for accounting.

The balance of foreign currency monetary items at the balance sheet date is converted at the spot exchange rate on the balance sheet date, the resulting exchange difference is included in current profit and loss, except that the exchange difference arising from foreign currency special borrowings related to the acquisition or construction of assets eligible for capitalization is disposed with the principle of borrowing costs capitalization.

2. Foreign currency statement translation

Assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; the owners' equity items are converted at the spot exchange rate at the time of occurrence, except for the "undistributed profit" item. The income and expense items in the income statement are converted at the spot exchange rate on the transaction date.

When disposing of an overseas operation, the translation difference in the foreign currency financial statements related to the overseas operation is transferred from the owner's equity item to the disposal of current profit or loss.

(10) Financial instrument

Financial instrument consist of financial assets, financial liability and equity instrument.

Accounting policy applicable since 1 Jan. 2019

1. Classification of financial instrument

Based on the Company's business model for managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified as the financial assets measured at amortized cost, the financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income and the financial assets measured at fair value and whose changes are included in current profit and loss at initial recognition.

Business model to collect the contractual cash flow, and the contractual cash flow is only the payment of the principal and the interest based on the outstanding principal amount, is classified as a financial asset measured at amortized cost; business model to collect the contractual cash flow and sell the financial asset, and the contractual cash flow is only the payment of principal and the interest based on the outstanding principal amount, is classified as a financial asset measured at fair value and whose changes are included in other comprehensive income (debt instruments); other financial assets other than these are classified as financial assets measured at fair value and whose changes are included in the current profit and loss.

For a non-tradable equity instrument investment, the Company determines at the time of initial recognition whether to designate it as a financial asset (equity instrument) measured at fair value and whose changes are included in other comprehensive income. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as financial assets that are measured at fair value and whose changes are included in the current profit and loss.

At the time of initial recognition, financial liabilities are classified into financial liabilities that are measured at fair value and whose changes are included in the current profit and loss and financial liabilities that are measured at amortized cost.

A financial liability that meets one of the following conditions can be designated as a financial liability measured at fair value and whose changes are included in current profit and loss at initial measurement:

- 1) This designation can eliminate or significantly reduce accounting mismatches.
- 2) In accordance with the corporate risk management or investment strategy stated in formal written documents, make management and performance evaluation to financial liability portfolios or financial assets and financial liability portfolios based on fair value, and report to the key management personnel within the enterprise based on this.
- 3) The financial liability includes embedded derivatives that need to be split separately.

According to the above conditions, the financial liabilities designated by the Company mainly include: (Specific

description of the designated situation)

2. Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include bills receivable, accounts receivable, other receivables, long-term receivables, debt investment, etc., which are initially measured at fair value, and related transaction costs are included in the initially recognized amount; accounts receivable excluding significant financing components and accounts receivable with financing components not exceeding one year that the Company decides not to consider are initially measured at the contract transaction price.

The interest calculated by using the effective interest method during the holding period is included in the current profit and loss.

When taking back or disposing, the difference between the cost obtained and the book value of the financial asset is included in the current profit and loss.

(2) Financial assets (debt instrument) measured at fair value and whose changes are reckoned into other comprehensive income

The financial assets (debt instrument) measured at fair value and whose changes are reckoned into other comprehensive income consist of receivable financing and other debt investment and initially measured at fair value, relevant transaction fees are included in initial recognized amount. The financial assets are subsequently measured at fair value, and the fair value changes are reckoned into other comprehensive income except for the interest, impairment loss or gain and exchange gain or loss calculated by actual interest rate method.

Upon termination of the recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out and reckoned into current profit and loss.

(3) Financial assets (equity instrument) measured at fair value and whose changes are reckoned into other comprehensive income

The financial assets (equity instrument) measured at fair value and whose changes are reckoned into other comprehensive income consist of the equity instrument investment etc. and initially measured at fair value, relevant transaction fees are included in initial recognized amount. The financial assets are subsequently measured at fair value, and the fair value changes are reckoned into other comprehensive income. The dividend obtained should be reckoned into current gains/losses.

Upon termination of the recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out and reckoned into retained earnings.

(4) Financial assets measured at fair value and whose changes are reckoned into current gains/losses

The financial assets measured at fair value and whose changes are reckoned into current gains/losses consist of trading financial assets, derivative financial assets and other non-current financial assets etc. and initially measured at fair value, relevant transaction fees are included in current gains/losses. The financial assets are subsequently measured at fair value, and the fair value changes are reckoned into current gains/losses.

Upon termination of the recognition, the difference between its fair value and initial entry amount is recognized as investment income, and adjust the gains/losses from fair value changes at the same time.

(5) Financial liability measured at fair value and whose changes are reckoned into current gains/losses

The financial liability measured at fair value and whose changes are reckoned into current gains/losses consist of trading financial liability and derivative financial liability etc. and initially measured at fair value, relevant transaction fees are included in current gains/losses. The financial liabilities are subsequently measured at fair value, and the fair value changes are reckoned into current gains/losses.

Upon termination of the recognition, the difference between its fair value and initial entry amount is recognized as investment income, and adjust the gains/losses from fair value changes at the same time.

(6) Financial liability measured at amortized cost

The financial liabilities measured at amortized cost consist of short-term loans, note payable, account payable, other account payable, long-term loans, bond payable and long-term account payable, and initially measured at fair value, relevant transaction fees are included in initial recognized amount.

The interests calculated by effective interest rate method during the holding period is reckoned into current gains/losses.

Upon termination of the recognition, the difference between consideration paid and the book value of financial liability is reckoned into current gains/losses.

3. Recognition basis and measurement method for transfer of financial assets

When the Company transfers financial assets, if almost all risks and rewards of ownership of financial assets have been transferred to the transferee, derecognize the financial assets; if almost all risks and rewards of ownership of financial assets have been retained, don't derecognize the financial assets.

When determining whether the transfer of financial assets meets the above conditions for the termination of recognition of financial assets, adopt the principle of substance over form. The Company distinguishes the transfer of financial assets into overall transfers and partial transfers of financial assets. If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts is included in the current profit and loss:

- (1) The book value of the transferred financial assets;
- (2) The sum of the consideration received as a result of the transfer and the cumulative amount of changes in the fair value that were directly credited to the owner's equity (the transferred financial asset is an available-for-sale financial asset).

If partial transfer of financial assets meets the conditions for derecognition, the entire book value of the transferred financial assets is apportioned between the derecognized parts and non-derecognized parts according to their relative fair values, and the difference between the following two amounts is included in the current profit and loss:

- (1) The book value of the derecognition part;
- (2) The sum of the consideration of the derecognition part and the amount corresponding to the derecognition part of the cumulative total of changes in fair value that were directly credited to the owner's equity (the transferred financial asset is an available-for-sale financial asset).

If the transfer of financial assets does not meet the conditions for derecognition, the financial assets are continuously recognized, and the consideration received is recognized as a financial liability.

4. Termination recognition of financial liability

Where the current obligation of a financial liability have been discharged in whole or in part, the recognition of the financial liability or part thereof shall be terminated; If the Company entered into an agreement with its creditors to replace its existing financial liabilities with the new financial liability, and the contract terms of the new financial liabilities and the existing financial liabilities are substantially different, the existing financial liabilities shall be terminated for recognition and the new ones shall be recognized at the same time. As for substantive changes made to the contract terms (in whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be terminated for recognition, and the financial liabilities after term revision will be recognized as a new financial liability.

When a financial liability is derecognized in whole or in part, the difference between the book value of the financial liability derecognized and the consideration paid (including the non-cash assets transferred out or the new financial liabilities assumed) is included in the current profit and loss.

If the Company repurchases part of the financial liabilities, the entire book value of the financial liabilities will be allocated on the repurchase date according to the relative fair value of the

continuing recognition part and the derecognition part. The difference between the book value allocated to the derecognition part and the consideration paid (including the transferred non-cash assets or assumed new financial liabilities) is included in the current profit and loss.

5. Methods for determining the fair value of financial assets and financial liabilities

For financial instruments that have an active market, their fair values are determined by using quotes in the active market. For financial instruments that do not have an active market, valuation techniques are used to determine their fair values. In the valuation, the Company adopts valuation techniques that are applicable under the current circumstances and have sufficient available data and other information support, chooses the input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of related assets or liabilities, and prioritizes the relevant observable input values. The Company uses unobservable input values only if the relevant observable input values cannot be obtained or are not practicable.

6. Test methods and accounting treatment methods for impairment of financial assets (excluding receivables)

The Company considers all reasonable and evidence-based information, including forward-looking information, and estimates the expected credit losses of financial assets measured at amortized cost by the single or combined way and financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income. The measurement of expected credit losses depends on whether a significant increase in credit risk has occurred since the initial recognition of a financial asset.

If the credit risk of the financial instrument has increased significantly since initial recognition, the Company shall measure its loss provision at an amount equivalent to the expected credit loss throughout the life of the financial instrument. If the credit risk of the financial instrument has not increased significantly since initial recognition, the Company shall measure its loss provision at an amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increased or reversed amount of the loss provision thus formed shall be included in the current profit and loss as impairment losses or gains.

Usually, the Company considers that the credit risk of the financial instrument has increased significantly when it is overdue for more than 30 days, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly after initial recognition.

If the credit risk of a financial instrument at the balance sheet date is low, the Company will consider that the credit risk of the financial instrument has not increased significantly since initial recognition.

Accounting policies applicable before January 1, 2019

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets and financial liabilities measured at fair value and whose changes are included in current profit or loss, the related transaction costs are directly included in profit or loss; for other types of financial assets and financial liabilities, the related transaction costs are included in the initial recognition amount.

1. Fair value determination method of financial assets and financial liabilities

Fair value refers to the price that a market participant can receive by selling an asset or needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. Where there is an active market for financial instruments, the Company uses the quoted price in the active market to determine its fair value. Quotes in an active market refer to prices that are likely to obtain on a regular basis from exchanges, brokers, industry associations, pricing service agencies, etc., and represent the prices of market transactions that actually take place in fair transactions. Where there is no active market for financial instruments, the Company uses valuation techniques to determine its fair value. Valuation techniques include reference to the prices used in recent market transactions among parties familiar with the situation and making voluntary transactions, and reference to the current fair value, discounted cash flow method, and option pricing models of other financial instruments that are substantially equivalent.

2. Classification, recognition and measurement of financial assets

Accounting recognition and de recognition of financial assets bought and sold in the conventional manner are done on the transaction date. At the time of initial recognition, financial assets are classified into financial assets measured at fair value and whose changes are included in the current profit and loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

(1) Financial assets measured at fair value and whose changes are included in the current profit and loss

Include trading financial assets and financial assets designated to be measured at fair value and whose changes are included in the current profit and loss.

Trading financial assets refer to the financial assets that meet one of the following conditions: A. The purpose of obtaining the financial assets is mainly to sell them in the near future. B. It is part of an identifiable financial instruments portfolio for centralized management and there is objective evidence indicates that the Company has recently managed the portfolio with short-term profit way. C. It is a derivative, however, except for the derivative designated as an effective hedging instrument, the derivative belonging to a financial guarantee contract, and the derivative instrument has no quotes in an active market and whose fair value cannot be reliably measured

and which are linked to investment in equity instrument and must be settled by delivery of the equity instrument.

A financial asset that meets one of the following conditions can be designated as a financial asset measured at fair value and whose changes are included in current profit and loss at initial recognition: A. The designation can eliminate or significantly reduce the inconsistencies of relevant gains or losses in recognition or measurement caused by the different measurement basis of the financial asset. B. The official written documents of the Company's risk management or investment strategy have clearly stated to carry out management and evaluation on the financial asset portfolio or the portfolio of financial assets and financial liabilities where the financial assets locate based on the fair value, and report to the key management personnel.

Financial assets measured at fair value and whose changes are included in the current profit and loss are subsequently measured at fair value. Gains or losses arising from changes in fair value and dividends and interest income related to these financial assets are included in the current profit and loss.

(2) Held-to-maturity investments

It refers to the non-derivative financial assets with fixed maturity dates and fixed or ascertainable recovery amounts, and the Company has a clear intention and ability to hold to maturity.

Held-to-maturity investment adopts effective interest method and is subsequently measured at amortized cost, the gains or losses arising from derecognition, impairment or amortization are included in the current profit and loss.

The effective interest rate method refers to the method of calculating the amortized cost and interest income or expenditure of each period based on the effective interest rate of a financial asset or financial liability (including a group of financial assets or financial liabilities). The effective interest rate refers to the interest rate used to discount the future cash flows of a financial asset or financial liability within the expected duration or a shorter applicable period to the current book value of the financial asset or financial liability.

When calculating the effective interest rate, the Company will estimate the future cash flows after taking into account all the contract terms of the financial asset or financial liability (without considering future credit losses), it will also consider all charges, transaction fees, and discounts or premiums that are paid or collected among all parties to contract of the financial asset or financial liability and are part of the effective interest rate.

(3) Loans and receivables

It refers to the non-derivative financial assets with no quotes and with fixed or ascertainable recovery amount in active markets. The Company's financial assets classified as loans and receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost by using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are included in the current profit and loss.

(4) Available-for-sale financial assets

It includes non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets other than financial assets measured at fair value with changes included in current profit and loss, loans and receivables, and held-to-maturity investments.

The closing cost of available-for-sale debt instrument investments is determined according to the amortized cost method, that is, the initial recognition amount deducts the principal repaid, adds or subtracts the accumulated amortization amount arising from the amortization of difference between the initial recognition amount and the due date amount by the effective interest method, and the amount after deducting the impairment loss that has occurred. The closing cost of an available-for-sale equity instrument investment is its initial acquisition cost.

Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value are recognized as other comprehensive income, except that the impairment losses and the exchange differences related to foreign currency monetary financial assets and amortized costs are included in the current profit and loss, and are transferred out at the derecognition of the financial assets and are included in the current profit and loss. However, the equity instruments investments that are not quoted in an active market and whose fair value cannot be reliably measured and the derivative financial assets that are linked to the equity instrument and must be settled by delivery of the equity instrument are subsequently measured at cost.

Interest obtained during the holding of available-for-sale financial assets and cash dividends declared by the investee are included in investment income.

3. Impairment of financial assets

Except for financial assets measured at fair value and whose changes are included in the current profit and loss, the Company checks the book value of other financial assets on each balance sheet date. If there is objective evidence that the financial assets are impaired, make provision for

impairment.

The Company conducts separate impairment tests on financial assets with significant single amounts. For financial assets with insignificant single amounts, it conducts separate impairment tests or includes them in financial asset portfolios with similar credit risk characteristics for impairment tests. Financial assets ((including financial assets that are individually significant and insignificant) without impairment in individual testing are included in the financial asset portfolios with similar credit risk characteristics for impairment tests again. Financial assets that have been individually recognized for impairment loss are not included in the financial asset portfolios with similar credit risk characteristics for impairment tests.

(1) Impairment of held-to-maturity investments, loans and receivables

Financial assets measured at cost or amortized cost write down their book value to the present value of estimated future cash flows. The write-down amount is recognized as an impairment loss and is included in the current profit and loss. After the financial asset recognizes the impairment loss, if there is objective evidence that the value of the financial asset has been restored, and it is objectively related to the event that occurred after the recognition of the loss, the originally recognized impairment loss shall be reversed, and the book value of the financial asset after reversing the impairment loss doesn't exceed the amortized cost of the financial asset on the date of reversal under the assumption that no impairment provision is made.

(2) Impairment of available-for-sale financial assets

When the fair value of the available-for-sale equity instrument investment is judged to be a serious or non-temporary decline based on comprehensive relevant factors, it indicates that the available-for-sale equity instrument investment is impaired.

When an available-for-sale financial asset is impaired, the accumulated losses that were originally included in other comprehensive income due to the decline in fair value shall be transferred out and included in the current profit and loss, the accumulated losses transferred out are the balance after deducting principal recovered, amortized amount, current fair value and impairment loss originally included in profit and loss from initial acquisition cost of the asset.

