

Shenzhen Nanshan Power Co., Ltd

Financial Report

2020-06-30

I. Auditing report

The financial report of the semi-annual report has not been audited.

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

Shenzhen Nanshan Power Co., Ltd.

2020-06-30

In RMB

Item	2020-6-30	2019-12-31
Current assets:		
Monetary funds	1,084,903,966.81	773,209,854.84
Settlement provisions		
Capital lent		
Tradable financial assets		
Derivative financial assets		
Note receivable	2,900,000.00	
Account receivable	132,037,467.25	178,150,580.32
Receivable financing		
Accounts paid in advance	32,848,698.89	70,005,681.50
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	80,837,116.58	32,321,826.94
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	108,553,898.22	124,686,443.61
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	491,760,334.29	445,236,731.33
Total current assets	1,933,841,482.04	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	14,375,580.60	14,619,203.03
Investment in other equity instrument	60,615,000.00	60,615,000.00
Other non-current financial assets		
Investment real estate	2,303,258.20	2,401,327.00
Fixed assets	954,992,268.00	1,381,675,872.68
Construction in progress	60,831,928.29	66,474,630.23
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	21,334,118.82	43,602,166.44
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	1,048,199.78	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	1,117,706,403.38	1,595,650,602.01
Total assets	3,051,547,885.42	3,219,261,720.55
Current liabilities:		
Short-term loans	755,480,134.11	881,075,378.48
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable		
Account payable	13,361,192.95	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	41,045,198.56	55,208,432.53
Taxes payable	11,824,882.40	21,769,273.77
Other account payable	34,163,258.96	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	855,874,666.98	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	26,646,056.28	26,646,056.28
Deferred income	96,957,757.04	108,507,683.52
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	123,603,813.32	135,153,739.80
Total liabilities	979,478,480.30	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	746,816,139.04	706,830,892.54
Total owner's equity attributable to parent company	2,042,758,054.74	2,002,772,808.24
Minority interests	29,311,350.38	59,719,513.26
Total owner's equity	2,072,069,405.12	2,062,492,321.50
Total liabilities and owner's equity	3,051,547,885.42	3,219,261,720.55

Legal Representative: Li Xinwei

General Manager: Chen Yuhui

CFO: Dai Xiji

Person in charge of financial dept.: Wang Yi

Tabulator: Liu Yan

2. Balance Sheet of Parent Company

Item	2020-6-30	2019-12-31
Current assets:		
Monetary funds	1,012,488,905.86	632,948,706.11
Trading financial assets		
Derivative financial assets		
Note receivable		
Account receivable	61,629,518.43	31,824,693.69
Receivable financing		
Accounts paid in advance	27,966,084.58	46,152,700.57
Other account receivable	660,835,522.34	873,861,071.55
Including: Interest receivable		
Dividend receivable		
Inventories	97,843,620.07	101,728,367.43
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	485,147,244.31	438,613,774.49
Total current assets	2,345,910,895.59	2,125,129,313.84
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	228,918,765.00	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	315,117,782.13	321,395,526.04
Construction in progress	2,355,233.61	1,949,450.23
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	229,435.21	404,104.06
Research and development costs		
Goodwill		
Long-term deferred expenses	709,967.63	790,841.39
Deferred income tax assets		
Other non-current assets		
Total non-current assets	607,946,183.58	688,496,086.72
Total assets	2,953,857,079.17	2,813,625,400.56
Current liabilities		
Short-term borrowings	755,480,134.11	580,640,114.59
Trading financial liability		

Derivative financial liability		
Notes payable		
Account payable	1,756,794.04	864,016.74
Accounts received in advance		
Contractual liability		
Wage payable	26,769,914.84	33,840,544.53
Taxes payable	1,279,402.89	718,630.17
Other accounts payable	193,871,721.75	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	979,157,967.63	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	56,533,398.56	58,261,356.20
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	56,533,398.56	58,261,356.20
Total liabilities	1,035,691,366.19	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	692,531,679.68	710,334,373.89
Total owner's equity	1,918,165,712.98	1,935,968,407.19
Total liabilities and owner's equity	2,953,857,079.17	2,813,625,400.56

Legal Representative: Li Xinwei

General Manager: Chen Yuhui

CFO: Dai Xiji

Person in charge of financial dept.: Wang Yi

Tabulator: Liu Yan

3. Consolidated Profit Statement

Item	2020 semi-annual	2019 semi-annual
I. Total operating income	518,150,606.21	408,124,616.38
Including: Operating income	518,150,606.21	408,124,616.38
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	508,157,542.84	443,959,972.56
Including: Operating cost	453,109,436.14	382,997,137.69
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	4,419,108.69	2,825,433.43
Sales expense	2,527,403.66	2,566,269.52
Administrative expense	43,036,872.15	44,931,864.50
R&D expense		
Financial expense	5,064,722.20	10,639,267.42
Including: Interest expenses	18,187,759.13	23,542,971.21
Interest income	-13,142,285.32	-13,189,605.67
Add: other income	8,755,536.55	4,962,155.46
Investment income (Loss is listed with “-”)	33,291,259.12	-677,552.37
Including: Investment income on affiliated company and joint venture	-243,622.43	-677,552.37
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 “-”)		
Losses of devaluation of asset (Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	828,535.66	-417,926.32
III. Operating profit (Loss is listed with “-”)	52,868,394.70	-31,968,679.41

Add: Non-operating income	4,753.84	103,166.50
Less: Non-operating expense	11,110.00	46,124.97
IV. Total profit (Loss is listed with “-”)	52,862,038.54	-31,911,637.88
Less: Income tax expense	610,366.52	1,157,865.76
V. Net profit (Net loss is listed with “-”)	52,251,672.02	-33,069,503.64
(i) Classify by business continuity		
1. continuous operating net profit (net loss listed with ‘-’)	52,251,672.02	-33,069,503.64
2. termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1. Net profit attributable to owner's of parent company	52,040,498.42	-25,283,190.82
2. Minority shareholders' gains and losses	211,173.60	-7,786,312.82
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1. Changes of the defined benefit plans that re-measured		
2. Other comprehensive income under equity method that cannot be transferred to gain/loss		
3. Change of fair value of investment in other equity instrument		
4. Fair value change of enterprise's credit risk		
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 be transferred to gain/loss		
2. Change of fair value of other debt investment		
3. Amount of financial assets re-classified 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	52,251,672.02	-33,069,503.64
Total comprehensive income attributable to owners of parent Company	52,040,498.42	-25,283,190.82
Total comprehensive income attributable to minority shareholders	211,173.60	-7,786,312.82
VIII. Earnings per share:		
(i) Basic earnings per share	0.09	-0.04
(ii) Diluted earnings per share	0.09	-0.04

