

Stock Code: 000037, 200037

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

No.: 2021-009



深圳南山热电股份有限公司

Shenzhen Nanshan Power Co., Ltd.

Annual Report 2020

March 2021

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 Shang Ying(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 Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either for the year.

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.

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Interpretation

Items	Refers to	Contents
Company, the Company, Shen Nan Dian, The listed company	Refers to	Shenzhen Nanshan Power Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SASAC of Shenzhen Municipal	Refers to	State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal
Shenzhen Capital Holdings	Refers to	Shenzhen Capital Holdings Co., Ltd., the name before changed on 3 March 2020 was Shenzhen Capital Co., Ltd.
SZ Energy Group	Refers to	Shenzhen Energy Group Co., Ltd.
Shenzhen Gas	Refers to	Shenzhen Gas Group Co., Ltd.
Shen Nan Dian Zhongshan Company	Refers to	Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.
Dongguan Company	Refers to	Formerly Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd, and changed its name to Dongguan Shenran Natural Gas Thermal Power Co., Ltd after 70% equity was agreed to transferred by the Company
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	Formerly the Dongguan Gaobu Power Plant of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd (now renamed as Dongguan Shenran Natural Gas Thermal Power Co., Ltd)
Audit institution, LIXINZHONGLIAN, accounting organ	Refers to	LIXINZHONGLIAN CPAS (SPECIAL GENERAL PARTNERSHIP)
<i>Company Law</i>	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 2020 to 31 December 2020

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 CSRC	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
Previous changes of controlling shareholders (if applicable)	No controlling shareholder

V. Other relevant information

CPA engaged by the Company

Name of CPA	LIXINZHONGLIAN CPAS (SPECIAL GENERAL PARTNERSHIP)
Offices add. for CPA	1-1-2205-11, North Zone, Financial and Trade Center, No. 6865, Asia Road, Pilot Free Trade Zones (Dong-jiang Free Trade Port Zone), Tianjin
Signing Accountants	Liu Xinfia, Cao Wei

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

	2020	2019	Changes over last year	2018
Operating income (RMB)	985,253,831.58	1,222,577,954.53	-19.41%	1,884,937,109.00
Net profit attributable to shareholders of the listed Company (RMB)	64,024,291.32	24,900,956.73	157.12%	19,253,766.12
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	7,601,038.59	14,685,745.16	-48.24%	-13,515,247.29
Net cash flow arising from operating activities (RMB)	260,725,409.02	202,943,908.61	28.47%	236,563,160.38
Basic earnings per share (RMB/Share)	0.1062	0.0413	157.14%	0.0319

Diluted earnings per share (RMB/Share)	0.1062	0.0413	157.14%	0.0319
Weighted average ROE	3.15%	1.25%	1.90%	0.98%
	Year-end of 2020	Year-end of 2019	Changes over end of last year	Year-end of 2018
Total assets (RMB)	3,020,830,930.06	3,219,261,720.55	-6.16%	3,307,148,289.92
Net assets attributable to shareholder of listed Company (RMB)	2,054,741,847.64	2,002,772,808.24	2.59%	1,977,871,851.51

The lower one of net profit before and after deducting the non-recurring gains/losses in the last three fiscal years is negative, and the audit report of last year shows that the ability to continue operating is uncertain

Yes No

The lower one of net profit before and after deducting the non-recurring gains/loses is negative

Yes No

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	228,717,033.81	289,433,572.40	286,084,887.31	181,018,338.06
Net profit attributable to shareholders of the listed Company	-14,023,020.62	66,063,519.04	76,089,903.65	-64,106,110.75
Net profit attributable to shareholders of the listed Company	-19,987,886.90	30,137,617.32	69,619,698.52	-72,168,390.35

after deducting non-recurring gains and losses				
Net cash flow arising from operating activities	22,023,624.41	47,912,937.05	140,653,281.35	50,135,566.21

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 non-recurring (extraordinary) profit (gains)/loss

Applicable Not applicable

In RMB/CNY

Items	2020	2019	2018	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-1,144,118.91	-527,109.02		The investment income obtained from the sale of 70% equity of Dongguan Company
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)	13,833,445.53	6,402,848.81	5,124,971.79	Receive unemployment insurance premium refunds and apportionment of government subsidies related to assets
Gains/losses of debt restructuring	7,593,783.90			Revert other payable that are not required to be paid
Gains/losses arising from contingency that without relation with the normal operation business of the Company	6,584,816.78			Reversal of the accrual liabilities
Switch back of the impairment for receivables and contract assets that has impairment test independently		12,000.00		
Other non-operating income and expenditure except for the aforementioned items	-118,229.62	5,578,877.22	37,044,913.53	
Other gains/losses items that meets the definition of non-recurring gains/losses	33,534,881.55			Income from disposal of the 70% equity of Dongguan Company in the Year

Less: impact on income tax	152,683.61	195,823.19	6,525,056.89	
Impact on minority shareholders' equity (post-tax)	3,708,642.89	1,055,582.25	2,875,815.02	
Total	56,423,252.73	10,215,211.57	32,769,013.41	--

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 shall comply with the disclosure requirements of Guidelines of Information Disclosure for Industry on Shenzhen Stock Exchange No.15- Listed Companies are Engaged in Electricity-related Business

The company is specialized in power and thermal supply, as well as providing technical consulting and technical services for power stations. At the end of reporting period, the Company holds two wholly-owned and holding gas turbine plants, which equipped with five sets of 9E gas steam combined cycle power generating units, with total installed capacity up to 900,000 KW (Nanshan Power Factory: 3×180000KW, Zhongshan Nanlang Power Plant: 2×180000KW).The two gas turbine plants are located in the power-load center of the Pearl River Delta, and it is the main peak-regulating power supply in the region which is currently in normal production and operation state.

During the reporting period, the company's main power business faced many difficulties such as the spread of the COVID-19 epidemic, the reduction of the benchmark electricity price on the grid, and the further increase of the electricity market transaction electricity sold below the benchmark electricity price on the grid. In order to minimize the negative impact of the external environment on the company's business performance, the company has implemented a series of business layout and management changes with innovative thinking and perseverance, clarified annual business objectives and policies, and adopted targeted major measures. On the basis of safety production management, we have continuously strengthened economic operation management, and conformed to the trend of accelerating the process of power market reform in Guangdong Province. We organized two subordinate power plants to actively participate in the marketing competition and achieved good results, which created favorable conditions for achieving the goal of operating profitability. In 2020, the two subordinate power plants totally completed electricity quantity (on-grid electricity quantity + electricity marketing quantity) of 2.127 billion KWH, the actual on-grid electricity quantity of 874 million KWH and electricity marketing quantity of 1.253 billion KWH. Completion of the electricity for subordinate power plants are as: Nanshan Power Factory completed 761 million KWH of on-grid electricity and electricity marketing quantity of 379 million KWH, the full electricity quantity totaled 1.14 billion KWH; Zhongshan Nanlang Power Plant completed 113 million KWH of on-grid electricity and electricity marketing quantity of 874 million KWH, the full electricity quantity totaled 987 million KWH.

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 132,600 tons, which 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	Equity assets have 20.30% increased, mainly due to the outbound investment for Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership) during the reporting period
Fixed assets	Fixed assets have 33.00% declined, mainly due to the sale of 70% equity of Dongguan Company in the reporting period, and Dongguan Company was no longer included in consolidate scope at period-end.
Intangible assets	Intangible assets have 51.55% declined, mainly due to the sale of 70% equity of Dongguan Company in the reporting period, and Dongguan Company was no longer included in consolidate scope at period-end.
Construction in process	Construction in process has 35.64% declined, mainly due to the sale of 70% equity of Dongguan Company in the reporting period, and Dongguan Company was no longer included in consolidate scope at period-end; and the accrual of assets impairment for cogeneration project.
Account receivable	Account receivable has 52.12% declined, mainly due to the sale of 70% equity of Dongguan Company in the reporting period, and Dongguan Company was no longer included in consolidate scope at period-end.
Account paid in advance	Account paid in advance has 57.80% declined, mainly due to the sale of 70% equity of Dongguan Company in the reporting period, and Dongguan Company was no longer included in consolidate scope at period-end.
Other current assets	Other current assets have 106.02% increased, mainly due to the increase in purchasing financial products during the Period.
Account payable	Account payable has 53.17% declined, mainly due to the payable for natural gas.
Tax payable	Tax payable has 64.97% declined, mainly due to the sale of 70% equity of Dongguan Company in the reporting period, and Dongguan Company was no longer included in consolidate scope at period-end.
Other account payable	Other account payable has 38.16% declined, mainly due to the sale of 70% equity of Dongguan Company in the reporting period, and Dongguan Company was no longer included in consolidate scope at period-end.

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 seek transformation and development. During the reporting period, the company's core competitiveness has not undergone major changes, and all competitiveness elements have developed in a balanced manner. The company's overall competitiveness has been further consolidated and improved, and there have been no major changes that may affect the company's future operations.

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 been strictly in accordance with the Company Law, Securities Laws, Rules Governing the Listing of Stocks and relevant requirements of laws and regulations of the CSRC and Shenzhen Stock Exchange, and continuously improved the corporate governance and regulated the operation. The “Three Meetings” operation was normative and efficient, and the internal management was streamlined and orderly. Meanwhile, 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, 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; 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; and establish a science & technology innovation committee with purpose of stimulating the enthusiasm of majority of the employees to study technology, improve themselves and innovate continuously, the supervision and management of production technology have achieved a new step. 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

2020 marks the 40th anniversary of the establishment of the Shenzhen Special Economic Zone, and is the final year of the "13th Five-Year Plan" and also an extraordinary year. Facing the severe test brought by the COVID-19 epidemic and the complex and changeable domestic and foreign environment, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at the core, the whole country has coordinated the promotion of epidemic prevention and control and the economic and social development work, the situation of epidemic prevention and control has continued to improve, and economic operations have been steadily recovering. The power industry has resolutely implemented the decisions and deployments of the Party Central Committee and the State Council to provide a solid power guarantee for the prevention and control of the epidemic and the resumption of work, production, business, and market resumption of the entire society. Faced with the double test of the impact of the epidemic and the industry situation, the company forged ahead against the trend, strictly implemented the deployment and requirements of governments at all levels and higher-level units, conscientiously implemented epidemic prevention and control, at the same time, overcame difficulties to do a good job in production and operation management, and went all out to minimize the negative impact of the epidemic on the company. After the full resumption of work and production, the company has stepped up efforts to focus on safe production, stock operation, and transformation development. Under the premise of ensuring safety and epidemic prevention and control, the company has achieved good results in all aspects of production, operation, and management.

After the test of the epidemic at the beginning of the year, the social economy continued to recover, and the electricity consumption and power load of the whole society in Guangdong Province continued to grow. In 2020, the total electricity consumption of the whole society in Guangdong Province was 692.6 billion kWh, an increase of 3.44% on a year-on-year basis (data from China Electric Power News); the total electricity consumption of Shenzhen was 98.3 billion kWh, a year-on-year increase of 1.06% (data from Shenzhen Power Supply Bureau), which hit a new high. The company's subordinate Nanshan Power Factory and Zhongshan Nanlang Power Plant actually completed 874 million kilowatt-hours of on-grid power, an increase of 13.4% on a year-on-year basis; the average annual utilization hours of the generator sets of the two power plants were 986 hours, and the average annual plant power consumption rate was 3.43%. In 2020, the full-process operation of the Guangdong Power Spot Market continued to advance, and the scale of market-based electricity trading continued to expand, with a total of 248.9 billion kWh of transactions, a year-on-year increase of 30% (data from the website of Guangdong Power Exchange Center). During the reporting period, Nanshan Power Factory and Zhongshan Nanlang Power Plant signed a total of 1.529 billion kWh of bilateral negotiated contracts for 2020, a year-on-year increase of 35.91%; the two power plants sold a total of 803 million kWh of electricity, a year-on-year decrease of 1.56%.

During the reporting period, the company continued to take the "1+5" strategic road map as the guide, and made every effort to promote the implementation of the "125" project. For the company's normal operation and sustainable development, the company worked hard to move forward, effectively did a good job in the epidemic prevention and control and the safe production, simultaneously advanced stock operation and transformation development, ensured the safety and health of all employees and all-round safety and order, and achieved historic performance breakthroughs and gratifying work progress. The main work carried out during the reporting period was as follows:

1. Complementary resources and strategic cooperation for mutual development. After comprehensive analysis and prudential research and judgment, the company transferred 70% of its equity in Dongguan Company to Shenzhen Gas Corporation, which laid

the foundation for obtaining favorable resource support while revitalizing the company's stock assets and reducing the company's operating pressure, through state-owned asset coordination and resource complementarity, the company strive to achieve a deep connection between high-quality resources and high-quality markets, enhance the overall competitiveness of both parties in their respective fields, and maximize the benefits.

2. Strict supervision, safety and environmental protection reaching the standards. The company actively overcame the adverse effects of the COVID-19 epidemic, strictly implemented the security principal responsibility at all levels and the safety responsibility system for all employees, consolidated the basis for safety production, established and completed a series of safety index management and production guarantee systems, continued to improve safety culture, and strengthened the risk management and control and the construction of hidden danger investigation and treatment, and the safety work situation continued to improve. During the reporting period, the company completed various pollution reduction tasks, no environmental pollution accidents occurred, and no safety production liability accidents occurred.

3. In-depth study and refined calculation, and scientific marketing for achieving good results. The company conducted in-depth research on power market marketing strategies and competition methods, strived to seize market opportunities, actively strived for economic power share, and obtained competitive advantages through superlative operations, and maximized economic benefits, meanwhile, reasonably arranged units for power generation and production according to changes in gas prices and scheduling requirements, and created good operating income.

4. Continuous innovation, production management for promoting operation. The company closely focused on the core objectives of the annual operation, and continuously adjusted and optimized the production management mode, which further improved the safety and reliability of the operation of production equipment. At the same time, the company established the Science and Technology Innovation Committee to create a good atmosphere for scientific and technological innovation, so as to further motivate employees to study technology, improve themselves, and continuously innovate, and help improve the company's stock asset production and operation performance.

5. Turn crises into opportunities and diversify operations to create benefits. Shennandian Environmental Protection Company always adhered to the concept of environmental protection and actively fulfilled its social responsibilities. It treated approximately 132,600 tons of wet sludge throughout the year, making positive contributions to the "Bluer Sky and Clearer Water" project in the Greater Bay Area; Shennandian Engineering Company overcame huge difficulties, took effective measures to strictly implement the epidemic prevention and control of overseas engineering projects to ensure the safety and health of the expatriate employees. At the same time, it adjusted its business strategy in a timely manner, actively explored the domestic technical service market, and achieved good results.

6. Intensive cultivation, decreasing costs and increasing efficiency to solve problems. In order to strengthen capital management and ensure capital safety, the company adopted a series of measures such as the overall management of capital in the system, the increase of the proportion of structural deposit funds, and the replacement of high-interest loans with low-interest loans through the "shared capital pool" in the operating system to improve the use efficiency and profitability of own funds, which reduced capital costs, saved financial expenses, and provided necessary capital reserves for the company's capital operations. At the same time, the company established a capital (operation) center and an accounting sharing center to further improve capital operations and financial management efficiency, so that financial accounting and management were further integrated into the company's strategic transformation and decision-making in various industrial chains.

7. Improve the position and actively fight against the epidemic. The company's party committee adhered to the guidance of socialism with Chinese characteristics in Xi Jinping's new era, and promoted the deep integration of party building and company management. After the outbreak of the COVID-19 epidemic, the company's party committee mobilized all employees to fight against the epidemic and prevent the epidemic in accordance with the requirements of the party committee of the higher level and the company, and encouraged party members to play a pioneering and exemplary role. The main leaders of the company were on duty throughout the entire process, dynamically grasped the situation of the epidemic and made timely work decisions. After the epidemic prevention and control entering the normalization stage, the company's special epidemic prevention and control agencies at all levels have continued to perform their duties, efficiently coordinate, and strictly implement the national and local government's epidemic prevention and control work deployment to ensure the continuous and orderly progress of the epidemic prevention and control work. During the reporting period, there were no confirmed cases, suspected cases, or asymptomatic infections of the COVID-19 in all units, enterprises, and employees dispatched to overseas project sites in the company's system.

In the year of 2020, the Company has achieved a revenue in operation of 985 million Yuan, the net profit attributable to shareholder of listed company amounted as 64.0243 million Yuan and basic EPS was 0.11 Yuan.

The Company shall comply with the disclosure requirements of Guidelines of Information Disclosure for Industry on Shenzhen Stock Exchange No.15- Listed Companies are Engaged in Electricity-related Business

Main production

Item	Current period (Dongguan Gaobu Power Plant excluded)	Same period last year (Dongguan Gaobu Power Plant excluded)	Same period last year (Dongguan Gaobu Power Plant included)
Gross installed capacity (10,000 kilowatts)	90	90	126
Installed capacity of newly commissioned units (10,000 kilowatts)	0	0	0
Planned installed capacity of approved projects (10,000 kilowatts)	0	0	0
Planned installed capacity of projects under construction (10,000 kilowatts)	0	0	0
Generating capacity (100 million KWH)	8.87	7.88	15.08
On-grid electricity or electricity sales (100 million KWH)	8.74	7.71	14.83
Average on-grid tariff or sales price (RMB/KWH, tax included)	0.6213	0.6410	0.6393
Average rate of electricity consumption from power station(%)	3.43	3.46	3.12
Utilization time from power station (Hours)	986	876	1,197

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					
	2020		2019		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	985,253,831.58	100%	1,222,577,954.53	100%	-19.41%
Industry classification					
Energy industry	878,600,297.92	89.18%	1,082,001,858.50	88.50%	-18.80%
Engineering service	41,094,571.29	4.17%	62,635,550.65	5.12%	-34.39%
Sludge drying	62,789,507.95	6.37%	70,420,653.67	5.76%	-10.84%
Other business	2,769,454.42	0.28%	7,519,891.71	0.62%	-63.17%
Product classification					
Electricity sales	878,600,297.92	89.18%	1,082,001,858.50	88.50%	-18.80%
Engineering service	41,094,571.29	4.17%	62,635,550.65	5.12%	-34.39%
Sludge drying	62,789,507.95	6.37%	70,420,653.67	5.76%	-10.84%
Other business	2,769,454.42	0.28%	7,519,891.71	0.62%	-63.17%
Region classification					
Domestic	985,253,831.58	100.00%	1,222,577,954.53	100.00%	-19.41%
overseas					

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

Applicable Not applicable

The Company shall comply with the disclosure requirements of Guidelines of Information Disclosure for Industry on Shenzhen Stock Exchange No.15- Listed Companies are Engaged in Electricity-related Business

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
Product classification						
Electricity sales	878,600,297.92	724,649,204.65	17.52%	-18.80%	-25.26%	68.53%
Engineering service	41,094,571.29	28,587,448.80	30.43%	-34.39%	-35.71%	4.92%
Sludge drying	62,789,507.95	41,089,819.34	34.56%	-10.84%	-12.82%	4.51%
Region classification						
Domestic	982,484,377.16	794,326,472.79	19.15%	-19.14%	-25.14%	51.15%

Reasons for great changes in relevant financial indicators

Applicable Not applicable

The reason for the increase in gross profit ratio in 2020 over the same period last year is: trading electricity volume and the price difference increased, and the trading electricity revenue increased; reduce of the unit price of natural gas, than the cost of natural gas declined.

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

Yes No

Industries	Item	Unit	2020	2019	Increase/decrease y-o-y
Electric Power	Sales volume	100 million KWH	8.74	7.71	13.36%
	Output	100 million KWH	8.87	7.88	12.56%
	Storage	100 million KWH	0	0	

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

Applicable Not applicable

Note: 1. the difference between output and sales volume refers to the consumption by plants; 2. in 2020, the Company sold 70% equity of Dongguan Company, and Dongguan Company no longer included in the consolidate scope at end of the Period, the data in the above table does not include the Dongguan Company.

(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

In RMB/CNY

Industries	Item	2020	2019	Increase/decrease
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		Amount	Ratio in operation cost	Amount	Ratio in operation cost	y-o-y
Energy industry	Power, heat supply	724,649,204.65	91.21%	969,503,809.30	91.30%	-25.26%
Engineering service	Engineering cost	28,587,448.80	3.60%	44,467,064.24	4.19%	-35.71%
Other business	Sludge drying etc.	41,287,156.94	5.20%	47,945,840.31	4.52%	-13.89%

In RMB/CNY

Products	Item	2020		2019		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Electricity sales	Power supplying	724,649,204.65	91.21%	969,503,809.30	91.30%	-25.26%
Engineering service	Engineering cost	28,587,448.80	3.60%	44,467,064.24	4.19%	-35.71%
Sludge drying	Sludge treatment	41,089,819.34	5.17%	47,133,619.81	4.44%	-12.82%
Other business	Other	197,337.60	0.02%	812,220.50	0.08%	-75.70%

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

Yes No

During the reporting period, 70% equity of Dongguan Company, held by the Company are sold, Dongguan Company was no longer included in the consolidate scope at end of the Period.

During the reporting period, the Company and China Science and Tech Innovation Venture Capital Management co-sponsor the establishment of Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership) with 99.9643% shares held by the Company, and included in consolidate scope of the Company in 2020.

(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)	965,521,314.34
Proportion in total annual sales volume for top five clients	97.99%
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	Shenzhen Power Supply Bureau Co., Ltd.	466,123,345.95	47.31%
2	Guangdong Power Grid Co., Ltd.	406,928,606.04	41.30%
3	Shenzhen Municipal Water Affairs Bureau	50,393,340.02	5.11%
4	China Machinery Engineering Corporation	29,679,854.40	3.01%
5	Shenzhen Water Group	12,396,167.93	1.26%
Total	--	965,521,314.34	97.99%

Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	486,376,291.21
Proportion in total annual purchase amount for top five suppliers	81.60%
Proportion in total annual purchase amount for the related party's amount in top five suppliers	2.10%

Information of top five suppliers of the Company

Serial	Name	Purchases (RMB)	Proportion in total annual purchases
1	Shenzhen Gas Group Co., Ltd.	397,500,609.59	66.70%
2	CNOOC Gas Power Group Co., Ltd.	43,219,844.71	7.25%
3	Shenzhen Energy Gas Investment Holding Co., Ltd.	31,369,620.55	5.26%
4	Shenzhen Power Supply Bureau	7,706,496.74	1.29%
5	Shenyang LSE Power Service Co., Ltd.	6,579,719.62	1.10%
Total	--	486,376,291.21	81.60%

Other notes of main suppliers of the Company

Applicable Not applicable

3. Expenses

In RMB/CNY

	2020	2019	Increase/decrease y-o-y	Note of major changes
Sales expense	4,979,915.34	5,599,305.43	-11.06%	Decreased due to the cost of dry sludge treatment from Shen Nan Dian Environment Protection Company declined
Management expense	111,618,225.09	109,541,900.18	1.90%	

Financial expense	-66,657.96	22,310,708.04	-100.30%	Decreased due to the loan rate declined and financial gains increased
R&D expense	8,490,882.58	0		Increased due to the new technology R&D costs from Shen Nan Dian Environment Protection Company and Shen Nan Dian Engineering Company

4. R&D expenses

Applicable Not applicable

Investment of R&D

	2020	2019	Change proportion
Number of R&D personnel (person)	35	0	
Proportion of R&D personnel	8.68%	-	
Investment for R&D (RMB)	8,490,882.58	0	
R&D investment/Operating income	0.86%	-	
Capitalization of R&D investment (RMB)	0	0	
Capitalization of R&D investment/R&D investment	-	-	

Reasons for significant changes in the proportion of total R&D investment in operating income from the previous year

Applicable Not applicable

A new project in the Year, and no investment of R&D in 2019.

Reasons and rationality of the major changes of the capitalization rate of R&D investment

Applicable Not applicable

5. Cash flow

In RMB/CNY

Item	2020	2019	Y-o-y changes
Subtotal of cash in-flow from operation activity	1,156,114,679.30	1,413,997,516.01	-18.24%
Subtotal of cash out-flow from operation activity	895,389,270.28	1,211,053,607.40	-26.07%
Net cash flow from operation activity	260,725,409.02	202,943,908.61	28.47%

Subtotal of cash in-flow from investment activity	40,321,341.78	35,486,018.97	13.63%
Subtotal of cash out-flow from investment activity	528,860,991.95	193,242,132.78	173.68%
Net cash flow from investment activity	-488,539,650.17	-157,756,113.81	209.68%
Subtotal of cash in-flow from financing activity	1,318,118,917.79	1,465,170,000.00	-10.04%
Subtotal of cash out-flow from financing activity	1,096,793,475.57	1,653,932,661.32	-33.69%
Net cash flow from financing activity	221,325,442.22	-188,762,661.32	-217.25%
Net increased amount of cash and cash equivalent	-6,888,728.75	-143,466,610.74	-95.20%

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

Applicable Not applicable

1. Cash out-flow from operation activity has 26.07% declined over that of last year, mainly due to the reduction of electricity generation and procurement for natural gas decreased for the falling unit price;
2. Net cash flow from operation activity has 28.47% up from a year earlier, mainly because the gross profit of power generation increased and the VAT and surcharge paid in the Period decreased;
3. Cash out-flow from investment activity has an increase of 173.68% on a y-o-y basis, mainly because purchasing more financial products in the year;
4. The cash out-flow from investment activity has an increase of 209.68% on a y-o-y basis, mainly because purchasing more financial products in the year;
5. The cash out-flow from financing activity has a decrease of 33.69% on a y-o-y basis, mainly because the loans pay to the bank declined in the year;
6. The net cash in-flow from financing activity has an increase of 217.25% on a y-o-y basis, mainly because the loans pay to the bank declined in the year;
7. Net out-flow amount of cash and cash equivalent has a decrease of 95.20% on a y-o-y basis, mainly because increase of the net cash arising from operating and financing activities are larger than the net amount arising from investment activities.