After recognizing the impairment loss, if there is objective evidence that the value of the financial asset has recovered after the period and it is objectively related to the events that occurred after the loss was recognized, the originally recognized impairment loss shall be reversed, the impairment loss of available-for-sale equity instrument investment shall be reversed and recognized as other comprehensive income, and the impairment loss of available-for-sale debt instruments shall be reversed and included in current profit and loss.

Impairment losses on equity instrument investments that do not have quotes in an active market and whose fair value cannot be reliably measured or on derivative financial assets that are linked to the equity instrument and must be settled by delivery of the equity instrument shall 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 terminated for recognized. If the risk and rewards of ownership of the financial asset have been retained, the financial assets shall not be terminated for recognized. 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. Classification and measurement of financial liability

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 liability measured at fair value and whose changes reckoned into current gains/losses

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 de-recognition or amortization is recognized in profit or loss for the period.

(3) Financial Guarantee Contracts and loan commitment

Financial guarantee contracts other than those designated as financial liabilities at fair value through profit or loss or loan commitment other than those designated measured by fair value and with its variation for gains/losses reckoned as well as the loans lower than the market rates 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 beard) 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. Equity instrument

The equity instrument is the contract to prove the holding of the surplus stock of the assets with the deduction of all liabilities in the Group. The Company issues (including refinancing), repurchases, sells or cancels equity instruments as movement of equity. No fair value change of equity instrument would be recognized by the Company. Transaction fees relating to equity transactions are deducted from 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.

(11) Bad deb provision of account receivable

Accounting policy applicable since 1 Jan. 2019

Regarding account receivables, whether or not it contains a significant financing component, the Company always measures its loss provisions at an amount equivalent to the expected credit loss throughout the duration, and the resulting increase and reversed amount of loss provisions is included in the current profit and loss as impairment losses or gains.

In addition to receivables that individually assess credit risk, based on their credit risk characteristics, they are divided into different portfolios:

Item	Accrual ratio for account receivable (%)
Group 1: low-risk	The portfolio is determined based on the similarity of credit risk characteristics, the Company believes that the credit risk of a receivable that has not been impaired in a single assessment of credit risk is low, and no provision for bad debts is made unless there is evidence that the credit risk of a certain receivable is high.

If there is objective evidence that a certain account receivable has suffered credit impairment, the Company shall

make provision for bad debts on that account receivable and confirm the expected credit loss.

Accounting policy applicable before 1 Jan. 2019

Account receivable consist of account receivable and other receivable etc.

1. Recognition of bad debt provision

The Group reviews carrying value of account receivables on balance sheet date, and make impairment provision for account receivables which are proven to be impaired by the following objective evidences: ①debtor experiences material financial difficulties; ②debtor is in breach of contract terms (for instance: default or expiration of payment for principal or interest); ③debtor is likely to face bankruptcy or other financing restructuring; ④other objective evidence showing account receivables are impaired.

2. Provision for bad debt provision

(1) Recognition criteria and accrual method on accounts with single major amount and withdrawal bad debt provision independently

The single account receivable above RMB 2 million is recognized as 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.

(2) Determination bases for account receivables for which bad debt provision is made according to category of credit risks, and provision for bad debt

The Company determines categories of account receivables according to the similarity of credit risk characteristics. Account receivables consist of those with insignificant single amount and those with significant single amount which is not impaired based on separate impairment test. The Group is of the view that account receivables with insignificant single amount and those with significant single amount which is not impaired based on separate impairment test are exposed to low credit risks, thus it is not necessary to make bad debt provision, unless there is evidence showing that account receivables have relatively substantial credit risks.

(3) Account receivables with insignificant single amount for which bad debt provision is made separately

For account receivables with insignificant single amount, if there is evidence showing that account receivables are exposed to relatively substantial credit risks, bad debt provision shall be made for such account receivables under specific identification method.

3. Reversal of bad debt

If there is objective evidence showing recovery in value of account receivables 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 account receivables upon reversal will not exceed the amortized cost as at the reversal date assuming there is no provision for impairment.

(12) Inventory

1. Categories of inventory

Inventory consists of fuels and raw materials etc.

2. Valuation method of delivered inventory

The inventories are initially measured at cost. When the inventory is delivered, the actual cost of delivered inventory shall be determined by weighted average method.

3. Basis for determining the net realizable value of different types of inventories

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.

4. Inventory system

Perpetual inventory system required

5. Amortization method of low-value consumables and packaging

- (1) Low-value consumables-one pass method
- (2) Packaging- one pass method

(13) Long-term equity investment

1. Criteria judgement for joint control and significant influence

Joint control is the Company's contractually agreed sharing of control over an arrangement, which relevant activities of such arrangement must be decided by unanimously agreement from parties who share control. Where the Company and other joint ventures exercise joint control over the investee and enjoy the rights to the net assets of the investee, the investee is a joint venture of the Company.

Significant influence is the right of the Company to participate in the financial and operation decision-making of an enterprise, but not to control or jointly control the formulation of such policies with other parties. Where the Company is able to exert significant influence on the investee, the investee shall be a joint venture of the Company.

2. Determination of initial investment cost

(1) Long-term equity investment resulting from enterprise combination

Enterprise combination under the same control: If the Company pays cash, transfers non-cash assets or assumes debt, and issues equity securities as the consideration for the merger, the share of the book value of the owner's equity of the combined party in the consolidated financial statements of the ultimate controlling party on the combining date shall be used as the initial investment cost of long-term equity investment. If it is possible to control the investee under the same control due to additional investments, etc., the initial investment cost of long-term equity investment shall be determined based on the share of the book value of the net assets of the combined party in the consolidated financial statements of the ultimate controlling party on the merger date. The difference between the initial investment cost of the long-term equity investment on the merger date and the sum of the book value of the long-term equity investment before the merger plus the book value of the new share payment consideration obtained on the merger date adjusts the equity premium. If the equity premium is insufficient to be offset, the retained earnings shall be offset.

Business combination not under the same control: The Company uses the combination cost determined on the purchase date as the initial investment cost of the long-term equity investment. If it is possible to exercise control over an investee that is not under the same control due to additional investments, etc., the sum of the book value of the original equity investment plus the newly increased investment cost is used as the initial investment cost calculated by the cost method.

(2) Long-term equity investment obtained through other methods

For a long-term equity investment obtained by paying cash, the actually paid purchase price is taken as the initial investment cost.

For a long-term equity investment obtained by issuing equity securities, the fair value of the issued equity securities is taken as the initial investment cost.

On the premise that the non-monetary asset exchange has commercial substance and that the fair value of the

assets swapped in or out can be reliably measured, the initial investment cost of the long-term equity investment swapped in by non-monetary assets exchange is determined by the fair value of assets swapped out and the relevant payable taxes and fees, unless there is conclusive evidence that the fair value of the assets swapped in is more reliable; for non-monetary assets exchange that do not meet the above preconditions, the book value of the assets swapped out and the relevant taxes and fees payable are used as the initial investment cost of the long-term equity investment swapped in.

For a long-term equity investment obtained through debt restructuring, its entry value is determined based on the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the asset, and the difference between the fair value of the abandoned creditor's rights and the book value is included in the current profit and loss.

3. Follow-up measurement and gain/loss recognition

(1) Long-term equity investment measured at cost

The long-term equity investment in subsidiaries shall be measured at 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 measured at equity

The long-term equity investment in associated enterprise and joint ventures shall be measured at cost. If the initial investment cost is greater than than the share of fair value of the invested entity's identifiable net assets, the initial investment cost of the long-term equity investment will not be adjusted; if the initial investment cost is less than than the share of fair value of the invested entity's identifiable net assets, the difference shall reckoned in current gains/losses.

The investment gain and other comprehensive income shall be recognized based on the Company's share of the net profits or losses and other comprehensive income made by the investee, respectively. Meanwhile, the carrying amount of long-term equity investment shall be adjusted. The carrying amount of long-term equity investment shall be reduced based on the Group's share of profit or cash dividend distributed by the investee. In respect of the other movement of net profit or loss, other comprehensive income and profit distribution of investee, the carrying value of long-term equity investment shall be adjusted and included in the owners' equity.

The Company shall recognize its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto during the accounting period and according to the accounting policy of the Company. During the period of holding the investment, the investee prepares the consolidated financial statements based on the net profit, other comprehensive income, and the amount attributable to the investee in changes in other owners' equity in the consolidated financial statements for business accounting.

When the Company confirms that it should share the losses incurred by the investee, it shall proceed in the following order. Firstly, write off the book value of the long-term equity investment. Secondly, if the book value of the long-term equity investment is not sufficient to offset, the investment loss shall continue to be recognized within the limit of the book value of long-term equity that substantially constitutes a net investment in the investee, and offset the book value of long-term receivables. Finally, after the above-mentioned treatment, if the enterprise still bears additional obligations as stipulated in the investment contract or agreement, the estimated liabilities are recognized according to the estimated obligations and included in the current investment loss.

(3) Disposal of long-term equity investment

When disposing of a long-term equity investment, the difference between its book value and the actual purchase price is included in the current profit and loss.

When disposing of a long-term equity investment accounted for by using the equity method, use the same basis as the investee directly disposes of related assets or liabilities, and make accounting treatment to the portion that was originally included in other comprehensive income according to the corresponding proportion. The owner's equity recognized as a result of changes in other owner's equity of the investee other than net profit or loss, other comprehensive income, and profit distribution is carried forward to the current profit and loss on a pro rata basis, except for other comprehensive income arising from the remeasurement of the net liabilities or net assets changes of the defined benefit plan by the investee.

If the joint control or significant influence on the investee is lost due to the disposal of part of the equity investment, etc., the remaining equity after disposal shall be calculated in accordance with the financial instrument recognition and measurement standards, and the difference between the fair value and the book value on the day of losing the joint control or significant influence is included in the current profit and loss. Other comprehensive income of the original equity investment recognized due to using the equity method for accounting shall adopt the accounting treatment on the same basis as the investee directly disposes of related assets or liabilities when terminating the adoption of equity method for accounting. The owner's equity recognized as a result of changes in the owner's equity other than net profit or loss, other comprehensive income and profit distribution of the investee is transferred to current profit and loss when terminating the adoption of equity method for accounting.

The control over the investee is lost due to the disposal of part of the equity investment and the capital increase in the subsidiary by other investors resulting in a decline in the shareholding ratio of the Company, in preparing separate financial statements, the remaining equity interest which can apply common control or impose significant influence over the investee shall be accounted for using equity method. Such remaining equity interest shall be treated as accounting for using equity method since it is obtained and adjustment was made accordingly. For remaining equity interest which cannot apply common control or impose significant influence over the investee, it

shall be accounted for using the recognition and measurement standard of financial instruments. The difference between its fair value and carrying amount as at the date of losing control shall be included in profit or loss for the current period.

The disposed equity is obtained through business combination due to additional investment and other reasons, when preparing individual financial statements, if the remaining equity after disposal uses cost method or equity method for accounting, the equity investments held before the acquisition date shall be carried forward in proportion to other comprehensive income and other owner's equity recognized through equity method accounting; For the remaining equity interest after disposal accounted for using the recognition and measurement standard of financial instruments, other comprehensive income and other owners' equity shall be fully transferred.

(14) 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. (Including buildings for lease after self-construction or development activities completed and buildings under construction or development for lease in the future)

Investment real estate of the Company are measured at cost model. The Investment real estate-rental buildings measured at cost model has the same depreciation policy as fixed assets, the land use right for lease is exercise the amortization policy as intangible assets.

(15) 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. Fixed assets are recognized when the following conditions are simultaneously met:

- (1) The economic benefits with the fixed assets concerned are likely to flow into the enterprise; and
- (2) cost of the fixed assets can be measured reliably.

2. Depreciation method

From the next month since reaching the intended use state, depreciation 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:

Category	Depreciation method	Depreciation life (Year)	Residuals rate(%)	Annual depreciation rate (%)
Houses and buildings	Straight-line	20- Year	10	4.5
Equipment (fuel machinery sets excluded)	Straight-line	15-20-year	10	4.5-6
Equipment-fuel machinery sets(Note)	The work quantity method		10	The work quantity method
Transportation tools	Straight-line	5-year	10	18
Other equipment	Straight-line method	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#	538.33
	Generating unit 3#	601.20
New Power Company	Generating unit 10#	520.61
Zhongshan Electric Power	Generating unit 1#	4,246.00
	Generating unit 3#	4,160.83
Weimei Electric Power	Generating unit 1#	4,490.65
	Generating unit 3#	4,233.13

3. 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.

4. Other explanation

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.

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.

The Company re-reviews useful life, expected net residual value and depreciation method of fixed assets at least at each year end. Any change thereof would be recorded as change of accounting estimates.

(16) 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. It is transferred to fixed asset as soon as the construction reaches the useful status.

(17) Borrowing expenses

Borrowing expenses include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings. 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.

During the capitalization period, exchange differences on a specific purpose borrowing denominated in foreign currency shall be capitalized. Exchange differences related to general-purpose borrowings denominated in foreign currency shall be included in profit or loss for the current period.

Qualifying assets are assets (fixed assets, investment property, inventories, etc.) that necessarily take a substantial

period of time for acquisition, construction or production to get ready for their intended use or sale.

Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production of the qualifying asset is resumed.

(18) Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Company.

An intangible asset shall be initially measured at cost. The expenditures incurred on an intangible asset shall be recognized as cost of the intangible asset only if it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Other expenditures on an item asset shall be charged to profit or loss when incurred.

Land use right acquired shall normally be recognized as an intangible asset. Self-constructed buildings (e.g. plants), related land use right and the buildings shall be separately accounted for as an intangible asset and fixed asset. For buildings and structures purchased, the purchase consideration shall be allocated among the land use right and the buildings on a reasonable basis. In case there is difficulty in making a reasonable allocation, the consideration shall be recognized in full as fixed assets.

An intangible asset with a finite useful life shall be stated at cost less estimated net residual value and any accumulated impairment loss provision and amortized using the straight-line method over its useful life when the asset is available for use. Intangible assets with indefinite life are not amortized.

The Group shall review the useful life of intangible asset with a finite useful life and the amortization method applied at least at each financial year-end. A change in the useful life or amortization method used shall be accounted for as a change in accounting estimate. For an intangible asset with an indefinite useful life, the Group shall review the useful life of the asset in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Company shall estimate the useful life of that asset and apply the accounting policies accordingly.

(19) Impairment of long-term 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.

Once an impairment loss of these assets is recognized, it is not allowed to be reversed even if the value can be recovered in subsequent period.

(20) Long-term unamortized expenses

Long-term unamortized expenses are those already occurred and amortizable to the current term and successive terms for over one year. Long-term amortizable expenses are amortized by straight-line method to the benefit period.

(21) Staff remuneration

Staff remuneration includes short term staff remuneration, post office benefit, dismissal benefit and other long term staff benefits, among which:

Short term staff remuneration mainly consists of salary, bonus, allowance and subsidy, staff benefits, medical insurance, maternity insurance, work related injury insurance, housing funds, labor unit fee and education fee, non-monetary benefits, etc. short term staff remuneration actually happened during the accounting period in which staff provides services to the Company is recognized as liability, and shall be included in current gains and losses or relevant asset cost. Non-monetary benefits are measured at fair value.

Post office benefits mainly consist of defined withdraw plan and defined benefit plan. Defined withdraw plan mainly includes basic pension insurance, unemployment insurance and annuity, and the contribution payable is included in relevant asset cost or current gains and losses when occurs.

When the Company terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, the Company shall recognize employee compensation liabilities arising from compensation for staff dismissal and included in profit or loss for the current period, when the Company cannot revoke unilaterally compensation for dismissal due to the cancellation of labor relationship plans and employee redundant proposals; and the Company recognize cost and expenses related to payment of compensation for dismissal and restructuring, whichever is earlier. However, if the compensation for termination of employment is not expected to be fully paid within 12 months from the reporting period, it shall be accounted for other long-term staff remuneration.