Legal Representative: Li Xinwei

General Manager: Chen Yuhui

CFO: Dai Xiji

Person in charge of financial dept.: Wang Yi

Tabulator: Liu Yan

4. Profit Statement of Parent Company

Item	2020 semi-annual	2019 semi-annual
I. Operating income	145,767,015.34	165,514,051.23
Less: Operating cost	137,936,919.09	172,328,135.53
Taxes and surcharge	1,043,521.78	1,087,030.23
Sales expenses		
Administration expenses	20,573,683.41	24,673,677.93
R&D expenses		
Financial expenses	-15,583,586.02	-14,339,507.18
Including: interest expenses	14,003,693.17	22,030,984.10
Interest income	-29,739,688.14	-36,594,234.59
Add: other income	6,061,054.97	1,973,036.55
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 “-”)		
Income on disposal of assets (Loss is listed with “-”)	828,535.66	-231,373.37
II. Operating profit (Loss is listed with “-”)	-5,746,332.29	-16,493,622.10
Add: Non-operating income		
Less: Non-operating expense	1,110.00	
III. Total Profit (Loss is listed with “-”)	-5,747,442.29	-16,493,622.10
Less: Income tax		-2,246,824.86
IV. Net profit (Net loss is listed with “-”)	-5,747,442.29	-14,246,797.24
(i)continuous operating net profit (net loss listed with ‘-’)	-5,747,442.29	-14,246,797.24
(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 or 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	-5,747,442.29	-14,246,797.24
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

Legal Representative: Li Xinwei

General Manager: Chen Yuhui

CFO: Dai Xiji

Person in charge of financial dept.: Wang Yi

Tabulator: Liu Yan

5. Consolidated Cash Flow Statement

Item	2020 semi-annual	2019 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	546,650,431.87	428,898,326.58
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
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	825,437.15	1,346,224.12
Other cash received concerning operating activities	22,506,294.89	70,033,512.82
Subtotal of cash inflow arising from operating activities	569,982,163.91	500,278,063.52
Cash paid for purchasing commodities and receiving labor service	375,599,637.22	333,819,040.13
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	75,085,663.24	66,444,597.80
Taxes paid	28,204,829.24	17,292,868.12
Other cash paid concerning operating activities	21,155,472.75	26,504,180.58
Subtotal of cash outflow arising from operating activities	500,045,602.45	444,060,686.63
Net cash flows arising from operating activities	69,936,561.46	56,217,376.89
II. Cash flows arising from investing		

activities:		
Cash received from recovering investment		
Cash received from investment income	254,147.93	
Net cash received from disposal of fixed, intangible and other long-term assets		1,989,560.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	800,000.00	
Subtotal of cash inflow from investing activities	1,054,147.93	1,989,560.00
Cash paid for purchasing fixed, intangible and other long-term assets	5,447,277.81	22,830,724.69
Cash paid for investment	53,434,321.12	
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	12,577,163.02	
Subtotal of cash outflow from investing activities	71,458,761.95	22,830,724.69
Net cash flows arising from investing activities	-70,404,614.02	-20,841,164.69
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	844,233,285.00	730,000,000.00
Other cash received concerning financing activities	170,000,000.00	7,303,338.86
Subtotal of cash inflow from financing activities	1,014,233,285.00	737,303,338.86
Cash paid for settling debts	670,000,000.00	634,000,000.00
Cash paid for dividend and profit distributing or interest paying	30,452,445.36	23,755,459.28
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	700,452,445.36	657,755,459.28
Net cash flows arising from financing activities	313,780,839.64	79,547,879.58
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	101,178.77	3,136.95
V. Net increase of cash and cash equivalents	313,413,965.85	114,927,228.73

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	1,084,903,966.81	1,029,883,840.43

Legal Representative: Li Xinwei

General Manager: Chen Yuhui

CFO: Dai Xiji

Person in charge of financial dept.: Wang Yi

Tabulator: Liu Yan

6. Cash Flow Statement of Parent Company

Item	2020 semi-annual	2019 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	175,122,223.90	179,341,203.60
Write-back of tax received	171,207.01	
Other cash received concerning operating activities	255,646,269.06	472,584,897.62
Subtotal of cash inflow arising from operating activities	430,939,699.97	651,926,101.22
Cash paid for purchasing commodities and receiving labor service	117,118,694.51	166,269,024.94
Cash paid to/for staff and workers	47,301,346.15	37,380,527.03
Taxes paid	222,887.49	9,889,753.49
Other cash paid concerning operating activities	275,229,334.87	180,626,305.78
Subtotal of cash outflow arising from operating activities	439,872,263.02	394,165,611.24
Net cash flows arising from operating activities	-8,932,563.05	257,760,489.98
II. Cash flows arising from investing activities:		
Cash received from recovering investment	59,990,000.00	
Cash received from investment income	254,147.93	
Net cash received from disposal of fixed, intangible and other long-term assets		1,794,800.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	230,318,617.98	
Subtotal of cash inflow from investing activities	290,562,765.91	1,794,800.00
Cash paid for purchasing fixed, intangible and other long-term assets	1,915,256.43	15,789,275.99
Cash paid for investment	53,434,321.12	
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	55,349,577.55	15,789,275.99
Net cash flows arising from investing activities	235,213,188.36	-13,994,475.99
III. Cash flows arising from financing activities		
Cash received from absorbing		

investment		
Cash received from loans	544,233,285.00	430,000,000.00
Other cash received concerning financing activities	5,000,000.00	
Subtotal of cash inflow from financing activities	549,233,285.00	430,000,000.00
Cash paid for settling debts	370,000,000.00	530,000,000.00
Cash paid for dividend and profit distributing or interest paying	25,373,959.23	20,895,394.22
Other cash paid concerning financing activities	600,600.00	
Subtotal of cash outflow from financing activities	395,974,559.23	550,895,394.22
Net cash flows arising from financing activities	153,258,725.77	-120,895,394.22
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	848.67	391.81
V. Net increase of cash and cash equivalents	379,540,199.75	122,871,011.58
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	1,012,488,905.86	888,912,474.59

Legal Representative: Li Xinwei

General Manager: Chen Yuhui

CFO: Dai Xiji

Person in charge of financial dept.: Wang Yi

Tabulator: Liu Yan

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

This Period

In RMB

Item	2020 semi-annual															
	Owners' equity attributable to the parent Company												Minori ty intere sts	Total owners ' equity		
	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 profitt	Other	Subtot al			
		Prefe rred stock	Perpe tual capit al secur ties	Other												
I. Balance at the end of the last year	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	
Add: Changes of accounting policy																
Error correction of the last period																
Enterprise combine under the same control																
Other																
II. Balance at the beginning of this year	602,762,596.00				362,770,922.10		-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 “-”)											39,985,246.50		39,985,246.50	-30,408,162.88	9,577,083.62	
(i) Total comprehensive income											52,040,498.42		52,040,498.42	211,173.60	52,251,672.02	
(ii) Owners' devoted and decreased capital														-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	
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	
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. 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	602,760.00			362,770,922.10		-2,500,000.00		332,908,397.60		746,816,139.04		2,042,758,054.74	29,311,350.38	2,072,069,405.12