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	27,809,087.38	40.14%	Income from disposal of the 70% equity of Dongguan Company	N
Gains/losses of fair value changes		0.00%		
Assets impairment	-43,718,679.38	-63.10%	Inventory depreciation, impairment of fixed assets and construction in progress are accrual in the Year	N
Non-operating income	6,585,316.78	9.50%	Reversal of the accrual liabilities	N
Non-operating expenditure	153,719.62	0.22%	The overdue fine	N

IV. Assets and liability

1. Major changes of assets composition

Adjust relevant items of financial statements at the year of fist implementation of the new revenue standards or new leasing standards since 2020

Applicable

In RMB/CNY

	Year-end of 2020		Year-begin of 2020		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	764,601,272.21	25.31%	773,209,854.84	24.02%	1.29%	
Account receivable	85,293,052.88	2.82%	177,310,433.51	5.51%	-2.69%	
Inventory	100,245,529.06	3.32%	124,686,443.61	3.87%	-0.55%	
Investment real estate	2,205,189.40	0.07%	2,401,327.00	0.07%	0.00%	
Long-term equity investment	8,893,408.86	0.29%	14,619,203.03	0.45%	-0.16%	The long-term equity investment measured by equity was recognized as the investment income
Fix assets	925,745,208.55	30.65%	1,381,675,872.68	42.92%	-12.27%	Equity of Dongguan Company was transferred in the Year, which was not included in the consolidate scope
Construction in process	42,782,712.98	1.42%	66,474,630.23	2.06%	-0.64%	

Short-term loans	675,528,858.48	22.36%	881,075,378.48	27.37%	-5.01%	Bank loans declined
Other current assets	917,288,244.54	30.37%	445,236,731.33	13.83%	16.54%	Purchase of the financial products increased

2. Assets and liability measured by fair value

Applicable Not applicable

In RMB/CNY

Item	Opening amount	Gain/loss of fair value changes in the Period	Cumulative change of fair value recorded into equity	Impairment accrual in the Period	Amount purchased in the Period	Amount sold in the Period	Other changes	Ending amount
Other equity instrument investment	60,615,000.00				21,000,000.00			81,615,000.00

Other changes

Whether there is a significant changes in the measurement attributes of the main assets during the period

Yes No

3. Assets right restriction till end of reporting period

There are no assets right restriction till end of the reporting period

V. Investment

1. Overall situation

Applicable Not applicable

Investment amount in the Period (RMB)	Investment amount at same period last year (RMB)	Changes (+,-)
21,272,400.00	0.00	--

2. The major equity investment obtained in the reporting period

Applicable Not applicable

In RMB

Investe	Main	Form	Invest	Shareh	Capita	Partner	Time	Type	Progres	Antic	Invest	With	Disclo	Disclosure index (if

Detail of the company	Business investment amount	Investment holding ratio	Investment source	Investment horizon	Investment balance sheet date	Investment income	Investment gains/losses in the period	Investment involved in lawsuits	Investment date (if any)	Any
Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership)	Equity investment, venture capital	Newly established	Plans to invest 280 million yuan	99.96% Own fund	China Science and Tech Innovation Venture Capital Management	Limited partnershi p	21,272,400.00 Yuan has invested	Not applicable	-77,609.46 N	Notice on the Investment for Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership); Notice No.: 2020-051 released on China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website
Total	--	--	Plans to invest 280 million yuan	--	--	--	--	--	-77,609.46	--

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

Counter part	Assets sold	Sales day	Trading price (10 thousand Yuan)	Net profit contributed by the sold assets from period-b begin to date for sales (in 10 thousand Yuan)	Impact on the Company	Ratio of the net profit from equity sales in total net profit of the Company	Pricing principle	Whether it was a related transaction (Y/N)	Relationship with the counter party	Ownership transferred completely or not (Y/N)	Implemented on schedule (Y/N), explained the reasons and counter measure for not completed on schedule	Disclosure day	Disclosure index
Shenzhen Gas Group Co., Ltd.	70% equity of Dongguan Company(40% equity held directly by the Company)	2020-04-09	10,498	-445.29	The transaction is conductive to revitalizing the Company's stock assets, reducing	52.38%	Pricing principle in the agreement is that the negotiated transfer price of underlying	N	Not applicable	Y	Y	2020-07-04	Notice on Completion of the 70% Equity of Shenzhen Dian (Dongguan) Weimei

y, and 30% equity held through wholly- owned subsidiary Syndrome Company indirectly)	g the operatin g pressure , increasi ng current earnings of the Company and promoti ng the realizati on of the strategic transfor mation goals.	assets (70% equity of Donggu an Compan y)is higher than the apprais al value of the underlyi ng assets issued by Watson (Beijing) Internati onal Assets Apprais al Co., Ltd.	Electric Power Co., Ltd. Transfer red, Notice No.: 2020-03 2; released on China Securiti es Journal, Securiti es Times, Hong Kong Comme rcial Daily and Juchao Website.
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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

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	195,234,505. 69	159,023,218. 72	156,442,406. 36	3,519,904. .17	3,490,204. 17

Shenzhen Shen Nan Dian Environmen t Protection Co., Ltd.	Subsidiar y	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 79 million	148,046,485.51	122,151,647.08	62,813,507.95	-1,483,577.30	-2,844,281.20
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Subsidiar y	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 10 million	50,955,994.72	37,483,831.95	41,094,571.29	1,433,736.83	1,433,736.83
Shenzhen Server Petrochemic al Supplying Co., Ltd	Subsidiar y	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	RMB 53.3 million	114,126,886.29	91,077,053.12	1,186,761.96	-9,134,640.31	-2,658,553.15

		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)						
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Subsidiary	Gas turbine power generation, waste heat power generation, power supply and heating(heating pipe network excluded), leasing of wharf, oil depots and power equipment felicities (excluding refined oil, dangerous chemicals, or flammable and explosive goods); leasing of land-use right; non-residential real estate leasing	RMB 746.8 million	550,680,597.89	-58,648,065.13	202,539,109.51	35,700,722.96	35,690,722.96
Shen Nan Energy (Singapore) Co., Ltd.	Subsidiary	Agent for oils trade and spare parts of gas turbine	US \$ 0.9 million	138,242,374.33	135,664,163.76	0.00	-11,959,363.97	-11,959,363.97
Zhuhai Hengqin	Subsidiary	Equity investment, venture capital	RMB 21.358	21,282,423.33	21,280,423.33	0.00	-77,609.46	-77,609.46

Zhuozhi Investment Partnership (Limited Partnership)			million					
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Subsidiary disposes and acquired in the period

Applicable Not applicable

Company name	Way acquired and disposed in reporting period	Impact on overall production, operation and performance
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd (named as Dongguan Shenran Natural Gas Thermal Power Co., Ltd after transferred)	Transfer the 70% equity of Dongguan Company directly and indirectly held by the Company by agreement	The transaction is conducive to revitalizing the Company's stock assets, reducing the operating pressure and achieving the income from equity transfer

Statement of main holding company and stock-jointly companies

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Future Development Prospects

(i) Brief analysis of macroeconomic situation and industry trends

2021 is the first year of the 14th Five-Year Plan and the year serving as a connecting link between the "two century" goals. It is of special importance in the process of our country's modernization drive. The Central Economic Work Conference held at the end of last year and the "Government Work Report" reviewed and approved at the Fourth Session of the 13th National People's Congress in March this year set the general tone for the work of adhering to making steady progress while clarifying that 2021 will be based on a new stage of development, implement the new development concept, accelerate the construction of a new development pattern in which the domestic big cycle is the main body and the domestic and international double cycles promote each other, taking the promotion of high-quality development as the theme, deepening the supply-side structural reform as the main line, and taking reform and innovation as the fundamental driving force, so as to consolidate and expand the results of epidemic prevention and control and economic and social development. While doing a good job in the prevention and control of the epidemic, in 2021, we will focus on maintaining the continuity, stability, and sustainability of macroeconomic policies, and promoting economic operations within a reasonable range. Looking forward to the 14th Five-Year Plan period, our country will promote the establishment of a high-standard market economy, a high-level open economy, and a high-efficiency governance system, accelerate the transformation of modes, adjustment of structure, and change of power, strengthen the ability to prevent and resolve major risks, and promote the rapid transition of the economy to high-quality development track, speed up the construction of a new "dual cycle" development pattern, and make a good start for the comprehensive construction of a modern socialist country in an all-round way. As the core city of the Guangdong-Hong Kong-Macao Greater Bay Area, Shenzhen will usher in historic opportunities and challenges of reform, innovation and high-quality development under the guidance and drive of the country's 14th Five-Year Plan strategy of "optimizing regional economic layout, promoting coordinated development of all regions, and solidly promoting the construction of the Guangdong-Hong Kong-Macao Greater Bay Area".

The power industry is the lifeblood of economic development. With the opening of the overall situation for the implementation of the

14th Five-Year Plan, under the industry background of continuing to promote quality, efficiency, and power changes, and on the basis of expanding domestic demand, green development and innovation drive will become a new development model and opportunity for power companies. In recent years, the power industry in Guangdong Province has shown a new development trend of continuous optimization of the energy structure and continuous innovation and upgrading of the development of the energy industry, opportunities and challenges for industry development coexist. With the continuous advancement of the market-oriented reform process of electricity trading, traditional power generation companies will face a more complex market environment and a more fierce competitive landscape.

According to the "Notice of the Energy Bureau of Guangdong Province on Issuing the Guidance Plan for the Base Quantity of Generating Units in 2021" (YNDLH [2020] No. 650), in 2021, the whole province's total electricity consumption is expected to be 720.6 billion kWh, an increase of 5.0%; unified purchase of electricity demand of 684 billion kWh, an increase of 4.9%; unified adjustment of the highest load of 138 million kW, an increase of 8.8%; the planned installed capacity of newly commissioned and above is about 5.36 million kilowatts (excluding the coal-fired power generating units with the national commissioning plans), the total outsourcing electricity for the year is estimated to be approximately 207.1 billion kWh, a year-on-year increase of 3.6%. In 2021, affected by many factors, the power generation situation of 9E units in Guangdong Province will be severe, and the production and operation of the company's two 9E gas turbine power plants will face greater pressure. Firstly, the installed capacity of newly commissioned units in the province is about 5.36 million kilowatts (excluding the coal-fired power generating units with the national commissioning plans), and they are all high-efficiency and large-capacity gas-fired units, resulting in a substantial decrease in the base electricity of 9E units and the medium- and long-term contract electricity, the company will face the unfavorable situation of a decline in market share and a reduction in power generation. The second is the continuous reduction of the benchmark electricity price on the grid, with the price reduction of 0.035 yuan/kWh again in 2020, the benchmark electricity price has been reduced by a total of 0.115 yuan/kWh from 2017 to 2020, plus the kilowatt-hour transaction price difference in the electricity market transactions, the profit margin of the company's power production and marketing is further reduced. Thirdly, international and domestic inflationary pressures will be passed on to the upstream raw material natural gas prices, thus, it is predicted that the natural gas price in 2021 will exceed the price level in 2020, and the company will face the pressure of increasing fuel costs for power generation.

(ii) Summary of the Company's annual business plan for 2021

2021 is the first year when the country enters the "14th Five-Year Plan" development stage. The company will closely follow the national development strategy layout, continue to deepen the road of reform and development, conscientiously do a good job in the safe production and operation of the main business of electric power, and go all out to strive for creating benefits, so as to realize the company's strategic transformation and healthy and sustainable development at an early date. The company will continue to unswervingly lead by the "1+5" strategic road map, and through the implementation of the annual work policy of the "125" project (i.e. taking strategic development as the core, and "vertical and horizontal alliance and integration, capital entanglement" as the two basic principles, and "deeply linking, intensively cultivating project, closely following Shenzhen Gas, going deep into the market, and deeply studying real estate" as five important measures), unswervingly promote the strategic transformation, and do all the work with a steadfast attitude step by step:

1. Adhere to the leadership of the party and earnestly give play to the leading role of party building. Adhere to the overall leadership of the party, continuously improve the ability and level to implement the new development concept and build a new development pattern; strictly implement the responsibility system for party building work, adhere to the principle of party management and party building, and always put party building work as the top priority to ensure that party building work reaches a new level.
2. Adhere to standardized operations, continuously improve corporate governance, and optimize internal management. According to the "Securities Law" and other relevant laws and regulations and the revision content and requirements of securities regulatory normative documents, timely revise and improve the company's "Articles of Association" and related rules of procedure to provide a

more complete and rigorous system basis for the company's decision-making and governance. Do a good job in general election of the board of directors and the board of supervisors and the appointment of senior management personnel, ensure the standardized, continuous and efficient progress of corporate governance, production, operation, management, and development.

3. Persist in economic operation and reduce consumption and increase efficiency to the greatest extent. Adhering to the principle of "economic power generation", we will do a good job in power production and operation and power marketing, and at the same time prepare for the trial operation of the long-term monthly settlement of power spot transactions. On the premise of ensuring stable fuel supply, expand the multi-air source supply model, strive for greater market bargaining power, and minimize the procurement costs of natural gas.

4. With the aim of maximizing the company's interests, conduct land resource operation and management in accordance with laws and regulations. Closely track and study Qianhai regional planning and relevant policies, maintain communication with relevant functional departments in Shenzhen and Shenzhen Qianhai Authority, and strive to adjust the planning and positioning of the land where Nanshan Power Factory is located in a direction that is beneficial to the company; at the same time, actively seize the development opportunities of the Shenzhen-Zhongshan Channel, fully revitalize the land resources of Shennandian Zhongshan Company, and strive for the implementation of new projects and new production capacity. With the participation and cooperation of legal advisors, the company will carry out various tasks in accordance with the standardized requirements of listed companies, and fulfill the necessary decision-making approval procedures and information disclosure obligations to maximize the protection of the company and all shareholders' interests and the legitimate rights and interests of employees.

5. Take the early realization of transformation and development as an important task, and actively and steadily explore project channels. According to the company's annual work policy for the "125" project, with equity investment funds as the starting point, we will make efforts to broaden project channels suitable for the company's transformation and development needs, establish a project reserve pool, and go all out to promote the demonstration and landing work of new production capacity and new projects in the spirit of time waiting for no man, and strive to achieve business transformation as soon as possible.

6. Take the continuous promotion of management innovation as the starting point, and further improve management efficiency and talent quality. Continue to deepen the reform of human resources, further optimize the allocation of human resources, and prepare the management layout for the company's transformation and development in advance. Focus on training a group of young talents with high comprehensive quality, high educational background, professional domain knowledge and rich working experience, and build a young and professional team of compound management cadres to reserve management talents for future new projects and new industries, and to escort the company's strategic transformation and long-term development.

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 2021, affected by multiple factors, the company's subordinate two power plants will face the unfavorable situation of a decline in market share and a reduction in power generating capacity, as well as the actual pressure that fuel costs will increase after the power price cut in 2020, and the company's main business operation situation shall be more severe. The Company will continue to 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. In terms of safety management: under the increasingly market-oriented new power production model, power plants will face more flexible dispatch methods and stricter assessment policies, which put forward higher requirements for the operation and maintenance of existing aging power generation equipment. The company will formulate scientific and reasonable maintenance and technical transformation plans, invest corresponding capital and technical strength, continue to improve the maintenance and management level of equipment, and implement the main responsibility for safe production so as to ensure the safe and stable operation of production facilities. At the same time, it will further strengthen the work of epidemic prevention and control, production safety, network information security, and emergency response to ensure that no security accidents occur in the company's system, and continue to play the supporting role of the main peak shaving power point.

3. Fuel procurement: In 2021, the company's natural gas purchase price will still mainly depend on the sales price of existing suppliers. As the economic activities of the world's major economy entities, including China, tend to become stable, natural gas prices are expected to gradually rise, and the company's natural gas purchase prices in 2021 may be higher than in 2020. In addition, with the continuous advancement of the market-oriented reform of power trading in Guangdong Province, the company's planned power generation and actual power generation will be difficult to match, resulting in an increase in the difference between the planned purchase of natural gas and the actual purchase. Since the natural gas purchase contract must be signed in advance, the contract gas volume has been basically determined at the time of signing. If the company cannot take delivery of gas according to the agreement due to factors such as the marketization of electricity transactions in the later period, there may be related risks of failing to take delivery of the contract gas volume. The company will continue to optimize the upstream and downstream partnerships, give full play to the advantages of large-scale procurement and the adjustment function of multiple gas sources, and make every effort to reduce the cost of natural gas procurement while ensuring the gas demand for electricity production.

4. Land of Nanshan Power Factory: In September 2020, the company learned about the Notice of Shenzhen Municipal Bureau of Planning and Natural Resources on Printing and Distributing the "Urban Renewal and Land Preparation Plan of Shenzhen City in 2020" from the Shenzhen Government's website, which still included the land purchase and storage of the company's Nanshan Power Factory and related content. Although the company actively used various opportunities to express its demands and suggestions, as of the end of the reporting period, it still had little effect. The Company will closely maintain communication with the relevant functional departments of Shenzhen and Shenzhen 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	Location	Way	Type	Reception target	Main contents of the discussion and information provided	Basic situation index of investigation
Jan.-Dec. 2020	Office from	Field visit	Individual	Individual (60)	Attend the general meeting and	Received

	the headquarters			person-time)	inquiry of register of members (shareholders) etc.	according to the laws and regulations
Jan.-Dec. 2020	Interactive platform	Written inquiry	Individual	Individual (62 person-time)	Query the number of shareholders, as about the future development direction of the Company, progress of the investment items and lands with Nanshan Power Factory concerned	Rely in written timely
Jan.-Dec. 2020	Telephoning	Telephoning	Individual	Individual (dozens of times)	Inquire and communicate the Company's performance, market performance, the lands of Nanshan Power Factory and progress of the investment items etc.	Reply according to the laws and regulations
Reception (times)		60 person times on-site, 62 person times reply in interactive platform and dozens of times through telephoning				
Number of hospitality		0				
Number of individual reception		122				
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

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 2018, audited by Ruihua Certified Public Accounts (Special General Partnership), 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)
2. In 2019, audited by LIXINZHONGLIAN, the net profit attributable to shareholders of listed Company for year of 2019 amounting as RMB 24,900,956.73. 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 RMB 0.2(tax included) cash dividends for every ten shares 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)
3. In 2020, audited by LIXINZHONGLIAN, the net profit attributable to shareholders of listed Company for year of 2020 amounting as RMB 64,024,291.32. 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 8th session of 8th BOD (No.: 2021-006) published on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and Juchao information website dated 26 March 2021)

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	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	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

			statement		consolidation statement		contained in consolidation statement
2020	0.00	64,024,291.32	0.00%	0.00	0.00%	0.00	0.00%
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%

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

Reasons why it was profitable during the reporting period and the parent company's profit available for distribution to ordinary shareholders was positive, but no distribution plans were proposed for cash dividend of ordinary shares	The purpose and use plan of the company's undistributed profits
In 2020, the company firmly implemented the annual work policy of the "125" project, paid close attention to safe production, stock operation and transformation and development, and carried out a series of operation and management innovation measures. We created a win-win situation through the coordination of state-owned assets and strategic cooperation, introduced gas sources with preferential prices for the company while cutting capacity, carefully made overall arrangement for the gas supply chain, and maximized the benefits by letting one unit guide a whole area. The company maximized economic benefits by strengthening the economic operation management of the main business of electric power, researching and formulating the marketing strategy for power market, striving to seize market opportunities, and striving for economic power share, thereby achieving an operating performance of 64,024,300 yuan of net profit attributable to shareholders of listed companies. In 2021, with the market-oriented reform of electric power continues to advance, gas turbine power plants will face more intense market competition. The company's two power plants will face multiple pressures such as declining market share, reduced power generation, and rising gas prices. The marginal contribution of power generation production, power generation rights transfer and spot market contract spread settlement will also be narrowed, and the company will face more severe challenges. In 2021, the company will continue to adhere to the "1+5" strategic road map, closely focus on the overall goal of "turning losses into gains and getting rid of difficulties, transforming and developing, and deepening reforms", while doing a good job in safe production and operation of the main	Given that the company's main business operation pressure is still huge, and it is in a critical period of simultaneous advancement of stock asset management and transformation and development, the company's undistributed profit of 685,077,973.07 yuan will be mainly used to supplement liquidity and meet operating needs to ensure the realization of operating objectives.

<p>business of electric power, and actively seek transformation and development, search and develop project opportunities through different channels.</p> <p>Given that the company is still facing huge operating pressures and it is difficult to meet the requirements for profit distribution conditions in the company's Articles of Association, the company does not plan to distribute profits in 2020.</p>	
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II. Profit distribution plan and transfer of public reserve into share capital for the Period

Applicable Not applicable

The Company has no plan of cash dividends distribution carried out for the Year, no bonus shares or transfer of public reserve into share capital either.

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

The Accounting Standards for Business Enterprise No. 14 -Revenue was revised by Ministry of Finance in 2017. According to the

revised standards, the cumulative impact of the first implementation of the Standard shall be adjusted to the amount of retained earnings and other relevant items, in the financial statement at beginning of the first implementation period (1 Jan. 2020), information during the comparable period shall not be adjusted.

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

During the reporting period, 70% equity of Dongguan Company, held by the Company are sold, Dongguan Company was no longer included in the consolidate scope at end of the Period.

During the reporting period, the Company and China Science and Tech Innovation Venture Capital Management co-sponsor the establishment of Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership) with 99.9643% shares held by the Company, and included in consolidate scope of the Company in 2020.

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)	64
Continuous year of auditing service for domestic accounting firm	2
Name of domestic CPA	Liu Xinfia, Cao Wei
Continuous year of auditing service for domestic CPA	2

Re-appointed accounting firms in this period

Yes No

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 2020 with expenses of 0.2 million Yuan for one year.

X. Facing delisting after the disclosure of annual report

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

During the reporting period, the company neither had any failure to implement the court's effective judgments, nor had large amount of due and unpaid debts that were, etc., and had a good credit. During the reporting period, the company had no controlling shareholders or actual controllers.

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 the approval is limited or not (Y/N)	Means of payment	Available similar market price	Date of disclosure	Index of disclosure
Shenzhen	Related	Purchas	The	In	In	1,366.0	100.00	8,867	N	By	--	2019-06	The

Energy Gas Investme nt Holding Co., Ltd., Fuel Branch of Shenzhen Energy Corporati on	legal person	e fuel	Compan y, New Power Compan y and Donggu an Compan y are entered into the Natural Gas Sales and Purchas e Contract with Shenzhe n Energy Gas Investm ent Holding Co., Ltd. respecti vely, and entered in the Purchas e and Sale Manage ment Service Agreem ent of LNG with Fuel Branch of	princip e, the price shall not be higher than the market price of natural gas with referenc e to the market standard	princip e, the price shall not be higher than the market price of natural gas with referenc e to the market standard	1	%		agreeme nt		-25	Notice of OEM for Equity Gas Purcha se and Related Party Transac tion (Notice No.: 2019-0 33) release d on China Securiti es Journal , Securiti es Times, Hong Kong Comme rcial Daily and Juchao Website
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			Shenzhe n Energy Corporat ion										
Total	--	--		1,366.0 1	--	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

No contact of related credit and debt occurred in the Period

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 12.5223 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

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	48,965.56	57,565.56	0.00
Total		48,965.56	57,565.56	0.00

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. Material contract with daily operation concerned

Applicable Not applicable

5. Other material contracts

Applicable Not applicable

The name of the contract ing company	The name of the contract ed company	Contra ct object	The date of signature of the contra ct	The book value of the assets involved in the contract (RMB'0000)(if any)	The assesse d value of the assets involved in the contract (RMB'0000)(if any)	Name of the evalua tion organization(if any)	The base date evalua tion(if any)	Pricing principl es	Bargain price(RMB'000)	Wheth er connec ted transac tion (Y/N)	Incid ence relati on	The perfor mance by the end of the term	The date of disclos ure	The index of disclosure
The Company, New Power Company	Shenzhen Gas Group Co., Ltd.	Pipeline natural gas	2018-05-14			N/A		The contract is a framework agreement, price of the NG will decide through consultation		N	Not applicable	In progress		Failure to meet specific disclosure requirements

								by supplemental agreement between the two parties					
The Company, Syndome Company	Shenzhen Gas Group Co., Ltd.	70% equity of Dongguan Company (40% equity held directly by the Company, and 30% equity held through wholly-owned subsidiary Syndome Company indirectly)	2020-03-11	5,841.1	8,329.9	Watson (Beijing) International Assets Appraisal Co., Ltd.	2019-06-30	Pricing principle in the agreement is that the negotiated transfer price of underlying assets (70% equity of Dongguan Company) is higher than the appraisal value of the underlying assets issued by Watson (Beijing) International	Not applicable	Complied	7 March 2020, 24 March 2020, 11 April 2020, and 4 July 2020	Notice including: 70% Equity of Shenzhen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd Transfer, Resolution of the First Extraordinary Shareholders General Meeting of 2020, Progress of Transfer of 70% Equity of Shenzhen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd and Completion of the 70% Equity of Shenzhen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd Transferred; Notice No.: (2020-006, 2020-019, 2020-023 and 2020-032); Released on :	

								Assets Apprais al Co., Ltd.						China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website.
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XVIII. Explanation on other significant events

1. Fulfill the social responsibility

In 2020, in the face of multiple pressures such as the sudden outbreak of COVID-19 epidemic, the main business of electric power being full of challenges, and the road of transformation and development being full of thistles and thorns, the company actively performed its social responsibility within its capacity, devoted itself to seeking the healthy and harmonious development of enterprise and employees, enterprise and society, enterprise and environment while went out to pay close attention to production and operation and seek transformation and development:

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, continuously improve and strictly abide by the modern corporate management system and governance norms, and strive to realize the clear division of powers and responsibilities of the general meeting of shareholders, the board of directors, the board of supervisors, and the management, so that each performs its own functions,, effectively checks and balances, and coordinates for operation. 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. 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"; Take multiple measures simultaneously to strengthen safety management, implement safety responsibilities at all levels, layer upon layer, and continue to create a new situation in safety work.
3. 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, completed the environment protection target for the whole year.
4. In terms of epidemic prevention and control: the company strictly implemented the decision-making and deployment of the Party Central Committee and the State Council and the work requirements of the epidemic prevention and control command organizations at all levels, and established a special agency for the prevention and control of the COVID-19 epidemic in a timely manner, and established an epidemic prevention and control responsibility mechanism with responsibility to individual and the grid management and control system, drew up epidemic prevention guidelines, emergency plans and various work rules, tried every means to purchase epidemic prevention materials, strengthened the publicity, education, and care support for employees. There were no confirmed cases,

suspected cases or cases of asymptomatic infection in the company system. While doing a good job in the prevention and control of the epidemic, the company actively responded to the call for resumption of work and production, and organized production and operation in a safe and orderly manner.

5. Human Resources: The Company attached great importance to talent training and employee care, continue to promote the reform of human resources and further optimize the 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 adopt 10 Mu lands from the poverty alleviation area-Hujing village, Longchuan County, Heyuan, and 2400 kg rice with a total value of 39,600 Yuan; and purchase the agricultural products such as Chickpea, Navel Orange and Apple /dry fruit in poverty alleviation areas from Lianping, Guangdong, Gannan, Jiangxi and Xinjiang respectively with a total value of 112,040 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

(1) Plan of precise poverty alleviation

(2) Summary of the annual precise poverty alleviation

The Company responds to the call of consumption poverty alleviation actively, adopt 10 Mu lands from the poverty alleviation area-Hujing village, Longchuan County, Heyuan, and 2400 kg rice with a total value of 39,600 Yuan; and purchase the agricultural products such as Chickpea, Navel Orange and Apple /dry fruit in poverty alleviation areas from Lianping, Guangdong, Gannan, Jiangxi and Xinjiang respectively with a total value of 112,040 Yuan. In the case that the Company has not yet extricated itself from the business dilemma, total amount of poverty alleviation through consumption in 2020 is 151,640 Yuan.