The early retirement plan shall be accounted for in accordance with the accounting principles for compensation for termination of employment. The salaries or wages and the social contributions to be paid for the employees who retire before schedule from the date on which the employees stop rendering services to the scheduled retirement date, shall be recognized (as compensation for termination of employment) in the current profit or loss by the Group if the recognition principles for provisions are satisfied.

For other long-term employee benefits provided by the Company to its employees, if satisfy with the established withdraw plan, then the benefits are accounted for under the established withdraw plan, otherwise accounted for under defined benefit scheme.

(22) Accrual liability

1. Recognition criteria

The obligations with contingencies concerned as litigation, debt guarantee and contract in loss are recognized as accrual liability when the following conditions are met simultaneously:

- (1) the liability is the current liability that undertaken by the Company;
- (2) the liability has the probability of result in financial benefit outflow; and
- (3) the responsibility can be measured reliably for its value.

2. Measurement on vary accrual liability

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 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.

- (1) Contact in loss

Contact in loss is identified when the inevitable cost for performance of the contractual obligation exceeds the inflow of expected economic benefits. When a contract in loss is identified and the obligations there under are qualified by the aforesaid recognition criterion for contingent liability, the difference of estimated loss under contract over the recognized impairment loss (if any) of the subject matter of the contract is recognized as contingent liability.

(2) Restructuring obligations

For detailed, official and publicly announced restructuring plan, the direct expenses attributable to the restructuring are recognized as contingent liabilities, provided that the aforesaid recognition criterion for contingent liability is met. For restructuring obligations arising from disposal of part business, the Company will recognize the obligations relating to restructuring only when it undertakes to dispose part business (namely entering into finalized disposal agreement).

(23) Revenue

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

3. Specific criteria for revenue recognition of the Environment Protection Company

At the end of each month, the company confirms the monthly income based on the initially confirmed sludge transportation volume and sludge treatment price, and revises the revenue confirmed last month after checking with the relevant units in the next month, and the correction proportion is relatively small.

4. Specific criteria for revenue recognition of the Engineering Company

- (1) Debugging projects: When the debugging is successful, obtain the confirmation of successful debugging, and confirm the income according to the contract;
- (2) Operation and maintenance and management projects: Temporarily estimate and confirm the income every month according to the attendance time and labor service price of attendance staff, and adjust the temporarily estimated income after obtaining the monthly settlement statement sealed and signed by suppliers, the confirmation of progress, and the attendance form.

(24) Government subsidy

Government subsidy refers to the monetary asset and non-monetary asset that the Company obtains from the government free of charge, excluding the capital that the government invests as an investor and enjoys the corresponding owner's equity. Government subsidies are divided into the asset-related government subsidy and the income-related government subsidy.

If the government subsidy is a monetary asset, it shall be measured according to the received or receivable amount. If the government subsidy is a non-monetary asset, it shall be measured at fair value. If the fair value cannot be obtained reliably, it shall be measured according to the nominal amount. Government subsidy measured by nominal amount is directly included in the current profits and losses.

The government subsidy related to the assets is recognized as deferred income and is recorded into the current profits and losses or the book value of the relevant assets in a reasonable and systematic manner within the useful life of the relevant assets. Revenue-related government grants are used to compensate for the related costs or losses incurred during the subsequent period and are recognized as deferred income and are recognized in the current profit or loss or related expenses during the period of recognition of the relevant cost expense or loss; Incurred costs or losses incurred, directly included in the current profits and losses or offset the relevant costs.

For the government subsidy containing both asset-related parts and income-related parts at the same time, distinguish the different parts and make the accounting treatment, classify the parts which are difficult to be distinguished as the income-related government subsidy.

The government subsidy related to the Company's daily activities is included in other incomes or offsets related costs in accordance with the essence of economic business; while the government subsidy unrelated to the Company's daily activities is included in non-operating income and expenditure.

When the recognized government subsidy needs to be refunded or has balance of related deferred income, offset the book balance of related deferred income, and include the excess parts in the current profits and losses or (the asset-related government subsidy for offsetting the book value of underlying assets in initial recognition) adjust the book value of assets; directly include these belong to other situations in the current profits and losses.

(25) Deferred income tax asset/ deferred income tax liability

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. The taxable income for calculating the current income tax expenses is based on the pre-tax accounting profit of the current year after adjustment according to relevant regulations of taxation.

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.

Deferred income tax liabilities are not recognized for taxable temporary differences related to: the initial recognition of goodwill; and the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) at the time of the transaction. In addition, the Group recognizes the corresponding deferred income tax liability for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except when both of the following conditions are satisfied: the Company able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are not recognized for deductible temporary differences related to the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) at the time of the transaction. In addition, the Group recognizes the corresponding deferred income tax asset for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized, except when both of the following conditions are satisfied: it is not probable that the temporary difference will reverse in the foreseeable future; and it is not probable that taxable profits will be available in the future, against which the temporary difference can be utilized.

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.

On 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.

On 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.

3. Income tax expenses

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

Current deferred income tax and deferred income tax expenses or income shall reckoned into current gains/losses

other than those current income tax and deferred income tax with transactions and events concerned, that reckoned into shareholder's equity directly while recognized as other comprehensive income; and the book value of the goodwill adjusted for deferred income tax arising from enterprise combination.

4. Offset of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

(26) Leasing

Finance lease is to virtually transfer all risks and rewards related to ownership of asset, the ownership is may transfer ultimately or not. 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 straight-line method. 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 renter

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.

3. Financing lease business with the Group recorded as lessee

On the beginning date of the lease, the entry value of leased asset shall be at the lower of the fair value of the leased asset and the present value of minimum lease payment at the beginning date of the lease. Minimum lease payment shall be the entry value of long-term accounts payable, with difference recognized as unrecognized financing expenses. In addition, initial direct costs attributable to leased items incurred during the process of lease negotiation and signing of lease agreement shall be included in the value of leased assets. The balance of minimum lease payment after deducting unrecognized financing expenses shall be accounted for long-term liability and long-term liability due within one year.

Unrecognized financing expenses shall be recognized as financing expenses for the current period using effective interest method during the leasing period. Contingent rent shall be included in profit or loss for the current period at the time it incurred.

4. Financing lease business with the Group recorded as lessor

On the beginning date of the lease, the entry value of lease receivable shall be the aggregate of minimum lease receivable and initial direct costs at the beginning date of the lease. The unsecured balance shall be recorded. The aggregate of minimum lease receivable, initial direct costs and unsecured balance and the difference between their present value shall be recognized as unrealized financing income. The balance of lease receivable after deducting unrecognized financing income shall be accounted for long-term debt and long-term debt due within one year.

Unrecognized financing income shall be recognized as financing income for the current period using effective interest method during the leasing period. Contingent rent shall be included in profit or loss for the current period

(27) Other major accounting policies and estimations

The discontinued operation refers to the component that meets one of the following conditions and has been disposed by the Company or classified as held-for-sale and can be individually distinguished when operating and preparing the financial statements: 1- the component represents an independent main Business or a major operating area; 2- the component is a part that intends to dispose or arrange an independent main business or a major operating area; 3- the component is a subsidiary obtained only for re-sale.

(28) Changes of major accounting policy and accounting estimation

1. Change of major accounting policies

(1) Implementing the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 - Hedge Accounting, and the Accounting Standards for Business Enterprises No. 37 – Financial Instruments Presentation (Revised in 2017)*.

(2) The Ministry of Finance revised the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 - Hedge Accounting, and the Accounting Standards for Business Enterprises No. 37 – Financial Instruments Presentation* in 2017. According to the revised standards, for financial instruments whose recognition has not been terminated on the first execution date, if the previous recognition and measurement are inconsistent with the requirements of the revised standards, they shall be adjusted retroactively. If the data in the comparison financial statement in the earlier period is inconsistent with the revised standards, no adjustment is required. The cumulative impact amount resulting from retroactive adjustment shall be adjusted to retained earnings and other comprehensive income, main impacts of the above standards implementation are as follows:

Content / causes for the changes of accounting policies	Approval procedures	Items and amount impacts in statement
Non-tradable equity instrument	The <i>Implementation of New</i>	Financial assets available-for-sale: decreased RMB 60,615,000.00;

investment available-for-sale is designated as “Financial assets measured at fair value and whose changes reckoned into other comprehensive income”	<i>Financial Instruments Standards</i> was deliberated and approved by the 5 th session of 8 th BOD and 5 th session of 8 th Supervisory Committee on 14 August 2019	Other equity instrument investment: increased RMB 60,615,000.00; Other comprehensive income: decreased RMB 2,500,000.00; Retained profit at year-end: increased RMB 2,500,000.00.
---	--	---

(2) Implement the *Revising and Printing the Format of Financial Statements for General Enterprises in 2019* from Ministry of Finance.

On 30 April 2019 and 19 September 2019, the *Revising and Printing the Format of Financial Statements for General Enterprises in 2019* (CK (2019) No.6) and *Notice on Revising and Printing the Format of Consolidated Financial Statements (2019)* [CK(2019) No.16] are issued by the Ministry of Finance, financial statement's format for general enterprise are being revised. The Company has prepared the financial statement in line with the requirement of new formats for financial statements.

(3) Implement the *Accounting Standards for Business Enterprises No. 7 - Non-monetary assets exchange (Revised in 2019)*

The *Accounting Standards for Business Enterprises No. 7 - Non-monetary assets exchange (Revised in 2019)*[CK(2019)No.8] is issued by the Ministry of Finance on 9 May 2019, and come into effect since 10 June 2019. For the non-monetary assets exchange occurred to the execution date of the provision since 1st Jan. 2019 shall be adjusted in line with the provisions of this code. For the non-monetary assets exchange occurred before 1st Jan. 2019, no retroactive adjustment is required in accordance with the provisions of this code. There is no significant influence while exercising the above provision during the reporting period.

(4) Implement the *Accounting Standards for Business Enterprises No. 12 - debt restructuring (Revised in 2019)*

The *Accounting Standards for Business Enterprises No. 12 - debt restructuring (Revised in 2019)* is issued by the Ministry of Finance on 16 May 2019, and come into effect since 17 June 2019. For the debt-restructuring occurred to the execution date of the provision since 1st Jan. 2019 shall be adjusted in line with the provisions of this code. For the debt-restructuring occurred before 1st Jan. 2019, no retroactive adjustment is required in accordance with the provisions of this code. There is no significant influence while exercising the above provision during the reporting period.

2. Change of accounting estimation

No change of accounting estimation occurred in the reporting period

3. Adjustment of the financial statement items for the first time at the beginning of the year when implementing the new financial instrument standards

Consolidate balance sheet

Item	Year-end balance of last year	Year-begin balance	Number adjusted
Current assets:			
Monetary funds	925,829,404.44	925,829,404.44	
Settlement provisions			
Lending funds			
Trading financial assets	Not applicable		
Financial assets measured at fair value and whose changes reckoned into current gains/losses		Not applicable	
Derivative financial assets			
Note receivable			
Account receivable	132,430,024.97	132,430,024.97	
Receivables financing	Not applicable		
Accounts paid in advance	53,655,777.12	53,655,777.12	
Receivable premium			
Reinsurance account receivable			
Provision of cession receivable			
Other account receivable	40,133,297.74	40,133,297.74	
Buying back the sale of financial assets			
Inventory	124,758,334.97	124,758,334.97	
Assets holding for sale			
Non-current assets due within one year			
Other current assets	390,108,844.11	390,108,844.11	

Item	Year-end balance of last year	Year-begin balance	Number adjusted
Total current assets	1,666,915,683.35	1,666,915,683.3 5	
Non-current assets:			
Loan release and advance			
Debt investment	Not applicable		
Financial assets available-for-sale	60,615,000.00	Not applicable	-60,615,000.00
Other debt investment	Not applicable		
Held-to-maturity investment		Not applicable	
Long-term account receivable			
Long-term equity investment	16,049,044.95	16,049,044.95	
Other equity instrument investment	Not applicable	60,615,000.00	60,615,000.00
Other non-current financial assets	Not applicable		
Investment real estate	2,606,302.71	2,606,302.71	
Fixed assets	1,405,649,989.24	1,405,649,989.2 4	
Construction in progress	82,348,008.39	82,348,008.39	
Productive biological assets			
Oil-and-gas assets			
Intangible assets	45,987,255.24	45,987,255.24	
Development expenditure			
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets	2,071,324.26	2,071,324.26	
Other non-current assets	24,905,681.78	24,905,681.78	
Total non-current assets	1,640,232,606.57	1,640,232,606.5 7	

Item	Year-end balance of last year	Year-begin balance	Number adjusted
Total assets	3,307,148,289.92	3,307,148,289.92	
Current liability:			
Short-term loans	1,000,000,000.00	1,000,000,000.00	0
Borrowings from central bank			
Borrowings funds			
Trading financial liability	Not applicable		
Financial liability measured at fair value and whose changes reckoned into current gains/losses		Not applicable	
Derivative financial liability			
Note payable			
Account payable	18,065,898.69	18,065,898.69	
Account received in advance			
Financial assets sold for repurchase			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			
Payroll payable	44,912,599.66	44,912,599.66	
Taxes payable	16,000,039.55	16,000,039.55	
Other account payable	63,091,881.43	63,091,881.43	
Handling charges and commissions payable			
Reinsurance payable			

Item	Year-end balance of last year	Year-begin balance	Number adjusted
Liabilities held-for-sale			
Non-current liability due within one year			
Other current liability			
Total current liability	1,142,070,419.33	1,142,070,419.3 3	
Non-current liability:			
Provision for insurance contracts			
Long-term loans	25,940,000.00	25,940,000.00	
Bonds payable			
Including: preferred stock			
Perpetual bond			
Long-term account payable			
Long-term payroll payable			
Accrual liability	26,726,232.38	26,726,232.38	
Deferred income	75,612,259.33	75,612,259.33	
Deferred income tax liability			
Other non-current liability			
Total non-current liability	128,278,491.71	128,278,491.71	
Total liability	1,270,348,911.04	1,270,348,911.0 4	
Total owners equity:			
Share capital	602,762,596.00	602,762,596.00	
Other equity instrument			
Including: preferred stock			
Perpetual bond			
Capital reserve	362,770,922.10	362,770,922.10	

Item	Year-end balance of last year	Year-begin balance	Number adjusted
Less: treasury stock			
Other comprehensive income		-2,500,000.00	-2,500,000.00
Reasonable reserve			
Surplus reserve	332,908,397.60	332,908,397.60	
General risk preparation			
Retained profit	679,429,935.81	681,929,935.81	2,500,000.00
Total owners equity attributable to parent company	1,977,871,851.51	1,977,871,851.5 1	
Minority equity	58,927,527.37	58,927,527.37	
Total owners equity	2,036,799,378.88	2,036,799,378.8 8	
Total liability and owners equity	3,307,148,289.92	3,307,148,289.9 2	

Balance sheet of parent company

Item	Year-end balance of last year	Year-begin balance	Number adjusted
Current assets:			
Monetary fund	766,041,463.01	766,041,463.01	
Trading financial assets	Not applicable		
Financial assets measured at fair value and whose changes reckoned into current gains/losses		Not applicable	
Derivative financial assets			
Note receivable			