Last Period

In RMB

Item	2019 semi-annual												Minority interests	Total owners' equity		
	Owners' equity attributable to the parent Company															
	Share capital	Preferred stock	Perpetual capital securities	Other	Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other				
I. Balance at the end of the last year	602,762,596.00				362,770,922.10				332,908,397.60		679,429,935.81		1,977,871,851.51	58,927,527.37	2,036,799,378.88	
Add: Changes of accounting policy																
Error correction of the last period																
Enterprise combine under the same control																
Other																
II. Balance at the beginning of this year	602,762,596.00				362,770,922.10				332,908,397.60		679,429,935.81		1,977,871,851.51	58,927,527.37	2,036,799,378.88	
III. Increase/Decrease in this year (Decrease is listed with “-”)											-25,283,190.82		-25,283,190.82	-7,786,312.82	-33,069,503.64	
(i) Total comprehensive income											-25,283,190.82		-25,283,190.82	-7,786,312.82	-33,069,503.64	
(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. 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	602,7 62,59 6.00			362,77 0,922. 10			332,90 8,397. 60		654,14 6,744. 99		1,952, 588,66 0.69	51,141, 214.55	2,003,7 29,875. 24	

Legal Representative: Li Xinwei

General Manager: Chen Yuhui

CFO: Dai Xiji

Person in charge of financial dept.: Wang Yi

Tabulator: Liu Yan

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

This Period

In RMB

Item	2020 semi-annual											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventor y shares	Other comprehensive 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 beginning of this year	602,762,596.00				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 “-”)										-17,802,694.21		-17,802,694.21
(i) Total comprehensive income										-5,747,442.29		-5,747,442.29
(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				332,908,397.60	692,531,679.68		1,918,165,712.98

Last period

In RMB

Item	2019 semi-annual											
	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	602,762,596.				289,963,039.70				332,908,397.60	709,581,350.64		1,935,215,383.94

year	00										
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	602,76 2,596. 00			289,963 ,039.70			332,908 ,397.60	709,581,3 50.64		1,935,215,3 83.94	
III. Increase/ Decrease in this year (Decrease is listed with “-”)								-14,246,7 97.24		-14,246,797 .24	
(i) Total comprehensive income								-14,246,7 97.24		-14,246,797 .24	
(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. 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	602,76 2,596. 00			289,963 ,039.70				332,908 ,397.60	695,334,5 53.40		1,920,968,5 86.70

Legal Representative: Li Xinwei

General Manager: Chen Yuhui

CFO: Dai Xiji

Person in charge of financial dept.: Wang Yi

Tabulator: Liu Yan

Shenzhen Nanshan Power Co., Ltd.

Notes to financial statement of Semi-Annual 2020

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 12 August 2020.

(2) Scope of consolidate financial statement

Subsidiary included in the consolidate financial statement of the Company up to 30 June 2020 are as:

Subsidiary
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd. (“Zhongshan Electric Power”)
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd. (“Engineering Company”)
Shenzhen Shen Nan Dian Environment Protection Co., Ltd. (“Environment Protection Company”)
Shenzhen Server Petrochemical Supplying Co., Ltd (“Shenzhen Server”)
Shenzhen New Power Industrial Co., Ltd. (“New Power”)
Shen Nan Energy (Singapore) Co., Ltd. (“Singapore Company”)
Hong Kong Syndisome Co., Ltd. (“Syndisome”)
Zhongshan Shen Nan Dian Storage Co., Ltd. (“Shen Storage”)
Scope of the consolidate financial statement and its changes found more in the VI. Change of Consolidate Scope and VII. Equity in other entity carry in the Note

II. Preparation basis of Financial statement

(1) Preparation basis

The Company's financial statements have been prepared based on the going concern and the actual transactions and events. In accordance with the *Accounting Standards for Business Enterprises- Basic Norms* and every specific accounting rules, the application guidelines of the Accounting Standards for Business Enterprises, interpretations and other related rules of the Accounting Standards for Business Enterprises (hereinafter referred to as "ASBEs"), and the disclosure requirements of the "*Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15- General Requirements for Financial Reports*" of China Securities Regulatory Commission.

(2) Going concern

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

III. Major Accounting Policies and Estimation

The Company together with its subsidiaries is mainly engaged in businesses as production of power and heat, power plant construction, fuel trading, engineering consulting and sludge drying. According to the actual production and operation characteristics, the Company and its subsidiaries establish certain specific accounting policies and accounting estimates in respect of their transactions and matters such as sales revenue recognition pursuant to relevant business accounting principles. Details are set out in (16) Fixed assets and the (25) Revenue under Note III. For explanation on material accounting judgment and estimate issued by the management, please refer to (32) Major accounting judgment and estimation under Note III.

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

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

(2) Accounting period

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

(3) Operating cycle

The operating cycle of the Company is 12 months.

(4) Book-keeping standard currency

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

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

Enterprise combination under the same control: The assets and liabilities obtained by the Company in enterprise combination are measured at the book value of the consolidated financial statements of the ultimate controlling

party in accordance with the assets and liabilities of the combined party on the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate nominal value of shares issued as consideration) is charged to the share capital premium in capital reserve. If the share capital premium in capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

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

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

(6) Preparation methods for consolidated statement

1. Consolidate scope

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

2. Consolidate procedures

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

The accounting policies and accounting periods adopted by all subsidiaries included in the consolidation scope of the consolidated financial statements are consistent with the Company. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with the Company, when preparing the consolidated financial statements, make necessary adjustments according to the accounting policies and accounting periods of the Company. For a subsidiary acquired through a business combination not under the same control, its financial statements are adjusted based on the fair value of the identifiable net assets at the acquisition date. For a subsidiary acquired through a business combination under the same control, its financial statements are adjusted based on the book value of its assets and liabilities (including the goodwill formed by the ultimate controlling party's acquisition of the subsidiary) in the ultimate controlling party's financial statements.

The subsidiary's owner's equity, current net profit or loss and the share of current comprehensive income belonging to minority shareholders are separately listed under the owner's equity item in the consolidated balance sheet, under the net profit item in the consolidated income statement and under the total comprehensive income item. If

the current loss shared by the minority shareholders of a subsidiary exceeds the minority shareholder's share in the owner's equity of the subsidiary at the beginning of the period, the balance shall offset against the minority shareholders' equity.

(1) Increase subsidiaries or businesses

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

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

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

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

(2) Disposal of subsidiaries or businesses

① General treatment method

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

For control rights loss in original subsidiary for partial equity investment disposal or other reasons, the remained equity should re-measured based on the fair value at date of control losses. The difference between the net assets of original subsidiary share by proportion held that sustainable calculated since purchased date (or combination date) and sum of consideration obtained by equity disposal and fair value of remain equity, reckoned into the current investment income of control rights loss. Other comprehensive income related to the original subsidiary's equity investment or other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution will be converted to current investment income when the control is lost, except for other comprehensive income arising from the remeasurement of the net liabilities or changes in net assets of the defined benefit plan of the investee.

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

② Dispose subsidiary step-by-step

When the Company disposes of equity investment in a subsidiary by a stage-up approach with several transactions until the control over the subsidiary is lost, these several transactions related to the disposal of equity investment in a subsidiary are accounted for as transactions in a basket when the terms, conditions and economic impacts of these several transactions meet the following one or more conditions:

- i. these transactions are entered into at the same time or after considering their impacts on each other;
- ii. these transactions as a whole can reach complete business results;
- iii the occurrence of a transaction depends on at least the occurrence of an other transaction;
- iv.an individual transaction is not deemed as economic, but is deemed as economic when considered with other transactions.