(3) Achievement in precise poverty alleviation

Quota	Unit of measurement	Numbers/Progress
I. Overall situation	—	—
Including: 1. Funds	10 thousand Yuan	15.16
II. Itemized input	—	—
1. Poverty alleviation for industrial development	—	—
2. Transfer employment to get rid of poverty	—	—
3. Moving out of poverty	—	—

4.Poverty alleviation through education	—	—
5.Poverty alleviation through health	—	—
6.Poverty alleviation through ecological protection	—	—
7.overall guarantee	—	—
8.Social poverty alleviation	—	—
8.2 Investment amount of the poverty alleviation in designated areas	10 thousand Yuan	15.16
9.Other	—	—
III. Awards (content,standards)	—	—

(4) Follow-up precise poverty alleviation plan

The Company has no follow-up precise poverty alleviation plan

3. Environmental protection

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

Yes No

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	457.5ton	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	10.89ton	228.75ton	0
Shen Nan	Oxynitride	Concentrate	2	In plant area	<50 mg/m ³	GB13223	8.56ton	324.50ton	0

Dian (Zhongshan) Electric Power Co., Ltd.		emission from boiler uptake		of Zhongshan Nanlang Power Plant					
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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

The Company shall comply with the disclosure requirements of Guidelines of Information Disclosure for Industry on Shenzhen Stock Exchange No.15- Listed Companies are Engaged in Electricity-related Business

XIX. Other important events

Applicable Not applicable

1. Matters related to the agreement to transfer 70% of the shares of Shen Nan Dian Dongguan Company. On March 5 and March 23, 2020, the Eleventh Extraordinary Meeting of the Company's Eighth Board of Directors and the 2020 First Extraordinary General Meeting of Shareholders respectively reviewed and approved the Proposal on the Agreement to Transfer 70% Equity of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd.", agreeing to transfer 70% equity of Shen Nan Dian Dongguan Company directly and indirectly held by the company to Shenzhen Gas at a total price of 104.98 million yuan (including the equity agreement price of 87.5 million yuan and the transition period gains and losses of 17.48 million yuan).As of 2 July 2020, the equity transfer amount have received by the Company from Shenzhen Gas in whole, the 70% equity of Dongguan Company transferred has completed. (Found more in the Notice released on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and Juchao Website, including 70% Equity of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd Transfer, Resolution of the First Extraordinary Shareholders General Meeting of 2020, Progress of Transfer of 70% Equity of Shen Nan Dian (Dongguan) Weimei

Electric Power Co., Ltd and Completion of the 70% Equity of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd Transferred (Notice No.: 2020-006, 2020-019, 2020-023 and 2020-032))

2. Matters concerning the company's investment in Yuanzhi Ruixin New Generation Information Technology Equity Investment Fund. On March 5, 2020 and March 23, 2020, the Eleventh Extraordinary Meeting of the Company's Eighth Board of Directors and the 2020 First Extraordinary General Meeting of Shareholders respectively reviewed and approved the Proposal on *Investing in Yuanzhi Ruixin New Generation Information Technology Equity Investment Fund and Related Transactions*, agreed that the company would invest 200 million yuan with its own funds in Yuanzhi Ruixin New Generation Information Technology Equity Investment Fund. In view of the fact that Shenzhen Capital Holdings Co., Ltd, one of the limited partners of the fund, and Shenzhen Yuanzhi Ruixin Equity Investment Management Co., Ltd., the general partner of the fund, are all related legal persons of the company, the company fulfills relevant approval procedures and information disclosure obligations in accordance with relevant regulations of related transactions. As of the end of the reporting period, the related work is in progress. The company and related parties have not signed the Partnership Agreement for Yuanzhi Ruixin New Generation Information Technology Equity Investment Fund. The company will follow the progress of the matter and fulfill information disclosure obligations in accordance with the law and regulations. (Found more in the Notice released on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and *Juchao Website*, including *Notice on Investing in Yuanzhi Ruixin New Generation Information Technology Equity Investment Fund and Related Transactions* and Resolution of the First Extraordinary Shareholders General Meeting of 2020 (Notice No.: 2020-007 and 2020-019))

3. T102-0011, T102-0155 Land related matters

(1) On April 2, 2020, the company received the Notice of Shenzhen Qianhai Authority Regarding Resumption of Land Use Rights of T102-0011 Parcel from Shenzhen Qianhai Authority. The company fulfilled its information disclosure obligations in a timely manner, and immediately worked with special legal advisors to study the Shenzhen Qianhai Authority's plan to take back the land use rights of the T102-0011 parcel and its countermeasures. At the same time, it organized Shen Nan Dian Environment Protection Company, the company's wholly-owned subsidiary, and Nanshan Power Factory, a subsidiary of the company, carefully assessed the impact of this matter on their normal production and operation. On April 24, the company delivered the "Reply to the Notice of Shenzhen Qianhai Authority Regarding the Resumption of Land Use Rights of T102-0011 Parcel" (SNDHZ [2020] No. 4), which analyzed and calculated the impact of Shenzhen Qianhai Authority's plan to recover the land use rights of 2531 square meters within T102-0011 parcel on Shen Nan Dian Environment Protection Company and Nanshan Power Factory, and made a compensation request for the resumption of land use rights. The Company has arranged special personnel to follow up the progress of the matter, and will take corresponding countermeasures according to the subsequent progress and fulfill the necessary information disclosure obligations in line with the laws and regulations. (For details, please refer to the company's Announcement About Receipt of the Notice of Shenzhen Qianhai Authority Regarding Resumption of Land Use Rights of T102-0011 Parcel, the Announcement About Reply to the Notice of Shenzhen Qianhai Authority Regarding the Resumption of Land Use Rights of T102-0011 Parcel disclosed on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and *cninfo*, Announcement No.: 2020-020, 2020-029).

(2) On April 10, 2020, the company received the Letter of Notice Regarding the Selection of the Surveying, Mapping and Evaluation Agency for the Land Preparation Project (Legal Buildings and Structures) of the Rapid Reconstruction Project of Yueliangwan Avenue from Shenzhen Qianhai Development Investment Holding Co., Ltd. The company fulfilled its obligation of information disclosure in a timely manner (for details, please refer to the company's Announcement About Receipt of Letter of Notice Regarding the Selection of the Surveying, Mapping and Evaluation Agency for the Land Preparation Project (Legal Buildings and Structures) of the Rapid Reconstruction Project of Yueliangwan Avenue from Shenzhen Qianhai Development Investment Holding Co., Ltd. disclosed on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and *cninfo*, Announcement No.: 2020-024).

(3)On June 19, 2020, Shenzhen Qianhai Authority issued the Announcement of Shenzhen Qianhai Authority on the Public Presentation of the Development Unit Planning Revision (Draft) of Qianhai Area on its official website (hereinafter referred to as "the Announcement"), and publicly presented the development unit planning revision (draft) for the three areas of Qianhai (Guwan, Qianwan and Mawan). The company fulfilled its obligation of information disclosure in a timely manner, and submitted the Opinions of Shenzhen Nanshan Power Co., Ltd. on the Development Unit Planning Revision (Draft) of Qianhai Area to the Shenzhen Qianhai Authority, put forward relevant issues concerning planning content of the company's Nanshan Power Factory (Development Unit 13) in the Announcement, and raised an objection to the planning for Development Unit 13, hoping that Shenzhen Qianhai Authority will fully consider the contributions the company made to Shenzhen and Qianhai area for more than 30 years, based on the principle of "respect for history, cooperation and win-win", taking the successful land preparation model and mature experience of Qianhai for example, and properly solve the related issues of the company's Nanshan Power Factory (Development Unit 13), so that the legitimate rights and interests of listed companies and their shareholders shall be effectively protected. The Company has arranged special personnel to follow up the progress of the matter, and will take corresponding countermeasures according to the subsequent progress and fulfill the necessary information disclosure obligations in line with the laws and regulations.(Found more in the Notice released on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and *Juchao Website*, including the *Notice on Shenzhen Qianhai Authority issued the Announcement of Shenzhen Qianhai Authority on the Public Presentation of the Development Unit Planning Revision (Draft) and Development Unit Planning Revision (Draft) of Qianhai Area to the Shenzhen Qianhai Authority* (Notice No.: 2020-031 and 2020-034))

(4) On September 24, 2020, the company learned about the Notice of Shenzhen Municipal Bureau of Planning and Natural Resources on Printing and Distributing the "Urban Renewal and Land Preparation Plan of Shenzhen City in 2020" (hereinafter referred to as the "Land Preparation Plan") from the Shenzhen Government's website. According to the relevant contents of the "Land Preparation Plan" and its attached tables, the 2020 land preparation project of Qianhai Cooperation Zone still included the land purchase and storage of the company's Nanshan Power Factory and other related contents. The company fulfilled its information disclosure obligations in a timely manner, and followed up with legal counsel to understand the relevant situation. (Found more in the Notice released on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and *Juchao Website*, including the "Notifying the Notice of Shenzhen Municipal Bureau of Planning and Natural Resources on Printing and Distributing the "Urban Renewal and Land Preparation Plan of Shenzhen City in 2020"(Notice No.: 2020-042))

The company will continue to follow up the progress of matters related to the land where Nanshan Power Factory is located, maintain close communication with relevant functional departments in Shenzhen and Shenzhen Qianhai Authority, to respond to any issues that may have advance impact on the Company and its subordinate enterprises in a timely manner and put forward opinions and appeals according to the laws, and do its best to protect the legitimate rights and interests of the listed company and all shareholders.

4. Adjustment of the on-grid tariff for gas generation. On 31 July 2020, Development and Reform Commission of Guangdong Province issued the "Notice on Adjustment of the Electricity Price of Gas Generation in the Province" (Yue Fa Gai Price [2020] No.284), hereinafter referred to as the Notice), and decided to further adjust the on-grid price of gas generation in Guangdong Province. According to the spirit of the Notice, since 1 August 2020, the current generating sets of the Company, adjusted the on-grid price from 0.665 Yuan/KWH to 0.63 Yuan/KWH (within the annual utilization hours of 4000 (inclusive)), and 0.463 Yuan/KWH (with the annual utilization hours of above 4000). The on-grid price for contract price of 2020 will not adjusted in the Year temporary (Found more in the Notice on Adjustment of the On-Grid Tariff for Gas Generation, Notice No.: 2020-037) released on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and *Juchao Website*)

5. Investment matters related to the Zhongshan Prefabricated Building Industrial Park project. On September 28, 2020, the 13th interim meeting of the eighth session of the company's board of directors reviewed and approved the "Proposal on Investment in the Zhongshan Prefabricated Building Industrial Park Project", and it was agreed that the company would invest 29.29 million yuan in the Zhongshan Prefabricated Building Industrial Park project with its own funds. (Found more in the Notice released on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and Juchao Website, including the Notice on Investment in the Zhongshan Prefabricated Building Industrial Park Project (Notice No.: 2020-044))

6. Matters related to investment in Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership). On October 22, 2020, the 14th extraordinary meeting of the 8th board of directors of the company reviewed and approved the "Proposal on Investing in Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership)", and agreed that the company would invest 279.9 million yuan with its own funds in Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership). In November, the company received a notice from the fund manager Guangdong China Science and Tech Innovation Venture Capital Management Co., Ltd. that Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership) had completed the filing procedures of the fund in the Asset Management Association of China in compliance with the requirements of the Securities Investment Fund Law and the Interim Measures for the Supervision and Management of Private Equity Investment Fund and other laws and regulations. After completing the filing procedures, this company has normally carried out the preliminary investment work of the target project in accordance with the relevant regulations and its "Articles of Association". (Found more in the Notice released on *China Securities Journal, Securities Times, Hong Kong Commercial Daily* and Juchao Website, including the Notice on Investing in Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership); Notice on Completed the filing procedures of the funds (Notice No.: 2020-051; Notice No.: 2020-056))

Except for the above matters, the Company has sorted out the refundable items of the "Benefit Fund for Technical Renovation Project" and communicated with relevant personnel, but no substantial progress was made during the reporting period; the Guangdong Xinjiang Aid Project that the Company participated in 2013 had no further progress or change during the Period.

XX. Significant event of subsidiary of the Company

Applicable Not applicable

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-owned shares										
2. State-owned legal person's shares										
3. Other domestic shares	14,139	0.0023%						14,139	0.0023%	
Including: Domestic legal person's shares										
Domestic natural person's shares	14,139	0.0023%						14,139	0.0023%	
4. Foreign shares										
Including: Foreign legal person's shares										
Foreign natural person's shares										
II. Unrestricted shares	602,748,457	99.9977%						602,748,457	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. Overseas listed foreign shares										
4. Others										
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	34,457	Total common stock	33,402	Total preference shareholders with	0	Total preference shareholders	0

shareholders at end of the reporting period		shareholders at end of last month before annual report disclosed		voting rights recovered at end of reporting period (if applicable) (see note 8)		with voting rights recovered at end of last month before annual report disclosed (if applicable) (see note 8)	
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	
BOCI SECURITIES LIMITED	Overseas legal person	2.48%	14,975,502			14,975,502	
Liu Fang	Domestic nature person	1.21%	7,285,988			7,285,988	
Zeng Ying	Domestic nature person	1.19%	7,159,600			7,159,600	
China Merchants Securities H.K. Co., Ltd.	State-owned legal person	1.17%	7,079,728			7,079,728	
LI SHERYN ZHAN MING	Overseas nature person	0.97%	5,825,490			5,825,490	
Meiyi Investment Property Co., Ltd.	Domestic non state legal person	0.87%	5,217,800			5,217,800	
Haitong International Securities Company	Overseas legal person	0.65%	3,909,357			3,909,357	

Limited-Account Client									
Strategy investors or general corporation comes top 10 shareholders due to rights issue (if applicable) (see note 3)		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					
BOCI SECURITIES LIMITED	14,975,502	Domestically listed foreign shares		14,975,502					
Liu Fang	7,285,988	RMB common shares		4,225,188					
		Domestically listed foreign shares		3,060,800					
Zeng Ying	7,159,600	Domestically listed foreign shares		7,159,600					
China Merchants Securities H.K. Co., Ltd.	7,079,728	Domestically listed foreign shares		7,079,728					
LI SHERYN ZHAN MING	5,825,490	Domestically listed foreign shares		5,825,490					
Meiyi Investment Property Co., Ltd.	5,217,800	RMB common shares		5,217,800					

Haitong International Securities Company Limited-Account Client	3,909,357	Domestically listed foreign shares	3,909,357
Explanation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	<p>1. 100% equity of HONG KONG NAM HOI (INTERNATIONAL) LIMITED 100% held by Shenzhen Energy Group Co., Ltd.;</p> <p>2. The Company is unknown whether there exists associated relationship or belongs to the consistent actor among the other shareholders.</p>		
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	<p>Among the top ten shareholders, Ms. Liu Fang holds 4,180,688 shares through credit transaction guarantee securities account.</p>		

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

At present, the company does not have shareholders who hold more than 50% of the company's total share capital; or although the proportion of shares held is less than 50%, the voting rights enjoyed by the shares held by them are sufficient to have a significant impact on the resolutions of the general meeting of shareholders, that is, the company does not have the controlling shareholder as defined in Item (ii) of Article 216 of the "Company Law of the People's Republic of China (Amended in October 2018)", or Item (v) of Article 17.1 of the "Stock Listing Rules of Shenzhen Stock Exchange (Revised in 2020)".

Change of controlling shareholder in reporting period

Applicable Not applicable

The company has no controlling shareholders.

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

At present, the company does not have investors who are controlling shareholders holding more than 50% of the listed company's shares, nor investors who can actually control more than 30% of the voting rights of the listed company's shares, nor investors who can determine more than half members' appointment of the company's board of directors through actual control of the company's voting rights, nor investors who are able to have a significant impact on the resolutions of the company's general meeting of shareholders with their actual voting rights of the shares of the list company, nor investors who can determine or actually control the

resolutions of the company's board of directors with their actual voting rights of the shares of the list company or through recommendations or nomination of directors, nor persons (including natural persons, legal persons or other organizations) who can control or actually control the company's behavior through investment relations, agreements or other arrangements; that is, there is no circumstance concerning the identification standards of the actual controller or control rights of listed companies as defined in Item (iii) of Article 216 of the "Company Law of the People's Republic of China (Amended in October 2018)", or Article 84 of the Administrative Rules on the Acquisition of Listed Companies (Amended in March 2020), and Item (vi) and Item (vii) of Article 17.1 of the "Stock Listing Rules of Shenzhen Stock Exchange (Revised in 2020)".

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

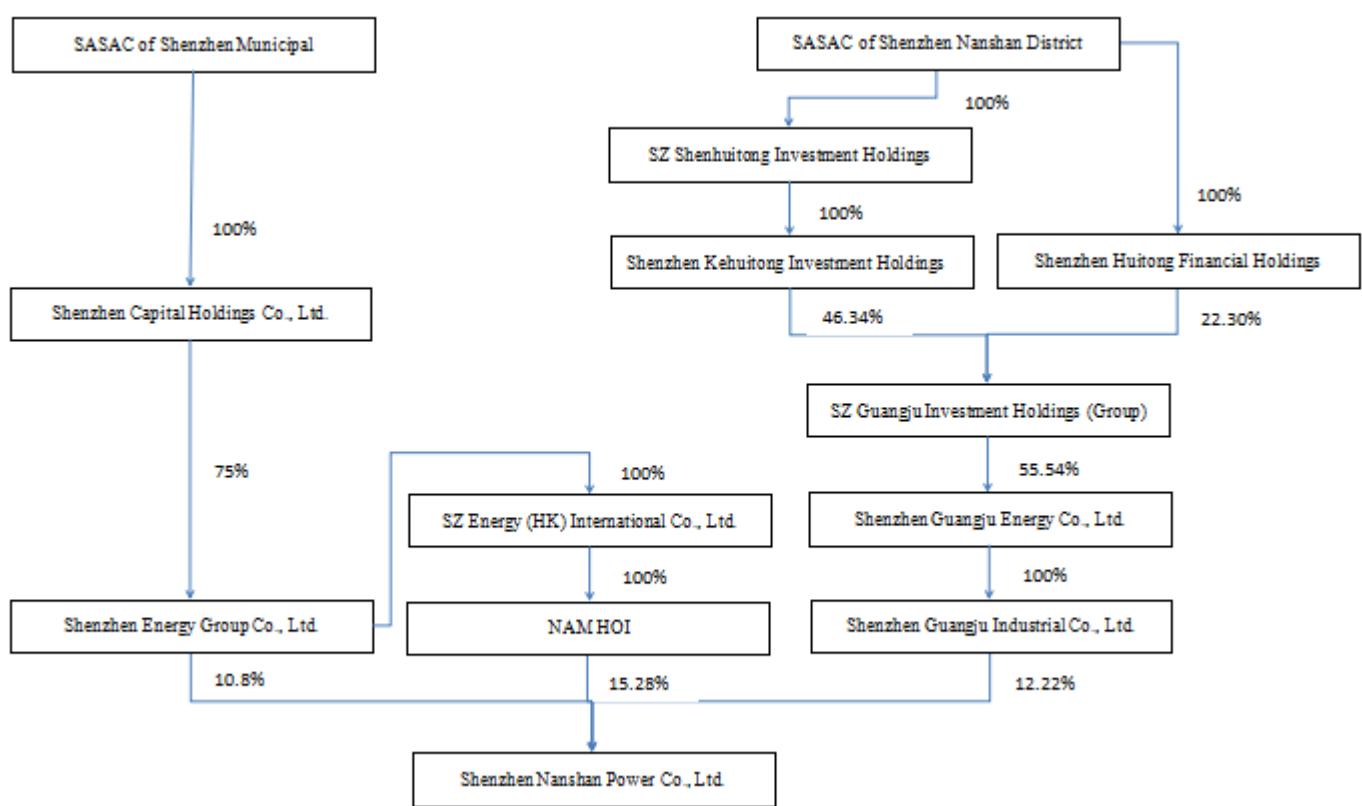
Yes No

Legal Person

Change of actual controller in the period

Applicable Not applicable

Block diagram of company property rights and control relationships



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

Name of legal person shareholder	Legal representative/person in charge	Date of establishment	Registered capital	Main business or management activities
HONG KONG NAM HOI (INTERNATIONAL) LTD.	Wang Daohai	May 14, 1985	HK\$ 15.33 million	Holding shares through investment
Shenzhen Guangju Industrial Co., Ltd.	Du Wenjun	May 31, 1989	RMB 111.11 million	Set up industry, power investment (specific projects will be declared separately)
Shenzhen Energy Group Co., Ltd.	Wang Daohai	July 15, 1985	RMB 230.971224 million	Development, production, purchase and sale of various conventional energy (including electricity, heat, coal, oil and gas) and new energy

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 dated 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	55	August 28, 2017	See note for details	0	0	0	0	0
Li Hongsheng	Vice chairman	Currently in office	M	57	January 13, 2011	See note for details	0	0	0	0	0
Huang Qing	Director	Currently in office	M	49	June 3, 2019	See note for details	0	0	0	0	0
Chen Yuhui	Director, GM	Currently in office	M	55	August 28, 2017, August 11, 2017	See note for details	0	0	0	0	0
Wu Guowen	Director, Standing Deputy GM	Currently in office	M	55	April 25, 2016, April 1, 2016	See note for details	0	0	0	0	0
Li Wenyi	Director	Currently in office	M	41	June 3, 2019	See note for details	0	0	0	0	0
Mo Jianmin	Independent director	Currently in office	M	54	November 17, 2017	See note for details	0	0	0	0	0
Chen Zetong	Independent director	Currently in office	M	50	November 17, 2017	See note for details	0	0	0	0	0
Du Wei	Independent director	Currently in office	M	65	November 11, 2019	See note for details	0	0	0	0	0
Ye Qiliang	Chairman of	Currently in office	M	57	November 17, 2017	See note for details	0	0	0	0	0

	supervisory board										
Li Zhiwei	Supervisor	Currently in office	M	40	June 3, 2019	See note for details	0	0	0	0	0
Liao Junkai	Supervisor	Currently in office	M	32	June 3, 2019	See note for details	0	0	0	0	0
Liang Jianqiang	Employee supervisor	Currently in office	M	52	November 12, 2014	See note for details	0	0	0	0	0
Peng Bo	Employee supervisor	Currently in office	M	47	November 17, 2017	See note for details	1,527	0	0	0	1,527
Zhang Jie	Deputy GM, secretary of the Board	Currently in office	F	52	December 30, 2006, December 23, 2015	See note for details	17,325	0	0	0	17,325
Dai Xiji	CFO	Currently in office	M	51	November 17, 2017	See note for details	0	0	0	0	0
Total	--	--	--	--	--	--	18,852	0	0	0	18,852

Note: The office term of the 8th BOD, Supervisory Committee and the senior executives were expired on 17 Nov. 2020. In view of the change of the relevant works have not been completed, change of the BOD and Supervisory Committee is postponed, the tenure for specific committee of the Board and senior executives will be extended accordingly. Before the general election is completed, the 8th BOD, all members of the Supervisory Committee and senior executives will, in line with the laws, administrative regulations and Article of Association, continue to perform the duties and obligation of the directors, supervisors and senior executive.

II. Changes of directors, supervisors and senior officers

Applicable Not applicable

III. Post-holding

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

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 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 chairman of the Company since August 2017, now served as chairman of Shenzhen Energy Group Co., Ltd., Shenzhen Shen Nan Dian Environment Protection Co., Ltd., Shenzhen Shennandian Turbine Engineering Technology Co., Ltd. and director of Shen Nan Energy (Singapore) Co., Ltd. Since May 2019, he has been the 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 Yuanzhi Investment 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 the director of Shen Nan Energy (Singapore) Co., Ltd. since August 2017. From May 2019 to present, he has been the 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 Yuanzhi Investment 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 Group Co., Ltd.(former Shenzhen Capital 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 also serves as independent director of Shenzhen Kunpeng Holdings Co., Ltd., an unlisted company, and independent director of Shenzhen Zhuolineng Technology Co., Ltd. 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 (Also known as South China International Economic and Trade Arbitration Commission, Shenzhen Arbitration Commission), concurrently an independent director of listed company Tianma Microelectronics Co., Ltd. (A-share 000050), 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 as 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., general manager of Shenzhen International Qianhai Industry (Shenzhen) Co., Ltd., and senior consultant of Shenzhen International Business Management (Shenzhen) Co., Ltd. He is currently Current Executive Director of Shenzhen Borun Investment 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. Since November 2017, he has been the chairman of the company's board of supervisors.

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 Yuanzhi Investment 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, CPC member, 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 Yuanzhi Investment Co., Ltd.), concurrently serve as supervisor of Shenzhen Academy of Building Research 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; 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 in December 2017. Since September 2020, he has served as the full-time deputy director of the company's safety committee office, and currently concurrently serving as Vice Chairman of Shenzhen New Power Industry Co., Ltd. He serves as employee supervisor of the Company since November 2014

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 has served as general manager of Nanshan Thermal Power Plant since September 2020, and currently concurrently director of Shenzhen

Shennandian Environmental Protection Co., Ltd. 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 Energy (Singapore) Co., Ltd.