Item	Year-end balance of last year	Year-begin balance	Number adjusted
Account receivable	50,415,180.20	50,415,180.20	
Receivables financing	Not applicable		
Accounts paid in advance	33,326,061.81	33,326,061.81	
Other account receivable	1,048,357,217.53	1,048,357,217.5 3	
Inventory	111,279,675.08	111,279,675.08	
Assets holding for sale			
Non-current assets due within one year			
Other current assets	362,678,678.87	362,678,678.87	
Total current assets	2,372,098,276.50	2,372,098,276.5 0	
Non-current assets:			
Debt investment	Not applicable		
Financial assets available-for-sale	60,615,000.00	Not applicable	-60,615,000.00
Other debt investment	Not applicable		
Held-to-maturity investment		Not applicable	
Long-term account receivable			
Long-term equity investment	303,341,165.00	303,341,165.00	
Other equity instrument investment	Not applicable	60,615,000.00	60,615,000.00
Other non-current financial assets	Not applicable		
Investment real estate			
Fixed assets	284,572,482.22	284,572,482.22	

Item	Year-end balance of last year	Year-begin balance	Number adjusted
Construction in progress	16,490,240.75	16,490,240.75	
Productive biological assets			
Oil-and-gas assets			
Intangible assets	1,518,096.75	1,518,096.75	
Development expenditure			
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets	666,536,984.72	666,536,984.72	
Total assets	3,038,635,261.22	3,038,635,261.22	
Current liability:			
Short-term loans	860,000,000.00	860,000,000.00	
Trading financial liability	Not applicable		
Financial liability measured at fair value and whose changes reckoned into current gains/losses		Not applicable	
Derivative financial liability			
Note payable			
Account payable	5,349,562.56	5,349,562.56	
Account received in advance			
Payroll payable	26,953,632.92	26,953,632.92	
Taxes payable	11,962,377.72	11,962,377.72	

Item	Year-end balance of last year	Year-begin balance	Number adjusted
Other account payable	157,816,358.94	157,816,358.94	
Liabilities held-for-sale			
Non-current liability due within one year			
Other current liability			
Total current liability	1,062,081,932.14	1,062,081,932.1 4	
Non-current liability:			
Long-term loans			
Bonds payable			
Including: preferred stock			
Perpetual bond			
Long-term account payable			
Long-term payroll payable			
Accrual liability			
Deferred income	41,337,945.14	41,337,945.14	
Deferred income tax liability			
Other non-current liability			
Total non-current liability	41,337,945.14	41,337,945.14	
Total liability	1,103,419,877.28	1,103,419,877.2 8	
Total owners equity:			
Share capital	602,762,596.00	602,762,596.00	
Other equity instrument			
Including: preferred stock			

Item	Year-end balance of last year	Year-begin balance	Number adjusted
Perpetual bond			
Capital reserve	289,963,039.70	289,963,039.70	
Less: treasury stock			
Other comprehensive income			
Reasonable reserve			
Surplus reserve	332,908,397.60	332,908,397.60	
Retained profit	709,581,350.64	709,581,350.64	
Total owners equity	1,935,215,383.94	1,935,215,383.9	4
Total liability and owners equity		3,038,635,261.2	2

(29)Major accounting judgment and estimation

When using the accounting policies, the Company 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. These judgments, estimations and assumption would affect the reported amount of income, expense, asset and liability and disclosure of contingent liabilities on balance sheet date. However, actual results resulting from the uncertainty of these estimates may differ from the current estimation made by management of the Company, which would in turn lead to material adjustments to the carrying value of assets or liabilities which will be affected in future.

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.

On balance sheet date, major aspects in the statement need to judge, estimate and consumption by the Company are as:

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. 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 collectibility 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.

3. 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.

4. Impairment provision for long-term assets

The Company makes judgment on each balance sheet date on whether there is indication of impairment in respect of non-current assets other than financial assets. Intangible assets with indefinite useful life shall also be further tested for impairment when there is indication of impairment, in addition to the annual impairment test. Other non-current assets other than financial assets would be test for impairment when there is indication showing its carrying value in not likely to be recovered.

Impairment exists when carrying value of asset or assets group is higher than recoverable amount, namely the higher of fair value less disposal cost and present value of expected future cash flow.

The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

In assessing value in use, significant judgments are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5. Depreciation and amortization

Assets such as investment real estate and intangible assets are depreciated and amortized over their useful lives under straight line method after taking into account residual value. The estimated useful lives of the assets are regularly reviewed to determine the depreciation and amortization costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortization, the rate of depreciation or amortization is revised prospectively.

6. Deferred income tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

7. Accrual liability

Provision for product quality guarantee, estimated onerous contracts, and delay delivery penalties shall be recognized in terms of contract, current knowledge and historical experience. If the contingent event has formed a practical obligation which probably results in outflow of economic benefits from the Group, a projected liability shall be recognized on the basis of the best estimate of the expenditures to settle relevant practical obligation. Recognition and measurement of the accrual liability significantly rely on the management's judgments inconsideration of the assessment of relevant risks, uncertainties, time value of money and other factors related to the contingent events.

In addition, the Company would accrue liability for after-sale quality maintenance commitment provided to customers in respect of goods sold, maintained and reconstructed by the Company. Recent maintenance experience of the Company has been considered when projecting liabilities, while the recent maintenance experience may not reflect the future maintenance. Any increase or decrease of this provision may affect profit or loss for future years.

IV. Taxes

(1) Main taxation and rates

Taxation items	Taxation basis	Tax rate
VAT	Calculate the output tax based on the sales of goods and taxable service income calculated according to the tax law, after deducting the input tax allowable for deduction in the current period, the difference is the VAT payable.	6%, 9%, 10%, 11%, 13%, 16%

Taxation items	Taxation basis	Tax rate
City maintenance tax	According to the actual payment of VAT and consumption tax	5%, 7%
Education surtax	According to the actual payment of VAT and consumption tax	3%
Local education surtax	According to the actual payment of VAT and consumption tax	2%
Enterprise income tax	According to the taxable income amount	16.5%, 17%, 25%, 15%
Land-use tax of town	2 Yuan ~ 8Yuan per square meter of the actual occupied are for the industrial land located in Nanshan District, Shenzhen City; 1Yuan ~ 5 Yuan per square meter of the actual occupied are for the industrial land located in Dongguan City; 1Yuan per square meter of the actual occupied are for the industrial land located in Zhongshan City	
Land VAT	Tax by the Value-added amount from transferring state-owned land use right, landing construction and its affiliates with four super-rate progressive tax rate	

As for the taxpaying bodies have different enterprise income tax rate, explanation as:

Taxpaying body	Rate of income tax
The Company	25%
New Power Company	25%
Engineering Company	25%
Shenzhen Server	25%
Environment Protection Company	15%
Zhongshan Electric Power	25%
Weimei Electric Power	25%
Singapore Company	17%
Shen Storage	25%
Syndisome	16.5%

(2) Taxes preferential

1. VAT

Tax	Name of the company	Relevant regulation and policies basis	Approval institution	Approval documents	Exemption range	Period of validity
VA T	Environment Protection Company	Notice on "contents of products with comprehensive utilization of resources and value-added tax privilege of labor service" (CS No. [2015] 78)	Shenzhen Provincial Office, SAT (Qianhai SAT)	SQSST[2018] No.: 18302	Resource comprehensive utilization of VAT refund	31 Aug. 2018 to 31 July 2022

2. Income tax

According to the announcement (No. 60 of 2019) of the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission, and the Ministry of Ecological Environment, and the Announcement on Issues Concerning Income Tax Policies for Third-Party Enterprises Engaged in Pollution Prevention and Control of the Ministry of Finance and the State Administration of Taxation, from January 1, 2019 to December 31, 2021, the corporate income tax will be levied at a reduced rate of 15% on eligible third-party enterprises engaged in pollution prevention and control. The Company's subordinate Environment Protection Company enjoys the above preferential policy and levies corporate income tax at a rate of 15%

V. Annotation of the items in consolidate financial statement

(1) Monetary fund

Item	Ending Balance	Year-end balance of last year
Cash on hand	84,307.60	75,645.92
Bank savings	731,339,856.01	574,808,236.06
Other monetary fund	41,785,691.23	350,945,522.46
Total	773,209,854.84	925,829,404.44
Including: total amount saving aboard	6,242,072.77	6,240,695.02

Note: among the above mentioned “other monetary fund”, the restricted monetary fund including cash deposit of 1,719,853.88 Yuan in total (on 31 Dec. 2018, the restricted monetary fund include cash deposit of 10,872,792.74 Yuan)

(2) Account receivable

1. Age analysis

Account age	Ending Balance	Year-end balance of last year
Within one year	178,147,691.32	131,858,563.21
1 to 2 years		
2 to 3 years		
Over 3 years	5,769,529.84	5,769,529.84
Subtotal	183,917,221.16	137,628,093.05
Less: Bad debt provision	5,766,640.84	5,198,068.08
Total	178,150,580.32	132,430,024.97

2. According to accrual method for bad debts

Category	Ending Balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
With single provision	5,766,640.84	3.14	5,766,640.84	100.00	

Category	Ending Balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
for bad debts					
With bad debt provision accrual based on similar credit risk characteristics of a portfolio	178,150,580.32	96.86			178,150,580.32
Total	183,917,221.16	100.00	5,766,640.84	3.14	178,150,580.32

Category	Year-end balance of last year				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
Account receivable with individual major amount and withdrawal bad debt provision independently	3,474,613.06	2.52	3,474,613.06	100.00	
Account receivable with bad debt provision accrual based on similar credit risk characteristics of a portfolio	131,861,452.21	95.81			131,861,452.21
Account receivable with individual minor amount but withdrawal bad debt provision independently	2,292,027.78	1.67	1,723,455.02	75.19	568,572.76
Total	137,628,093.05	100.00	5,198,068.08	3.78	132,430,024.97

With single provision for bad debts:

Name	Ending Balance			
	Book amount	Bad debt provision	Accrual proportion (%)	Causes
Shenzhen Petrochemical Products Bonded Trading Co., Ltd.	3,474,613.06	3,474,613.06	100.00	Uncollectible in excepted
Zhongji Construction Development Co., Ltd.	1,137,145.51	1,137,145.51	100.00	Uncollectible in excepted
Shenzhen Fuhuade Power Co., Ltd	800,000.00	800,000.00	100.00	Uncollectible in excepted
Other	354,882.27	354,882.27	100.00	Uncollectible in excepted
Total	5,766,640.84	5,766,640.84	100.00	

Provision for bad debts by portfolio:

Provision by portfolio:

Name	Ending balance		
	Account receivable	Bad debt provision	Accrual proportion (%)
With minor credit risk	178,150,580.32		0.00

Recognition standards and specifications on provisions by portfolio:

The account receivable with provision for bad debts by portfolio mainly refers to the amount from Guangdong Power Grid Co., Ltd., Shenzhen Power Supply Bureau Co., Ltd. and Shenzhen Water Bureau etc., which have minor credit risk and no provision for bad debts.

3. Bad debt provision accrual collected or switch back

Category	Year-end balance of last year	Current amount changed			Ending Balance
		Accrual	Collected or switch back	Rewrite or write-off	
With single provision for bad debts	5,198,068.08	568,572.76			5,766,640.84

There is no receivable with significant recovery or reversal amount of bad debt provision in the

current period.

4. Account receivable without actual charge off in the period

5. Top 5 receivables at ending balance by arrears party

Total period-end balance of top five receivables by arrears party amounting to 171,019,558.28 Yuan, takes 92.99 percent of the total account receivable at period-end, bad debt provision accrual correspondingly at period-end amounting as 0 Yuan

6. No accounts receivable terminated recognition due to transfer of financial assets at the end of the period

(III) Account paid in advance**1. Account paid in advance classified according to age**

Age	Ending Balance		Year-end balance of last year	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1year	69,896,494.56	99.84	53,317,190.18	99.37
1 to 2years	15,600.00	0.02	277,000.00	0.52
2 to 3years	32,000.00	0.05		
Over 3 years	61,586.94	0.09	61,586.94	0.11
Total	70,005,681.50	100.00	53,655,777.12	100.00

2. Top five accounts paid in advance at period-end balance listed by object

Paid in advance to	Book balance	Proportion in total book balance of accounts paid in advance (%)
Shenzhen Gas Corporation Ltd.	33,213,297.85	47.44
Guangdong sales branch of CNOOC Gas Power Group Co., Ltd.	31,826,002.77	45.46
Guangzhou Zike Environmental Protection Technology Co., Ltd.	802,500.00	1.15
Nanjing Nangang Power Equipment Installation Co., Ltd	753,000.00	1.08
Hangzhou Xingyuan Installation Co., Ltd.	669,000.00	0.96
Total	67,263,800.62	96.08

(4) Other account receivable

Item	Book balance	Year-end balance of last year
Interest receivable		
Dividend receivable		
Other account receivable	32,321,826.94	40,133,297.74
Total	32,321,826.94	40,133,297.74

1. Other account receivable**(1) Age analysis**

Account age	Book balance	Year-end balance of last year
Within one year	4,589,653.32	5,465,474.63
1 to 2 years	1,223,336.54	8,224,869.28
2 to 3 years	3,414,019.37	2,112,308.80
Over 3 years	54,927,238.15	56,175,065.47
Subtotal	64,154,247.38	71,977,718.18
Less: Bad debt provision	31,832,420.44	31,844,420.44
Total	32,321,826.94	40,133,297.74

(2) By category

Category	Book balance				Book value	
	Book balance		Bad debt provision			
	Amount	Proportion (%)	Amount	Accrual proportion (%)		
With single provision for bad debts	32,525,936.22	50.70	31,832,420.44	97.87	693,515.78	
With bad debt provision accrual based on similar credit risk characteristics of a portfolio	31,628,311.16	49.30			31,628,311.16	
Total	64,154,247.38	100.00	31,832,420.44	49.62	32,321,826.94	

Category	Year-end balance of last year				Book value	
	Book balance		Bad debt provision			
	Amount	Proportion (%)	Amount	Accrual proportion (%)		
Account receivable with individual major amount and withdrawal bad debt provision	20,341,666.46	28.26	20,341,666.46	100.00		

Category	Year-end balance of last year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
independently					
Account receivable with bad debt provision accrual based on similar credit risk characteristics of a portfolio	39,543,015.85	54.94			39,543,015.85
Total	71,977,718.18	100.00	31,844,420.44	44.24	40,133,297.74

With single provision for bad debts:

Name	Book balance			
	Book balance	Bad debt provision	Accrual ratio (%)	Accrual reasons
Huiyang Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00	Un-collectable in excepted
Shandong Jinan Generation Equipment Plant	3,560,000.00	3,560,000.00	100.00	Un-collectable in excepted
Individual income tax	2,470,039.76	2,470,039.76	100.00	Un-collectable in excepted
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31	Some un-collectable in excepted
Personal receivables	7,498,997.87	7,498,997.87	100.00	Un-collectable in excepted
Deposit receivable	1,658,796.73	1,312,974.95	79.15	Some un-collectable in excepted
Other	942,777.00	942,777.00	100.00	Un-collectable in excepted

Name	Book balance			
	Book balance	Bad debt provision	Accrual ratio (%)	Accrual reasons
Total	32,525,936.22	31,832,420.44	97.87	

Provision for bad debts by portfolio:

Provision by portfolio:

Name	Ending balance		
	Other account receivable	Bad debt provision	Accrual proportion (%)
With minor credit risk	31,628,311.16		0.00

Recognition standards and specifications on provisions by portfolio:

The Company believes that the credit risk of other account receivable with no impairment in the single assessment is relatively low, no provision for bad debts, unless there is an evidence that a certain other account receivable is at greater credit risk.