When several transactions related to the disposal of equity investment in a subsidiary until the control over the subsidiary is lost fall within transactions in a basket, each of which is accounted for as disposal of a subsidiary with a transaction until the control over a subsidiary is lost; however, the different between the amount of disposal prior to the loss of control and the net assets of a subsidiary attributable to the disposal investment shall be recognized as other comprehensive income in consolidated financial statements and transferred to profit or loss for the period at the time when the control is lost.

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

(3) Purchase of minority shares in subsidiaries

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

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

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

(7) Classification of joint arrangement and accounting treatment

Joint arrangement is divided into joint operation and joint venture.

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

The company confirms the following items related to the share of interests in its joint operations, and in accordance with the provisions of the relevant accounting standards for accounting treatment:

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

Accounting policy for the joint venture investment found more in (14) Long-term equity investment under Note III.

(8) Determination criteria of cash and cash equivalent

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

(9) Foreign currency business and foreign currency statement translation

1. Foreign currency business

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

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

2. Foreign currency statement translation

Assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; the

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

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

(10) Financial instrument

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

1. Classification of financial instrument

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

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

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

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

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

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

2. Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

The financial liability measured at fair value and whose changes are reckoned into current gains/losses consist of trading financial liability and derivative financial liability etc. and initially measured at fair value, relevant

transaction fees are included in current gains/losses. The financial liabilities are subsequently measured at fair value, and the fair value changes are reckoned into current gains/losses.

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

(6) Financial liability measured at amortized cost

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

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

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

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

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

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

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

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

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

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

4. Termination recognition of financial liability

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

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

If the Company repurchases part of the financial liabilities, the entire book value of the financial liabilities will be allocated on the repurchase date according to the relative fair value of the continuing recognition part and the derecognition part. The difference between the book value allocated to the derecognition part and the consideration paid (including the transferred non-cash assets or assumed new financial liabilities) is included in the current profit and loss.

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

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

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

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

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

Usually, the Company considers that the credit risk of the financial instrument has increased significantly when it is overdue for more than 30 days, unless there is conclusive evidence that the credit risk of the financial instrument

has not increased significantly after initial recognition.

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

(11) Bad debt provision of account receivable

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

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

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

If there is objective evidence that a certain account receivable has suffered credit impairment, the Company shall make provision for bad debts on that account receivable and confirm the expected credit loss.

(12) Inventory

1. Categories of inventory

Inventory consists of fuels and raw materials etc.

2. Valuation method of delivered inventory

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

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

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

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

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

4. Inventory system

Perpetual inventory system required

5. Amortization method of low-value consumables and packaging

(1) Low-value consumables-one pass method

(2) Packaging- one pass method

(13) Contract assets

1. Confirmation methods and standards of 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.

2. Determination method and accounting treatment method of expected credit loss of contract assets

The Company's determination method and accounting treatment method for the expected credit loss of contract assets are detailed in Note III/(11) Provision for bad debts of receivables

(14) 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 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 the share of fair value of the invested entity's identifiable net assets, the difference shall be reckoned in current gains/losses.

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

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

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

(3) Disposal of long-term equity investment

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

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

If the joint control or significant influence on the investee is lost due to the disposal of part of the equity investment, etc., the remaining equity after disposal shall be calculated in accordance with the financial instrument recognition and measurement standards, and the difference between the fair value and the book value on the day of

losing the joint control or significant influence is included in the current profit and loss. Other comprehensive income of the original equity investment recognized due to using the equity method for accounting shall adopt the accounting treatment on the same basis as the investee directly disposes of related assets or liabilities when terminating the adoption of equity method for accounting. The owner's equity recognized as a result of changes in the owner's equity other than net profit or loss, other comprehensive income and profit distribution of the investee is transferred to current profit and loss when terminating the adoption of equity method for accounting.

The control over the investee is lost due to the disposal of part of the equity investment and the capital increase in the subsidiary by other investors resulting in a decline in the shareholding ratio of the Company, in preparing separate financial statements, the remaining equity interest which can apply common control or impose significant influence over the investee shall be accounted for using equity method. Such remaining equity interest shall be treated as accounting for using equity method since it is obtained and adjustment was made accordingly. For remaining equity interest which cannot apply common control or impose significant influence over the investee, it shall be accounted for using the recognition and measurement standard of financial instruments. The difference between its fair value and carrying amount as at the date of losing control shall be included in profit or loss for the current period.

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

(15) 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.

(16) Fixed assets

1. Recognition conditions for the fixed assets

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one fiscal year of service life. Fixed assets are recognized when the following conditions are simultaneously met:

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

2. Depreciation method

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

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

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

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

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

Name of the Company	Fixed assets	Depreciation amount (RMB/Hour)
The Company	Generating unit 1#	538.33
	Generating unit 3#	601.20
New Power	Generating unit 10#	520.61
Zhongshan Electric Power	Generating unit 1#	4,246.00
	Generating unit 3#	4,160.83

3. Recognition basis and measurement method of fixed assets under finance lease

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

4. Other explanation

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

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

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

(17) Construction in process

Cost of construction in process is determined at practical construction expenditures, including all expenses during the construction, capitalized loan expenses before the construction reaches useful status, and other relative expenses. It is transferred to fixed asset as soon as the construction reaches the useful status.

(18) Borrowing expenses

Borrowing expenses include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings. Borrowing expenses that can be directly attributed for purchasing or construction of assets that are complying with capitalizing conditions start to be capitalized when the payment of asset and borrowing expenses have already occurred, and the purchasing or production activities in purpose of make the asset usable have started; Capitalizing will be terminated as soon as the asset that complying with capitalizing conditions has reached its usable or saleable status. The other borrowing expenses are recognized as expenses when occurred.

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

decided by the weighted average of common borrowings.

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

Qualifying assets are assets (fixed assets, investment property, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

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

(19) Intangible assets

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

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

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

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

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

(20) Impairment of long-term assets

The Group will judge if there is any indication of impairment as at the balance sheet date in respect of non-current non-financial assets such as fixed assets, construction in process, intangible assets with an infinite useful life,

investment properties measured at cost, and long-term equity investments in subsidiaries, joint ventures and associates. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for impairment test. Goodwill, intangible assets with an indefinite useful life and intangible assets beyond working conditions will be tested for impairment annually, regardless of whether there is any indication of impairment.

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

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

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

(21) Long-term unamortized expenses

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

(22) Contract liabilities

1. Confirmation method of contract liabilities

The Company's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is listed as contract liabilities.

(23) Staff remuneration

Staff remuneration includes short term staff remuneration, post office benefit, dismissal benefit and other long term

staff benefits, among which:

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

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

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

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

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

(24) 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.

Measurement on vary accrual liability

At balance sheet day, with reference to the risks, uncertainty and periodic value of currency that connected to the

contingent issues, the predicted liabilities are measured according to the best estimation on the payment to fulfill the current responsibility.