Post-holding in shareholder's unit

Applicable Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit	Worked from	Expired on	Received remuneration from shareholder's unit (Y/N)
Li Xinwei	Shenzhen Energy Group Co., Ltd.	Director	April 24, 2019		N
Huang Qing	Shenzhen Energy Group Co., Ltd.	Director	April 24, 2019		N
Li Wenying	Shenzhen Energy Group Co., Ltd.	Director	April 24, 2019		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	October 30, 2018		N
	Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Chairman	January 18, 2019		N
	Shen Nan Energy (Singapore) Co., Ltd.	Director	December 27, 2017		N
Li Hongsheng	Shenzhen Guangju Energy Co., Ltd.	Director, GM	December 22, 2007		Y
Huang Qing	Shenzhen Capital Operation Group Co., Ltd.	Deputy General Manager	September 1, 2016		Y
Chen Yuhui	Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Chairman	August 26, 2017		N
	Shen Nan Energy (Singapore) Co., Ltd.	Director	December 27, 2017		N
Wu Guowen	Shenzhen Server Energy Co., Ltd.	Chairman	May 2, 2018		N
Li Wenying	Shenzhen Capital Operation Group Co., Ltd.	Director of the Investment Development Department	January 1, 2014		Y
Li Zhiwei	Shenzhen Capital Operation Group Co., Ltd.	Deputy director of accounting and finance department	May 1, 2018		Y
Liao Junkai	Shenzhen Capital Operation Group Co., Ltd.	Senior manager of risk control department	July 1, 2014		Y
	Shenzhen Institute of Building Research Co., Ltd.	Supervisor	November 4, 2020		N
Mo Jianmin	Da Hua Certified Public Accountants	Partner	June 9, 2014		Y
	Shenzhen Kunpeng Holdings Co., Ltd.	Independent director	October 2019		N
	Shenzhen Zhuolineng Technology Co., Ltd.	Independent director	December 2020		N
Chen Zetong	Junzejun Law Offices	Senior partner	September 1, 2012		Y
	Tianma Microelectronics Co., Ltd.	Independent director	June 19, 2016		N
Du Wei	Shenzhen Borun Investment Co., Ltd.	Executive director	February 2020		Y

Liang Jianqiang	Shenzhen New Power Industrial Co., Ltd.	Vice chairman	February 23, 2018		N
	Shenzhen Nanshan Thermal Power Co., Ltd. Nanshan Thermal Power Plant	GM	December 12, 2017	September 7, 2020	Y
Peng Bo	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	GM	October 16, 2017	September 7, 2020	Y
	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Director	October 16, 2017		
	Shenzhen Nanshan Thermal Power Co., Ltd. Nanshan Thermal Power Plant	GM	September 7, 2020		Y
Dai Xiji	Shenzhen New Power Industrial Co., Ltd.	Chairman	February 23, 2018		N
	Shen Nan Energy (Singapore) Co., Ltd.	Director	December 27, 2017		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	55	Currently in office	85.50	N

Li Hongsheng	Vice chairman	M	57	Currently in office	0.00	Y
Huang Qing	Director	M	49	Currently in office	0.00	Y
Chen Yuhui	Director, GM	M	55	Currently in office	77.50	N
Wu Guowen	Director, Standing deputy GM	M	55	Currently in office	72.00	N
Li Wenying	Director	M	41	Currently in office	0.00	Y
Mo Jianmin	Independent director	M	54	Currently in office	11.90	N
Chen Zetong	Independent director	M	50	Currently in office	11.90	N
Du Wei	Independent director	M	65	Currently in office	11.90	N
Ye Qiliang	Chairman of supervisory committee	M	57	Currently in office	71.50	N
Li Zhiwei	Supervisor	M	40	Currently in office	0.00	Y
Liao Junkai	Supervisor	M	32	Currently in office	0.00	Y
Liang Jianqiang	Employee supervisor	M	52	Currently in office	43.60	N
Peng Bo	Employee supervisor	M	47	Currently in office	41.00	N
Zhang Jie	Deputy GM, secretary of the Board	F	52	Currently in office	69.50	N
Dai Xiji	CFO	M	51	Currently in office	69.50	N
Total	--	--	--	--	565.80	--

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)	270
Employee in-post of main Subsidiaries (people)	133
The total number of current employees (people)	403
The total number of current employees to receive pay (people)	403
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 staff	224
Sales staff	0
Technical staff	0
Financial staff	23
Administration staff	156
Total	403
Education background	
Type of education background	Numbers (people)
High school and below	66
3-years regular college graduate and Polytechnic school graduate	166
Bachelor degree	149
Master and above	22
Total	403

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 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 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 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. Implementation of employee training

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

During the reporting period, in accordance with guideline of Company Law, Securities Law, Corporate Governance Guidelines, Stock Listing Rules and administrative regulations, 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 six extraordinary meetings to carefully research, deliberate and make decisions on significant matters within the rights of board of directors. 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 four 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. 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 regulations and 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 2020, the Company completed the preparation and disclosure of periodic reports and interim announcements on schedule, a total of 62 announcements were issued throughout the year, strive to give investors a complete picture of the Company's produce, operation, governance, and 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 and internal regular 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.

8. Self-examination and continuous improvement of corporate governance: in accordance with the spirit of the "Opinions of the State Council on Further Improving the Quality of Listed Companies" and the "Notice of the Shenzhen Securities Regulatory Bureau on Promoting the Implementation of Main Responsibilities of Listed Companies in the Jurisdictional Area to Improve Governance and Achieve High-Quality Development" and other documents and the relevant requirements of Shenzhen Securities Regulatory Bureau, the company carried out a self-inspection of the governance situation and formed a "Self-inspection Report on the Quality of Corporate Governance", which was submitted to the Shenzhen Securities Regulatory Bureau within the specified time (before December 31, 2020), and in accordance with the requirements, on February 1, 2021, the "Self-inspection Report on the Quality of Corporate Governance" has been submitted to the sixteenth extraordinary meeting of the company's eighth board of directors for deliberation. In accordance with the spirit of the China Securities Regulatory Commission's "Announcement on Launching Special

Actions on the Governance of Listed Companies" and the requirements of the Shenzhen Securities Regulatory Bureau, the company has initiated relevant work, which will be completed on schedule.

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 any administrative positions other than director and supervisor in shareholders units. 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.

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
First Extraordinary shareholders' general meeting of 2020	Extraordinary shareholders' general meeting	42.09%	March 23, 2020	March 24, 2020	Announcement name: “ Shenzhen Nanshan Power Co., Ltd. Resolution Notice of First Extraordinary shareholders' general meeting of 2020”; Announcement number:2020-019; published on “China Securities Journal” “Securities Times” “Hong Kong Commercial Daily” and Juchao Website
Annual General Meeting of 2019	AGM	38.72%	April 10, 2020	April 11, 2020	Announcement name: “ Shenzhen Nanshan Power Co., Ltd. Resolution Notice of Annual General Meeting 2019”; Announcement number:2020-021; published on “China Securities Journal” “Securities Times” “Hong Kong Commercial Daily” and Juchao Website
Second Extraordinary shareholders' general meeting	Extraordinary shareholders' general meeting	38.78%	October 16, 2020	October 17, 2020	Announcement name: “ Shenzhen Nanshan

meeting of 2020						Power Co., Ltd. Resolution Notice of Second Extraordinary shareholders' general meeting of 2020"; Announcement number:2020-049; published on "China Securities Journal" "Securities Times" "Hong Kong Commercial Daily" and Juchao Website
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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	8	0	8	0	0	N	1
Chen Zetong	8	0	8	0	0	N	2
Du Wei	8	0	8	0	0	N	3

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 2020, member of the strategy and investment management committee attended the 8 meetings of the Board, 3 shareholders general meetings, they careful review the all comprehensive documents as *Work Report of GM for year of 2019*, and *Proposal for financial statement report of 2019*, *Integrated Business Plans for year of 2020*, 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 major investment decisions

On March 5, 2020, the Strategy and Investment Management Committee of the 8th Board of Directors of the Company held its fifth meeting by way of communication voting, reviewed and approved the Proposal on *Transferred 70% Equity of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd* by Agreement and *Proposal on Investing in Yuanzhi Ruixin New Generation Information Technology Equity Investment Fund and Related Transactions*.

On March 18, 2020, the Strategy and Investment Management Committee of the 8th Board of Directors of the Company held its sixth meeting by way of communication voting, reviewed and approved the 2019 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 2020.

On September 28, 2020, the Strategy and Investment Management Committee of the 8th Board of Directors of the Company held its seventh meeting by way of communication voting, reviewed and approved the "Proposal on Investment in the Zhongshan Prefabricated Building Industrial Park Project" and *Proposal on Purchasing Financial Products with Idle Own Funds*.

On October 22, 2020, the Strategy and Investment Management Committee of the 8th Board of Directors of the Company held its seventh meeting by way of communication voting, reviewed and approved the *Proposal on Investment for Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership)*.

(ii) Audit Committee

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

In 2020, the audit committee members of the company's board of directors attended 8 board meetings, 3 shareholders meetings, and

carefully reviewed all documents including “2019 Annual General Manager Work Report” and “Proposal on the 2020 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 January 9, 2020, the eighth meeting of the Audit Committee of the eighth Board of Directors of the Company was held by telephone conference. The meeting heard the explanation from Lixin Zhonglian Certified Public Accountants (SPECIAL GENERAL PARTNERSHIP)’s introduction to the communication issues with the management during the 2019 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 2019 annual audit report in strict accordance with the requirements of regulatory authorities.

On March 18, 2020, the Audit Committee of the 8th Board of Directors of the Company convened the 9th meeting by way of communication voting, and listened to the *2019 Financial Audit Report* and *2019 Internal Control Audit Report*, the deliberation reviewed and passed the *Proposal for Reviewing 2019 Annual Internal Control Evaluation Report*, the *Re-engagement of Auditing Institution and Remuneration for year of 2020* and the *2020 Duty Performance Report of the Audit Committee of the Board* etc.

(iii) Nomination Committee

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

In 2020, members of the Nomination Committee of the 8th Board of Directors attended 8 Board meetings, and 3 shareholders meetings, they careful review the all documents as Work Report of GM for year of 2019, and *Integrated Business Plans for year of 2020*. 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 review the Performance Report for year of 2019

On March 18, 2020, the Nomination Committee of the 8th Board of Directors of the Company convened the 6th meeting, reviewed and approved the *Performance Report for year of 2019 of Nomination Committee of the Board*, and formulated a working ideas and plans for the year of 2020.

(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 2020, members of the remuneration and appraisal committee attended 8 Board meetings, 3 shareholders’ meetings, they careful review all documents as *Work Report of GM for year of 2019*, *Proposal on the 2019 financial final report*, and *Integrated Business Plans for year of 2020*, 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 18, 2020, the Remuneration and Appraisal Committee of the 8th Board of Directors convened 4th meeting by way of communication voting, reviewed and approved the *Work Report of Remuneration and Appraisal Committee for year of 2019*, *Proposal to Award the 2019 Profitable Award and Proposal on Accrual of Special Award for Year of 2020*.

On May 20, 2020, the Remuneration and Appraisal Committee of the 8th Board of Directors convened 5th meeting by way of communication voting, reviewed and approved the *Proposal on Distribution of Profitable Award for year of 2019*.

On September 28, 2020, the Remuneration and Appraisal Committee of the 8th Board of Directors convened 6th meeting by way of communication voting, reviewed and approved the Proposal on *Accrual of Fixed Pay for Year of 2020*.

On December 8, 2020, the Remuneration and Appraisal Committee of the 8th Board of Directors convened 7th meeting by way of communication voting, reviewed and approved the Proposal on *Specific Evaluation and Accrual Method for the Transitional Development Award for 2020*.

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 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	March 26, 2021
Disclosure index of full internal control evaluation report	“Evaluation report of internal control for year of 2020” 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	99.30%
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	100.00%

statements		
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>Major defects: under major operational activities, there are major defects in several companies which are consolidated into the preparation of financial statements, or there are major defects in few of companies which are consolidated into the preparation of financial statements but the Company with major defect are the main one participating into such major operation activities;</p> <p>Substantial defects: under major operational activities, there are substantial defects in few of companies which are consolidated into the preparation of financial statements, or there are moderate defects in several companies which are consolidated into the preparation of financial statements but the Company with major defect are the main one participating into such major operation activities; or there are moderate defects in few of companies which are consolidated into the preparation of financial statements but the Company with moderate defect are the main one participating into such major operation activities;</p> <p>General defects: under major operational activities, there are moderate defects in few of companies which are consolidated into the preparation of financial statements, and the Company with moderate defects is not the main one participating into the major operational activities; or there are only general defects in companies which are consolidated into the preparation of financial statements; there are no internal control defects in major operational activities and there are only internal control defects in minor operational activities.</p>	<p>Major defects: under major operational activities, there are major defects in several companies which are consolidated into the preparation of financial statements, or there are major defects in few of companies which are consolidated into the preparation of financial statements but the Company with major defect are the main one participating into such major operation activities;</p> <p>Substantial defects: under major operational activities, there are substantial defects in few of companies which are consolidated into the preparation of financial statements, or there are moderate defects in several companies which are consolidated into the preparation of financial statements but the Company with major defect are the main one participating into such major operation activities; or there are moderate defects in few of companies which are consolidated into the preparation of financial statements but the Company with moderate defect are the main one participating into such major operation activities;</p> <p>General defects: under major operational activities, there are moderate defects in few of companies which are consolidated into the preparation of financial statements, and the Company with moderate defects is not the main one participating into the major operational activities; or there are only general defects in companies which are consolidated into the preparation of financial statements; there are no internal control defects in major operational activities and there are only internal control defects in minor operational activities.</p>

		control defects in major operational activities and there are only internal control defects in minor operational activities.
Quantitative standard	Major defects: mistaken amount \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 $\times 0.5\%$ General defect: mistaken amount $<$ total assets in consolidated financial statement $\times 0.2\%$	Major defects: amount of direct loss \geq total assets in consolidated financial statement $\times 0.5\%$ Substantial defects: total assets in consolidated financial statement $\times 0.2\% \leq$ amount of direct loss $<$ total assets in consolidated financial statement $\times 0.5\%$ 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)	March 26, 2021
Index of audit report of internal control (full-text)	“Audit report of internal control for year of 2020” 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. Corporate Bonds

Whether the Company has a corporate 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	March 24, 2021
Name of audit institute	LIXINZHONGLIAN CPAS (SPECIAL GENERAL PARTNERSHIP)
Number of Audit report	LIXINZHONGLIAN Shen Zi[2021]D-0253
Name of CPA	Liu Xinfa, Cao Wei

Text of Report (Attached)

Section XIII. Documents available for Reference

- I. Original Annual Report of 2020 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.

深圳南山热电股份有限公司

Shenzhen Nanshan Power Co., Ltd.

Auditor's Report

Lixin Zhonglian Shen Zi [2021]D-0253

立信中联会计师事务所（特殊普通合伙）

LixinZhonglian CPAs (SPECIAL GENERAL PARTNERSHIP)

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Auditor's Report

LixinZhonglian Shen Zi[2021]D-0253

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 2020, 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 2020, 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 2020 and the operating results and cash flow of the Company and parent company's for the year of 2020.

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 assets	
Reference to the Annotations of Financial Statement with the "19. Accounting policy" in Note III. Major accounting policies and estimation, and the note (40) of V. Annotation of the items in consolidate financial statement As at 31 December 2020, the Company has fixed assets and construction in progress with carrying value of RM B 968,527,921.65 in total, accounting for 32.05% of the consolidated total assets and 89.11% of the non-curre	Auditing procedures on the impairment of assets including: 1.assess and test the design and effectiveness of execution of the internal control related to assets impairment; 2.select samples of assets to implement supervision procedure, so as to understand whether the assets experience backward crafts, long-term idle and load rate; 3.Make use of the work of the experts of external appraiser, comprehensively evaluate the parameters used in ass

<p>nt assets of the Company, which constitutes the essential part of the Company's assets. For the year of 2020, the assets impairment loss recognized in consolidated financial statement amounted to RMB 43,718,679. 38, a 62.14% takes in total profit of the consolidated profit statement, which has a great impact on the operating results of Shen Nan Dian.</p> <p>The management has assessed whether there is any sign of impairment in above assets. For those assets with impairment sign identified, the management makes impairment test by comparison between the recoverable amount of the 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 assets with significant accounting estimation and judgment, and the impact amount is significant, we determine the impairment of assets as a key audit item</p>	<p>essment 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 “(24) Accounting policy” in Note III Major accounting policies and estimation and the Note (31). in V. Annotation of the items in consolidate financial statement</p> <p>In 2020, consolidate operation revenue for Shen Nan Dian amounted as RMB 985,253,831.58, a 19.41% 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 transactions; 5. Make deadline test on operating income to confirm w

	whether the operating income is recorded in appropriate accounting periods.
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IV. Other information

The management of Shen Nan Dian (hereinafter, the Management) is responsible for other information, which includes the information covered in the Annual Report of 2020 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):

Tianjin China

March 24, 2021

Financial Statements**1. Consolidated balance sheet**

Shenzhen Nanshan Power Co., Ltd.

December 31, 2020

In RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	764,601,272.21	773,209,854.84
Settlement provisions		
Capital lent		
Tradable financial assets		
Derivative financial assets		
Note receivable		
Account receivable	85,293,052.88	178,150,580.32
Receivable financing		
Accounts paid in advance	29,544,788.35	70,005,681.50
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	31,027,754.36	32,321,826.94
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	100,245,529.06	124,686,443.61
Contractual assets	7,229,600.00	
Assets held for sale		
Non-current asset due within one year		
Other current assets	917,288,244.54	445,236,731.33
Total current assets	1,935,230,241.40	1,623,611,118.54
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	8,893,408.86	14,619,203.03
Investment in other equity instrument	81,615,000.00	60,615,000.00
Other non-current financial assets		
Investment real estate	2,205,189.40	2,401,327.00
Fixed assets	925,745,208.55	1,381,675,872.68
Construction in progress	42,782,712.98	66,474,630.23
Productive biological asset		
Oil and gas asset		
Right-of-use assets		

Intangible assets	21,125,610.24	43,602,166.44
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	1,027,508.94	1,174,171.16
Deferred income tax asset	2,206,049.69	2,206,049.69
Other non-current asset		22,882,181.78
Total non-current asset	1,085,600,688.66	1,595,650,602.01
Total assets	3,020,830,930.06	3,219,261,720.55
Current liabilities:		
Short-term loans	675,528,858.48	881,075,378.48
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable	30,467,345.48	
Account payable	9,306,303.26	19,871,102.41
Accounts received in advance		
Contractual liability		
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	69,426,903.97	55,208,432.53
Taxes payable	7,626,258.26	21,769,273.77
Other account payable	27,020,944.95	43,691,472.06
Including: Interest payable		
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	819,376,614.40	1,021,615,659.25
Non-current liabilities:		
Insurance contract reserve		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long-term wages payable		

Accrual liability	19,923,508.28	26,646,056.28
Deferred income	93,780,657.93	108,507,683.52
Deferred income tax liabilities		
Other non-current liabilities	7,627.86	
Total non-current liabilities	113,711,794.07	135,153,739.80
Total liabilities	933,088,408.47	1,156,769,399.05
Owner's equity:		
Share capital	602,762,596.00	602,762,596.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	362,770,922.10	362,770,922.10
Less: Inventory shares		
Other comprehensive income	-2,500,000.00	-2,500,000.00
Reasonable reserve		
Surplus public reserve	332,908,397.60	332,908,397.60
Provision of general risk		
Retained profit	758,799,931.94	706,830,892.54
Total owner's equity attributable to parent company	2,054,741,847.64	2,002,772,808.24
Minority interests	33,000,673.95	59,719,513.26
Total owner's equity	2,087,742,521.59	2,062,492,321.50
Total liabilities and owner's equity	3,020,830,930.06	3,219,261,720.55

Legal Representative: Li Xinwei

General Manager: Chen Yuhui

CFO: Dai Xiji

Person in charge of Accounting Institution: Shang Ying

2. Balance Sheet of Parent Company

In RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	656,244,294.18	632,948,706.11
Trading financial assets		
Derivative financial assets		
Note receivable		
Account receivable	24,673,115.32	31,824,693.69
Receivable financing		
Accounts paid in advance	25,560,315.87	46,152,700.57
Other account receivable	598,044,417.89	873,861,071.55
Including: Interest receivable		
Dividend receivable		
Inventories	91,867,492.38	101,728,367.43

Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	910,645,154.56	438,613,774.49
Total current assets	2,307,034,790.20	2,125,129,313.84
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	250,191,165.00	303,341,165.00
Investment in other equity instrument	60,615,000.00	60,615,000.00
Other non-current financial assets		
Investment real estate		
Fixed assets	312,649,354.95	321,395,526.04
Construction in progress	1,073,964.84	1,949,450.23
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	332,241.43	404,104.06
Research and development costs		
Goodwill		
Long-term deferred expenses	734,374.41	790,841.39
Deferred income tax assets		
Other non-current assets		
Total non-current assets	625,596,100.63	688,496,086.72
Total assets	2,932,630,890.83	2,813,625,400.56
Current liabilities		
Short-term borrowings	675,528,858.48	580,640,114.59
Trading financial liability		
Derivative financial liability		
Notes payable	30,467,345.48	
Account payable	998,036.56	864,016.74
Accounts received in advance		
Contractual liability		
Wage payable	53,405,473.63	33,840,544.53
Taxes payable	1,752,749.94	718,630.17
Other accounts payable	204,960,979.45	203,332,331.14
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	967,113,443.54	819,395,637.17
Non-current liabilities:		
Long-term loans		

Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities		
Deferred income	54,805,440.92	58,261,356.20
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	54,805,440.92	58,261,356.20
Total liabilities	1,021,918,884.46	877,656,993.37
Owners' equity:		
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		
Special reserve		
Surplus reserve	332,908,397.60	332,908,397.60
Retained profit	685,077,973.07	710,334,373.89
Total owner's equity	1,910,712,006.37	1,935,968,407.19
Total liabilities and owner's equity	2,932,630,890.83	2,813,625,400.56

3. Consolidated Profit Statement

Item	2020	In RMB
I. Total operating income	985,253,831.58	1,222,577,954.53
Including: Operating income	985,253,831.58	1,222,577,954.53
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	928,092,033.49	1,207,009,412.33
Including: Operating cost	794,523,810.39	1,061,916,713.85
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		

Reinsurance expense		
Tax and extras	8,545,858.05	7,640,784.83
Sales expense	4,979,915.34	5,599,305.43
Administrative expense	111,618,225.09	109,541,900.18
R&D expense	8,490,882.58	
Financial expense	-66,657.96	22,310,708.04
Including: Interest expenses	32,014,803.26	49,212,452.58
Interest income	32,660,554.45	26,884,777.55
Add: other income	22,711,318.05	10,137,838.38
Investment income (Loss is listed with “-”)	27,809,087.38	-1,429,841.92
Including: Investment income on affiliated company and joint venture	-5,725,794.17	-1,429,841.92
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)		-556,572.76
Losses of devaluation of asset (Loss is listed with “-”)	-43,718,679.38	
Income from assets disposal (Loss is listed with “-”)	-1,109,128.91	-279,099.94
III. Operating profit (Loss is listed with “-”)	62,854,395.23	23,440,865.96
Add: Non-operating income	6,585,316.78	5,601,216.93
Less: Non-operating expense	153,719.62	270,348.79
IV. Total profit (Loss is listed with “-”)	69,285,992.39	28,771,734.10
Less: Income tax expense	1,361,203.90	3,078,791.48
V. Net profit (Net loss is listed with “-”)	67,924,788.49	25,692,942.62
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-’)	67,924,788.49	25,692,942.62
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner's of parent company	64,024,291.32	24,900,956.73
2.Minority shareholders' gains and losses	3,900,497.17	791,985.89
VI. Net after-tax of other comprehensive income		2,500,000.00
Net after-tax of other comprehensive income attributable to owners of parent company		2,500,000.00
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		2,500,000.00

1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		2,500,000.00
4.Fair value change of enterprise's credit risk		
5. Other		
(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.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	67,924,788.49	28,192,942.62
Total comprehensive income attributable to owners of parent Company	64,024,291.32	27,400,956.73
Total comprehensive income attributable to minority shareholders	3,900,497.17	791,985.89
VIII. Earnings per share:		
(i) Basic earnings per share	0.1062	0.0413
(ii) Diluted earnings per share	0.1062	0.0413

Legal Representative: Li Xinwei

General Manager: Chen Yuhui

CFO: Dai Xiji

Person in charge of Accounting Institution: Shang Ying

4. Profit Statement of Parent Company

Item	2020	2019	In RMB
I. Operating income	375,980,848.55	406,004,521.28	
Less: Operating cost	350,765,440.51	388,210,502.44	
Taxes and surcharge	1,869,505.05	2,361,313.49	

Sales expenses		
Administration expenses	61,463,793.70	54,248,280.07
R&D expenses		
Financial expenses	-33,786,954.71	-30,081,146.05
Including: interest expenses	28,907,352.91	39,534,771.43
Interest income	62,595,082.66	69,680,898.66
Add: other income	14,052,451.52	7,437,748.94
Investment income (Loss is listed with “-”)	-14,432,400.00	
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)		
Losses of devaluation of asset (Loss is listed with “-”)	-7,399,234.51	
Income on disposal of assets (Loss is listed with “-”)	-1,085,739.91	-231,973.37
II. Operating profit (Loss is listed with “-”)	-13,195,858.90	-1,528,653.10
Add: Non-operating income	-	46,869.52
Less: Non-operating expense	5,290.00	12,018.03
III. Total Profit (Loss is listed with “-”)	-13,201,148.90	-1,493,801.61
Less: Income tax		-2,246,824.86
IV. Net profit (Net loss is listed with “-”)	-13,201,148.90	753,023.25
(i)continuous operating net profit (net loss listed with ‘-’)	-13,201,148.90	753,023.25
(ii) termination of net profit (net loss listed with ‘-’)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(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. Amount of financial assets re-classify to other comprehensive income		
4. Credit impairment provision for other debt investment		
5. Cash flow hedging reserve		
6. Translation differences arising on translation of foreign currency financial statements		
7. Other		
VI. Total comprehensive income	-13,201,148.90	753,023.25
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2020	2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	1,108,562,507.27	1,331,274,801.35
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	1,601,602.02	3,984,902.00
Other cash received concerning operating activities	45,950,570.01	78,737,812.66
Subtotal of cash inflow arising from	1,156,114,679.30	1,413,997,516.01

operating activities		
Cash paid for purchasing commodities and receiving labor service	631,546,077.17	968,845,362.61
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	144,256,547.88	144,365,094.41
Taxes paid	61,168,879.09	40,161,219.78
Other cash paid concerning operating activities	58,417,766.14	57,681,930.60
Subtotal of cash outflow arising from operating activities	895,389,270.28	1,211,053,607.40
Net cash flows arising from operating activities	260,725,409.02	202,943,908.61
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	540.00	1,990,145.00
Net cash received from disposal of subsidiaries and other units	32,412,836.98	
Other cash received concerning investing activities	7,907,964.80	1,489,600.00
Subtotal of cash inflow from investing activities	40,321,341.78	35,486,018.97
Cash paid for purchasing fixed, intangible and other long-term assets	18,670,897.05	75,242,132.78
Cash paid for investment	510,190,094.90	118,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	528,860,991.95	193,242,132.78
Net cash flows arising from investing activities	-488,539,650.17	-157,756,113.81
III. Cash flows arising from financing activities		
Cash received from absorbing investment	85,632.79	
Including: Cash received from		

absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	1,148,033,285.00	1,460,000,000.00
Other cash received concerning financing activities	170,000,000.00	5,170,000.00
Subtotal of cash inflow from financing activities	1,318,118,917.79	1,465,170,000.00
Cash paid for settling debts	1,056,000,000.00	1,605,940,000.00
Cash paid for dividend and profit distributing or interest paying	39,905,513.17	47,992,661.32
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	887,962.40	
Subtotal of cash outflow from financing activities	1,096,793,475.57	1,653,932,661.32
Net cash flows arising from financing activities	221,325,442.22	-188,762,661.32
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-399,929.82	108,255.78
V. Net increase of cash and cash equivalents	-6,888,728.75	-143,466,610.74
Add: Balance of cash and cash equivalents at the period -begin	771,490,000.96	914,956,611.70
VI. Balance of cash and cash equivalents at the period -end	764,601,272.21	771,490,000.96