(3) Accrual of bad debt provision

Bad debt provision	Phases I	Phases II	Phases III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance at year-begin			31,844,420.44	31,844,420.44
Book balance of other account receivable at year-begin				
— Turn to phase II				
— Turn to phase III				
— Return to Phase II				
— Return to Phase I				
Current accrual				
Current switch back			12,000.00	12,000.00
Rewrite in the period				

	Phases I	Phases II	Phases III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Bad debt provision				
Write-off in the period				
Other changes				
Book balance			31,832,420.44	31,832,420.44

(4) Bad debt provision accrual collected or switch-back in the period

Category	Year-end balance of last year	Current amount changed			Book balance
		Accrual	Collected or switch back	Rewrite or write-off	
Bad debt provision for other receivables	31,844,420.44		12,000.00		31,832,420.44

(5) No other accounts receivable that had actually written off in the period

(6) By nature

Nature	Ending book balance	Book balance at last year-end
Dormitory receivables	2,083,698.16	2,083,698.16
Deposit receivable	8,114,769.72	12,298,576.24
Personal receivables	10,625,884.03	10,766,320.69
Co management account	13,114,012.69	12,933,737.96
accounts receivable of Huidong Server	9,060,361.44	10,205,161.44
Other	21,155,521.34	23,690,223.69
Total	64,154,247.38	71,977,718.18

(7) Top five other account receivables at period-end balance listed by arrears party

Name of the company	Nature	Ending blance	Age	Proportion in total period-end balance of other account receivable (%)	Period-end balance of bad debt provision
Huidong Server Harbor Comprehensive Development Co., Ltd.	Mortgage, loan and interest	22,174,374.13	Over 3 years	34.56	
Huiyang County Kangtai Industrial Company	Other	14,311,626.70	Over 3 years	22.31	14,311,626.70
China Machinery Engineering Corporation	Guarantee money	4,833,938.24	Within 4 years	7.53	
Shandong Jinan Power Equipment Factory	Other	3,560,000.00	Over 3 years	5.55	3,560,000.00
Asset Management Branch of Shenzhen Overseas Chinese Town Co., Ltd.	Deposit for renting office building	1,518,624.00	Within 5 years	2.37	
		46,398,563.07		72.32	17,871,626.70

(8) No receivables involving government subsidies at the end of the period

(9) No other receivables terminated recognition due to transfer of financial assets

(5) Inventory

1. Classification

Item	Ending Balance			Year-end balance of last year		
	Book balance	Inventory falling price reserves	Book value	Book balance	Inventory falling price reserves	Book value
Raw materials	171,828,426.19	47,141,982.58	124,686,443.61	177,479,127.97	52,720,793.00	124,758,334.97

2. Inventory falling price reserves

Item	Year-end balance of last year	Current increased		Current decreased		Ending Balance
		Accrual	Other	Switch-back or write-off	Other	
Raw materials	52,720,793.00			5,578,810.42		47,141,982.58

3. Accrual basis for the depreciation provision of inventory and reasons of switch-back or write-off in the year

Item	Accrual basis	Reasons of switch-back	Reasons of write-off
Raw materials	Cost higher the net realizable value	Not applicable	Spare parts on sale

(6) Other current assets

Item	Ending Balance	Year-end balance of last year
VAT input tax deductible	349,953,491.34	383,495,754.13
Enterprise income tax paid in advance	6,583,089.98	6,583,089.98
Financial products	86,000,000.00	
Accrual interest of time deposit	2,670,150.01	
Other	30,000.00	30,000.00
Total	445,236,731.33	390,108,844.11

(7) Financial assets available for sale

Item	Year-end balance of last year		
	Book balance	Depreciation reserves	Book value
Debt instrument available for sale			
Equity instrument available for sale	63,115,000.00	2,500,000.00	60,615,000.00
Including: measured by fair value			
measured by cost	63,115,000.00	2,500,000.00	60,615,000.00

Item	Year-end balance of last year		
	Book balance	Depreciation reserves	Book value
Total	63,115,000.00	2,500,000.00	60,615,000.00

(8) Long-term equity investment

The invested entity	Year-end balance of last year	Changes +,-									Period-end balance of depreciation reserves
		Additional investment	Disinvestment	Investment gains/losses recognized by equity method	Other comprehensive income adjustment	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other	Ending Balance	
1. Joint venture											
Huidong Server											
Harbor Comprehensive Development Company ("Huidong Server" for short)	16,049,044.95			-1,429,841.92						14,619,203.03	
Total	16,049,044.95			-1,429,841.92						14,619,203.03	

(9) Other equity instrument investment**1. Other equity instrument investment**

Item	Book balance
CPI Jiangxi Nuclear Power Company	60,615,000.00
Shenzhen Petrochemical Oil Bonded Trade Co., Ltd. - investment cost	2,500,000.00
Shenzhen Petrochemical Oil Bonded Trade Co., Ltd. - change in fair value	-2,500,000.00
Total	60,615,000.00

2. Non trading equity instrument investment

Item	Dividend income recognized in the current period	Accumulated gain	Retained earnings transferred from other comprehensive income	Designated as the investment measured at fair value and whose changes reckoned into other comprehensive income (explain reasons)	Reasons of retained earnings transferred from other comprehensive income
Jiangxi Nuclear Power Co., Ltd.				intents to holding for a long-term	
Shenzhen Petrochemical Oil Bonded Trade Co., Ltd.			-2,500,000.00	intents to holding for a long-term	
Total			-2,500,000.00		

(10) Investment real estate

1. Investment real estate measured at cost

Item	House and building	Land use right	Construction in progress	Total
1. Original book value				
(1) Year-end balance of last year	9,708,014.96			9,708,014.96
(2) Current increased				
(3) Current decreased				
(4) Ending Balance	9,708,014.96			9,708,014.96
2. Accumulated depreciation and accumulated amortization				
(1) Year-end balance of last year	7,101,712.25			7,101,712.25
(2) Current increased	204,975.71			204,975.71
—Accrual or amortization	204,975.71			204,975.71
(3) Current decreased				
(4) Book balance	7,306,687.96			7,306,687.96
3. Depreciation provision				
(1) Year-end balance of last year				
(2) Current increased				
(3) Current decreased				
(4) Book balance				
4. Book value				
(1) Period-end book value	2,401,327.00			2,401,327.00
(2) Year-begin book value	2,606,302.71			2,606,302.71

(11) Fixed assets

1. Fixed assets and disposal of fixed assets

Item	Ending Balance	Year-end balance of last year
------	----------------	-------------------------------

Item	Ending Balance	Year-end balance of last year
Fixed assets	1,381,675,872.68	1,405,648,674.64
Disposal of fixed assets		1,314.60
Total	1,381,675,872.68	1,405,649,989.24

2. Fixed assets

Item	House and buildings	Machinery equipment	Transportation tools	Other equipment	Total
1. Original book value	493,659,821.94	4,011,690,503.45	21,694,643.51	50,934,529.40	4,577,979,498.30
(1) Year-end balance of last year	7,666,365.02	67,311,484.15	3,697,195.36	5,608,394.73	84,283,439.26
(2) Current increased	7,646,129.62	3,313,084.99	3,697,195.36	3,680,576.84	18,336,986.81
—Purchase	20,235.40	63,998,399.16		1,927,817.89	65,946,452.45
—Construction in progress transfer-in					
—Inventory transfer-in	5,085.48		9,055,154.68	735,361.22	9,795,601.38
(3) Current decreased	5,085.48		9,055,154.68	735,361.22	9,795,601.38
—Disposal or scrapping					
—Other decreased	501,321,101.48	4,079,001,987.60	16,336,684.19	55,807,562.91	4,652,467,336.18
(4) Ending Balance					

Item	House and buildings	Machinery equipment	Transportation tools	Other equipment	Total
2. Accumulated depreciation	295,042,092.71	2,680,198,815.48	14,840,509.71	41,115,495.64	3,031,196,913.54
(1) Year-end balance of last year	13,665,474.17	88,027,147.55	1,201,540.33	2,666,999.33	105,561,161.38
(2) Current increased	13,665,474.17	88,027,147.55	1,201,540.33	2,666,999.33	105,561,161.38
—Accrual	2,710.93		6,795,691.70	302,118.91	7,100,521.54
(3) Current decreased	2,710.93		6,795,691.70	302,118.91	7,100,521.54
—Disposal or scrapping					
—Other decreased	308,704,855.95	2,768,225,963.03	9,246,358.34	43,480,376.06	3,129,657,553.38
(4) Book balance					
3. Impairment provision	14,860,025.13	126,273,884.99			141,133,910.12
(1) Year-end balance of last year					

Item	House and buildings	Machinery equipment	Transportation tools	Other equipment	Total
(2) Current increased					
—Accrual					
(3) Current decreased					
—Disposal or scrapping	14,860,025.13	126,273,884.99			141,133,910.12
(4) Book balance					
4. Book value	177,756,220.40	1,184,502,139.58	7,090,325.85	12,327,186.85	1,381,675,872.68
(1) Closing book value	183,757,704.10	1,205,217,802.98	6,854,133.80	9,819,033.76	1,405,648,674.64
(2) Book value at the end of last year					

3. Idle fixed assets temporary

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
Housing & buildings	137,799,917.53	101,832,783.51	19,008,224.87	16,958,909.15	
Machinery equipment	598,963,723.77	503,982,327.70	53,845,307.96	41,136,088.11	
Transportation equipment	256,300.00	230,670.00		25,630.00	
Total	737,019,941.30	606,045,781.21	72,853,532.83	58,120,627.26	

4. No fixed assets acquired by financing lease**5. No fixed assets acquired by operating lease****6. Fixed assets without property rights certificate**

Item	Book value	Reasons for failing to complete the property rights certificate
Booster station	3,962,705.44	Procedures uncompleted
Steam turbine workshop	1,437,359.56	Procedures uncompleted
Chemical water tower	2,363,171.86	Procedures uncompleted
Treatment shop for heavy oil	464,359.97	Procedures uncompleted
Start-up boiler house	104,559.07	Procedures uncompleted
Fire pump room	242,318.01	Procedures uncompleted
Circulating water pump house	1,520,701.82	Procedures uncompleted
Comprehensive building	4,037,328.94	Procedures uncompleted
Production and inspection building	4,396,371.57	Procedures uncompleted
Administrative building	4,520,121.49	Procedures uncompleted
Mail room of the main entrance	183,112.49	Procedures uncompleted
Turbine building and annex building	9,051,072.01	Procedures uncompleted
Plant's ventilating system	470,359.99	Procedures uncompleted

Item	Book value	Reasons for failing to complete the property rights certificate
Office building	4,580,219.04	Procedures uncompleted
Draft cooling tower	2,908,057.70	Procedures uncompleted
Chemical water workshop and foundation of water tank	1,382,109.49	Procedures uncompleted
Industry pool and industry pump house	606,581.28	Procedures uncompleted
Start-up boiler house	101,354.77	Procedures uncompleted
Oil treatment room and oil un	337,538.98	Procedures uncompleted
Comprehensive building canteen	285,713.55	Procedures uncompleted
Chemical water treatment workshop	232,960.00	Procedures uncompleted
Cooling tower	673,259.25	Procedures uncompleted
Total	43,861,336.28	

7. Fixed assets disposal

Item	Ending Balance	Year-end balance of last year
Other		1,314.60

(12) Construction in progress

1. Construction in progress and Engineering materials

Item	Ending Balance	Year-end balance of last year
Construction in progress	66,474,630.23	82,348,008.39
Engineering materials		
Total	66,474,630.23	82,348,008.39

2. Construction in progress

Item	Ending Balance			Year-end balance of last year		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Cogeneration	63,151,182.64		63,151,182.64	64,754,943.63		64,754,943.63
Oil to Gas Works	32,871,600.26	32,871,600.26		32,871,600.26	32,871,600.26	

Item	Ending Balance			Year-end balance of last year		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Technical innovation	3,061,557.07		3,061,557.07	17,021,868.33		17,021,868.33
Other	261,890.52		261,890.52	571,196.43		571,196.43
Total	99,346,230.49	32,871,600.26	66,474,630.23	115,219,608.65	32,871,600.26	82,348,008.39

3. Changes of significant projects in construction in the year

Item	Budget	Year-end balance of last year	Increase of this period	Transferred fixed assets in this period	Other decrease in the period	Ending Balance	Proportion of accumulative project investment in budget (%)	Project progress (%)	Accumulative amount of capitalization of interest	Including: capitalization of interest	Rate of interest capitalization (%)	Capital sources
Cogeneration	120,000,000.00	64,754,943.63	14,011,631.75	15,615,392.74		63,151,182.64	65.64	65.64	6,476,185.46	1,362,031.20	5.16	Self-raised and borrowing
Oil to Gas Works	74,400,000.00	32,871,600.26				32,871,600.26	63.76	63.76				Self-raised
Technical innovation		17,021,868.33	30,006,744.20	43,967,055.46		3,061,557.07	Not applicable	Not applicable				Self-raised
Other		571,196.43	6,592,566.48	6,364,004.25	537,868.14	261,890.52						Self-raised
Total	194,400,000.00	115,219,608.65	50,610,942.43	65,946,452.45	537,868.14	99,346,230.49			6,476,185.46	1,362,031.20		

4. No accrual of impairment provision for Construction in progress in the period**(13) Intangible assets****1. Intangible assets**

Item	Land use right	Software	Total
1. Original book value			
(1) Year-end balance of last year	91,398,125.27	3,533,609.85	94,931,735.12
(2) Current increased		43,978.95	43,978.95
—Purchase		43,978.95	43,978.95
(3) Current decreased	42,129.81		42,129.81
—Disposal	42,129.81		42,129.81
(4) Book balance	91,355,995.46	3,577,588.80	94,933,584.26
2. Accumulated amortization			
(1) Year-end balance of last year	45,923,214.98	3,021,264.90	48,944,479.88
(2) Current increased	2,199,246.16	229,821.59	2,429,067.75
—Purchase	2,199,246.16	229,821.59	2,429,067.75
(3) Current decreased	42,129.81		42,129.81
—Disposal			-
(4) Book balance	48,080,331.33	3,251,086.49	51,331,417.82
3. Depreciation reserves			
(1) Year-end balance of last year			
(2) Current increased			
—Purchase			
(3) Current decreased			
—Disposal			
(4) Book balance			

Item	Land use right	Software	Total
4. Book value			
(1) Closing book value		326,502.31	
	43,275,664.13		43,602,166.44
(2) Book value at the end of last year	45,474,910.29	512,344.95	45,987,255.24

2. Land use rights without property rights certificate

Item	Book value	Reasons for failing to complete the property rights certificate
Land use right of the wharf and pipe gallery	530,733.25	Property rights certificate is undergoing

(14) Long-term deferred expenses

Item	Year-end balance of last year	Current increased amount	Amortized in the Period	Other decrease	Book balance
Exhibition hall decoration amount		1,259,714.03	85,542.87		1,174,171.16

(15) Deferred income tax assets and deferred income tax liabilities**1. Deferred income tax assets without offsetting**

Item	Ending Balance		Year-end balance of last year	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Bad debt provision for account receivable	5,628,573.77	1,400,153.44	5,060,001.01	1,265,000.26
Bad debt provision for other receivable	723,585.00	180,896.25	723,585.00	180,896.25
Changes in fair value of other equity instrument investments	2,500,000.00	625,000.00	2,500,000.00	625,000.00

Item	Ending Balance		Year-end balance of last year	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Other			1,711.00	427.75
Total	8,852,158.77	2,206,049.69	8,285,297.01	2,071,324.26

2. Details of unrecognized deferred income tax assets

Item	Ending Balance	Year-end balance of last year
Deductible temporary difference	252,394,395.47	276,187,603.06
Deductible loss	195,054,252.98	395,069,735.26
Total	447,448,648.45	671,257,338.32

3. Deductible losses of un-recognized deferred income tax assets expired on the followed year

Year	Ending Balance	Year-end balance of last year	Note
2019		178,967,165.82	
2020	51,262,905.45	47,718,047.63	
2021	74,575,975.11	83,592,334.40	
2022	23,638,284.56	41,344,372.81	
2023	41,640,520.44	43,447,814.60	
2024	3,936,567.42		
Total	195,054,252.98	395,069,735.26	

(16) Other non-current assets

Item	Ending Balance			Year-end balance of last year		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Advance payment on				2,023,500.00		2,023,500.00

Item	Ending Balance			Year-end balance of last year		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
construction and equipment						
Project of LNG (Note)	22,882,181.78		22,882,181.78	22,882,181.78		22,882,181.78
Total	22,882,181.78		22,882,181.78	24,905,681.78		24,905,681.78

Note: the project was jointly constructed by Weimei Electric 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 Electric Power Company recorded under the item of “other non-current assets”.