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

(1) Contact in loss

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

(2) Restructuring obligations

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

(25) Revenue

The Company's revenue is recognized after it has fulfilled the performance obligations in the contract, that is, when the customer obtains control of the relevant assets (goods or services). Whether the performance obligation is fulfilled within a certain period of time or at a certain time point depends on the terms of the contract and relevant legal provisions. If the Company meets one of the following conditions, it belongs to the performance obligation within a certain period of time:

1. The customer obtains and consumes the economic benefits brought by the Company's performance when the Company fulfills its performance.
2. The client can control the assets under construction during the performance of the Company.
3. The assets produced by the Company during the performance have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance that has been completed so far during the entire contract period.

If the performance obligation is performed within a certain period of time, the Company recognizes revenue according to the performance progress. Otherwise, the Company recognizes revenue at a certain point when the customer obtains control of the relevant assets. The performance progress is measured by the Company's expenditure or investment in fulfilling the performance obligations, and the progress is determined based on the proportion of the cumulative cost incurred as of the balance sheet date of each contract to the estimated total cost.

When determining the contract transaction price, if there is a variable consideration, the Company shall determine the best estimate of the variable consideration based on the expected value or the most likely amount, and the amount that does not exceed the cumulatively recognized revenue when the relevant uncertainty is eliminated and

that is very likely not to have significant reversal is included in the transaction price. If there is a major financing component in the contract, the Company will adjust the transaction price according to the financing component in the contract; if the interval between the transfer of control and the payment by the customer is less than one year, the Company will not consider the financing component.

Detail recognition according to specific revenue:

1. Power marketing 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. 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.

3. 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.

(26)Contract costs

Contract costs are divided into contract performance costs and contract acquisition costs.

The cost incurred by the Company to perform the contract is recognized as an asset as the contract performance cost when meeting the following conditions:

1. The cost is directly related to a current or expected contract.
2. The cost increases the Company's future resources for fulfilling contract performance obligations.
3. The cost is expected to be recovered.

The incremental cost incurred by the Company for obtaining the contract is expected to be recovered, and it is recognized as an asset as the cost of obtaining the contract.

Assets related to contract costs are amortized on the same basis as the revenue of goods or services related to the asset; however, if the amortization period of contract acquisition costs does not exceed one year, the Company will include them in the current profits and losses when they occur.

If the book value of assets related to contract costs is higher than the difference between the following two items, the Company will make provisions for impairment for the excess part and recognize it as an asset impairment loss:

1. The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. Costs estimated to incur for the transfer of the related goods or services.

If the aforementioned asset impairment provision is subsequently reversed, the book value of the asset after reversal shall not exceed the book value of the asset on the date of reversal under the assumption that no impairment provision is made.

(27) Government subsidy

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

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

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

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

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

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

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

1. Current income tax

On balance sheet date, current income tax liability (or asset) formed during and before current period will be

measured as amount of income tax payable (or repayable) as specified by tax law. The taxable income for calculating the current income tax expenses is based on the pre-tax accounting profit of the current year after adjustment according to relevant regulations of taxation.

2. Deferred income tax asset & deferred income tax liability

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

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

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

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

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

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

3. Income tax expenses

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

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

4. Offset of income tax

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

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

(29) Leasing

Finance lease is to virtually transfer all risks and rewards related to ownership of asset, the ownership is may transfer ultimately or not. Leases other than finance lease are operating leases.

1. Lease business with the Company as the rentee

The rental is reckoned into the relevant assets cost or the current loss/gain in the straight-line method. The initial direct expenses are reckoned into the current gain/loss, or the actual rental into the current loss/gain.

2. Lease business with the Company as the renter

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

3. Financing lease business with the Group recorded as lessee

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

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

4. Financing lease business with the Group recorded as lessor

On the beginning date of the lease, the entry value of lease receivable shall be the aggregate of minimum lease

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

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

(30) Other major accounting policies and estimations

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

(31) Changes of major accounting policy and accounting estimation

1. Change of major accounting policies

The *Accounting Standards for Business Enterprises No. 14 - Revenue* was revised by Ministry of Finance in 2017. In accordance with the Revised Standard, the cumulative impact of the first implementation of the standard is adjusted for the amount of retained earnings and other related items in the financial statements at the beginning of the first implementation period (January 1, 2020), and no adjustment is made to the comparable period information. Main influence while exercising the above provision are as:

Content / causes for the changes of accounting policies	Approval procedures	Note
The Company implemented the <i>Accounting Standards for Business Enterprises No. 14 - Revenue</i> revised by Ministry of Finance in 2017 since 1 Jan. 2020	Deliberated and approved by 6 th session of 8 th BOD	No significant influence

2. Change of accounting estimation

No change of accounting estimation occurred in the reporting period

(32) Major accounting judgment and estimation

When using the accounting policies, the Company needs to make judgment, estimation and assumption for carrying value of certain items which cannot be measured adequately due to inherent uncertainty of economic activities. Such judgment, estimation and assumption are based on historical experiences of the Group's management, together with consideration of other relevant factors. These judgments, estimations and assumption would affect the reported amount of income, expense, asset and liability and disclosure of contingent liabilities on balance sheet date. However, actual results resulting from the uncertainty of these estimates may differ from the current estimation made by management of the Company, which would in turn lead to material adjustments to the carrying value of assets or liabilities which will be affected in future.

The Group conducts regular re-review on the aforesaid judgment, estimation and assumption on a continued operation basis. If the change of accounting estimation only affect current period, the affected amount is recognized in the period when change occurs. If the change affects current and future periods both, the affected amount is recognized in the period when change occurs and future periods.

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

1. Fixed assets are provided for depreciation by output method

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

2. Provision for bad debts

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

3. Allowance for inventories

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

4. Impairment provision for long-term assets

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

Impairment exists when carrying value of asset or assets group is higher than recoverable amount, namely the

higher of fair value less disposal cost and present value of expected future cash flow.

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

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

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

5. Depreciation and amortization

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

6. Deferred income tax assets

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

7. Accrual liability

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

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

IV. Taxes

(1) Main taxation and rates

Taxation items	Taxation basis	Tax rate
VAT	Calculate the output tax based on the sales of goods and taxable service income calculated according to the tax law, after deducting the input tax allowable for deduction in the current period, the difference is the VAT payable.	6%, 9%, 10%, 11%, 13%, 16%
City maintenance tax	According to the actual payment of VAT and consumption tax	5%, 7%
Education surtax	According to the actual payment of VAT and consumption tax	3%
Local education surtax	According to the actual payment of VAT and consumption tax	2%
Enterprise income tax	According to the taxable income amount	16.5%, 17%, 25%, 15%
Land-use tax of town	2 Yuan ~ 8Yuan per square meter of the actual occupied area for the industrial land located in Nanshan District, Shenzhen City; 1Yuan per square meter of the actual occupied area for the industrial land located in Zhongshan City	
Land VAT	Tax by the Value-added amount from transferring state-owned land use right, landing construction and its affiliates with four super-rate progressive tax rate	

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

Taxpaying body	Rate of income tax
The Company	25%
New Power Company	25%
Engineering Company	25%
Shenzhen Server	25%
Environment Protection Company	15%
Zhongshan Electric Power	25%