6. Cash Flow Statement of Parent Company

Item	2020	2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	533,744,518.18	563,020,587.66
Write-back of tax received	312,882.87	
Other cash received concerning operating activities	624,995,145.52	72,985,064.74
Subtotal of cash inflow arising from operating activities	1,159,052,546.57	636,005,652.40
Cash paid for purchasing commodities and receiving labor service	283,488,305.67	395,885,100.64
Cash paid to/for staff and workers	95,218,999.45	90,154,340.11
Taxes paid	2,899,621.27	11,935,461.99
Other cash paid concerning operating activities	357,365,024.96	49,268,827.60
Subtotal of cash outflow arising from operating activities	738,971,951.35	547,243,730.34
Net cash flows arising from operating activities	420,080,595.22	88,761,922.06
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
Net cash received from disposal of subsidiaries and other units	59,990,000.00	
Other cash received concerning investing activities	6,763,164.80	488,010,509.85
Subtotal of cash inflow from investing activities	66,753,164.80	521,811,883.82
Cash paid for purchasing fixed, intangible and other long-term assets	9,391,182.84	51,869,922.10
Cash paid for investment	489,190,094.90	118,000,000.00
Net cash received from subsidiaries and other units obtained	21,272,400.00	
Other cash paid concerning investing activities		275,000,000.00
Subtotal of cash outflow from investing activities	519,853,677.74	444,869,922.10
Net cash flows arising from investing activities	-453,100,512.94	76,941,961.72
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	848,033,285.00	1,160,000,000.00
Other cash received concerning financing activities		25,000,000.00
Subtotal of cash inflow from financing activities	848,033,285.00	1,185,000,000.00
Cash paid for settling debts	756,000,000.00	1,440,000,000.00
Cash paid for dividend and profit distributing or interest paying	34,827,027.04	36,757,499.51
Other cash paid concerning financing activities	887,962.40	7,039,888.75
Subtotal of cash outflow from financing activities	791,714,989.44	1,483,797,388.26
Net cash flows arising from financing activities	56,318,295.56	-298,797,388.26
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-2,789.77	747.58
V. Net increase of cash and cash equivalents	23,295,588.07	-133,092,756.90
Add: Balance of cash and cash equivalents at the period -begin	632,948,706.11	766,041,463.01
VI. Balance of cash and cash equivalents at the period -end	656,244,294.18	632,948,706.11

7. Statement of Changes in Owners' Equity (Consolidated)

This Period

In RMB

Item	2020												Minority interests	Total owners' equity	
	Owners' equity attributable to the parent Company														
	Share capita l	Other equity instrument			Capital reserve	Less: Invent ory shares	Other compr ehensi ve incom e	Reaso nable reserve	Surplu s reserve	Provisi on of genera l risk	Retain ed profit	Other	Subtot al		
	Share capita l	Prefe rred stock	Perpe tual capit al secur ities	Other											
I. Balance at the end of the last year	602,760.00	62,596.00			362,770,922.10		-2,500,000.00		332,908,397.60		706,830,892.54		2,002,772,808.24	59,719,513.26	2,062,492,321.50
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at the end of the previous year	602,760.00	62,596.00			362,770,922.10		-2,500,000.00		332,908,397.60		706,830,892.54		2,002,772,808.24	59,719,513.26	2,062,492,321.50
III. Increase/Decrease in this year (Decrease is listed with “-”)											51,969,039.40		51,969,039.40	-26,718,839.31	25,250,200.09
(i) Total comprehensive income											64,024,291.32		64,024,291.32	3,900,497.17	67,924,788.49
(ii) Owners' devoted and decreased capital													0.00	-30,619,336.48	-30,619,336.48
1. Common shares invested by shareholders															
2. Capital															

invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4. Other												-30,61 9,336. 48	-30,61 9,336. 48
(III) Profit distribution										-12,05 5,251. 92	-12,05 5,251. 92	-12,05 5,251. 92	-12,05 5,251. 92
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)										-12,05 5,251. 92	-12,05 5,251. 92	-12,05 5,251. 92	-12,05 5,251. 92
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. Carry-over retained earnings from the defined benefit plans													
5. Carry-over retained earnings from other													

comprehensive income														
6. Other														
(V) Reasonable reserve														
1. Withdrawal in the report period														
2. Usage in the report period														
(VI) Others														
IV. Balance at the end of the report period	602,760.00			362,770,922.10		-2,500,000.00		332,908,397.60		758,799,931.94		2,054,741,847.64	33,000,673.95	2,087,742,521.59

Last Period

In RMB

Item	2019												Minority interests	Total owners' equity	
	Owners' equity attributable to the parent Company														
	Share capital	Other equity instrument			Capital reserve	Less: Inventoried shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal		
Share capital	Preferred stock	Perpetual capital securities	Other	Capital reserve	Less: Inventoried shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal	Minority interests	Total owners' equity	
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		1,977,871,851.51	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 end of the previous year	602,762,596.00			362,770,922.10		-2,500,000.00		332,908,397.60		681,929,935.81		1,977,871,851.51	58,927,527.37	2,036,799,378.88	
III. Increase/Decrease in this year (Decrease is listed with										24,900,956.73		24,900,956.73	791,985.89	25,692,942.62	

“-”)														
(i) Total comprehensive income										24,900 ,956.7 3		24,900 ,956.7 3	791,985 .89	25,692, 942.62
(ii) Owners' devoted and decreased capital														
1. Common shares invested by shareholders														
2. Capital invested by holders of other equity instruments														
3. Amount reckoned into owners 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. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve															
1. Withdrawal in the report period															
2. Usage in the report period															
(VI) Others															
IV. Balance at the end of the report period	602,762.596.00				362,770,922.10		-2,500,000.00		332,908,397.60		706,830,892.54		2,002,772,808.24	59,719,513.26	2,062,492,321.50

8. Statement of Changes in Owners' Equity (Parent Company)

This Period

In RMB

Item	2020											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventor y shares	Other comprehensiv e income	Reasona ble reserve	Surplus reserve	Retaine d profit	Other	Total owners' equity
		Preferr ed stock	Perpet ual capital securiti es	Other								
I. Balance at the end of the last year	602,762,596.00				289,963,039.70				332,908,397.60	710,334,373.89		1,935,968,407.19
Add: Changes of accounting policy												
Error correction of the last period												
Other												

II. Balance at the end of the previous year	502,762,596.00				289,963,039.70				332,908,397.60	710,334,373.89		1,935,968,407.19
III. Increase/Decrease in this year (Decrease is listed with “-”)										-25,256,400.82		-25,256,400.82
(i) Total comprehensive income										-13,201,148.90		-13,201,148.90
(ii) Owners' devoted and decreased capital												
1. Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution										-12,055,251.92		-12,055,251.92
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-12,055,251.92		-12,055,251.92
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. Remedy												

loss with surplus reserve												
4 . Carry-over retained earnings from the defined benefit plans												
5 . Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	602,762,596.00				289,963,039.70				332,908,685,077,397.60	709,581,350.64		1,910,712,006.37

Last period

In RMB

Item	2019											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventor y shares	Other comprehensive income	Reasonab le reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferr ed stock	Perpet ual capital securit ies	Other								
I. Balance at the end of the last year	602,762,596.00				289,963,039.70				332,908,685,077,397.60	709,581,350.64		1,935,215,383.94
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the end of the previous year	602,762,596.00				289,963,039.70				332,908,685,077,397.60	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' devoted and decreased capital											
1. Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners 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. Remediying loss with surplus reserve											
4 . Carry-over											

retained earnings from the defined benefit plans											
5 . Carry-over retained earnings from other comprehensive income											
6. Other											
(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(VI)Others											
IV. Balance at the end of the report period	602,76 2,596. 00				289,963 ,039.70				332,908 ,397.60	710,334,3 73.89	1,935,968,4 07.19

Shenzhen Nanshan Power Co., Ltd.
Notes to financial statement 2020
(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 24 March 2021.

(2) Scope of financial statement

(i) There are 9 subsidiaries included in the consolidate financial statement, including:

Subsidiary	Share holding ratio %	Note
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd. (“Zhongshan Electric Power”)	80.00	
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd. (“Engineering Company”)	100.00	
Shenzhen Shen Nan Dian Environment Protection Co., Ltd. (“Environment Protection Company”)	100.00	
Shenzhen Server Petrochemical Supplying Co., Ltd (“Shenzhen Server”)	50.00	
Shenzhen New Power Industrial Co., Ltd. (“New Power”)	100.00	
Shen Nan Energy (Singapore) Co., Ltd. (“Singapore Company”)	100.00	
Hong Kong Syndisome Co., Ltd. (“Syndisome”)	100.00	
Zhongshan Shen Nan Dian Storage Co., Ltd. (“Shen Storage”)	80.00	
Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership)	99.9643	New in current period

(ii) Subsidiaries, special purpose entities, and the operating entities with their control rights formed through entrusted operations or leases are no longer included in the consolidation scope in the current period.

Name	Reasons for changes
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Equity disposal

Changes of the entity within the consolidation scope found more in Note VII. Change of consolidated scope

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 (24) Revenue under Note III. For explanation on material accounting judgment and estimate issued by the management, please refer to (29) 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, changes of owners(shareholders) equity and cash flows of the Company in reporting period in truthfulness and completeness.

(2) Accounting period

A fiscal year from January 1 to December 31 of the Gregorian calendar.

(3) Operating cycle

The Company takes 12 months of a year as the normal operating cycle, and takes the operating cycle as the standard for the liquidity division of assets and liabilities.

(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 combining party 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 purchaser'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 directly relevant fees incurred in the merger of enterprises shall be reckon into the current gains/losses when incurred; the transaction costs of issuing equity securities or debt security for the purpose of enterprise combination should be reckon into the initial recognition of equity security or debt security.

(6) Preparation methods for consolidated statement

1. Consolidate scope

Scope of the consolidate financial statement is determined on a control basis, including the Company and all subsidiaries.

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

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 expenses 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.

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, 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.

(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 book value and the consideration paid is included in the current gains/losses.

(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 the financial assets (debt instrument) measured by fair value and with its variation reckoned into other comprehensive income and 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 the financial assets (debt instrument) measured by fair value and with its variation reckoned into other comprehensive income and 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

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.

Regarding the note receivable, account receivables and receivables financing, 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.

For lease receivables and long-term receivables formed by the company through sales of goods or rendering of services, the Company always chooses to measure the loss reserves at an amount equivalent to expected credit losses during the entire duration.

For notes receivable, accounts receivable, other receivables, financing of accounts receivable and long-term receivables with objective evidence showing that there is impairment and is applicable to individual assessment, perform separate impairment tests, confirm expected credit losses, and make provisions for impairment; for notes receivable, accounts receivable, other receivables, and financing of accounts receivable for which there is no objective basis for impairment, or when there is insufficient evidence to assess expected credit losses at a reasonable cost at the level of individual instruments, the Company refers to historical credit loss experience, combines with current conditions and judgments on future economic conditions, and divides the notes receivable, accounts receivable, other receivables, financing of accounts receivable and long-term receivables into several portfolios based on the characteristics of credit risk, and calculates the expected credit loss on the basis of the portfolio. Details as follows:

(1) Note receivables

Name of the combination	Method of measuring credit loss
Bank acceptance bill of state-owned banks	For notes receivable classified as bank acceptance portfolio, the management appraises that such payments have low credit risks and low expected credit loss rate, and should make no provision for impairment.

(2) Account receivable

Name of the combination	Method of measuring credit loss
Electricity transaction receivable	Regarding accounts receivable divided into power transactions, engineering
Receivable for engineering operation and maintenance	operation and maintenance, and environmental protection services, referring to historical credit loss experience, and combined with current conditions and forecasts of future economic conditions, the management evaluates that such payments have low credit risk and low expected credit loss rate, so no impairment provision is made; unless there is evidence that the credit risk of a certain receivable is relatively large.
Environmental protection labor receivables	

(3) Other account receivable

Name of the combination	Method of measuring credit loss
Combination of the export tax rebate, VAT rebate upon levy	The company classifies the payments, tax refunds receivable, and collection and withholding payments from subsidiaries within the scope of accounts receivable consolidation that have no significant recovery risks into other portfolios, and no bad debt provision is made.
Combination of the deposit margin reserve	
Other vary receivable and temporary payment in addition to the above combination	

(4) Receivable financing

Name of the combination	Method of measuring credit loss
Bank acceptance bill of the bank with lower credit risk	With reference to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, the expected credit loss is calculated through the default risk exposure and the expected credit
Trade acceptance	

(11) Inventory

1. Categories of inventory

Inventory consists of fuels and raw materials etc.

2. Valuation method of delivered inventory

The inventories are valued on a weighted average basis at the time of delivery.

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

For inventory of products that are directly used for sale, such as finished products, inventory products, and materials for sale, in the normal production and operation process, the amount after subtracting the estimated selling expenses and relevant taxes from the estimated selling price shall be used to determine the net realizable value. For inventory of materials that need to be processed, in the normal production and operation process, the amount after subtracting the estimated cost, estimated sales expense, and related taxes at the time of completion from the estimated selling price of the finished product shall be used to determine the net realizable value. The net realizable value of the inventory held for the execution of the sales contract or labor service contract is calculated on the basis of the contract price. If the quantity of the inventory held is more than the quantity ordered by the sales contract, the net realizable value of the excess inventory is calculated based on the general sales price.

At the end of the period, provision for inventory depreciation is made based on a single inventory item; but for inventory with a large quantity and low unit price, provision for inventory depreciation is made based on the inventory category. For inventories that are related to the product series produced and sold in the same region, have the same or similar end-use or purpose, and are difficult to measure separately from other items, the inventory depreciation reserve shall be accrued in a consolidated manner.

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

(12) Contract assets

If the Company has transferred goods to customers and has the right to receive consideration, and the right depends on factors other than the time lapses, it is recognized as contract assets. The Company's unconditional (that is, only depending on the time lapses) right to collect consideration from customers are separately listed as receivables.

The Company's determination method and accounting treatment method for the expected credit loss of contract assets are detailed in Note III/(10) 6. Impairment of financial instruments.

(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 accrual 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

The depreciation of fixed assets is calculated and accrued by the straight-line depreciation method, and the depreciation rate is determined according to the fixed asset category, estimated useful life and estimated net residual value rate. If the service life of each component of the fixed asset is different or the economic benefits are provided to the enterprise in different ways, different depreciation rates or depreciation methods shall be selected and depreciation shall be calculated separately.

Depreciation method, depreciation period, residuals rate and annual depreciation rate for all kinds of fixed assets are as follows:

Category	Depreciation method	Depreciation period (Year)	Residuals rate(%)	Annual depreciation rate (%)
Houses and buildings	Straight-line	20 years	10	4.5
Equipment-fuel machinery sets(Note)	The work quantity method		10	
Equipment (fuel machinery sets excluded)	Straight-line	15-20 years	10	4.5-6
Transportation tools	Straight-line	5 years	10	18
Other	Straight-line	5 years	10	18

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	Generating unit 10#	520.61
Zhongshan Electric Power	Generating unit 1#	4,246.00
	Generating unit 3#	4,160.83

(16) Construction-in-progress

Construction in progress take the necessary expenditures incurred before the construction of the asset reaching the expected usable state as the entry value of the fixed assets. If the constructed fixed assets have reached the expected usable state of the project, but the final accounts for completion have not yet been processed, from the date of reaching the expected usable state, the constructed fixed assets will be transferred to the fixed assets at the estimated value based on the project budget, cost, or actual project cost, and accrue the depreciation of fixed assets according to the Company's fixed asset depreciation policy, and adjust the original temporary estimated value according to the actual cost after completing the final accounts, but not adjust the original accrued depreciation amount.

(17) Borrowing expenses

1. Recognition principle of the capitalization of 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.

If the borrowing expenses incurred by the company can be directly attributable to the acquisition, construction or production of assets that meet the capitalization conditions, they shall be capitalized and included in the cost of the relevant assets; other borrowing expenses shall be recognized as expenses based on the amount incurred when incurred and included in current profit and loss.

Assets qualified for capitalization, refers to the fixed assets, investment real estate, inventory and other assets that require a considerable period of time for purchase, construction or production activities to reach the intended use or sale status.

The capitalization of borrowing expenses starts when the following conditions are met at the same time:

(1) Asset expenditures have occurred, including expenditures in the form of paying cash, transferring non-cash assets, or assuming interest-bearing debts for the acquisition, construction or production of assets that meet the conditions for capitalization;

- (2) borrowing expenses have incurred;
- (3) The acquisition, construction or production activities necessary for the assets to reach the intended usable or saleable state have begun.

2. Period of capitalization of borrowing expenses

The period of capitalization refers to the period from the point when the capitalization of the borrowing expenses starts to the point when the capitalization is stopped. The period during which the capitalization of the borrowing expenses is suspended is not included.

When the acquisition, construction or production of assets that meet the capitalization conditions reaches the intended usable or saleable state, the capitalization of borrowing expenses shall cease.

When part of projects in the acquisition, construction or production of assets that meet the capitalization conditions are completed separately and can be used independently, the capitalization of the borrowing expenses of the part of the assets shall be stopped.

If each part of the assets purchased, constructed or produced is completed separately, but cannot be used or sold until the entirety is completed, the capitalization of borrowing expenses shall be stopped when the entire asset is completed.

3. The period of suspension of capitalization

If an abnormal interruption occurs during the acquisition, construction or production of an asset that meets the capitalization conditions, and the interruption lasts for more than 3 months, the capitalization of borrowing expenses shall be suspended; if the interruption is the necessary procedure for the acquisition, construction or production of assets that meet the capitalization conditions to reach the intended usable state or saleable state, the borrowing expenses shall continue to be capitalized. The borrowing expenses incurred during the interruption period shall be recognized as the current profit and loss, and the borrowing expenses shall continue to be capitalized until the acquisition, construction or production of the asset restarts.

4. Calculation method of capitalization rate and capitalization amount of borrowing expenses

For special loans borrowed for the acquisition, construction or production of assets that meet the capitalization conditions, the amount after subtracting the interest income obtained by depositing the unused borrowing funds in the bank or the investment income obtained from temporary investment from the actual borrowing expenses incurred in the current period of the special loans is used to determine the capitalized amount of borrowing expenses.

For general borrowings used for the acquisition, construction or production of assets that meet the capitalization conditions, the amount of borrowing expenses that should be capitalized for general borrowings is calculated and determined based on the weighted average of the asset expenditures of the accumulated asset expenditure exceeding the part of the special borrowings multiplied by the capitalization rate of the general borrowings used. The capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

(18) Intangible assets

1. Valuation methods of intangible assets

(1) When the company obtains intangible assets, they shall be initially measured at cost;

The cost of outsourcing intangible assets includes the purchase price, relevant taxes, and other expenditures incurred to make the assets reach the intended purpose. If the purchase price of intangible assets have a delay in payment beyond normal credit conditions and is of financing nature, the cost of intangible assets is determined on the basis of the current value of the purchase price.

For intangible assets used by the debtor to repay the debt through debt restructuring, the entry value is determined by the fair value of the waived creditor's rights and other costs that can be directly attributable to the tax incurred to make the asset reach its intended use, and the difference between the fair value and the book value of the waived creditor's rights is included in the current profit and loss.

On the premise that the non-monetary asset exchange has commercial substance and the fair value of the swap-in assets and the swap-out assets can be reliably measured, the entry value of the swap-in intangible assets through non-monetary assets exchange is determined on the basis of the fair value of the swap-out assets, unless there is conclusive evidence that the fair value of the swap-in assets is more reliable; for non-monetary asset exchanges that do not meet the above premises, the book value of the swap-out assets and the relevant taxes and fees payable shall be used as the cost of the swap-in intangible assets, but not recognize the profit and loss.

(2) Follow-up measurement

Analyze and judge the service life of intangible assets when acquiring them.

Intangible assets with a limited service life are amortized on a straight-line basis within the period of economic benefits brought to the enterprise; or the intangible assets shall be regarded as with an uncertain service life if the period of economic benefits brought by intangible assets cannot be foreseen, and shall not be amortized.

2. Estimated service life of intangible assets with limited service life

An intangible asset with a limited useful life shall be amortized evenly over the expected useful life using the straight-line method for the original value minus the estimated net residual value and the accumulated amount of provision for impairment from the time it is available for use. Intangible assets with uncertain service life shall not be amortized.

At the end of the period, review the useful life and amortization method of intangible assets with a limited useful life. If there is any change, it will be treated as a change in accounting estimates.

3. Judgment basis for intangible assets with uncertain service life and procedures for reviewing their service life

To review the service life of an intangible asset with a uncertain service life, if there is evidence that the period of economic benefits brought by the intangible asset is predictable, estimate its service life and amortize according

to the amortization policy for intangible assets with limited service life.

4. Specific criteria for dividing the research phase and the development phase

The company's internal research and development project expenditures are divided into research phase expenditures and development phase expenditures.

Research phase: it's the phase of planned investigations and research activities with originality to acquire and understand new scientific or technical knowledge, etc.

Development phase: it's the phase to apply the research results or other knowledge to a certain plan or design so as to produce new or substantially improved materials, devices, products and other activities before commercial production or use.

Specific criteria for expenditure in the development phase to conform to capitalization

Expenditures in the development stage of internal research and development projects are recognized as intangible assets when the following conditions are met simultaneously:

1. It is technically feasible to complete the intangible asset so that it can be used or sold;
2. There is an intention to complete the intangible asset and use or sell it;
3. The way that intangible assets generate economic benefits, including the ability to prove that the products produced by the intangible assets are marketable or the intangible assets themselves are marketable, and the intangible assets will be used internally, which can prove their usefulness;
4. There are sufficient technical, financial and other resource supports to complete the development of the intangible asset, and have the ability to use or sell the intangible asset;
5. The expenditure attributable to the development stage of the intangible asset can be reliably measured.

(19) Impairment of long-term assets

Long-term equity investments, investment real estate measured by the cost model, fixed assets, construction in progress, intangible assets with limited service life and other long-term assets that show signs of impairment on the balance sheet date shall be tested for 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. 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.

As for the goodwill, intangible assets with an indefinite useful life and intangible assets beyond working conditions, the impairment tests shall be carried out at least at the end of each year.

The Company conducts a goodwill impairment test. The book value of the goodwill formed by the business combination shall be allocated to the relevant asset group according to a reasonable method from the date of

purchase; if it is difficult to allocate to the relevant asset group, it shall be allocated to the relevant portfolio of asset groups. The Company allocates the book value of goodwill based on the relative benefits that the relevant asset group or portfolio of asset groups can obtain from the synergies of the business combination, and conducts a goodwill impairment test on this basis.

When conducting an impairment test on a related asset group or portfolio of asset groups that contains goodwill, if there are signs of impairment for an asset group or portfolio of asset groups related to goodwill, the asset group or portfolio of asset groups that does not contain goodwill should be tested first, calculate the recoverable amount, and compare it with the relevant book value to confirm the corresponding impairment loss. Then conduct an impairment test on the asset group or portfolio of asset groups that contains goodwill, and compare the book value of these related asset groups or asset group portfolios (including the book value of the allocated goodwill) with the recoverable amount, if the recoverable amount of the relevant asset group or the asset group portfolio is lower than its book value, the impairment loss of goodwill shall be recognized.

Once the above assets impairment loss is recognized, it will not be carried back in future accounting periods.

(20) Long-term deferred expenses

The Company's long-term deferred expenses refer to the expenses that have been paid, but the benefit period is more than one year (excluding one year). Long-term deferred expenses are amortized in installments according to the benefit period of the expense items. If the long-term deferred expense item cannot benefit the future accounting period, all the amortized value of the item that has not been amortized shall be transferred to the current profit and loss.

(21) Contract liabilities

Contract liabilities refer to the Company's obligation to transfer goods or services to customers for consideration received or receivable from customers. Contract assets and contract liabilities under the same contract are presented in net amount.

(22) Staff remuneration

1. Accounting treatment of a short-term compensation

During the accounting period when employees provide services to the Company, the Company recognizes the actual short-term compensation as a liability and includes it in the current profit and loss or the cost of related assets.

The social insurance premiums and housing provident fund paid by the Company for employees, as well as the labor union funds and employee education funds drawn in accordance with the regulations, of which the corresponding employee compensation amount shall be calculated and determined according to the specified accrual basis and accrual ratio during the accounting period when the employees provide services to the Company.

If employee welfare expenses are non-monetary and can be measured reliably, they shall be measured at fair value.

2. Accounting treatment methods for post-employment benefits

(1) Defined contribution plans

The Company pays basic endowment insurance and unemployment insurance for employees in accordance with the relevant regulations of the local government. During the accounting period when employees provide services to the Company, the amount payable is calculated based on the local payment base and proportion, recognized as a liability, and included in current profit and loss or related asset cost.

In addition to basic endowment insurance, the Company has also established an enterprise annuity payment system (supplementary endowment insurance)/enterprise annuity plan in accordance with the relevant policies of the national enterprise annuity system. The Company pays a certain percentage of the total wages of employees to the local social insurance agency/annuity plan, and the corresponding expenditure is included in the current profit and loss or the cost of related assets.

(2) Defined benefit plans

The Company assigns the welfare obligations arising from the defined benefit plans to the period during which the employees provide services according to the formula determined by the expected cumulative welfare unit method, and includes them in the current profit and loss or the cost of related assets.

The deficit or surplus formed by the present value of the defined benefit plan's obligations minus the fair value of the defined benefit plan's assets is recognized as a defined benefit plan's net liabilities or net assets. If there is a surplus in the defined benefit plan, the Company shall use the lower of the surplus of the defined benefit plan and the asset ceiling to measure the net assets of the defined benefit plan.

All defined benefit plans obligations, including obligations expected to be paid within twelve months after the end of the annual reporting period in which employees provide services, are discounted based on the market yield of the national debt matching with the obligation period and currency of the defined benefit plan or the high-quality corporate bonds in an active market on the balance sheet date.