(17) Short-term loans

1. Classification

Item	Ending Balance	Year-end balance of last year
Guarantee loans	300,000,000.00	140,000,000.00
Credit loans	580,000,000.00	860,000,000.00
Accrued interest	1,075,378.48	
Total	881,075,378.48	1,000,000,000.00

(18) Account payable

1. Account payable

Item	Ending Balance	Year-end balance of last year
Materials	12,180,417.48	8,545,427.20
Electricity	1,760,985.99	906,278.78
Labor	3,102,530.32	6,068,363.67
Others	2,827,168.62	2,545,829.04
Total	19,871,102.41	18,065,898.69

2. There is no major amount payable with over one year age at end of the period

(19) Payroll payable

1. Payroll payable

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance
Short-term remuneration	44,673,492.37	138,627,937.35	128,500,425.30	54,801,004.42
Post-employment welfare-defined contribution plans	239,107.29	16,911,675.17	16,743,354.35	407,428.11
Severance Pay				
Other welfare due within one year				
Total	44,912,599.66	155,539,612.52	145,243,779.65	55,208,432.53

2. Short-term remuneration

Item	Year-end balance of last year	Current increased	Current Decreased	Book balance
(1) Wages, bonuses, allowances and subsidies	43,587,594.10	117,553,789.15	107,562,266.27	53,579,116.98
(2) Welfare for workers and staff		709,174.26	646,124.26	63,050.00
(3) Social insurance	123,634.93	6,494,524.64	6,418,814.58	199,344.99
Including: Medical insurance	102,720.39	6,229,146.09	6,164,047.74	167,818.74
Work injury insurance	11,021.84	86,760.12	84,642.62	13,139.34
Maternity insurance	9,892.70	178,618.43	170,124.22	18,386.91
(4) Housing accumulation fund	503,857.94	11,881,690.26	11,770,767.62	614,780.58
(5) Labor union expenditure and personnel education	458,405.40	1,756,403.04	1,870,096.57	344,711.87

Item	Year-end balance of last year	Current increased	Current Decreased	Book balance
expense				
(6) Short-term paid absence				
(7) Short-term profit sharing plan				
(8) Other short-term remuneration		232,356.00	232,356.00	
Total	44,673,492.37	138,627,937.35	128,500,425.30	54,801,004.42

3. Defined contribution plans

Item	Year-end balance of last year	Current increased	Current Decreased	Book balance
Basic endowment insurance	231,340.48	11,650,093.39	11,487,153.74	394,280.13
Unemployment insurance	7,907.83	148,287.76	143,345.61	12,849.98
Enterprise annuity	-141.02	5,113,294.02	5,112,855.00	298.00
Total	239,107.29	16,911,675.17	16,743,354.35	407,428.11

(20) Taxes payable

Item	Ending Balance	Year-end balance of last year
Enterprise income tax	3,407,074.02	11,215,405.89
Real estate tax	996,166.86	2,211,605.38
Individual income tax	1,550,858.52	1,251,539.31
Land-use tax of town		603,884.89
VAT	15,053,172.64	508,589.03
Other	762,001.73	209,015.05
Total	21,769,273.77	16,000,039.55

(21) Other account payable

Item	Ending Balance	Year-end balance of last year
------	----------------	-------------------------------

Item	Ending Balance	Year-end balance of last year
Interest payable		1,608,290.72
Dividends payable		
Other account payable		61,483,590.71
Total		63,091,881.43

1. Interest payable

Item	Ending Balance	Year-end balance of last year
Amortization of long-term loan's interest and repayment of principal at maturity		50,826.19
Interest payable for short-term loans		1,557,464.53
Total		1,608,290.72

2. Other account payable

(1) Other payable by nature

Item	Book balance	Year-end balance of last year
Engineering funds	13,045,165.88	30,866,827.67
Quality assurance	6,825,475.53	8,285,192.04
Accrued expenses	10,301,185.40	6,867,153.90
Material payment		5,453,034.68
Equipment fund	3,718,050.65	457,760.33
Land use fee		348,534.19
Board expenses		
Other	9,801,594.60	9,205,087.90
Total	43,691,472.06	61,483,590.71

(2) Other account payable of more than one year is of 18,303,816.84 Yuan (December 31, 2018: 21,287,389.24 Yuan), which is mainly the engineering equipment fund payable and guarantee money.

(22) Long-term loans

Classification of long-term loans:

Item	Book balance	Year-end balance of last year
Guarantee loans		25,940,000.00

(23) Accrual liability

Item	Book balance	Year-end balance of last year	Reason
Guarantee offering outside	26,646,056.28	26,726,232.38	
Total	26,646,056.28	26,726,232.38	

Note: 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 Nianshan Town Government as well as its subordinate Nianshan 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. Relevant losses with the event concerned predicted amounting to RMB 27,500,000.00 by the Group. The costs for lawyers from 2014 to 2019 and the costs for problem left over by history amounting to 853,943.72 Yuan, ending balance amounted as 26,646,056.28 Yuan.

(24) Deferred income

Item	Year-end balance of last year	Current increased	Current decreased	Ending Balance	Reasons
Government subsidy	75,612,259.33	38,097,273.00	5,201,848.81	108,507,683.52	

Items with government subsidy involved:

Liability	Year-end balance of last year	Subsidy amount newly increased in the current period	Amount included in current profit and loss	Other change	Book balance	Assets related/income related
Subsidy for low-nitrogen transformation	25,687,642.10		522,511.46		25,165,130.64	Assets related
Information construction	147,843.08		61,176.48		86,666.60	Assets related
Support fund of	8,098,276.87		647,002.92		7,451,273.95	Assets related

Liability	Year-end balance of last year	Subsidy amount newly increased in the current period	Amount included in current profit and loss	Other change	Book balance	Assets related/income related
recycling economy for sludge drying						
Treasury subsidies for sludge drying	3,081,250.00		255,000.00		2,826,250.00	Assets related
Special funds for energy conservation and emission reduction	798,260.62		114,037.32		684,223.30	Assets related
Funded of energy efficiency improvement for electric machine	436,320.00		34,560.00		401,760.00	Assets related
Subsidy for quality promotion of the air environment in Shenzhen	32,732,666.66	38,097,273.00	3,567,560.63		67,262,379.03	Assets related
Cogeneration	4,630,000.00				4,630,000.00	Assets related
Total	75,612,259.33	38,097,273.00	5,201,848.81		108,507,683.52	

(25) Share capital

Item	Year-end balance of last year	Changes in this period(+ -)					Ending Balance
		New shares issued	Bonus shares	Capitalizing from reserves	Other	Subtotal	
Total shares	602,762,596.00						602,762,596.00

(26) Capital reserve

Item	Year-end balance of last year	Current increased	Current decreased	Book balance
Capital premium (Share premium)	233,035,439.62			233,035,439.62

Item	Year-end balance of last year	Current increased	Current decreased	Book balance
Other capital reserve	129,735,482.48			129,735,482.48
Total	362,770,922.10			362,770,922.10

(27) Other comprehensive income

Item	Year-end balance of last year	Account before income tax in the year	Current period				Book balance
			Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
1. Other comprehensive income items which will not be reclassified subsequently to profit or loss	-2,500,000.00						-2,500,000.00
Including: changes of the defined benefit plans that re-measured							
Other comprehensive income under equity method that cannot be transferred to gain/loss							
Change of fair value of investment in other equity instrument	-2,500,000.00						-2,500,000.00
Fair value change of enterprise's credit risk							

Item	Year-end balance of last year	Account before income tax in the year	Current period				Book balance
			Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
2. Other comprehensive income items which will be reclassified subsequently to profit or loss including: other comprehensive income under equity method that can transfer to gain/loss							
Change of fair value of other debt investment							
Amount of financial assets re-classify to other comprehensive income							
Credit impairment provision for other debt investment							

Item	Year-end balance of last year	Account before income tax in the year	Current period				Book balance
			Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
Cash flow hedging reserve							
Translation differences arising on translation of foreign currency financial statements							
Total other comprehensive income	-2,500,000.00						-2,500,000.00

(28) Surplus reserve

Item	Year-end balance of last year	Current increased	Current decreased	Book balance
Legal surplus reserve	310,158,957.87			310,158,957.87
Discretionary surplus reserve	22,749,439.73			22,749,439.73
Total	332,908,397.60			332,908,397.60

Note: according to the Company Law and the Articles of Association, the Company takes 10% of the net profit aside as legal surplus reserve. No more provision is made when the accumulated legal surplus reserve exceeds 50% of the registered capital.

After provision for legal surplus reserve, the Company can make provision for other surplus reserve. As approved, other surplus reserve can be used to make up for previous loss or increase share capital.

(29) Retained profit

Item	Current amount	Last-period amount
Retained profit of last year before adjusted	679,429,935.81	660,176,169.69
Total retained profit adjusted (increased with +, decreased with -)	2,500,000.00	
Retained profit at beginning of the year after adjusted	681,929,935.81	660,176,169.69
Add: net profit attributable to shareholders of parent company	24,900,956.73	19,253,766.12
Less: withdrawal of statutory surplus reserve		
Surplus reserves withdrawal		
General risk reserve withdrawal		
Common Stock dividend payable		
Dividend of common shares transfer as share capital		
Retained profit at period-end	706,830,892.54	679,429,935.81

Details of adjustment of undistributed profits at the beginning of the year:

Due to the retroactive adjustment for implementing the New Financial Instrument Standards and other relevant regulations, affected the retained profit at year beginning of the year of 2,500,000.00 Yuan.

(30) Operating income and operating cost

Item	Current amount		Last-period amount	
	Income	Cost	Income	Cost
Main business	1,215,058,062.82	1,061,104,493.35	1,878,841,697.58	1,750,795,731.12
Other business	7,519,891.71	812,220.50	6,095,411.42	1,357,596.08
Total	1,222,577,954.53	1,061,916,713.85	1,884,937,109.00	1,752,153,327.20

(31) Tax and surcharge

Item	Current amount	Last-period amount
City maintenance tax	1,350,602.20	3,738,452.65
Education surtax	1,120,703.54	2,992,379.14
Real estate tax	2,821,267.33	2,773,508.22
Stamp tax	924,912.41	1,278,024.52
Environmental protection tax	186,572.41	408,455.52
Land holding tax	1,141,596.06	216,473.76
Vehicle and vessel usage tax	31,316.56	36,026.56
Other	63,814.32	
Total	7,640,784.83	11,443,320.37

(32) Sales expense

Item	Current amount	Last-period amount
Sludge treatment costs	4,031,523.46	2,544,476.93
Salary, welfare and social insurance	996,151.70	691,816.59
Social expenses	268,359.94	201,223.00
Agency engagement fee	75,971.70	116,509.43
Property insurance	49,130.74	50,318.44
Fleet cost	30,638.59	22,500.00
Travel expenses	28,899.36	13,014.07
Rental fee	28,800.00	18,000.00
Labor insurance fee	27,960.33	18,102.82

Item	Current amount	Last-period amount
Housing fund	24,528.10	15,087.50
Food expenses	16,800.00	10,500.00
Inspection charges	15,141.51	9,764.17
Communication expenses	5,400.00	4,500.00
Total	5,599,305.43	3,715,812.95

(33) Administration expense

Item	Current amount	Last-period amount
Wages	58,981,116.34	47,890,400.95
Rental fee	6,580,207.65	6,323,522.54
Depreciation	5,649,591.19	4,764,036.42
Social expenses	3,771,769.48	3,411,512.74
Food expenses	3,592,575.99	3,120,617.29
Agency fee	3,095,141.29	2,350,265.20
Repairing cost	2,969,577.00	2,930,434.16
Eco fee	2,106,321.81	143,781.56
Fleet cost	1,845,751.95	3,665,196.55
Office fee	1,814,835.07	1,063,065.17
Board charges	1,524,267.12	796,816.58
Communication expenses	1,215,924.18	1,169,925.27
Amortization of intangible assets	1,167,628.79	1,876,332.67
Corporate culture fee	1,131,607.97	946,618.31
Property management fee	976,311.67	941,367.40
Business travel expenses	961,610.72	946,488.78
Fee for stock certificate	897,478.35	627,503.93
Other	11,260,183.61	10,561,812.35
Total	109,541,900.18	93,529,697.87

(34) Financial expense

Item	Current amount	Last-period amount
Interest expenses	50,574,483.78	51,698,416.45
Less: capitalized interest	1,362,031.20	3,117,772.76
Expenses interest	49,212,452.58	48,580,643.69
Less: interest income	26,884,777.55	9,503,215.24
Exchange loss (gains is listed with "-")	-88,809.42	-285,596.77
Other	71,842.43	814,411.75
Total	22,310,708.04	39,606,243.43

(35) Other Income

Item	Current amount	Last-period amount
Government grants	10,137,838.38	8,428,575.96
Additional deduction on input tax		
Commission for withholding the individual income tax		
Income from debt restructuring		
Total	10,137,838.38	8,428,575.96

Government subsidies included in other income

Item	Current amount	Last-period amount	Asset related / income related
VAT rebates	3,734,989.56	4,381,604.17	Income related
Subsidy for low-nitrogen transformation	522,511.47	2,586,861.73	Asset related
Support fund of recycling economy for sludge drying	647,002.92	647,002.92	Asset related
Treasury subsidies for sludge drying	255,000.00	255,000.00	Asset related
Subsidy for quality promotion of the air environment in Shenzhen	3,567,560.63	147,333.34	Asset related
Special funds for energy conservation and emission reduction	114,037.32	114,037.32	Asset related
Special funds for the development of independent innovation industries		100,000.00	Asset related

Item	Current amount	Last-period amount	Asset related / income related
Funds for energy conservation and emission reduction in 2018		100,000.00	Asset related
Information construction	61,176.48	61,176.48	Asset related
Funded of energy efficiency improvement for electric machine	34,560.00	34,560.00	Asset related
Employment and unemployment monitoring subsidy	1,000.00	1,000.00	Income related
Supporting funds of office occupancy for listed companies	200,000.00		Income related
Reward to encouraging small and medium-sized enterprise to growth as a scale-sized company	1,000,000.00		Income related
Total	10,137,838.38	8,428,575.96	

(36) Investment income

Item	Current amount	Last-period amount
Long-term equity investment income by equity	-1,429,841.92	-2,205,628.45

(37) Credit impairment loss

Item	Current amount
Bad debt loss of accounts receivable	-568,572.76
Bad debt loss of other receivables	12,000.00
Total	-556,572.76

(38) Assets impairment loss

Item	Current amount	Last-period amount
Bad debt losses		-385,343.65

(39) Income from disposal of assets

Item	Current amount	Last-period amount	Amount reckoned into non-recurring gains/losses of the Period
Profit and loss on disposal of fixed	-279,099.94		-279,099.94

Item	Current amount	Last-period amount	Amount reckoned into non-recurring gains/losses of the Period
assets			

(40) Non-operating revenue

Item	Current amount	Last-period amount	Amount reckoned into non-recurring gains/losses of the Period
Government subsidy without routine operation concerned		1,078,000.00	
Account no need to paid		37,862,169.31	
Sales of waste materials	1,512,577.78		1,512,577.78
Selling the carbon emission quota	2,383,489.15		2,383,489.15
Other	1,705,150.00	324,276.72	1,705,150.00
Total	5,601,216.93	39,264,446.03	5,601,216.93

(41) Non-operating expenditure

Item	Current amount	Last-period amount	Amount reckoned into non-recurring gains/losses of the Period
External donation	10,000.00	10,000.00	10,000.00
Extraordinary loss			
Inventory loss			
Loss of scrap from non-current assets	248,009.08	1,019,608.30	248,009.08
Other	12,339.71	111,924.20	12,339.71
Total	270,348.79	1,141,532.50	270,348.79