Taxpaying body	Rate of income tax
Singapore Company	17%
Shen Storage	25%
Syndisome	16.5%

(2) Taxes preferential

1. VAT

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

2. Income tax

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

V. Annotation of the items in consolidate financial statement

(1) Monetary fund

Item	Ending Balance	Year-end balance of last year
Cash on hand	65,138.88	84,307.60
Bank savings	467,274,657.16	731,339,856.01
Other monetary fund	617,564,170.77	41,785,691.23
Total	1,084,903,966.81	773,209,854.84
Including: total amount saving aboard	6,292,429.36	6,242,072.77

Note: among the above mentioned “other monetary fund”, the restricted monetary fund including cash deposit of 0 Yuan in total (on 31 Dec. 2019, the restricted monetary fund include cash deposit of 1,719,853.88 Yuan)

(2) Bill receivable

Item	Ending Balance	Year-end balance of last year
Bank acceptance note	2,900,000.00	0.00
Commercial Acceptance Notes	0.00	0.00
Total	2,900,000.00	0.00

(3) Account receivable

1. Age analysis

Account age	Ending Balance	Year-end balance of last year
Within one year	132,034,578.25	178,147,691.32
1 to 2 years		
2 to 3 years		
Over 3 years	5,769,529.84	5,769,529.84
Subtotal	137,804,108.09	183,917,221.16
Less: Bad debt provision	5,766,640.84	5,766,640.84
Total	132,037,467.25	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 (%)	
With single provision for bad debts	5,766,640.84	4.18	5,766,640.84	100.00	
With bad debt provision accrual based on similar credit risk characteristics of a portfolio	132,037,467.25	95.82			132,037,467.25
Total	137,804,108.09	100.00	5,766,640.84	4.18	132,037,467.25

Category	Year-end balance of last year				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Accrual ratio (%)	
With single provision for bad debts	5,766,640.84	3.14	5,766,640.84	100.00	
With bad debt provision accrual based on similar credit risk characteristics of a portfolio	178,150,580.32	96.86			178,150,580.32
Total	183,917,221.16	100.00	5,766,640.84	3.14	178,150,580.32

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.,	1,137,145.51	1,137,145.51	100.00	Uncollectible in excepted

Name	Ending Balance			
	Book amount	Bad debt provision	Accrual proportion (%)	Causes
Ltd.				
Shenzhen Fuhuade Power Co., Ltd	800,000.00	800,000.00	100.00	Uncollectible in excepted
Other	354,882.27	354,882.27	100.00	Uncollectible in excepted
Total	5,766,640.84	5,766,640.84	100.00	

Provision for bad debts by portfolio:

Provision by portfolio:

Name	Ending balance		
	Account receivable	Bad debt provision	Accrual proportion (%)
With minor credit risk	132,037,467.25		0.00

Recognition standards and specifications on provisions by portfolio:

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

3. Bad debt provision accrual collected or switch back

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

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

4. Account receivable without actual charge off in the period

5. Top 5 receivables at ending balance by arrears party

Total period-end balance of top five receivables by arrears party amounting to 129,063,847.54 Yuan, takes 93.66 percent of the total account receivable at period-end, bad debt provision accrual correspondingly at period-end amounting as 0 Yuan

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

of the period**(4) 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	28,934,955.72	88.09	69,896,494.56	99.84
1 to 2years	3,820,156.23	11.63	15,600.00	0.02
2 to 3years			32,000.00	0.05
Over 3 years	93,586.94	0.28	61,586.94	0.09
Total	32,848,698.89	100.00	70,005,681.50	100.00

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

Paid in advance to	Book balance	Proportion in total book balance of accounts paid in advance (%)
Guangdong sales branch of CNOOC Gas Power Group Co., Ltd.	22,631,736.13	68.90
Shenzhen Gas Group Co., Ltd.	3,820,156.23	11.63
Guangzhou Zike Environmental Protection Technology Co., Ltd.	802,500.00	2.44
Xinao Energy Trading Co., Ltd.	351,988.63	1.07
Yongcheng Property Insurance Co., Ltd. Shenzhen Branch	161,674.43	0.49
Total	27,768,055.42	84.53

(5) Other account receivable

Item	Book balance	Year-end balance of last year
Interest receivable		
Dividend receivable		
Other account receivable	80,837,116.58	32,321,826.94
Total	80,837,116.58	32,321,826.94

1. Other account receivable

(1) Age analysis

Account age	Book balance	Year-end balance of last year
Within one year	50,107,926.26	4,589,653.32
1 to 2 years	1,215,311.98	1,223,336.54
2 to 3 years	2,758,753.80	3,414,019.37
Over 3 years	58,587,544.98	54,927,238.15
Subtotal	112,669,537.02	64,154,247.38
Less: Bad debt provision	31,832,420.44	31,832,420.44
Total	80,837,116.58	32,321,826.94

(2) By category

Category	Book balance					Book value	
	Book balance		Bad debt provision		Accrual proportion (%)		
	Amount	Proportion (%)	Amount	Accrual proportion (%)			
With single provision for bad debts	32,525,936.22	28.87	31,832,420.44	97.87	693,515.78		
With bad debt provision accrual based on similar credit risk characteristics of a portfolio	80,143,600.80	71.13			80,143,600.80		
Total	112,669,537.02	100.00	31,832,420.44	28.25	80,837,116.58		

Category	Year-end balance of last year					Book value	
	Book balance		Bad debt provision		Accrual proportion (%)		
	Amount	Proportion (%)	Amount	Accrual proportion (%)			
With single provision for bad debts	32,525,936.22	50.70	31,832,420.44	97.87	693,515.78		
With bad debt provision	31,628,311.16	49.30			31,628,311.16		

Category	Year-end balance of last year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
accrual based on similar credit risk characteristics of a portfolio					
Total	64,154,247.38	100.00	31,832,420.44	49.62	32,321,826.94

With single provision for bad debts:

Name	Book balance			
	Book balance	Bad debt provision	Accrual ratio (%)	Accrual reasons
Huiyang Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00	Un-collectable in excepted
Shandong Jinan Generation Equipment Plant	3,560,000.00	3,560,000.00	100.00	Un-collectable in excepted
Individual income tax	2,470,039.76	2,470,039.76	100.00	Un-collectable in excepted
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31	Some un-collectable in excepted
Personal receivables	7,498,997.87	7,498,997.87	100.00	Un-collectable in excepted
Deposit receivable	1,658,796.73	1,312,974.95	79.15	Some un-collectable in excepted
Other	942,777.00	942,777.00	100.00	Un-collectable in excepted
Total	32,525,936.22	31,832,420.44	97.87	

Provision for bad debts by portfolio:

Provision by portfolio:

Name	Ending balance		
	Other account receivable	Bad debt provision	Accrual proportion (%)
With minor credit risk	80,143,600.80		

Recognition standards and specifications on provisions by portfolio:

The Company believes that the credit risk of other account receivable with no impairment in the

single assessment is relatively low, no provision for bad debts, unless there is an evidence that a certain other account receivable is at greater credit risk.