The service cost incurred by the defined benefit plan and the net interest of the net liabilities or net assets of the defined benefit plan are included in the current profit and loss or the related asset cost; the changes in net liabilities or net assets resulting from the remeasurement of defined benefit plans are included in other comprehensive income, and shall not be transferred back to profit or loss in the subsequent accounting period, and the part that was originally included in other comprehensive income will be carried forward to undistributed profit within the scope of equity when the original defined benefit plan is terminated.

In the settlement of the defined benefit plan, the difference between the present value of the obligation of the defined benefit plan and the settlement price determined on the settlement date is used to confirm the settlement gain or loss.

3. Accounting treatment methods for dismissal benefits

When the Company cannot unilaterally withdraw the dismissal benefits provided by the termination of the labor relationship plan or redundancy proposal, or when confirming the costs or expenses related to the reorganization involving the payment of the dismissal benefits (the earlier of the two), recognize employee compensation liabilities arising from dismissal benefits and include in the current profit and loss.

(23) 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

The Company's accrual liabilities are initially measured based on the best estimate of the expenditure required to perform the relevant current obligations.

When determining the best estimate, the Company comprehensively considers factors such as risks, uncertainties and time value of money related to contingencies. If the time value of money has a significant impact, the best estimate is determined after discounting the relevant future cash outflows.

The best estimates are handled separately in the following situations:

If there is a continuous range (or interval) for the required expenditure, and the probability of occurrence of various results within this range is the same, the best estimate is determined according to the middle value of the range, that is, the average number of the upper and lower limits.

There is no continuous range (or interval) for the required expenditure, or although there is a continuous range, the possibility of occurrence of various results within the range is not the same, if the contingency involves a single item, the best estimate shall be determined based on the amount most likely to occur; if the contingency involves multiple items, the best estimate shall be calculated and determined according to various possible outcomes and related probabilities.

If all or part of the expenditures required by the Company to settle the accrual liabilities are expected to be compensated by a third party, the compensation amount shall be separately recognized as an asset when it is basically certain that it can be received, and the confirmed compensation amount shall not exceed the book value of the accrual liability.

(24) Revenue

Accounting policies applicable from January 1, 2020

General principles

The Company recognizes the income when it has fulfilled its performance obligations in the contract, that is, when the customer has obtained control of the relevant goods or services. The performance obligation refers to the commitment in the contract that the Group transfers clearly distinguishable goods or services to the customer. Obtaining control over related goods or services means being able to lead the use of the goods or the provision of the service and obtain almost all of the economic benefits.

For a performance obligation that meets one of the following conditions and is performed within a certain period of time, the Company recognizes revenue within a period of time according to the performance of the contract: (1) The customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company fulfills the contract; (2) The customer can control the products under construction during the performance of the Company; (3) The products produced during the performance of the Company have irreplaceable uses, and the Company has the right to collect payment for the accumulated performance part that has been completed so far during the entire contract period. Otherwise, the Company recognizes revenue at the point when the customer obtains control of the relevant goods or services.

Variable consideration

Some of the Company's contracts with customers include sales rebates, quantity discounts, commercial discounts, performance bonuses and claims, which forms variable consideration. The Company determines the best estimate of the variable consideration based on the expected value or the most likely amount, but the transaction price that includes the variable consideration does not exceed the amount that the accumulated recognized revenue is most unlikely to be materially reversed when the relevant uncertainty is eliminated.

Significant financing component

If there is a significant financing component in the contract, the Company shall determine the transaction price based on the amount payable in cash when the customer assumes control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period.

On the starting date of the contract, if the company expects the customer to obtain control of the product and the customer pays the payment within one year, the significant financing component in the contract will not be considered.

Non-cash consideration

If the customer pays a non-cash consideration, the Company shall determine the transaction price based on the fair value of the non-cash consideration. If the fair value of the non-cash consideration cannot be reasonably estimated, the Company indirectly determines the transaction price by referring to the stand-alone selling price of the goods promised to be transferred to the customer. If the fair value of non-cash consideration changes due to reasons other than the form of consideration, it shall be used as variable consideration for accounting treatment in accordance with relevant regulations.

Consideration payable to customers

For the consideration payable to customers, the Company offsets the transaction price from the consideration payable to the customer, and offsets the current revenue at the time point of the later when the relevant revenue is recognized and the promised payment of the customer consideration, unless the consideration payable is to obtain other clearly distinguished products from the customer.

Sales with sales return clauses

For sales with a sales return clause, when the customer obtains control of the relevant product, our company recognizes the revenue in accordance with the amount of consideration expected to be entitled to be collected due to transfer of goods to customers (that is, does not include the amount expected to be refunded due to sales returns), and recognizes liabilities in accordance with the amount expected to be refunded due to sales returns. At the same time, according to the expected book value of the returned goods at the time of transfer, the balance after deducting the estimated cost of recovering the goods (including the value impairment of the

returned goods) is recognized as an asset, and the net carry-over cost of the above asset cost is deducted according to the book value of the transferred commodity at the time of transfer. On each balance sheet date, re-estimate the future sales return situation, and if there is any change, it will be treated as a change in accounting estimates.

Sales with quality assurance clauses

For sales with quality assurance clauses, if the quality assurance provides a separate service in addition to ensuring that the goods or services sold to the customer meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Company will make an accounting treatment for quality assurance responsibilities in accordance with the "Accounting Standards for Business Enterprises No. 13 - Contingencies".

Principal and agent

The Company judges whether the Company's identity is the principal responsible person or an agent at the time of the transaction based on whether it has control over the product or service before the transfer of the product or service to the customer. If the Company is able to control the products or services before transferring the products or services to the customers, the Company is the principal responsible person, and the income is recognized based on the total consideration received or receivable; otherwise, the Company is the agent, and the income is recognized according to the amount of commission or handling fee expected to have the right to collect, the amount is determined according to the net amount of the total consideration received or receivable after deducting the price payable to other related parties, or according to the established commission amount or ratio.

Sales with additional purchase options for customers

For sales with additional purchase options for customers, the Company assesses whether the option provides customers with a major right. If an enterprise provides a major right, it shall be a single performance obligation, and the transaction price shall be allocated to the performance obligation in accordance with the relevant provisions of the standards. When the customer exercises the purchase option in the future to obtain control of the relevant commodity, or when the option lapses, the corresponding income shall be recognized. If the stand-alone selling price of the customer's additional purchase option cannot be directly observed, the Company shall reasonably estimate after considering all relevant information such as the difference between the discounts that the customer can obtain from exercising and not exercising the option, the possibility of the customer exercising the option, etc.. Although the customer has additionally purchased the commodity option, the price at the time when the customer exercises the option to purchase the commodity reflects the stand-alone selling price of these commodities, and it should not be considered that the company has provided the customer with a major right.

Grant intellectual property licenses to customers

If an intellectual property license is granted to a customer, the Company assesses whether the intellectual property license constitutes a single performance obligation in accordance with the relevant provisions of the standards, and if it constitutes a single performance obligation, it shall further determine whether it will be performed within a certain period of time or at a certain point in time.

When the following conditions are met at the same time, the relevant revenue is recognized as a performance obligation performed within a certain period of time; otherwise, the relevant revenue is recognized as a performance obligation performed at a certain point in time:

- (1) Contract requirements or customers can reasonably expect that the enterprise will engage in activities that have a significant impact on the intellectual property rights;
- (2) The activity will have a favorable or unfavorable impact on customers;
- (3) The activity will not result in the transfer of a certain commodity to the customer.

After-sales repurchase transaction

For after-sales repurchase transactions, the Company distinguishes the following two situations for accounting treatment:

- (1) If there is a repurchase obligation due to the existence of a long-term arrangement with the customer or the Company enjoys the repurchase right, the Company shall conduct the corresponding accounting treatment as a lease transaction or financing transaction. Among them, if the repurchase price is lower than the original selling price, it shall be regarded as a lease transaction, and shall be accounted for in accordance with the relevant provisions of the standards; if the repurchase price is not lower than the original selling price, it shall be regarded as a financing transaction, and the financial liabilities shall be confirmed when receiving the client's payment, and the difference between the payment and the repurchase price is recognized as interest expenses during the repurchase period. If the Company fails to exercise the repurchase right upon maturity, when the repurchase right expires, the financial liabilities is derecognized, and the revenue is recognized at the same time.
- (2) If the Company is obliged to repurchase commodities at the request of the customer, it shall assess whether the customer has a major economic motivation to exercise the right of claim on the commencement date of contract. If the customer has a major economic motivation to exercise the right of claim, the enterprise shall treat the after-sale repurchase as a lease transaction or financing transaction, and conduct accounting treatment in accordance with the provisions of present article (1); otherwise, the Company will treat it as a sales transaction with a sales return clause, and perform accounting treatments in accordance with relevant regulations of the standards.

Customer's unexercised rights

If the Company receives advance payments from customers for sales of goods, it shall first recognize the payments as liabilities, and then convert them into revenue when the relevant performance obligations are fulfilled. When the advance payment does not need to be refunded and the customer may waive all or part of its contract rights, the Company expects to be entitled to obtain the amount related to the contract rights waived by the customer, and the above-mentioned amount shall be recognized as revenue in proportion to the mode in which the customer exercises the contractual rights. Otherwise, the Company can only convert the relevant balance of the above liabilities into income when the possibility of the customer requesting it to perform the remaining performance obligations is extremely low.

Initial fee no need to be refunded

The initial fee collected by the Company from the customer on the commencement date of the contract (or close to the commencement date) shall be included in the transaction price, and it shall be assessed whether the initial fee is related to the transfer of the promised goods to the customer. If the initial fee is related to the transfer of the promised goods to the customer, and the goods constitutes a single performance obligation, the Company recognizes the income at the transaction price allocated to the goods when transferring the goods. If the initial fee is related to the goods promised to transfer to the customer, but the goods does not constitute a single performance obligation, the Company will recognize the income at the transaction price allocated to the single performance obligation when the single performance obligation containing the product is fulfilled. If the initial fee is not related to the goods promised to transfer to the customer, it shall be used as an advance payment for the goods to be transferred in the future, and shall be recognized as income when the goods is transferred in the future.

If the Company has collected an initial fee that does not need to be refunded and should carry out initial activities to perform the contract, but these activities do not transfer the promised goods to the customer, the initial fee is related to the goods promised to be transferred in the future, and should be recognized as revenue when transferring the goods in the future, and the Company does not consider these initial activities when determining the progress of the contract. The Company's expenditures for the initial activities should be recognized as an asset or included in the current profit and loss in accordance with the relevant provisions of the standards.

Specific principles

The Company recognizes the revenue when it fulfills its performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services. Obtaining control over related goods or services means being able to lead the use of the goods or the provision of the service and obtain almost all of the economic benefits from it.

(1) Commodity sales revenue

The sales contract between the Company and the customers usually only contains the performance obligation for the transferred goods. The Company usually recognizes revenue at a certain point in time on the basis of comprehensive consideration of the following factors: obtaining the current right to receive payment of the goods, the transfer of major risks and rewards in the ownership of the goods, the transfer of the legal ownership of the goods, and the transfer of the physical asset of the goods, the customer accepts the goods.

Electricity sales revenue

The Company produces electricity through firepower and realizes sales through integration into Guangdong Power Grid. For electricity sales, the Company recognizes the realization of revenue when it has produced electricity and obtains the grid electricity statistical table confirmed by the Electric Power Bureau.

(2) Income from rendering of labor services

The service contracts between the Company and the customers usually include performance obligations such as operation and maintenance services, labor services, etc.

The Company evaluates the contract on the start date of the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time. If one of the following conditions is met, it is a performance obligation performed within a certain period of time, the Company recognizes revenue within a period of time according to the progress of the contract:

- (1) The customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company's performance;
- (2) Customers can control the products under construction during the performance of the Company;
- (3) The goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance part that has been completed so far during the entire contract period. Otherwise, the Company recognizes revenue at the time point when the customer obtains control of the relevant goods or services.

① Recognition standards of income from labor services provided by Environment Protection Company:

The company recognizes revenue based on the obtained sludge treatment settlement statement jointly confirmed with the transportation company, the water purification unit, and the company.

② Specific standards for revenue recognition of Engineering Company:

Debugging projects: when the debugging is successful, obtain the confirmation of successful debugging, and recognize the income according to the contract;

Operation and maintenance, management projects: monthly revenue is temporarily estimated and recognized based on attendance time and labor prices of attendants, and the temporary estimated revenue will be adjusted after obtaining the monthly statement confirmed by the supplier's stamp and signature, the progress confirmation letter, and the attendance sheet.

Accounting policies applicable before January 1, 2020

1. General principles for the recognition of revenue from sales of goods

- (1) The Company has transferred the main risks and rewards of goods ownership to the purchaser;
- (2) The Company neither retains the right to continue management usually associated with ownership, nor does it exercise effective control over the sold commodities;
- (3) The amount of income can be reliably measured;
- (4) Relevant economic benefits are likely to flow into the Company;
- (5) The related, incurred costs or costs to be incurred can be reliably measured.

2. Specific principles

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.

(25) Contract costs

The cost of obtaining the contract

If the incremental cost (that is, the cost that would not be incurred without obtaining the contract) incurred by the Company to obtain the contract is expected to be recovered, it shall be recognized as an asset, and use the same basis for the recognition of the income of goods or services related to the asset for sales, and be included in the current profit and loss. If the asset amortization period does not exceed one year, it shall be included in the current profit and loss when it occurs. Other expenses incurred by the Group in order to obtain the contract shall be included in the current profit and loss when incurred, except for those clearly borne by the customer.

The cost of fulfilling the contract

The cost incurred by the Company for the performance of the contract that does not fall within the scope of other accounting standards for business enterprises except the income standard and meets the following conditions at the same time is recognized as an asset: (1) The cost is directly related to a current or expected contract; (2) The cost increases the resources of the Group for fulfilling the performance obligations in the future; (3) The cost is expected to be recovered. The above-mentioned assets are amortized on the same basis as the recognition of the income of goods or services related to the asset and included in the current profit and loss.

Contract cost impairment

When the Company determines the impairment loss of assets related to the contract cost, it first determines the impairment loss of other assets related to the contract that are confirmed in accordance with other relevant enterprise accounting standards; then, based on the difference between the book value of which is higher than the remaining consideration that the Company is expected to obtain due to the transfer of the asset-related commodities and the estimated cost of transferring the related commodities, the excess shall be provided for impairment and recognized as an asset impairment loss.

If the impairment factors of the previous period have changed, causing the aforementioned difference is higher than the book value of the asset, the original provision for asset impairment shall be reversed and included in the current profit and loss, but the book value of the asset after the reversal shall not exceed the book value of the asset on the date of reversal under the assumption that no impairment provision is made.

(26) Government subsidy

1. Type

Government subsidy refers to the monetary asset and non-monetary asset that the Company obtains from the government free of charge which are divided into the asset-related government subsidy and the income-related government subsidy.

Government subsidies related to assets refer to government subsidies obtained by the Company for purchase and construction or to form long-term assets in other ways. Government subsidies related to income refer to government subsidies other than government subsidies related to assets.

2. Time point of recognition

If there is evidence at the end of the period that the company can meet the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds, the government subsidy shall be recognized according to the amount receivable. In addition, government subsidies are confirmed when they are actually received.

If a government subsidy is a monetary asset, it shall be measured at the amount received or receivable. If a government subsidy is a non-monetary asset, it shall be measured at its fair value; if its fair value cannot be obtained reliably, it shall be measured at its nominal amount (1 yuan). Government subsidies measured at their nominal amounts are directly included in the current profits and losses.

3. Accounting treatment

Government subsidies related to assets are used to offset the book value of related assets or be recognized as deferred income, those recognized as deferred income shall be included in the current profit and loss (those related to the Company's daily activities shall be included in other income; those not related to the Company's daily activities shall be included in the non-operating income) in a reasonable and systematic way within the useful life of the relevant assets;

Government subsidies related to income that are used to compensate the Company's related costs or losses in subsequent periods shall be recognized as deferred income, and shall be included in the current profits and losses (those related to the Company's daily activities shall be included in other income; those not related to the Company's daily activities shall be included in the non-operating income) or used to offset related costs or losses during the period when the relevant costs or losses are recognized; those used to compensate the Company's related costs or losses are directly included in the current profits and losses (those related to the Company's daily activities shall be included in other income; those not related to the Company's daily activities shall be included in the non-operating income) or used to offset related costs or losses.

The policy-related preferential loan interest discount obtained by the Company is divided into the following two situations and is accounted for separately:

(1) The finance allocates interest subsidy to the lending bank, if the lending bank provides loans to the Company at a preferential policy interest rate, the Company uses the amount of borrowing actually received as the entry value of the loan, and calculates the related borrowing costs according to the loan principal and the policy preferential interest rates.

(2) If the finance directly allocates interest subsidy funds to the Company, the Company will offset the corresponding interest discount against the relevant borrowing costs.

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

For deductible temporary differences to recognize deferred income tax assets, they shall be within the limit of the taxable income that is likely to be obtained in the future to deduct deductible temporary differences. For the deductible losses and tax deductions that can be carried forward for subsequent years, they shall be within the

limit of the future taxable income that is likely to be used to deduct the deductible losses and tax deductions to recognize the corresponding deferred income tax assets. For taxable temporary differences, except for special circumstances, deferred income tax liabilities are recognized.

Special circumstances that do not recognize deferred income tax assets or deferred income tax liabilities include initial recognition of goodwill; Other transactions or matters that do not affect accounting profits or taxable income (or deductible losses) when they occur except for a business combination. When having the statutory right to settle on a net basis, and intending to settle on a net basis or obtain assets and pay off liabilities at the same time, the current income tax assets and current income tax liabilities are presented as the net amount after offsetting.

When having the statutory right to settle current income tax assets and current income tax liabilities on a net basis, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or related to different taxpayers, however, in the future period during which important deferred income tax assets and liabilities are reversed, when the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or obtain assets and repay liabilities at the same time, the deferred income tax assets and deferred income tax liabilities are presented as the net amount after offsetting.

(28) Leasing

1. Accounting treatment of operating leases

(1) The lease fee paid by the company for rented assets shall be apportioned on a straight-line basis during the entire lease period without deducting the rent-free period and included in the current expenses. The initial direct expenses related to the lease transaction paid by the company shall be included in the current expenses.

When the asset lessor bears the lease-related expenses that should be borne by the company, the company deducts this part of the cost from the total rent, amortizes according to the deducted rental expenses during the lease term, and reckons it in the current expenses.

(2) The lease fee charged by the company for lease of assets shall be apportioned on a straight-line basis during the entire lease period without deducting the rent-free period and recognized as lease-related income. The initial direct expenses related to the lease transaction paid by the company shall be included in the current expenses; if the amount is large, it shall be capitalized and included in the current income in installments based on the same basis as the lease-related income recognition during the entire lease period.

When the company bears the lease-related expenses that should be borne by the lessee, the company deducts this part of the expenses from the total rental income, and distributes according to the deducted rental expenses during the lease term.

2. Accounting treatment of financial leasing

(1) Financing rent in assets: on the start date of the lease, the company takes the lower of the fair value of the leased asset and the present value of the minimum lease payment as the entry value of the leased asset, and the minimum lease payment as the entry value of of long-term payable, and the difference is regarded as unrecognized financing expenses. Refer to Note III (15) Fixed Assets for the identification basis, valuation and

depreciation methods of finance leased assets.

The company uses the effective interest method to amortize unrecognized financing expenses during the asset lease period and include them in financial expenses.

(2) Financing rent out assets: on the start date of the lease, the company recognizes the difference between the sum of receivable financing lease payments and unguaranteed residual value and its present value as unrealized financing income as unrealized financing income, which is recognized as rental income during each period when the rent is received in the future, the company's initial direct expenses related to the lease transactions are included in the initial measurement of the financial lease receivables, and the amount of income recognized during the lease period is reduced.

(29) Changes of major accounting policy and accounting estimation

1. Change of major accounting policies

(1) The impact of the implementation of the new revenue standard on the Company

In 2017, the Ministry of Finance promulgated the revised "Accounting Standards for Business Enterprises No. 14 - Revenue" (hereinafter referred to as the "New Revenue Standards", and the revenue standards before revision were referred to as the "Original Revenue Standards"). The new revenue standards have introduced a five-step method for revenue recognition and measurement, and added more guidance for specific transactions (or events).

The Company has begun accounting treatment in accordance with the newly revised above-mentioned standards from January 1, 2020. For the changed accounting policies, please refer to Note III (24). The new revenue standards require that the cumulative impact of the first implementation of the standards be adjusted for the amount of retained earnings and other related items in the financial statements at the beginning of the first implementation period (i.e. January 1, 2020), and no adjustments were made to information during comparable period. When implementing the new revenue standards, the Company only adjusted the cumulative impact of contracts that have not been completed on the first implementation date.

The first implementation of the standards has no significant impact on the company's retained earnings at the beginning of 2020. The impact on the statements on January 1, 2021 and December 31, 2019 are listed as follows:

Consolidate balance sheet

Item	2019-12-31	Reclassify	2020-1-1
Account receivable	178,150,580.32	-840,146.81	177,310,433.51
Contract assets		840,146.81	840,146.81

Impact of the implementation of the New Revenue Standards on the items related to the current financial statements is shown below:

Consolidate balance sheet

Item	(listed under the original revenue standards) 2020-12-31	Reclassify	(listed under the new revenue standards) 2020-12-31
Account receivable	92,522,652.88	-7,229,600.00	85,293,052.88
Contract assets		7,229,600.00	7,229,600.00

(2) Implementation of "Accounting Standards for Business Enterprises Interpretation No. 13"

The Ministry of Finance issued the "Accounting Standards for Business Enterprises Interpretation No. 13" (Cai Kuai [2019] No. 21, hereinafter referred to as "Interpretation No. 13") on December 10, 2019, which has taken effect on January 1, 2020., retrospective adjustment is not required.

① Identification of related parties

Interpretation No. 13 clarifies that the following circumstances constitute a related party: a joint venture or an associated enterprise between an enterprise and other member units (including parent companies and subsidiaries) of the enterprise group to which it belongs; a joint venture of an enterprise and other joint ventures or associated enterprises of the enterprise. In addition, Interpretation No. 13 also clarifies that only two or more companies that are significantly affected by one party do not constitute related parties. It also adds that associated enterprises include associated enterprises and their subsidiaries, and joint ventures include joint ventures and their subsidiaries.

② The definition of business

Interpretation No. 13 completes the three elements of business composition, refines the judgment conditions of the business composition, and introduces the "concentration test" option to simplify the judgment of whether the combination obtained under the same control constitutes a business to a certain extent.

The Company has implemented Interpretation No. 13 from January 1, 2020, and the comparative financial statements has not been adjusted. The implementation of Interpretation No. 13 has not had a significant impact on the Company's financial status and operating results.

③ Implement the "Regulations on Accounting Treatment of Rent Concessions Related to the COVID-19 Epidemic"

On June 19, 2020, the Ministry of Finance issued the "Regulations on Accounting Treatment of Rent Concessions Related to the COVID-19 Epidemic" (Cai Kuai (2020) No. 10), which came into effect on June 19, 2020, allowing companies to adjust the relevant rent concessions that occurred between January 1, 2020 and the implementation date of this regulation. According to the regulations, companies can choose to adopt simplified methods for accounting treatments for rent reductions and deferred payment of rents directly caused by the COVID-19 epidemic that meet the conditions.

The Company has implemented this regulation from January 1, 2020, and the comparative financial statements has not been adjusted. The implementation of this regulation has not had a significant impact on the Company's financial status and operating results.

2. Change of accounting estimation

No change of accounting estimation occurred in the reporting period

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%, 3%
City maintenance tax	According to the actual payment of VAT and consumption tax	7%, 5%

Taxation items	Taxation basis	Tax rate
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	25%, 15%, 16.5%, 17%
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 per square meter of the actual occupied are for the industrial land located in Zhongshan City	

(2) Explanation of the income tax rate of the taxpayer of enterprise income tax

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%
Singapore Company	17%
Shen Storage	25%
Syndisome (HK)	16.5%

(3) Preferential tax policies and basis

(1) Preferential income tax policy:

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%

(2) Value-added tax preferential policies:

Tax	Name of the company	Relevant regulation and policies basis	Approval institution	Approval documents	Exemption range	Period of validity
VA T	Environment Protection	Notice on "contents of products with comprehensive	Shenzhen Provincial	SQSST[2018]No.: 18302	Resource comprehensi	31 Aug. 2018 to 31 July

Tax	Name of the company	Relevant regulation and policies basis	Approval institution	Approval documents	Exemption range	Period of validity
	Company	utilization of resources and value-added tax privilege of labor service" (CS No. [2015] 78)	Office, SAT (Qianhai SAT)		ve utilization of VAT refund	2022

V. Annotation of the items in consolidate financial statement

(1) Monetary fund

Item	Ending Balance	Year-end balance of last year
Cash on hand	101,163.11	84,307.60
Bank savings	397,000,109.10	731,339,856.01
Other monetary fund	367,500,000.00	41,785,691.23
Total	764,601,272.21	773,209,854.84
Including: total amount saving aboard	50,810,349.72	6,242,072.77

The details of currency funds that are restricted to use due to mortgage, pledge or freezing, and are placed overseas and the repatriation of funds are restricted are as follows:

Item	Ending Balance	Year-end balance of last year
Performance bond		1,719,853.88
Total		1,719,853.88

(2) Account receivable

1. Age analysis

Account age	Ending Balance	Year-end balance of last year
Within one year	85,293,052.88	178,147,691.32
Over 3 years	5,558,673.67	5,769,529.84
Subtotal	90,851,726.55	183,917,221.16
Less: Bad debt provision	5,558,673.67	5,766,640.84
Total	85,293,052.88	178,150,580.32

2. According to accrual method for bad debts

Category	Ending Balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Accounts receivable with single provision for bad debts	5,558,673.67	6.12	5,558,673.67	100.00	-
Provision for bad debts by portfolio	85,293,052.88	93.88			85,293,052.88
Total	90,851,726.55	100.00	5,558,673.67	6.12	85,293,052.88

Category	Balance at end of the previous year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Accounts receivable with single provision for bad debts	5,766,640.84	3.14	5,766,640.84	100.00	
Provision for bad debts by 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

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	146,915.10	146,915.10	100.00	Uncollectible in excepted
Total	5,558,673.67	5,558,673.67	100.00	

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	Other	
Accounts receivable with single provision for bad debts	5,766,640.84			207,967.17	5,558,673.67
Total	5,766,640.84			207,967.17	5,558,673.67

4. Top 5 receivables at ending balance by arrears party

Total period-end balance of top five receivables by arrears party amounting to 78,092,638.65Yuan, takes 85.96 percent of the total account receivable at period-end, bad debt provision accrual correspondingly at period-end amounting as 0 Yuan

(3) 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	22,552,426.03	76.33	69,896,494.56	99.84
1 to 2years	6,883,175.38	23.30	15,600.00	0.02
2 to 3years	15,600.00	0.05	32,000.00	0.05
Over 3 years	93,586.94	0.32	61,586.94	0.09
Total	29,544,788.35	100.00	70,005,681.50	100.00

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

The aggregate amount of the top five ending balance of account paid in advance collected by the arrears is 28,004,649.95 yuan, accounting for 94.79% of the total number of account in ending balance of paid in advance.