(42) Income tax expense**1. Income tax expense**

Item	Current amount	Last-period amount
------	----------------	--------------------

Item	Current amount	Last-period amount
Current income tax	3,213,516.91	15,145,687.43
Deferred income tax	-134,725.43	850,712.39
Total	3,078,791.48	15,996,399.82

2. Adjustment on accounting profit and income tax expenses

Item	Current amount
Total profit	28,771,734.10
Income tax measured by statutory/applicable tax rate	7,192,933.53
Impact on subsidiary with different rates adaption	-1,630,811.16
Impact on income tax after adjustment for previous period	-2,246,824.86
Impact on non-taxable income	-135,300.44
Impact on cost, expenses and losses that unable to deducted	606,672.23
Effect of deductible losses of deferred tax assets unconfirmed at the earlier stage of use	-2,745,141.37
Impact on deductible temporary differences or losses deductible which was un-recognized as deferred income tax assets	2,030,273.54
Change of the balance of deferred income assets/liabilities at period-begin after tax rate adjustment	6,990.01
Income tax expenses	3,078,791.48

(43) Cash flow statement

1. Cash received with other operating activities concerned

Item	Current amount	Last-period amount
Government subsidy collected	39,298,273.00	38,789,000.00
Interest income	23,690,836.55	9,503,215.24
Intercourse funds collected	7,534,398.30	9,251,524.96
Other	8,214,304.81	
Total	78,737,812.66	57,543,740.20

2. Other cash paid in relation to operation activities

Item	Current amount	Last-period amount
Out-of-pocket expenses	48,649,620.63	40,262,754.26
Other	9,032,309.97	25,662,072.31
Total	57,681,930.60	65,924,826.57

3. Cash received from other investment activities

Item	Current amount	Last-period amount
Repayment of loan from Huidong Serve	1,489,600.00	

4. Other cash received in relation to financing activities

Item	Current amount	Last-period amount
Margin received	5,170,000.00	21,000,000.00
Total	5,170,000.00	21,000,000.00

5. Cash paid related with financing activities

Item	Current amount	Last-period amount
Margin paid		5,170,000.00
Total		5,170,000.00

(44) Supplementary information to statement of cash flow**1. Supplementary information to statement of cash flow**

Supplementary information	Current amount	Last-period amount
1. Net profit adjusted to cash flow of operation activities		
Net profit	25,692,942.62	12,452,824.75
Add: credit impairment loss	556,572.76	
Assets impairment provision		385,343.65
Depreciation of fixed assets	105,561,161.38	116,342,237.54
Amortization of intangible assets	2,429,067.75	2,483,245.36
Amortization of long-term deferred expenses	85,542.87	
Loss from disposing fixed assets, intangible assets and other long-term assets (income listed with “-”)	279,099.94	

Supplementary information	Current amount	Last-period amount
Loss on retirement of fixed assets (gain is listed with “-”)	248,009.08	1,019,608.30
Loss from changes of fair value (income listed with “-”)		
Financial expense (gain listed with “-”)	48,887,169.51	48,377,859.72
Investment loss (gain listed with “-”)	1,429,841.92	2,205,628.45
Decrease of deferred income tax asset((increase is listed with “-”)	-134,725.43	850,712.39
Decrease of inventory (increase is listed with “-”)		
Decrease of inventory (increase is listed with “-”)	5,650,701.78	-22,553,190.20
Decrease of operating receivable accounts (increase is listed with “-”)	-34,099,159.37	63,686,744.28
Increase of operating payable accounts (decrease is listed with “-”)	13,462,259.61	11,312,146.14
Other	32,895,424.19	
Net cash flow arising from operating activities	202,943,908.61	236,563,160.38
2. Material investment and financing not involved in cash flow		
Debt capitalization		
Convertible company bond due within one year		
Fixed assets acquired under finance leases		
3. Net change of cash and cash equivalents:		
Balance of cash at period end	381,490,000.96	574,956,611.70
Less: Balance of cash at year-begin	574,956,611.70	411,613,377.07
Add: Ending balance of cash equivalent	390,000,000.00	340,000,000.00
Less: Opening balance of cash equivalent	340,000,000.00	
Net increasing of cash and cash equivalents	-143,466,610.74	503,343,234.63

2. Composition of cash and cash equivalent

Item	Book balance	Year-end balance of last year

Item	Book balance	Year-end balance of last year
I. Cash	381,490,000.96	574,956,611.70
Including: Cash on hand	84,307.60	75,645.92
Bank savings available for payment needed	381,339,856.01	574,808,236.06
Other monetary capital available for payment needed	65,837.35	72,729.72
Account due from central bank available for payment		
Amount due from banks		
Amount call loans to banks		
II. Cash equivalent	390,000,000.00	340,000,000.00
including: bond investment due within three months		
III. Balance of cash and cash equivalent at period-end	771,490,000.96	914,956,611.70
Including: Cash and cash equivalent of the parent company or subsidiaries with use restricted		

(45) Assets of ownership or use right restricted

Item	Book value at period-end	Restricted reason
Monetary Fund	1,719,853.88	Cash deposit

(46) Foreign currency**1. Foreign currency**

Item	Balance of foreign currency at period-end	Conversion rate	Balance of RMB converted at period-end
Monetary fund			
Including: USD	845,635.96	6.9762	5,899,325.58
HKD	483,355.23	0.8958	432,989.62
Euro	1,017.87	7.8155	7,955.16
SGD	4,509.81	5.1739	23,333.31

VI. Change of consolidate scope

There are no change of consolidate scope in the period.

VII. Equity in other entity

(1) Equity in subsidiaries

1. Composition of the Group

Subsidiary	Main operation place	Registration place	Business nature	Shareholding ratio (%)		Acquired way
				Directly	Indirectly	
Shenzhen Server (note)	Shenzhen	Shenzhen	Trading	50.00		Establishment
New Power	Shenzhen	Shenzhen	Power generation	75.00	25.00	Establishment
Zhongshan Electric Power	Zhongshan	Zhongshan	Power generation	55.00	25.00	Establishment
Engineering Company	Shenzhen	Shenzhen	Engineering consulting	60.00	40.00	Establishment
Weimei Electric Power	Dongguan	Dongguan	Power generation	40.00	30.00	Establishment
Environment Protection Company	Shenzhen	Shenzhen	Engineering	70.00	30.00	Establishment
Singapore Company	Singapore	Singapore	Trading	100.00		Establishment
Shenzhen Storage	Zhongshan	Zhongshan	Storage		80.00	Establishment
Syndisome	Hong Kong	Hong Kong	Exp. & imp. Trading		100.00	Under different control

Note : The Company holds 50% equity of Shenzhen Server, and takes majority voting rights in Shenzhen Server, thus, the Company owes substantial control; Shenzhen Server included in the consolidate scope of the financial statement.

2. Important non-wholly-owned subsidiary

Subsidiary	Share-holding ratio of minority (%)	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Zhongshan Electric Power	20.00	131,217.48		-18,867,757.62
Weimei Electric Power	30.00	3,010,287.14		32,527,707.33

3. Main finance of the important non-wholly-owned subsidiary

S ubsidiary	Ending Balance						Year-end balance of last year					
	C urrent assets	C on-current assets	N otal assets	C urrent liability	C on-curre nt liability	T otal liability	C urrent assets	N on-current assets	To tal assets	C urrent liability	N on-current liability	To tal liability
Z hongshan Electric Power	6 7,810,211.5	52 9,800,968.4	59 7,611,180.0	68 6,312,294.7	5 ,637,673.3	69 1,949,968.1	98 ,062,301.06	55 4,996,045.4	65 3,058,346.4	71 6,297,767.9	31 ,755,453.99	74 8,053,221.9
W eimei Electric Power	6 61,785,250.	9 9,372,832.9	5 1,158,083.3	50 8,102,392.2	4 ,630,000.0	51 2,732,392.2	96 ,642,222.01	49 6,340,540.5	59 2,982,762.5	48 9,961,361.9	4, 630,000.00	49 4,591,361.9
Subsidiary	Current amount						Last-year amount					

	Operatio n Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operati on Income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongshan Electric Power	171,254, 894.37	656,0 87.40	656,08 7.40	88,204, 730.40	342,35 4,122.68	-32,57 7,118.56	-32,57 7,118.56	87,221, 436.27
Weimei Electric Power	464,032, 241.35	10,03 4,290.45	10,034, 290.45	21,397, 958.08	373,74 8,319.27	-2,135, 324.42	-2,135, 324.42	80,088, 365.15

(2) Equity in joint venture and cooperative enterprise

1. Major joint venture and cooperative enterprise

Name	Main operation place	Registered place	Business nature	Share-holding ratio (%)		Accounting treatment on investment for joint venture and cooperative enterprise
				Directly	Indirectly	
Huidong Server	Huizhou	Huizhou	Wharf operation		40.00	Equity method

2. Financial summary for un-important joint venture or cooperative enterprise

	Ending Balance /Current amount	Year-end balance of last year /Last-year amount
Joint venture:		
Total book value of the investment	14,619,203.03	16,049,044.95
Total numbers measured by share-holding ratio		
—Net profit	-1,429,841.92	-2,205,628.45
—Other comprehensive income		
—Total comprehensive income	-1,429,841.92	-2,205,628.45

VIII. Risks relating to financial instruments

The Company's main financial instruments include equity investment, borrowings, accounts receivable, accounts payable, etc., see details of each financial instrument in related items of this annotation VIII. The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks are described as below. The management of the Company manages and monitors these risk exposures to ensure that the above risks are controlled within the limit range.

The Company uses the sensitivity analysis technique to analyze the possible impact of the risk variable on the current profit and loss or the shareholders' equity. Since any risk variable rarely changes in isolation, and the correlation existing among the variables shall have a significant effect on the final amount of changes about a certain risk variable, therefore, the following proceeds by assuming that the change in each variable is independent.

The objective of the Company's risk management is to gain a proper balance between risks and profits, minimize the negative impact of risks on the Company's operating results, and maximize the benefits of shareholders and other equity investors. Based on the risk management objective, the basic strategy of the Company's risk management is to identify and analyze the risks faced by the Company, establish appropriate bottom line to bear the risks and carry out risk management, and timely and reliably supervise the risks so as to control the risks within the limit range.

(1) Credit risk

On 31 December 2019, the maximum credit risk exposure that could cause financial loss to the Company is mainly due to the failure of the other party to fulfill the obligations, resulting in losses to the Company's financial assets, including:

Carrying value of financial assets recognized in consolidated balance sheet. As for financial instrument at fair value, carrying value reflects its risk exposure, while not the largest risk exposure. The largest risk exposure will vary as fair value changes in future.

In order to bring down credit risk, the Company establishes a special working team to take charge of determining credit limit, making credit approval and implementing other monitor procedures to ensure necessary measures are adopted to collect overdue debts. In addition, recovery of each single account receivable is reviewed on each balance sheet date to ensure adequate bad debt provision is made for unrecoverable amount. Therefore, management believes that the Company has substantially reduced the credit risks it assumes.

Our current capital is deposited with highly-rated banks, thus credit risk arising from current capital is relatively low.

(2) Market risk

Market risks of financial instruments refers to the risks that the fair value or future cash flow of such financial instruments will fluctuate due to the changes in market prices, including FX risks, interest rate risks and other price risks.

1. Interest rate risk

The Company's cash flow change risk of financial instruments arising from interest rate change is mainly related to the floating interest rate bank loans (see details in Note V (17); Note V(22)).

Interest rate risk sensitivity analysis:

The interest rate risk sensitivity analysis is based on the following assumptions:

Changes in market interest rates affect the interest income or expense of financial instruments with variable interest rate; For financial instruments with fixed rate by fair value measurement, the changes in market interest rates only affect their interest income or expense; For derivative financial instruments designated as hedging instruments, the changes in market interest rates affect their fair value, and all interest rate hedging prediction is highly effective; Calculate the changes in fair value of derivative financial instruments and other financial assets and liabilities by using the cash flow discount method at the market interest rate at the balance sheet date.

On the basis of above assumptions, in case that other variables keep unchanged, the pre-tax effect of possible reasonable changes in interest rates on current profits and losses and shareholders' equity is as follows:

Rate changes	Current year		Last year	
	Impact on profit	Impact on shareholders' equity	Impact on profit	Impact on shareholders' equity
5% increased	-1,192,987.50	-1,192,987.50	-946,679.70	-946,679.70
5% decreased	1,192,987.50	1,192,987.50	946,679.70	946,679.70

(2) FX risks

Foreign exchange risk refers to the risk of losses due to exchange rate changes. The Company's foreign exchange risk is mainly related to the US dollar. On Dec. 31, 2019, except for the balance of foreign currency monetary items of 46. Foreign currency monetary in Note V, the assets and liabilities of the Company are RMB balance. The foreign exchange risk arising from the assets and liabilities of such foreign currency balances may have an impact on the Company's operating results.

(3) Liquidity risk

In managing the liquidity risk, the Company keeps the cash and cash equivalents that the management considers to be sufficient and

supervise them so as to meet the Company's operating needs and reduce the impact of fluctuations in cash flows. The Company's management monitors the use of bank loans and ensures to comply with the loan agreement.

The Company uses bank loans as the main source of funds.

IX. Related party and related party transactions

(1) Parent company of the Group

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

See details in Note VII. Equity in other entity

(3) Joint venture and affiliated enterprise of the Group

See details in Note VII. Equity in other entity

(4) Other related party

Other related party	Relationship with the Company
Shenzhen Energy Group Co., Ltd. ("Shenzhen Energy Group" for short)	Legal person holding more than 5% of the company's shares
Shenzhen Guangji Industrial Co., Ltd.	Legal person holding more than 5% of the company's shares
HONG KONG NAM HOI (INTERNATIONAL) LTD.	Legal person holding more than 5% of the company's shares
Shenzhen Capital Co., Ltd.	Legal person indirectly holding more than 5% of the company's shares through Shenzhen Energy Group
Wanhe Securities Co., Ltd.	Other related parties
Shenzhen Energy Group Co., Ltd.	Other related parties
Fuel branch of Shenzhen Energy Group Co., Ltd.	Other related parties
Shenzhen Energy and Gas Investment Holding Co., Ltd.	Other related parties
Directors, supervisors and senior management of the company	Key managers

(5) Related party transaction

1. Related party guarantees

The company as guarantor:

Guaranteed	Amount guaranteed	Starting date	Maturity date	Whether the guarantee has been fulfilled (Y/N)
Weimei Electric Power	200,000,000.00	2019/6/24	2020/6/24	N
Weimei Electric Power	200,000,000.00	2019/6/26	2020/6/26	N

Guaranteed	Amount guaranteed	Starting date	Maturity date	Whether the guarantee has been fulfilled (Y/N)
	400,000,000.00			

2. Remuneration of key manager

Item	Current amount	Last amount
Remuneration of key manager	RMB 5,404,200	RMB 5,808,900

(6) Receivable/payable items of related parties

1. Receivable

Item	Related party	Ending Balance		Year-end balance of last year	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other account receivable					
	Huidong Server	9,060,361.44		10,205,161.44	
	Huidong Server managed account	13,114,012.69		12,933,737.96	
Total		22,174,374.13		23,138,899.40	

X. Government subsidies

(1) Government subsidies related to assets

Type	Amount	Balance sheet	The amount included in current gain/loss or loss resulting from related costs off-setting		Item of the amount included in current gain/loss or loss resulting from related costs off-setting
			Current amount	Last amount	
Subsidy for low-nitrogen transformation	43,032,780.00	Deferred income	522,511.46	2,586,861.73	Other income
Information construction	520,000.00	Deferred income	61,176.48	61,176.48	Other income