(3) Accrual of bad debt provision

	Phases I	Phases II	Phases III	
Bad debt provision	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)	Total
Balance at last year-end			31,832,420.44	31,832,420.44
Book balance of other account receivable at year-begin				
—Turn to phase II				
—Turn to phase III				
—Return to Phase II				
—Return to Phase I				
Current accrual				
Current switch back				
Rewrite in the period				
Write-off in the period				
Other changes				
Book balance			31,832,420.44	31,832,420.44

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

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

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

(6) By nature

Nature	Ending book balance	Book balance at last year-end
Dormitory receivables	2,083,698.16	2,083,698.16
Deposit receivable	8,114,769.72	8,114,769.72
Personal receivables	10,625,884.03	10,625,884.03
Co management account	13,243,635.56	13,114,012.69
Accounts receivable of Huidong Server	8,432,761.42	9,060,361.44
Receivables from equity transfer	44,990,000.00	-
Other	25,178,788.13	21,155,521.34
Total	112,669,537.02	64,154,247.38

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

Name of the company	Nature	Ending balance	Age	Proportion in total period-end balance of other account receivable (%)	Period-end balance of bad debt provision
Shenzhen Gas Group Co., Ltd.	Equity transfer	44,990,000.00	Within 1 years	39.93	
Huidong Server Harbor Comprehensive Development Co., Ltd.	Intercourse fund	21,676,396.98	Over 3 years	19.24	
Huiyang County Kangtai Industrial Company	Other	14,311,626.70	Over 3 years	12.70	14,311,626.70
China Machinery Engineering Corporation	Guarantee money	4,906,822.44	Within 3 years	4.36	
Shandong Jinan Power Equipment Factory	Other	3,560,000.00	Over 3 years	3.16	3,560,000.00
		89,444,846.12		79.39	17,871,626.70

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

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

(6) 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	150,562,248.7 6	42,008,350.5	108,553,898.2 2	171,828,426.1 9	47,141,982.5 8	124,686,443.6 1

Note: After the sale of the equity of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd. this year, Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd. will no longer be included in the scope of consolidation from April 30, 2020, and the original assets and liabilities have been transferred out.

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	Changes in scope of consolidation	
Raw materials	47,141,982.58				5,133,632.04	42,008,350.54

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

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

(7) Other current assets

Item	Ending Balance	Opening Balance
VAT input tax deductible	341,415,281.38	349,953,491.34
Enterprise income tax paid in advance	6,583,089.98	6,583,089.98
Financial products	139,674,162.93	86,000,000.00

Item	Ending Balance	Opening Balance
Accrual interest of time deposit	4,057,800.00	2,670,150.01
Other	30,000.00	30,000.00
Total	491,760,334.29	445,236,731.33

(8) Long-term equity investment

The invested entity	Year-end balance of last year	Additional investment	Disinvestment	Changes +,-						Period-end balance of depreciation reserves
				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 (“Huidong Server” for short)	14,619,203.03			-243,622.43						14,375,580.60
Total	14,619,203.03			-243,622.43						14,375,580.60

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

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

2. Non trading equity instrument investment

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

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

Item	House and building	Land use right	Construction in progress	Total
1. Original book value				
(1) Year-end balance of last year	9,708,014.96			9,708,014.96
(2) Current increased				
(3) Current decreased				
(4) Ending Balance	9,708,014.96			9,708,014.96
2. Accumulated depreciation and accumulated amortization				-
(1) Year-end balance of last year	7,306,687.96			7,306,687.96
(2) Current increased	98,068.80			98,068.80
—Accrual or amortization	98,068.80			98,068.80
(3) Current decreased	-			-
(4) Book balance	7,404,756.76			7,404,756.76
3. Depreciation provision				
(1) Year-end balance of last year				
(2) Current increased				
(3) Current decreased				
(4) Book balance				
4. Book value				
(1) Period-end book value	2,303,258.20			2,303,258.20
(2) Year-begin book value	2,401,327.00			2,401,327.00

(11) Fixed assets

1. Fixed assets and disposal of fixed assets

Item	Ending Balance	Year-end balance of last year
Fixed assets	954,992,268.00	1,381,675,872.68
Disposal of fixed assets		
Total	954,992,268.00	1,381,675,872.68

2. Fixed assets

Item	House and buildings	Machinery equipment	Transportation tools	Other equipment	Total
I. Original book value					
1. Opening balance	501,321,101.48	4,079,001,987.60	16,336,684.19	55,807,562.91	4,652,467,336.18
2. Increased in the year		3,270,619.85	71,238.94	873,334.63	4,215,193.42
(1) Purchase		823,506.59		167,066.26	990,572.85
(2) Construction in progress transfer-in		2,447,113.26	71,238.94	706,268.37	3,224,620.57
(3) Increase in business combination					
3. Decreased in the year	75,311,278.51	912,852,652.58	1,677,249.73	1,101,001.76	990,942,182.58
(1) Disposal or scrapping			0.00	11,100.00	11,100.00
(2) Reduction of consolidation scope changes	75,311,278.51	912,852,652.58	1,677,249.73	1,089,901.76	990,931,082.58

Item	House and buildings	Machinery equipment	Transportation tools	Other equipment	Total
4. Ending Balance	426,009,822.97	3,169,419,954.87	14,730,673.40	55,579,895.78	3,665,740,347.02
II. Accumulated depreciation					
1. Opening balance	308,704,855.95	2,768,225,963.03	9,246,358.34	43,480,376.06	3,129,657,553.38
2. Increased in the year	5,651,134.50	18,473,218.63	726,108.03	954,942.33	25,805,403.49
(1) Accrual	5,651,134.50	18,473,218.63	726,108.03	954,942.33	25,805,403.49
3. Decreased in the year	44,544,371.88	505,772,982.44	1,268,277.91	780,774.36	552,366,406.59
(1) Disposal or scrapping				9,990.00	9,990.00
(2) Reduction of consolidation scope changes	44,544,371.88	505,772,982.44	1,268,277.91	770,784.36	552,356,416.59
4. Book balance	269,811,618.57	2,280,926,199.22	8,704,188.46	43,654,544.03	2,603,096,550.28
III. Impairment provision					
1. Opening balance	14,860,025.13	126,273,884.99			141,133,910.12

Item	House and buildings	Machinery equipment	Transportation tools	Other equipment	Total
2. Increased in the year					
(1) Accrual					
3. Decreased in the year	5,059,785.83	28,422,595.55			33,482,381.38
(1) Disposal or scrapping					
(2) Reduction of consolidation scope changes	5,059,785.83	28,422,595.55			33,482,381.38
4. Book balance	9,800,239.30	97,851,289.44			107,651,528.74
IV. Book value					
(1) Closing book value	146,397,965.10	790,642,466.21	6,026,484.94	11,925,351.75	954,992,268.00
(2) Opening book value	177,756,220.40	1,184,502,139.58	7,090,325.85	12,327,186.85	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	98,010,753.95	13,948,439.04	15,934,219.11	
Machinery equipment	523,528,339.27	452,630,912.68	32,087,951.59	38,809,475.00	
Transportation equipment	256,300.00	230,670.00		25,630.00	
Total	651,678,051.37	550,872,336.63	46,036,390.63	54,769,324.11	