(4) Other account receivable

Item	Ending Balance	Year-end balance of last year
Interest receivable		
Other account receivable	31,027,754.36	32,321,826.94

Item	Ending Balance	Year-end balance of last year
Total	31,027,754.36	32,321,826.94

1. Other account receivable

(1) Age analysis

Age	Ending Balance	Year-end balance of last year
Within 1 year	8,721,096.29	4,589,653.32
1 to 2 years	958,772.47	1,223,336.54
2 to 3 years	1,179,854.47	3,414,019.37
3 to 4 years	2,226,212.44	47,104,101.54
4 to 5 years	46,061,408.80	4,018,544.61
Over 5 years	3,920,797.49	3,804,592.00
Subtotal	63,068,141.96	64,154,247.38
Less: Bad debt provision	32,040,387.61	31,832,420.44
Total	31,027,754.36	32,321,826.94

(2) By category

Category	Ending Balance					Book value	
	Book balance		Bad debt provision		Accrual proportion (%)		
	Amount	Proportion (%)	Amount	Accrual proportion (%)			
Accounts receivable with single provision for bad debts	32,525,936.22	51.57	31,832,420.44	97.87	693,515.78		
Provision for bad debts by portfolio of credit risk	30,542,205.75	48.43	207,967.17	0.68	30,334,238.57		
Total	63,068,141.97	100.00	32,040,387.61	50.80	31,027,754.36		

Category	Balance at the end of the previous year					Book value	
	Book balance		Bad debt provision		Accrual proportion (%)		
	Amount	Proportion (%)	Amount	Accrual proportion (%)			
Accounts receivable with single provision for	32,525,936.22	50.70	31,832,420.44	97.87	693,515.78		

Category	Balance at the end of the previous year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
bad debts					
Provision for bad debts by portfolio of credit risk	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

With single provision for bad debts:

Name	Ending 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	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	Un-collectable in excepted
Other	942,777.00	942,777.00	100.00	Un-collectable in excepted
Total	32,525,936.22	31,832,420.44	97.87	

Provision for bad debts by portfolio of credit risk:

Name	Ending Balance		
	Other account receivable	Bad debt provision	Accrual ratio (%)
Provision for bad debts by portfolio	30,542,205.74	207,967.17	0.68
Total	30,542,205.74	207,967.17	0.68

(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			31,832,420.44	31,832,420.44
Balance at year-begin of the period			31,832,420.44	31,832,420.44
—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	207,967.17			207,967.17
Ending Balance	207,967.17		31,832,420.44	32,040,387.61

(3) By nature

Nature	Ending book balance	Book balance at last year-end
Deposit and security deposit	5,130,967.25	8,114,769.72
Reserve fund	566,951.40	616,951.40
Withholding payment	9,151,898.54	10,008,932.63
Current payment	18,066,774.22	18,075,298.38
other	8,776,977.74	5,163,921.12
Accounts receivable of Huidong Server	21,374,572.81	22,174,374.13
Subtotal	63,068,141.97	64,154,247.38
Less: Bad debt provision	32,040,387.61	31,832,420.44
Total	31,027,754.36	32,321,826.94

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

The total amount of the top five other receivables at the end of the period aggregated by the owing party was

RMB 24,392,597.56, accounting for 38.68% of the total balance of other receivables at the end of the period.

(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 material	149,653,114.11	49,407,585.05	100,245,529.06	171,828,426.19	47,141,982.58	124,686,443.61
Total	149,653,114.11	49,407,585.05	100,245,529.06	171,828,426.19	47,141,982.58	124,686,443.61

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 (note)	
Raw materials	47,141,982.58	7,399,234.51			5,133,632.04	49,407,585.05
Total	47,141,982.58	7,399,234.51			5,133,632.04	49,407,585.05

Note: The decrease in the current period is due to the decrease in the corresponding inventory price drop of Dongguan Weimei, a subsidiary

(6) Contract assets

Item	Ending Balance	Balance at year-begin
Operation and maintenance project settlement accounts receivable	7,229,600.00	840,146.81
Subtotal	7,229,600.00	840,146.81
Provision for impairment of contract assets		
Total	7,229,600.00	840,146.81

(6) Other current assets

Item	Ending Balance	Year-end balance of last year
VAT input tax deductible	332,071,261.59	349,953,491.34
Income tax paid in advance	6,583,089.98	6,583,089.98
Bank financial products	575,655,558.24	86,000,000.00
Accrual interest of time deposit	2,918,334.73	2,670,150.01
Other	60,000.00	30,000.00
Total	917,288,244.54	445,236,731.33

(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	
1. Joint venture										
Huidong Server Harbor Comprehensive Development Company	14,619,203.04			-5,725,794.18						8,893,408.86
Total	14,619,203.04			-5,725,794.18						8,893,408.86

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

Item	Ending Balance	Year-end balance of last year
CPI Jiangxi Nuclear Power Company	60,615,000.00	60,615,000.00
Nanjing Zhongsheng Holding Co., Ltd.	21,000,000.00	
Shenzhen Petrochemical Oil Bonded Trade Co., Ltd. - investment cost	2,500,000.00	2,500,000.00
Shenzhen Petrochemical Oil Bonded Trade Co., Ltd. - change in fair value	-2,500,000.00	-2,500,000.00
Total	81,615,000.00	60,615,000.00

2. Non trading equity instrument investment

Item								Desig nated as the invest ment meas ured at fair value and whos e chang es recko	159
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					intent s to holdi ng for a long-t erm	
Nanjing Zhongshe ng Holding Co., Ltd.					intent s to holdi ng for a long-t erm	
			-2,500,00 0.00		intent s to	

holdi
ng for
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erm

Total			-2,500,00 0.00		

(10) Investment real estate**1. Investment real estate measured at cost**

Item	House and building	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	7,306,687.96	7,306,687.96
(2) Current increased	196,137.60	196,137.60
(3) Current decreased		
(4) Ending Balance	7,502,825.56	7,502,825.56
3. Depreciation provision		
(1) Year-end balance of last year		
(2) Current increased		
(3) Current decreased		
(4) Ending Balance		
4. Book value		
(1) Period-end book value	2,205,189.40	2,205,189.40
(2) Book value of end of last year	2,401,327.00	2,401,327.00

(11) Fixed assets**1. Fixed assets and disposal of fixed asset**

Item	Ending Balance	Year-end balance of last year
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Item	Ending Balance	Year-end balance of last year
Fixed assets	925,745,208.55	1,381,675,872.68
Disposal of fixed assets		
Total	925,745,208.55	1,381,675,872.68

2. Fixed assets

Item	House and buildings	Machinery equipment	Transportation tools	Other	Total
1. Original book value					
(1) Year-end balance of last year	501,321,101.48	4,079,001,987.60	16,336,684.19	55,807,562.91	4,652,467,336.18
(2) Current increased		9,153,903.96	2,813,738.59	4,153,230.22	16,120,872.77
—Purchase			2,813,738.59	4,153,230.22	6,966,968.81
Construction in progress transfer-in		9,153,903.96			9,153,903.96
(3) Current decreased	75,311,278.51	928,813,610.88	2,392,622.25	1,475,505.38	1,007,993,017.02
—Disposal or scrapping		15,960,958.30	715,372.52	385,603.62	17,061,934.44
--- Decrease in disposal of subsidiaries	75,311,278.51	912,852,652.58	1,677,249.73	1,089,901.76	990,931,082.58
(4) Ending Balance	426,009,822.97	3,159,342,280.68	16,757,800.53	58,485,287.75	3,660,595,191.93
2. Accumulated depreciation					-
(1) Year-end balance of last year	308,704,855.97	2,768,225,963.03	9,246,358.34	43,480,376.04	3,129,657,553.38
(2) Current increased	11,301,007.68	56,821,596.70	1,527,499.94	1,843,545.95	71,493,650.27
—Accrual	11,301,007.68	56,821,596.70	1,527,499.94	1,843,545.95	71,493,650.27
(3) Current decreased	45,538,524.40	539,322,987.55	1,995,714.32	1,141,057.18	587,998,283.45
—Disposal or scrapping		14,060,204.09	660,492.52	347,043.26	15,067,739.87

Item	House and buildings	Machinery equipment	Transportation tools	Other	Total
--- Decrease in disposal of subsidiaries	45,538,524.40	525,262,783.46	1,335,221.80	794,013.92	572,930,543.58
(4) Ending Balance	274,467,339.25	2,285,724,572.18	8,778,143.96	44,182,864.81	2,613,152,920.20
3. Impairment provision					-
(1) Year-end balance of last year	14,860,025.13	126,273,884.99			141,133,910.12
(2) Current increased		14,045,534.44			14,045,534.44
—Accrual		14,045,534.44			14,045,534.44
(3) Current decreased	5,059,785.83	28,422,595.55	-	-	33,482,381.38
—Disposal or scrapping					-
--- Decrease in disposal of subsidiaries	5,059,785.83	28,422,595.55			33,482,381.38
(4) Ending Balance	9,800,239.30	111,896,823.88	-	-	121,697,063.18
4. Book value					
(1) Period-end book value	141,742,244.42	761,720,884.62	7,979,656.57	14,302,422.94	925,745,208.55
(2) Book value of end of last year	177,756,220.38	1,184,502,139.58	7,090,325.85	12,327,186.87	1,381,675,872.68

3. Idle fixed assets temporary

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
Housing & buildings	127,893,412.10	97,976,714.45	13,948,439.04	15,968,258.61	
Machinery equipment	575,864,445.49	489,027,393.44	48,010,891.76	38,826,160.29	
Transportation equipment	256,300.00	230,670.00		25,630.00	
Total	704,014,157.59	587,234,777.89	61,959,330.80	54,820,048.90	

4. Fixed assets without property rights certificate

Item	Book value	Reasons for failing to complete the property rights certificate
Circulating Water Pump House	1,316,071.46	Procedures uncompleted
Cooling Tower	673,259.25	Procedures uncompleted
Complex Building-Xiefu	443,246.19	Procedures uncompleted
Heavy oil treatment workshop	402,438.65	Procedures uncompleted
Comprehensive building canteen	266,469.03	Procedures uncompleted
Chemical water treatment workshop	232,960.00	Procedures uncompleted
Fire pump room	209,965.89	Procedures uncompleted
Main entrance mail room	164,356.97	Procedures uncompleted
Start-up boiler house	90,681.43	Procedures uncompleted
Total	3,799,448.87	

(12) Construction in progress**1. Construction in progress and Engineering materials**

Item	Ending Balance	Year-end balance of last year
Construction in progress	42,782,712.98	66,474,630.23

Item	Ending Balance	Year-end balance of last year
Engineering materials		
Total	42,782,712.98	66,474,630.23

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	60,112,152.46	22,273,910.43	37,838,242.03	61,987,009.57	-	61,987,009.57
Oil to Gas Works	13,230,574.53	13,230,574.53	-	5,720,987.59	5,720,987.59	-
Technical innovation	4,944,470.95		4,944,470.95	30,278,212.46	27,150,612.67	3,127,599.79
Other				1,360,020.87	-	1,360,020.87
Total	78,287,197.94	35,504,484.96	42,782,712.98	99,346,230.49	32,871,600.26	66,474,630.23

3. Changes of significant projects in construction in the period

Item	Budget	Year-end balance of last year	Current increased	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	60,000,000.00	63,151,182.64	2,211,148.54		5,250,178.72	60,112,152.46	100.00	100.00	6,476,185.46			Self-raised and borrowing
Oil to Gas Works	74,400,000.00	32,871,600.26			19,641,025.73	13,230,574.53	63.76	63.76				Self-raised
Technical innovation		3,061,557.07	10,774,927.32	8,892,013.44		4,944,470.95	Not applicable	Not applicable				Self-raised
Other		261,890.52		261,890.52		-						Self-raised
Total	134,400,000.00	99,346,230.49	12,986,075.86	9,153,903.96	24,891,204.45	78,287,197.94			6,476,185.46			

4. Accrual of impairment provision for Construction in progress in the period

Item	Withdrawal amount for the current period	Reason for provision
Cogeneration	22,273,910.43	Failed to pass the acceptance, not put into use
Total	22,273,910.43	

(13) Intangible assets

1. Intangible assets

Item	Land use right	Software	Total
1. Original book value			
(1) Year-end balance of last year	91,355,995.46	3,577,588.80	94,933,584.26
(2) Current increased		213,630.54	213,630.54
—Purchase		213,630.54	213,630.54
(3) Current decreased	30,542,000.70		30,542,000.70
—Disposal			
—Decrease in disposal of subsidiaries	30,542,000.70		30,542,000.70
(4) Ending Balance	60,813,994.76	3,791,219.34	64,605,214.10
2. Accumulated amortization			
(1) Year-end balance of last year	48,080,331.33	3,251,086.49	51,331,417.82
(2) Current increased	700,231.35	207,891.42	908,122.77
—Accrual	700,231.35	207,891.42	908,122.77
(3) Current decreased	8,759,936.73		8,759,936.73
—Disposal			
—Decrease in disposal of subsidiaries	8,759,936.73		8,759,936.73
(4) Ending Balance	40,020,625.95	3,458,977.91	43,479,603.86
3. Impairment provision			
(1) Year-end balance of last year			
(2) Current increased			
—Accrual			
(3) Current decreased			
—Disposal			
(4) Ending Balance			

Item	Land use right	Software	Total
4. Book value			
(1) Closing book value	20,793,368.81	332,241.43	21,125,610.24
(2) Book value at the end of last year	43,275,664.13	326,502.31	43,602,166.44

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
Total	530,733.25	

(14) Long-term deferred expenses

Item	Year-end balance of last year	Current increased	Amortized in the Period	Other decrease	Ending Balance
Exhibition hall decoration amount	1,174,171.16	114,851.49	261,513.71		1,027,508.94
Total	1,174,171.16	114,851.49	261,513.71		1,027,508.94

(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	5,628,573.77	1,400,153.44
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	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
investments				
Total	8,852,158.77	2,206,049.69	8,852,158.77	2,206,049.69

2. Details of unrecognized deferred income tax assets

Item	Ending Balance	Year-end balance of last year
Deductible temporary difference	257,908,575.87	252,394,395.47
Deductible loss	150,290,572.14	195,054,252.98
Total	408,199,148.01	447,448,648.45

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
2020		51,262,905.45	
2021	8,844,687.56	74,575,975.11	
2022	18,744,225.08	23,638,284.56	
2023	41,640,520.44	41,640,520.44	
2024	11,385,937.72	3,936,567.42	
2025	69,675,201.34		
Total	150,290,572.14	195,054,252.98	

(16) Other non-current assets

Item	Ending Balance			Year-end balance of last year		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Project of LNG				22,882,181.78		22,882,181.78
Total				22,882,181.78		22,882,181.78

(17) Short-term loans

1. Classification

Item	Ending Balance	Year-end balance of last year

Item	Ending Balance	Year-end balance of last year
Guarantee loans		300,000,000.00
Credit loans	672,033,285.00	580,000,000.00
Accrued interest	3,495,573.48	1,075,378.48
Total	675,528,858.48	881,075,378.48

(18) Note payable

Species	Ending Balance	Year-end balance of last year
Bank acceptance	30,467,345.48	
Total	30,467,345.48	

(19) Account payable**1. Account payable**

Item	Ending Balance	Year-end balance of last year
Materials	1,485,870.91	12,180,417.48
Electricity	3,198,432.35	1,760,985.99
Labor	4,622,000.00	3,102,530.32
Others		2,827,168.62
Total	9,306,303.26	19,871,102.41

(20) Wages payable**1. Wages payable**

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance
Short-term remuneration	54,801,004.42	156,245,639.64	142,058,245.03	68,988,399.03
Post-employment welfare-defined contribution plans	407,428.11	12,202,866.56	12,171,789.73	438,504.94
Severance Pay				
Other welfare due within one year				

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance
Total	55,208,432.53	168,448,506.20	154,230,034.76	69,426,903.97

2. Short-term remuneration

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance
(1) Wages , bonuses, allowances and subsidies	53,579,116.98	128,573,278.37	113,668,220.98	68,484,174.37
(2) Welfare for workers and staff	63,050.00	936,106.00	869,795.00	129,361.00
(3) Social insurance	199,344.99	5,790,260.78	5,989,605.77	-
Including: Medical insurance	167,818.74	5,653,278.75	5,821,097.49	
Work injury insurance	13,139.34	8,075.81	21,215.15	
Maternity insurance	18,386.91	128,906.22	147,293.13	
(4) Housing accumulation fund	614,780.58	19,347,873.62	19,962,654.20	
(5) Labor union expenditure and personnel education expense	344,711.87	1,598,120.87	1,567,969.08	374,863.66
(6) Short-term paid absence				
(7) Short-term profit sharing plan				
Total	54,801,004.42	156,245,639.64	142,058,245.03	68,988,399.03

3. Defined contribution plans

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance
Basic endowment insurance	394,280.13	6,476,552.40	6,870,832.53	
Unemployment insurance	12,849.98	35,874.01	48,723.99	
Enterprise annuity	298.00	5,265,071.94	4,826,865.00	438,504.94

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance
Other	-	425,368.21	425,368.21	
Total	407,428.11	12,202,866.56	12,171,789.73	438,504.94

(21) Taxes payable

Tax Item	Ending Balance	Year-end balance of last year
VAT	3,086,053.57	15,053,172.64
Environmental tax	32,646.98	14,373.02
Corporate income tax	621,938.34	3,407,074.02
Personal Income Tax	2,726,195.98	1,550,858.52
Urban maintenance and construction tax	44,879.53	101,751.28
Property tax	996,166.86	996,166.86
Stamp duty	33,443.10	252,230.52
Local education surcharge	16,824.46	33,593.64
Education surcharge	25,236.71	50,390.44
Other	42,872.73	309,662.83
Total	7,626,258.26	21,769,273.77

(22) Other account payable

Item	Ending Balance	Year-end balance of last year
Interest payable		
Other account payable	27,020,944.95	43,691,472.06
Total	27,020,944.95	43,691,472.06

1. Other account payable

(1) Other payable by nature

Item	Ending Balance	Year-end balance of last year
Engineering funds	7,759,695.06	13,045,165.88
Quality assurance	6,675,270.29	6,825,475.53
Accrued expenses	6,625,316.75	1,0301,185.40

Item	Ending Balance	Year-end balance of last year
Material payment	147,487.65	
Equipment fund	3,215,000.00	3,718,050.65
Other	2,598,175.20	9,801,594.60
Total	27,020,944.95	43,691,472.06

(2) Top five other payable

The ending balance of the top five other payable aggregated by the arrears party is 7,947,436.34 yuan, accounting for 29.41% of the total ending balance of other payable.

(23) Accrual liability

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance	Reason
Pending litigation	26,646,056.28		6,722,548.00	19,923,508.28	
Other					
Total	26,646,056.28		6,722,548.00	19,923,508.28	

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 Nanshan Town Government as well as its subordinate Nanshan Group. In order to solve this remaining historic problem, Shenzhen Server saved 12,500,000.00 yuan 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 15,000,000.00 yuan. Relevant losses with the event concerned predicted amounting to 27,500,000.00 yuan by the Group, the balance at the end of 2019 was 26,646,056.28 yuan.

On November 12, 2020, Huidong Server and other related parties reached a preliminary settlement agreement on the land disputes in the estimated liabilities. According to this, accrual liability of 6,584,816.78 yuan was reversed by Shenzhen Server. In 2020, Shenzhen Server to bear the lawyer's and other expenses in accordance with the agreed proportion, that is 137,731.22 yuan, the accrual liability has 6,722,548.00 yuan declined in total in the Period. Balance of 19,923,508.28 yuan refers to the repayment obligations that are likely to occur before the completion of the above matters.

(24) Deferred income

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance	Reasons

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance	Reasons
Government subsidy	108,507,683.52		14,727,025.59	93,780,657.93	
Total	108,507,683.52		14,727,025.59	93,780,657.93	

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	Ending Balance	Assets related/income related
Government subsidies for low-nitrogen equipment renovation	25,165,130.64		516,675.96		24,648,454.68	Assets related
Government subsidies for information construction projects	86,666.60		61,176.48		25,490.12	Assets related
Subsidies for the Motor Energy Efficiency Improvement Funding Scheme	401,760.00		34,560.00		367,200.00	Assets related
Support fund of recycling economy for sludge drying	7,451,273.95		647,002.92		6,804,271.03	Assets related
Treasury subsidies for sludge drying	2,826,250.00		255,000.00		2,571,250.00	Assets related
Special funds for energy conservation and emission	684,223.30		114,037.32		570,185.98	Assets related

reduction						
Subsidy for quality promotion of the air environment in Shenzhen (note 1)	67,262,379.03		4,731,818.16	3,736,754.75	58,793,806.12	Assets related
Cogeneration (note 2)	4,630,000.00			4,630,000.00	-	Assets related
Total	108,507,683.52	-	6,360,270.84	8,366,754.75	93,780,657.93	

Note 1: The decrease in the subsidy funds for the improvement of atmospheric environmental quality in Shenzhen during the current period was due to the unamortized amount of deferred income corresponding to spare parts sold to Dongguan Weimei in the previous year, the relevant gains and losses have been realized after the disposal of Dongguan Weimei in the current period and were transferred to the current profit and loss.

Note 2: The reduction in financial subsidies for cogeneration projects during the current period was because that the subsidy was the disposed subsidy corresponding to the holding subsidiary Dongguan Weimei, the reduction was caused by the disposal of the equity.

(25) Other non-current liabilities

Item	Ending Balance	Year-end balance of last year
Amounts payable to other shareholders	7,627.86	
Total	7,627.86	

Note: In November 2020, the company and Guangdong China Science and Tech Innovation Venture Capital Management Co., Ltd. jointly established Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership). The two parties agreed that Guangdong China Science and Tech Innovation Venture Capital Management Co., Ltd. is a general partner with a capital contribution of 100,000 yuan; Shenzhen Nanshan Power Co., Ltd. is a limited partner with a capital contribution of 279,900,000 yuan. Guangdong China Science and Tech Innovation Venture Capital Management Co., Ltd. actually invested 7,627.86 yuan, and enjoyed a 0.0357% equity ratio. According to the agreement between the company and Guangdong China Science and Tech Innovation Venture Capital Management Co., Ltd., the partnership firm does not have a management organization for daily operations. Since the date of establishment, it has signed the "Entrusted Management Agreement" with the fund manager Guangdong China Science and Tech Innovation Venture Capital Management Co., Ltd., entrusting it to operate and manage the partnership assets for a period of 5 years; the partnership enterprise needs to pay fund management income to the fund manager on a regular basis. Fund manager enjoys a basically fixed return, and the remaining risks and returns belong to other partners. The company assumes the obligation to guarantee the basic return to the fund manager that the subordinate limited partnership cannot pay, and cannot unconditionally avoid the delivery of cash or other financial assets to fulfill its contractual obligations. Therefore, the capital contributions of other equity holders of the subsidiary limited partnership are classified as financial liabilities, and the statement items are listed as other non-current liabilities.