Type	Amount	Balance sheet	The amount included in current gain/loss or loss resulting from related costs off-setting		Item of the amount included in current gain/loss or loss resulting from related costs off-setting
			Current amount	Last amount	
Support fund of recycling economy for sludge drying	10,000,000.00	Deferred income	647,002.92	647,002.92	Other income
Treasury subsidies for sludge drying	5,100,000.00	Deferred income	255,000.00	255,000.00	Other income
Special funds for energy conservation and emission reduction	1,530,000.00	Deferred income	114,037.32	114,037.32	Other income
Funded of energy efficiency improvement for electric machine	518,400.00	Deferred income	34,560.00	34,560.00	Other income
Subsidy for quality promotion of the air environment in Shenzhen	70,977,273.00	Deferred income	3,567,560.62	147,333.34	Other income
Cogeneration	4,630,000.00	Deferred income			
Total	136,308,453.00		5,201,848.81	3,845,971.79	

(2) Government subsidies related to income

Type	Amount	The amount included in current gain/loss or loss resulting from related costs off-setting		Item of the amount included in current gain/loss or loss resulting from related costs off-setting
		Current amount	Last amount	
Employment/unemployment monitoring subsidy	1,000.00	1,000.00	1,000.00	Other income
VAT refund	3,734,989.57	3,734,989.57	4,381,604.17	Other income
Reward for the small and medium-sized enterprise on the scale received	200,000.00	200,000.00		Other income
Supporting funds for office buildings of listed company received	1,000,000.00	1,000,000.00		Other income
Subsidy of industrial added value award in Nanshan District			1,000,000.00	Non operating income

Type	Amount	The amount included in current gain/loss or loss resulting from related costs off-setting		Item of the amount included in current gain/loss or loss resulting from related costs off-setting
		Current amount	Last amount	
Special funds for the development innovation industry			100,000.00	Other income
Funds for energy conservation and emission reduction for 2018			100,000.00	Other income
Other			78,000.00	Non operating income
Total	4,935,989.57	4,935,989.57	5,660,604.17	

XI. Commitment and Contingency

(1) Major Commitment

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

Item	Balance at year-end	Balance at year-begin
Minimum lease payments of irrevocable operating lease:		
The first year after balance sheet day	1,557,680.33	1,557,680.33
The second year after balance sheet day	1,557,680.33	1,557,680.33
The third year after balance sheet day	1,557,680.33	1,557,680.33
Subsequent years	55,055,740.74	56,613,421.07
Total	59,728,781.73	61,286,462.06

(2) Contingency

Nil

XII. Events Occurring after the Balance Sheet Date

(i) Important non-adjusting items

1. On 5 March 2020, the *Proposal of Agreement Transferring 70% Equity of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd* was deliberated and approved by 11th extraordinary meeting of 8th BOD, the 70% equity of Weimei Power, directly and indirectly held by the Company, are agreed to transfer with consideration of 104.98 million Yuan (including equity agreement price 87.5 million Yuan and interim gains and losses of 17.48 million Yuan) to Shenzhen Gas Group Co., Ltd. The Company will hold no stock of the Weimei Power after the transaction completed.

2. On 5 March 2020, the *Proposal of Investment for Shenzhen Asset New Generation IT Equity Fund and Related Party Transactions* was deliberated and approved by 11th extraordinary meeting of 8th BOD, the Company agreed to invested 200 million Yuan in the Shenzhen Asset New Generation IT Equity Fund with own funds. The Company intents to jointly establish a Shenzhen Asset New Generation IT Equity Fund for 200 million Yuan own fund with Shenzhen Asset Equity Investment Management Co., Ltd., Shenzhen Capital Group Co. Ltd., Shenzhen Kunpeng Equity Investment Co., Ltd. and other potential investors. Total size of the Fund is planned to be one billion Yuan, and to be set up in the form of a limited partnership.

3. The Proposal of Implementing the New Revenue Standards was deliberated and approved by the 6th session of 8th BOD and 6th session of 8th Supervisory Committee of the Board held on 18 March 2020, the new revenue standards will implement by the Company since 1 Jan. 2020.

(ii) Profit distribution

In accordance with relevant regulation of Company Law and Article of Association, the Company plans to carry out profit distribution scheme for year of 2019, that is: based on the Company's share capital of 602,762,596 shares on 31st December 2019, distribute RMB 0.2 (tax included) cash dividends for every ten stocks to whole shareholders, RMB 12,055,251.92 are distributed in total. The aforesaid distribution plan was deliberated and approved by 6th session of 8th BOD on 18 March 2020.

XIII. Other important events

(1) Segment information

1. Determining basis and accounting policies of reportable segments

According to the Group's internal organization structure, management requirements and internal reporting system, the Group's business is divided into three operating segments including power and heat supply, fuel oil trade and other business, the Group's management periodically evaluates the operating results of these segments so as to determine the allocation of resources and assess their performances.

Segmental reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment for reporting to the management, the measurement basis keep pace with the accounting and measurement basis used for preparing financial statements.

2. Financial information of the reportable segment

Item	Power supply & heating	Fuel trading	Other	Fuel trading	Total
Operation income	1,104,277,122.15	1,174,190.48	133,077,443.26	15,950,801.36	1,222,577,954.53
Operation cost	989,580,108.85	220,437.60	91,600,684.05	19,484,516.65	1,061,916,713.85
Total assets	3,295,964,828.73	274,088,194.24	218,274,991.81	569,066,294.23	3,219,261,720.55
Total liabilities	1,190,376,504.01	32,092,698.50	57,228,968.41	122,928,771.87	1,156,769,399.05

XIV. Note to main items of financial statements of the Company

(1) Account receivable**1. Age analysis**

Account age	Book balance	Year-end balance of last year
Within one year	31,821,804.69	50,412,291.20
1 to 2 years		
2 to 3 years		
Over 3 years	2,889.00	2,889.00
Subtotal	31,824,693.69	50,415,180.20
Less: Bad debt provision		
Total	31,824,693.69	50,415,180.20

2. According to accrual method for bad debts

Category	Book balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
With single provision for bad debts					
With bad debt provision accrual based on similar credit risk characteristics of a portfolio	31,824,693.69	100.00			31,824,693.69
Total	31,824,693.69	100.00			31,824,693.69

Category	Year-end balance of last year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Account receivable with individual major amount and withdrawal bad debt					

Category	Year-end balance of last year					Book value	
	Book balance		Bad debt provision		Accrual proportion (%)		
	Amount	Proportion (%)	Amount	Proportion (%)			
provision independently							
Account receivable with bad debt provision accrual based on similar credit risk characteristics of a portfolio	50,415,180.20	10.00				50,415,180.20	
Account receivable with individual minor amount but withdrawal bad debt provision independently							
Total	50,415,180.20	10.00				50,415,180.20	

3. No account receivable with single provision for bad debts

Provision for bad debts by portfolio:

Provision by portfolio:

Name	Book balance		
	Account receivable	Bad debt provision	Accrual proportion (%)
With minor credit risk	31,824,693.69		

Recognition standards and specifications on provisions by portfolio:

The account receivable with provision for bad debts by portfolio mainly refers to the amount from Shenzhen Power Supply Bureau Co., Ltd etc., which has minor credit risk and no provision for bad debts.

4. No provision for bad debts in the current period

5. Top 5 receivables at ending balance by arrears party

Total period-end balance of top five receivables by arrears party amounting to 31,824,693.69 Yuan, takes 100 percent of the total account receivable at period-end, bad debt provision correspondingly at period-end amounting as 0 Yuan

6. No accounts receivable terminated recognition due to transfer of financial assets at the period

(2) Other account receivable

Item	Ending Balance	Last year-end balance

Item	Ending Balance	Last year-end balance
Interest receivable		
Dividend receivable		
Other account receivable	873,861,071.55	1,048,357,217.53
Total	873,861,071.55	1,048,357,217.53

1. Other account receivable

Account age	Ending Balance	Last year-end balance
Within one year	239,265,595.88	149,794,796.18
1 to 2 years	89,264,291.59	279,937,466.31
2 to 3 years	100,729,690.00	224,125,985.68
Over 3 years	471,931,137.52	421,828,612.80
Subtotal	901,190,714.99	1,075,686,860.97
Less: Bad debt provision	27,329,643.44	27,329,643.44
Total	873,861,071.55	1,048,357,217.53

(1) Disclosure by category

Category	Book balance				Book value	
	Book balance		Bad debt provision			
	Amount	Proportion (%)	Amount	Accrual proportion (%)		
With single provision for bad debts	28,023,159.22	3.11	27,329,643.44	97.53	693,515.78	
With bad debt provision accrual based on similar credit risk characteristics of a portfolio	873,167,555.77	96.89			873,167,555.77	
Total	901,190,714.99	100.00	27,329,643.44	3.03	873,861,071.55	

Category	Year-end balance of last year		
	Book balance	Bad debt provision	Book value

	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Account receivable with individual major amount and withdrawal bad debt provision independently	16,781,666.46	1.56	16,781,666.46	100.00	
Account receivable with bad debt provision accrual based on similar credit risk characteristics of a portfolio	1,047,804,935.64	97.41			1,047,804,935.64
Account receivable with individual minor amount but withdrawal bad debt provision independently	11,100,258.87	1.03	10,547,976.98	95.02	552,281.89
Total	1,075,686,860.97	100.00	27,329,643.44	2.54	1,048,357,217.53

With single provision for bad debts:

Name	Book balance				Causes
	Book amount	Bad debt provision	Accrual proportion (%)		
Huiyang Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00		Un-collectable in excepted
Individual income tax	2,470,039.76	2,470,039.76	100.00		Un-collectable in excepted
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31		Some un-collectable in excepted
Personal receivables	7,498,997.87	7,498,997.87	100.00		Un-collectable in excepted
Deposit receivable	1,658,796.73	1,312,974.95	79.15		Some un-collectable in excepted

Name	Book balance			
	Book amount	Bad debt provision	Accrual proportion (%)	Causes
Total	28,023,159.22	27,329,643.44	97.53	

Provision for bad debts by portfolio:

Provision by portfolio:

Name	Book balance		
	Other account receivable	Bad debt provision	Accrual proportion (%)
With minor credit risk	873,167,555.77		

Recognition standards and specifications on provisions by portfolio:

The Company believes that the credit risk of other account receivable with no impairment in the single assessment is relatively low, no provision for bad debts, unless there is an evidence that a certain other account receivable is at greater credit risk.

(3) Accrual of bad debt provision

Bad debt provision	Phases I	Phases II	Phases III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance at year-begin			27,329,643.44	27,329,643.44
Book balance of other account receivable at year-begin				
—Turn to phase II				
—Turn to phase III				
—Return to Phase II				
—Return to Phase I				
Current accrual				
Current switch back				
Rewrite in the period				
Write-off in the period				
Other changes				

	Phases I	Phases II	Phases III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Bad debt provision				
Book balance			27,329,643.44	27,329,643.44

(4) No provision for bad debts in the current period

(5) No other accounts receivable that had actually written off in the period

(6) By nature

Nature	Ending book balance	Book balance at last year-end
Dormitory receivables	2,083,698.16	2,083,698.16
Deposit receivable	1,658,796.73	1,517,562.84
Related party transactions	866,978,723.13	1,044,339,768.72
Personal account	10,008,932.63	9,969,037.63
Other	20,460,564.34	17,776,793.62
Total	901,190,714.99	1,075,686,860.97

(7) Top 5 other account receivables at period-end listed by arrears party

Name of the company	Relationship with the Company	Ending Balance	Age	Proportion in total other account receivable(%)	Ending balance of bad debt provision
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Intercourse funds	667,589,972.37	0-3 year	74.08	
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Intercourse funds	182,344,193.85	2-3 year	20.23	
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Intercourse funds	16,494,890.35	Within 1 year	1.83	14,311,626.70
Huiyang County Kangtai Industrial Company	Other	14,311,626.70	Over 3 years	1.59	

Name of the company	Relationship with the Company	Ending Balance	Age	Proportion in total other account receivable(%)	Ending balance of bad debt provision
Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Intercourse funds	3,889,796.03	Over 3 years	0.43	
Total		884,630,479.30		98.16	14,311,626.70

(8) No receivables involving government subsidies

(9) No other receivables terminated recognition due to transfer of financial assets

(3) Long-term equity investment

Item	Ending Balance			Last year-end balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment to subsidiary	691,982,849.76	388,641,684.76	303,341,165.00	691,982,849.76	388,641,684.76	303,341,165.00
Investment to joint venture and affiliate enterprise						
Total	691,982,849.76	388,641,684.76	303,341,165.00	691,982,849.76	388,641,684.76	303,341,165.00

1. Investment to subsidiary

The invested entity	Last year-end balance	Increase in the period	Decrease in the period	Ending Balance	Impairment provision accrual in the Period	Period-end balance of depreciation reserves
Shenzhen Server	26,650,000.00			26,650,000.00		
New Power Company	71,270,000.00			71,270,000.00		
Zhongshan	410,740,000.00			410,740,000.00		347,745,035.00

The invested entity	Last year-end balance	Increase in the period	Decrease in the period	Ending Balance	Impairment provision accrual in the Period	Period-end balance of depreciation reserves
Electric Power						
Engineering Company	6,000,000.00			6,000,000.00		
Weimei Electric Power	115,319,049.76			115,319,049.76		40,896,649.76
Singapore Company	6,703,800.00			6,703,800.00		
Environment Protection Company	55,300,000.00			55,300,000.00		
Total	691,982,849.76			691,982,849.76		388,641,684.76

(4) Operation revenue/operation cost

Item	Current amount		Last-period amount	
	Revenue	Cost	Revenue	Cost
Main business	311,287,934.22	377,618,823.17	652,426,185.97	730,133,603.64
Other business	94,716,587.06	10,591,679.27	133,534,765.04	14,000,614.54
Total	406,004,521.28	388,210,502.44	785,960,951.01	744,134,218.18

XV. Supplementary information

(1) Statement of non-recurring gains/losses

Item	Amount	Note
Gains and losses from disposal of non-current assets	-527,109.02	
Tax refund or mitigate due to examination-and-approval beyond power or without official approval document		
Governmental subsidy reckoned into current gains/losses(not including the subsidy enjoyed in quota or ration, which are closely relevant to enterprise's normal business)	6,402,848.81	

Item	Amount	Note
Capital occupancy expense, collected from non-financial enterprises and recorded in current gains and losses		
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries, associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment		
Gains and losses from exchange of non-monetary assets		
Gains and losses from assets under trusted investment or management		
Various provision for impairment of assets withdrew due to act of God, such as natural disaster		
Gains and losses from debt restructuring		
Enterprise restructuring costs, such as expenses for staff placement, integration costs, etc		
Gains and losses of the part arising from transaction in which price is not fair and exceeding fair value		
Current net gains and losses occurred from period-begin to combination day by subsidiaries resulting from business combination under common control		
Gains and losses arising from contingent proceedings irrelevant to normal operation of the Company		
Except for effective hedge business relevant to normal operation of the Company, gains and losses arising from fair value change of tradable financial assets and tradable financial liabilities, and investment income from disposal of tradable financial assets, tradable financial liabilities and financial assets available for sale		
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test	12,000.00	
Gains and losses obtained from external trusted loans		
Gains and losses arising from change of fair value of investment real estate whose follow-up measurement are conducted according to fair value pattern		
Affect on current gains and losses after an one-time adjustment according to requirements of laws and regulations regarding to taxation and accounting		
Trust fee obtained from trust operation		

Item	Amount	Note
Other non-operating income and expenditure except for the aforementioned items	5,578,877.22	
Other gains and losses items complying with definition for non-recurring gains and losses		
Impact on income tax	-195,823.19	
Impact on minority shareholders' equity	-1,055,582.25	
Total	10,215,211.57	

(2) ROE and EPS

Profit in the Period	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of the listed company	1.2511%	0.0413	0.0413
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	0.7379%	0.0244	0.0244

Shenzhen Nanshan Power Co., Ltd.
(Company Seal)
18 March 2020