(26) 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

(27) Capital reserve

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance
Capital premium (Share premium)	233,035,439.62			233,035,439.62
Other capital reserve	129,735,482.48			129,735,482.48
Total	362,770,922.10			362,770,922.10

(28) Other comprehensive income

Item	Year-end balance of last year	Balance at year-begin	Account before income tax in the year	Current period					Ending Balance
				Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: written in other comprehensive income in previous period and carried forward to retained earnings 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									
Including: changes of the defined benefit plans that are 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
Total other comprehensive income	-2,500,000.00								-2,500,000.00

(29) Surplus reserve

Item	Year-end balance of last year	Current increased	Current Decreased	Ending 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

(30) Retained profit

Item	Current amount	Last-period amount
Retained profit of last year before adjusted	706,830,892.54	679,429,935.81
Total retained profit adjusted (increased with +, decreased with -)		2,500,000.00
Retained profit at beginning of the year after adjusted	706,830,892.54	681,929,935.81
Add: net profit attributable to shareholders of parent company	64,024,291.32	24,900,956.73
Less: withdrawal of statutory surplus reserve		
Common Stock dividend payable	12,055,251.92	
Retained profit at period-end	758,799,931.94	706,830,892.54

(31) Operating income and operating cost

Item	Current amount		Last-period amount	
	Income	Cost	Income	Cost
Main business	982,484,377.16	794,326,472.79	1,215,058,062.82	1,061,104,493.35
Other business	2,769,454.42	197,337.60	7,519,891.71	812,220.50
Total	985,253,831.58	794,523,810.39	1,222,577,954.53	1,061,916,713.85

(32) Tax and surcharge

Item	Current amount	Last-period amount
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Item	Current amount	Last-period amount
Property tax	2,149,484.33	2,821,267.33
Travel tax	15,266.56	31,316.56
Land holding tax	785,747.88	1,141,596.06
Stamp duty	625,730.48	924,912.41
Urban maintenance and construction tax	2,507,916.30	1,350,602.20
Education surcharge	1,413,635.81	1,120,703.52
Local education surcharge	935,569.77	63,814.32
Environmental protection tax	112,506.92	186,572.43
Total	8,545,858.05	7,640,784.83

(33) Sales expense

Item	Current amount	Last-period amount
Sludge treatment costs	3,848,884.38	4,031,523.46
Salary, welfare and social insurance	655,091.29	996,151.70
Social expenses	233,663.28	268,359.94
Agency engagement fee	68,056.60	75,971.70
Property insurance	55,981.53	49,130.74
Labor insurance fee	23,561.59	27,960.33
Inspection charges	21,683.02	15,141.51
Rental fee	18,000.00	28,800.00
Fleet cost	15,284.63	30,638.59
Housing fund	14,746.52	24,528.10
Food expenses	11,900.00	16,800.00
Travel expenses	7,662.50	28,899.36
Communication expenses	5,400.00	5,400.00
Total	4,979,915.34	5,599,305.43

(34) Administration expense

Item	Current amount	Last-period amount
Wages	62,913,189.30	58,981,116.34
Rental fee	7,243,936.24	6,580,207.65
Depreciation	6,453,519.80	5,649,591.19

Item	Current amount	Last-period amount
Social expenses	2,983,408.61	3,771,769.48
Food expenses	3,217,453.47	3,592,575.99
Agency fee	3,766,552.89	3,095,141.29
Repairing cost	1,191,409.25	2,969,577.00
Eco fee	244,376.90	2,106,321.81
Fleet cost	4,202,313.60	1,845,751.95
Office fee	1,369,300.09	1,814,835.07
Board charges	2,357,575.81	1,524,267.12
Communication expenses	1,201,372.17	1,215,924.18
Amortization of intangible assets	292,083.81	1,167,628.79
Corporate culture fee	1,175,121.33	1,131,607.97
Property management fee	989,244.87	976,311.67
Business travel expenses	710,951.65	961,610.72
Fee for stock certificate	676,422.39	897,478.35
Other	10,629,992.91	11,260,183.61
Total	111,618,225.09	109,541,900.18

(35) R&D expenses

Item	Current amount	Last-period amount
Employee's salary	8,242,704.84	
Depreciation	163,768.32	
Amortization of intangible assets	84,409.42	
Total	8,490,882.58	

(36) Financial expense

Item	Current amount	Last-period amount
Interest expenses	33,228,170.68	50,574,483.78
Less: capitalized interest	1,213,367.42	1,362,031.20
Expenses interest	32,014,803.26	49,212,452.58
Less: interest income	32,660,554.45	26,884,777.55
Exchange loss (gains is listed with "-")	407,513.25	-88,809.42

Item	Current amount	Last-period amount
Other	171,579.98	71,842.43
Total	-66,657.96	22,310,708.04

(37) Other Income

Item	Current amount	Last-period amount
Government grants	15,117,534.15	10,137,838.38
Debt restructuring income	7,593,783.90	
Total	22,711,318.05	10,137,838.38

Government subsidies included in other income

Item	Current amount	Last-period amount	Asset related / income related
VAT rebates	1,283,570.70	3,734,989.57	Income related
Subsidy for low-nitrogen transformation	516,675.96	522,511.46	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	4,731,818.16	3,567,560.63	Asset related
Special funds for energy conservation and emission reduction	114,037.32	114,037.32	Asset related
Individual tax refund	375,369.20		Income related
Enterprise unemployment insurance premium refund	4,176,211.18		Income 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
Reward to encouraging small and medium-sized enterprise to growth as a scale-sized company	27,816.00	200,000.00	Income related
Supporting funds of office occupancy for listed companies	1,822,300.00	1,000,000.00	Income related
Special fund for the development	500,000.00		Income related

Item	Current amount	Last-period amount	Asset related / income related
of independent innovation industry			
Qianhai Epidemic Prevention Support Special Fund	448,791.00		Income related
Subsidy of further stable growth	100,000.00		Income related
Job stabilization subsidy	21,687.31		Income related
Preferential refund of education fees for comprehensive utilization of resources products and labor	517.92		Income related
Total	15,117,534.15	10,137,838.38	

(38) Investment income

Item	Current amount	Last-period amount
Long-term equity investment income by equity	-5,725,794.17	-1,429,841.92
Investment income from disposal of long-term equity investments	33,534,881.55	
Total	27,809,087.38	-1,429,841.92

(39) Credit impairment loss

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

(40) Assets impairment loss

Item	Current amount	Last-period amount
Loss of inventory fall	-7,399,234.51	
Fixed asset impairment loss	-14,045,534.44	
Construction in progress impairment loss	-22,273,910.43	
Total	-43,718,679.38	

(41) 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 assets	-1,109,128.91	-279,099.94	-1,109,128.91
Total	-1,109,128.91	-279,099.94	-1,109,128.91

(42) Non-operating revenue

Item	Current amount	Last-period amount	Amount reckoned into non-recurring gains/losses of the Period
Reversal of accrual liabilities	6,584,816.78		6,584,816.78
Sales of carbon emissions gains		2,383,489.15	
Other	500.00	3,217,727.78	500.00
Total	6,585,316.78	5,601,216.93	6,585,316.78

(43) 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
Loss of scrap from non-current assets	34,990.00	248,009.08	34,990.00
Other	108,729.62	12,339.71	108,729.62
Total	153,719.62	270,348.79	153,719.62

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

Item	Current amount	Last-period amount
Current income tax	1,361,203.90	3,213,516.91

Item	Current amount	Last-period amount
Deferred income tax	-	-134,725.43
Total	1,361,203.90	3,078,791.48

2. Adjustment on accounting profit and income tax expenses

Item	Current amount
Total profit	69,285,992.39
Income tax measured by statutory/applicable tax rate	17,321,399.23
Impact on subsidiary with different rates adaption	148,307.73
Impact on cost, expenses and losses that unable to deducted	-15,643,367.32
Effect of deductible losses of deferred tax assets unconfirmed at the earlier stage of use	-15,975,634.80
Impact on deductible temporary differences or losses deductible which was un-recognized as deferred income tax assets	30,145,175.59
Impact of R&D Expenses Plus Deduction	-931,706.20
The impact of investment income under the equity method	1,431,448.54
The impact of asset impairment losses from previous years recognized in the current period	-15,134,418.87
Income tax expenses	1,361,203.90

(45) Earnings per share

1. Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares issued by the company:

Item	Current amount	Last-period amount
Consolidated net profit attributable to ordinary shareholders of the parent company	64,024,291.32	24,900,956.72
Weighted average number of common shares issued by the company	602,762,596.00	602,762,596.00
Basic earnings per share	0.1062	0.0413

2. Diluted earnings per share

Item	Current amount	Last-period amount
Consolidated net profit attributable to ordinary shareholders of the parent company (diluted)	64,024,291.32	24,900,956.72
Weighted average number of common shares issued by the company (diluted)	602,762,596.00	602,762,596.00
Diluted earnings per share	0.1062	0.0413

(46) Cash flow statement

1. Cash received with other operating activities concerned

Item	Current amount	Last-period amount
Interest income	30,591,982.78	23,690,836.55
Government subsidy	7,639,374.06	39,298,273.00
Intercourse funds	7,399,077.47	7,534,398.30
Other	320,135.7	8,214,304.81
Total	45,950,570.01	78,737,812.66

2. Other cash paid in relation to operation activities

Item	Current amount	Last-period amount
Out-of-pocket expenses	48,434,930.11	48,649,620.63
Intercourse funds	9,982,836.03	9,032,309.97
Total	58,417,766.14	57,681,930.60

3. Other cash received in relation to investment activities

Item	Current amount	Last-period amount
debt repayment received from Huidong Server	1,144,800.00	1,489,600.00
Interest from financial products	6,763,164.80	
Total	7,907,964.80	1,489,600.00

4. Other cash received in relation to financing activities

Item	Current amount	Last-period amount
Received from other company	170,000,000.00	5,170,000.00
Total	170,000,000.00	5,170,000.00

5. Cash paid related with financing activities

Item	Current amount	Last-period amount
Other account paid	887,962.40	
Total	887,962.40	

(47) 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	67,924,788.49	25,692,942.62
Add: credit impairment loss		556,572.76
Assets impairment provision	43,718,679.38	
Depreciation of fixed assets	71,493,650.27	105,561,161.38
Amortization of intangible assets	908,122.77	2,429,067.75
Amortization of long-term deferred expenses	261,513.71	85,542.87
Loss from disposing fixed assets, intangible assets and other long-term assets (income listed with “-”)	1,109,128.91	279,099.94
Loss on retirement of fixed assets (gain is listed with “-”)	34,990.00	248,009.08
Loss from changes of fair value (income listed with “-”)		
Financial expense (gain listed with “-”)	32,014,803.26	48,887,169.51
Investment loss (gain listed with “-”)	27,809,087.38	1,429,841.92
Decrease of deferred income tax asset((increase is listed with “-”)		-134,725.43
Decrease of inventory (increase is listed with “-”)		
Decrease of inventory (increase is listed with “-”)	22,175,312.08	5,650,701.78
Decrease of operating receivable accounts (increase is listed with “-”)	47,614,892.79	-34,099,159.37
Increase of operating payable accounts (decrease is listed with “-”)	-39,612,534.43	13,462,259.61
Other	-14,727,025.59	32,895,424.19

Supplementary information	Current amount	Last-period amount
Net cash flow arising from operating activities	260,725,409.02	202,943,908.61
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	397,101,272.21	381,490,000.96
Less: Balance of cash at end of the previous year	381,490,000.96	574,956,611.70
Add: Ending balance of cash equivalent	367,500,000.00	390,000,000.00
Less: Balance of cash equivalent at end of the previous year	390,000,000.00	340,000,000.00
Net increasing of cash and cash equivalents	-6,888,728.75	-143,466,610.74

2. Net cash received from disposal of subsidiaries in the current period

Item	Amount
Cash or cash equivalents received by subsidiaries disposal in the current period	104,980,000.00
Less: cash and cash equivalents held by the company on the day when control is lost	72,567,163.02
Net cash received from disposal of subsidiaries	32,412,836.98

3. Composition of cash and cash equivalent

Item	Ending Balance	Year-end balance of last year
I. Cash	397,101,272.21	381,490,000.96
Including: Cash on hand	101,163.11	84,307.60
Bank savings available for payment needed	397,000,109.10	381,339,856.01
Other monetary capital available for payment needed		65,837.35
Account due from central bank available for payment		

Item	Ending Balance	Year-end balance of last year
Amount due from banks		
Amount call loans to banks		
II. Cash equivalent	367,500,000.00	390,000,000.00
including: bond investment due within three months		
III. Balance of cash and cash equivalent at period-end	764,601,272.21	771,490,000.96
Including: Cash and cash equivalent of the parent company or subsidiaries with use restricted		

(48) Assets of ownership or use right restricted

Item	Ending book value	Opening book value	Restricted reason
Monetary Fund		1,719,853.88	Cash deposit

(49) 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	839,391.70	6.52	5,476,946.90
Euro	1,017.87	8.02	8,168.10
HKD	448,317.53	0.84	377,307.14

(50) 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-period amount	
Subsidy for low-nitrogen transformation	458,768.16	Other income	458,768.16	522,511.46	458,768.16
Support fund of	647,002.92	Other	647,002.92	647,002.92	647,002.92

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-period amount	
recycling economy for sludge drying		income			
Treasury subsidies for sludge drying	255,000.00	Other income	255,000.00	255,000.00	255,000.00
Subsidy for quality promotion of the air environment in Shenzhen	4,789,725.96	Other income	4,789,725.96	3,567,560.63	4,789,725.96
Special funds for energy conservation and emission reduction	114,037.32	Other income	114,037.32	114,037.32	114,037.32
Information construction	61,176.48	Other income	61,176.48	61,176.48	61,176.48
Funded of energy efficiency improvement for electric machine	34,560.00	Other income	34,560.00	34,560.00	34,560.00
Total	6,360,270.84		6,360,270.84	5,201,848.81	6,360,270.84

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-period amount	
VAT refund	1,283,570.70	1,283,570.70	3,734,989.57	1,283,570.70
Individual tax refund	375,369.20	375,369.20	-	375,369.20
Enterprise unemployment insurance premium refund	4,176,211.18	4,176,211.18	-	4,176,211.18
Employment and unemployment monitoring subsidy	1,000.00	1,000.00	1,000.00	1,000.00
Reward to encouraging small and medium-sized enterprise to growth as a scale-sized company	27,816.00	27,816.00	200,000.00	27,816.00

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-period amount	
Supporting funds of office occupancy for listed companies	1,822,300.00	1,822,300.00	1,000,000.00	1,822,300.00
Special fund for the development of independent innovation industry	500,000.00	500,000.00	-	500,000.00
Qianhai Epidemic Prevention Support Special Fund	448,791.00	448,791.00	-	448,791.00
Subsidy of further stable growth	100,000.00	100,000.00	-	100,000.00
Job stabilization subsidy	21,687.31	21,687.31	-	21,687.31
Preferential refund of education fees for comprehensive utilization of resources products and labor	517.92	517.92	-	517.92
Total	8,757,263.31	8,757,263.31	4,935,989.57	8,757,263.31

VI. Change of consolidate scope

During the reporting period, the company established a new subsidiary and disposed of a holding company. The newly established company is under the control of the company and is included in the scope of the consolidated statement during the reporting period. For details, please refer to Note 8. (1) Equity in subsidiaries.

VII. Equity in other entity

(1) Equity in subsidiaries

1. Composition of the Group

Subsidiary	Main operation place	Shareholding ratio (%)		Acquired way
		Directly	Indirectly	
Shennandian (Zhongshan) Power Co., Ltd. ("Zhongshan Power")	Zhongshan	55.00	25.00	Establishment
Shenzhen Shennandian Gas Turbine Engineering Technology Co., Ltd. ("Engineering Company")	Shenzhen	60.00	40.00	Establishment
Shenzhen Shennandian Environmental Protection Co., Ltd. ("Environmental Protection Company")	Shenzhen	70.00	30.00	Establishment
Shenzhen Xiefu Energy Co., Ltd. ("Shenzhen Xiefu")	Shenzhen	50.00	-	Establishment
Shenzhen New Power Industry Co., Ltd. ("New Power")	Shenzhen	75.00	25.00	Establishment
Shennan Energy (Singapore) Co., Ltd. ("Singapore Company")	Singapore	100.00	-	Establishment
Hong Kong Syndisome Co., Ltd. ("Syndisome")	Hong Kong	-	100.00	Establishment
Zhongshan Shennandian Storage Co., Ltd. ("Shenzhen Storage")	Zhongshan		80.00	Establishment
Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership)	Zhuhai	99.96	-	Establishment

2. Important non-wholly-owned subsidiary

Subsidiary	Share-holding ratio of minority (%)	Gains/losses attributable to minority in the Period	Ending equity of minority

Subsidiary	Share-holding ratio of minority (%)	Gains/losses attributable to minority in the Period	Ending equity of minority
Shennandian (Zhongshan) Power Co., Ltd. ("Zhongshan Power")	20.00	7,138,144.59	-11,729,613.03

3. Main finance of the important non-wholly-owned subsidiary

Subsidiary	Ending Balance /RMB						Year-end balance of last year / RMB					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Shennandian (Zhongshan) Power Co., Ltd. (“Zhongshan Power”)	63,887,511.26	486,793,086.63	550,680,597.89	603,862,934.78	5,465,728.24	609,328,663.02	67,810,211.56	529,800,968.49	597,611,180.05	686,312,294.78	5,637,673.36	691,949,968.14

Subsidiary	Current amount/ RMB				Last-period amount/ RMB			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Shennandian (Zhongshan) Power Co., Ltd. (“Zhongshan Power”)	202,539,109.51	35,690,722.96	35,690,722.96	114,269,754.95	171,254,894.37	656,087.40	656,087.40	88,204,730.40

(2) Equity in joint venture and cooperative enterprise**1. Major joint venture and cooperative enterprise**

Name of joint venture or joint venture	Main operation place	Main business activities	Share-holding ratio (%)		Accounting treatment on investment for joint venture and cooperative enterprise
			Directly	Indirectly	
Huidong Port Server Comprehensive Development Co., Ltd.	Renshan Town, Huidong County	Wharf operation	40.00		Equity method

2. Major financial information of important joint ventures or joint ventures

	Ending Balance /Current amount	Ending balance of previous year/Last-period amount
Total book value of investment	8,893,408.86	14,619,203.03
Total numbers measured by share-holding ratio		
Net profit	-5,725,794.17	-1,429,841.92
Other comprehensive income		
Total comprehensive income	-5,725,794.17	-1,429,841.92

VIII. Risks relating to financial instruments

The Company's main financial instruments include equity investment, notes receivable, long-term and short-term loans, accounts receivable, accounts payable, other payable, etc., see details of each financial instrument in related items of this annotation III (x). 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.

(1) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, causing the other party to suffer financial losses. The Company is mainly faced with customer credit risk caused by credit sales. Before signing a new contract, the

Company will evaluate the credit risk of the new customer, including the external credit rating and, in some cases, the bank credit certificate (when this information is available). The company has set a credit limit for each customer, which is the maximum amount without additional approval.

The company ensures that the company's overall credit risk is within a controllable range through quarterly monitoring of existing customer credit ratings and monthly review of accounts receivable aging analysis. When monitoring the credit risk of customers, they are grouped according to their credit characteristics. Customers rated as "high risk" will be placed on the restricted customer list, and only with additional approval, the company can sell them on credit in the future, otherwise they must be required to pay the corresponding amount in advance.

(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(36).

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	-14,399.25	-14,399.25	-1,192,987.50	-1,192,987.50
5% decreased	14,399.25	14,399.25	1,192,987.50	1,192,987.50

(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, 2020, except for the balance of foreign currency monetary items of 49, 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

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation of settlement by means of cash or other financial assets. The Company's policy is to ensure that it has sufficient cash to repay the debts due. Liquidity risk is centrally controlled by the Company's financial department. The financial department monitors cash balances, marketable securities that can be cashed at any time, and rolling forecasts of cash flows in the next 12 months to ensure that the company has sufficient funds to repay debts under all reasonable forecasts.

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. (1) Equity in other entity

(3) Joint venture and affiliated enterprise of the Group

See details in Note VII. (2) 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 Guangju 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 Holdings 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
Shennandian (Dongguan) Weimei Power Co., Ltd.	Other related parties

(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)
Shennandian (Dongguan) Weimei Power Co., Ltd.	200,000,000.00	2019/6/24	2020/4/30	Y
Shennandian (Dongguan) Weimei Power Co., Ltd.	200,000,000.00	2019/6/26	2020/4/30	Y
Total	400,000,000.00			

2. Remuneration of key manager

Item	Current amount	Last-period amount
Remuneration of key manager	5,301,000 yuan	5,404,200 yuan

(6) Receivable/payable items of related parties**1. Receivable**

Item	Related party	Ending Balance	Year-end balance of last year
Other account receivable			
	Huidong Server	14,740,501.44	9,060,361.44
	Huidong Server managed account	6,634,071.38	13,114,012.69
.....	Total	21,374,572.82	22,174,374.13

X. Commitment and Contingency**(1) Major Commitment**

As of December 31, 2020, the company has no commitments that need to be disclosed.

(2) Contingency

As of December 31, 2020, the company has no contingencies that need to be disclosed.

XI. Events Occurring after the Balance Sheet Date

As of the date of this report, the company has no contingencies that need to be disclosed.

(1) Important non-adjusting matters

(2) Note of other events occurring after the balance sheet date

(3) Segment information

1. Determining basis and accounting policies of the report divisions

According to the Company's internal organizational structure, management requirements and internal reporting system, the Company's operating business is divided into three business divisions, i.e. power supply and heating, fuel trading, and other businesses. The Company's management regularly evaluates the business performance of these divisions in order to determine the allocation of resources and evaluate the performance.

Divisional reporting information is disclosed in accordance with the accounting policies and measurement standards adopted when each division reports to the management. These measurement bases are consistent with the accounting and measurement bases used when preparing financial statements.

2. Financial information of the reportable segment

Item	Power supply & heating	Fuel trading	Other	Fuel trading	Total
Operation income	887,187,171.53	1,186,761.96	103,908,079.24	7,028,181.15	985,253,831.58
Operation cost	737,261,316.92	196,137.60	69,677,268.14	12,610,912.27	794,523,810.39
Total assets	3,678,545,994.41	273,651,683.95	199,002,480.23	1,130,369,228.53	3,020,830,930.06
Total liabilities	1,667,458,834.45	25,630,043.74	39,367,001.20	799,367,470.92	933,088,408.47

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

(1) Account receivable

1. Age analysis

Age	Ending Balance	Year-end balance of last year
Within 1 year	24,673,115.32	31,821,804.69
Over 3 years		2,889.00
Subtotal	24,673,115.32	31,824,693.69
Less: Bad debt provision		
Total	24,673,115.32	31,824,693.69

2. According to accrual method for bad debts

Category	Ending Balance				Book value	
	Book balance		Bad debt provision			
	Amount	Proportion (%)	Amount	Accrual proportion (%)		
Bad debt by single provision						
Provision for bad debts by portfolio of credit risk	24,673,115.32				24,673,115.32	
Total	24,673,115.32				24,673,115.32	

Category	Ending balance of previous year				Book value	
	Book balance		Bad debt provision			
	Amount	Proportion (%)	Amount	Accrual proportion (%)		
Bad debt by single provision						
Provision for bad debts by portfolio of credit risk	31,824,693.69				31,824,693.69	
Total	31,824,693.69				31,824,693.69	

Provision for bad debts by portfolio:

Name	Ending Balance		
	Account receivable	Bad debt provision	Accrual ratio (%)
Grid accounts receivable	24,673,115.32		
Total	24,673,115.32		

3. Top 5 receivables at ending balance by arrears party

Total period-end balance of top five receivables by arrears party amounting to 24,673,115.32 Yuan, takes 100 percent of the total account receivable at period-end, bad debt provision accrual correspondingly at period-end amounting as 0 Yuan

(2) Other account receivable

Item	Ending Balance	Year-end balance of last year

Item	Ending Balance	Year-end balance of last year
Interest receivable		
Dividend receivable		
Other account receivable	598,044,417.89	873,861,071.55
Total	598,044,417.89	873,861,071.55

1. Other account receivable

(1) Age analysis

Age	Ending Balance	Year-end balance of last year
Within 1 year	6,702,182.44	239,265,595.88
1 to 2 years	35,844,839.81	89,264,291.59
2 to 3 years	10,166,211.56	100,729,690.00
Over 3 years	572,660,827.52	471,931,137.5
Subtotal	625,374,061.33	901,190,714.99
Less: Bad debt provision	27,329,643.44	27,329,643.44
Total	598,044,417.89	873,861,071.55

(2) By category

Category	Ending Balance					Book value	
	Book balance		Bad debt provision		Accrual proportion (%)		
	Amount	Proportion (%)	Amount				
Bad debt by single provision	28,023,159.22	4.48	27,329,643.44	97.53		693,515.78	
Provision for bad debts by portfolio of credit risk	597,350,902.11	95.52		-		597,350,902.11	
Total	625,374,061.33	100.00	27,329,643.44	4.37		598,044,417.89	

Category	Ending balance of previous year					Book value	
	Book balance		Bad debt provision		Accrual proportion (%)		
	Amount	Proportion (%)	Amount				

Category	Ending balance of previous year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Bad debt by single provision	28,023,159.22	3.11	27,329,643.44	97.53	693,515.78
Provision for bad debts by portfolio of credit risk	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

With single provision for bad debts:

Name	Ending Balance			
	Book balance	Bad debt provision	Accrual ratio (%)	Accrual reasons
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	Un-collectable in excepted
Huiyang Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00	Un-collectable in excepted
Beneficiary fund dividends (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	Un-collectable in excepted
Total	28,023,159.22	27,329,643.44	97.53	

Provision for bad debts by portfolio:

By portfolio

Name	Ending Balance		
	Other account receivable	Bad debt provision	Accrual ratio (%)
Including: deposit and security deposit	93,118.19		
Reserve fund	141,771.66		
Withholding and Payment	888,853.81		-
Other	160,831.32		-

Name	Ending Balance		
	Other account receivable	Bad debt provision	Accrual ratio (%)
Accounts between related parties within the scope of consolidation	596,066,327.13		-
Total	597,350,902.11		

(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
Balance at year-begin of the period			27,329,643.44	27,329,643.44
— 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				
Ending Balance			27,329,643.44	27,329,643.44

(5) By nature

Nature	Ending book balance	Book balance at last year-end
Related party transactions	596,066,327.13	866,978,723.13
Dormitory receivable	2,083,698.16	2,083,698.16
Deposit receivable	1,658,753.42	1,658,796.73
Personal money	9,969,037.63	10,008,932.63
other	15,596,244.99	20,460,564.34
Subtotal	625,374,061.33	901,190,714.99

Less: Bad debt provision		27,329,643.44	27,329,643.44
Total		598,044,417.89	873,861,071.55

(3) Long-term equity investment

Item	Ending Balance			Year-end balance of last year		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiary	597,936,200.00	347,745,035.00	250,191,165.00	691,982,849.76	388,641,684.76	303,341,165.00
Total	597,936,200.00	347,745,035.00	250,191,165.00	691,982,849.76	388,641,684.76	303,341,165.00

1. Investment to subsidiary

The invested entity	Year-end balance of last year	Current increased	Current Decreased	Ending Balance	Impairment provision accrual in the Period	Period-end balance of depreciation reserves
Shenzhen Xiefu Oil Supply Company	26,650,000.00			26,650,000.00		
Shennan Energy Singapore Company	6,703,800.00			6,703,800.00		
Shenzhen New Power Industry Co., Ltd.	71,270,000.00			71,270,000.00		
Shennandian (Zhongshan) Power Co., Ltd.	410,740,000.00	0		410,740,000.00	347,745,035.00	0
Shenzhen Shennandian	6,000,000.00			6,000,000.00		

The invested entity	Year-end balance of last year	Current increased	Current Decreased	Ending Balance	Impairment provision accrual in the Period	Period-end balance of depreciation reserves
Gas Turbine Engineering Technology Co., Ltd.						
Shennandian (Dongguan) Weimei Power Co., Ltd.	115,319,049.7 6		115,319,049.7 6		-40,896,649.7 6	
Shenzhen Shennandian Environmental Protection Co., Ltd.	55,300,000.00			55,300,000.00		
Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership)		21,272,400.0 0		21,272,400.00		
Total	691,982,849.7 6	21,272,400.0 0	115,319,049.7 6	597,936,200.0 0	-40,896,649.7 6	347,745,035.0 0

(4) Operation revenue and operation cost

Item	Current amount		Last-period amount	
	Revenue	Cost	Revenue	Cost
Main business	309,680,939.69	344,087,651.19	311,287,934.22	377,618,823.17
Other business	66,299,908.86	6,677,789.32	94,716,587.06	10,591,679.27
Total	375,980,848.55	350,765,440.51	406,004,521.28	388,210,502.44

(5) Investment income

Item	Current amount	Last-period amount
Investment income from disposal of long-term equity investments	-14,432,400.00	
Total	-14,432,400.00	

XIII. Supplementary information

(1) Statement of non-recurring gains/losses

Item	Amount	Note
Gains and losses from disposal of non-current assets	-1,144,118.91	
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)	13,833,445.53	
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	7,593,783.90	
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	6,584,816.78	
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test		
Gains and losses obtained from external trusted loans		

Item	Amount	Note
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		
Other non-operating income and expenditure except for the aforementioned items	-118,229.62	
Other gains and losses items complying with definition for non-recurring gains and losses	33,534,881.55	Note
Subtotal	60,284,579.23	
Less: impact on income tax	152,683.61	
Less: impact on minority equity	3,708,642.89	
Total	56,423,252.73	

Note: Other profit and loss items that meet the definition of non-recurring profit and loss are the disposal income generated by the company's disposal of 70% of the shares of Shennandian (Dongguan) Weimei Power Co., Ltd. this year.

(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	3.1465	0.1062	0.1062
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	0.3736	0.0126	0.0126