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

Item	Book value	Reasons for failing to complete the property rights certificate
Booster station	3,962,705.44	Procedures uncompleted
Steam turbine workshop	1,437,359.56	Procedures uncompleted
Chemical water tower	2,363,171.86	Procedures uncompleted
Treatment shop for heavy oil	464,359.97	Procedures uncompleted
Start-up boiler house	104,559.07	Procedures uncompleted
Fire pump room	242,318.01	Procedures uncompleted
Circulating water pump house	1,520,701.82	Procedures uncompleted
Comprehensive building	2,589,240.59	Procedures uncompleted
Production and inspection building	4,396,371.57	Procedures uncompleted
Administrative building	4,520,121.49	Procedures uncompleted
Mail room of the main entrance	183,112.49	Procedures uncompleted
Chemical water treatment workshop	232,960.00	Procedures uncompleted

Cooling tower	673,259.25	Procedures uncompleted
Comprehensive building canteen	276,091.29	Procedures uncompleted
Comprehensive building	443,246.19	Procedures uncompleted
Total	23,409,578.60	

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

Item	Ending Balance	Year-end balance of last year
Construction in progress	60,831,928.29	66,474,630.23
Engineering materials		
Total	60,831,928.29	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	57,946,875.6		57,946,875.6	63,151,182.6		63,151,182.6
	3		3	4		4
Oil to Gas Works	13,230,574.5	13,230,574.5		32,871,600.2	32,871,600.2	
	3	3		6	6	
Technical innovation	2,217,378.76		2,217,378.76	3,061,557.07		3,061,557.07
Other	667,673.90		667,673.90	261,890.52		261,890.52
Total	74,062,502.8	13,230,574.5	60,831,928.2	99,346,230.4	32,871,600.2	66,474,630.2
	2	3	9	9	6	3

3. Changes of significant projects in construction in the year

Item	Budget	Opening balance	Increase of this period	Transferred fixed assets in this period	Reduction of consolidation scope changes	Other decrease in the period	Closing 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	45,871.71		5,250,178.72		57,946,875.63		96.58	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	1,066,319.79	1,910,498.10			2,217,378.76	Not applicable	Not applicable				Self-raised
Other		261,890.52	1,719,905.85	1,314,122.47			667,673.90						Self-raised
Total	134,400,000.00	99,346,230.49	2,832,097.35	3,224,620.57	5,250,178.72	19,641,025.73	74,062,502.82			6,476,185.46			

4. No accrual of impairment provision for Construction in progress in the period

(13) Intangible assets**1. Intangible assets**

Item	Land use right	Software	Total
I. Original book value			
1. Opening balance	91,355,995.46	3,577,588.80	94,933,584.26
2. Increased in the year			-
(1) Purchase	-		-
3. Decreased in the year	30,542,000.70	-	30,542,000.70
(1) Reduction of consolidation scope changes	30,542,000.70	-	30,542,000.70
4. Ending Balance	60,813,994.76	3,577,588.80	64,391,583.56
II. Accumulated depreciation			
1. Opening balance	48,080,331.33	3,251,086.49	51,331,417.82
2. Increased in the year	388,916.55	97,067.10	485,983.65
(1) Accrual	388,916.55	97,067.10	485,983.65
3. Decreased in the year	8,759,936.73	-	8,759,936.73
(1) Reduction of consolidation scope changes	8,759,936.73	-	8,759,936.73
4. Book balance	39,709,311.15	3,348,153.59	43,057,464.74
III. Impairment provision			
1. Opening balance	-	-	-
2. Increased in the year			
(1) Accrual	-	-	-
3. Decreased in the year			
(1) Disposal	-	-	-
4. Book balance	-	-	-

IV. Book value			
(1) Closing book value	21,104,683.61	229,435.21	21,334,118.82
(2) Opening book value	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

(14) Long-term deferred expenses

Item	Year-end balance of last year	Current increased amount	Amortized in the Period	Other decrease	Book balance
Exhibition hall decoration amount	1,174,171.16		125,971.38		1,048,199.78

(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 investments	2,500,000.00	625,000.00	2,500,000.00	625,000.00
Other				
Total	8,852,158.77	2,206,049.69	8,852,158.77	2,206,049.69

(16) Other non-current assets

Item	Ending Balance			Year-end balance of last year		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
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
Guarantee loans		300,000,000.00
Credit loans	754,233,285.00	580,000,000.00
Accrued interest	1,246,849.11	1,075,378.48
Total	755,480,134.11	881,075,378.48

(18) Account payable**1. Account payable**

Item	Ending Balance	Year-end balance of last year
Materials	2,854,019.71	12,180,417.48
Electricity	1,884,315.07	1,760,985.99
Labor	6,101,200.00	3,102,530.32
Others	2,521,658.17	2,827,168.62
Total	13,361,192.95	19,871,102.41

2. There is no major amount payable with over one year age at end of the period**(19) Payroll payable****1. Payroll payable**

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance
Short-term remuneration	54,801,004.42	57,502,762.80	73,035,130.07	39,268,637.15
Post-employment	407,428.11	6,482,783.84	5,113,650.54	1,776,561.41

Item	Year-end balance of last year	Current increased	Current Decreased	Ending Balance
welfare-defined contribution plans				
Severance Pay				
Other welfare due within one year				
Total	55,208,432.53	63,985,546.64	78,148,780.61	41,045,198.56

2. Short-term remuneration

Item	Year-end balance of last year	Current increased	Current Decreased	Book balance
(1) Wages, bonuses, allowances and subsidies	53,579,116.98	44,870,304.70	59,821,822.13	38,627,599.55
(2) Welfare for workers and staff	63,050.00	413,654.74	378,393.74	98,311.00
(3) Social insurance	199,344.99	2,418,356.33	2,569,608.69	48,092.63
Including: Medical insurance	167,818.74	2,351,191.23	2,476,620.10	42,389.87
Work injury insurance	13,139.34	7,859.44	20,962.00	36.78
Maternity insurance	18,386.91	59,305.66	72,026.59	5,665.98
(4) Housing accumulation fund	614,780.58	9,085,609.07	9,549,296.93	151,092.72
(5) Labor union expenditure and personnel education expense	344,711.87	714,837.96	716,008.58	343,541.25
Total	54,801,004.42	57,502,762.80	73,035,130.07	39,268,637.15

3. Defined contribution plans

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

Item	Year-end balance of last year	Current increased	Current Decreased	Book balance
Basic endowment insurance	394,280.13	3,829,721.67	4,201,766.55	22,235.25
Unemployment insurance	12,849.98	22,162.21	34,888.99	123.20
Enterprise annuity	298.00	2,630,899.96	876,995.00	1,754,202.96
Total	407,428.11	6,482,783.84	5,113,650.54	1,776,561.41

(20) Taxes payable

Item	Ending Balance	Year-end balance of last year
Enterprise income tax	475,248.33	3,407,074.02
Real estate tax	1,957,956.15	996,166.86
Individual income tax	1,043,897.37	1,550,858.52
Land-use tax of town	452,439.30	
VAT	7,538,071.86	15,053,172.64
Other	357,269.39	762,001.73
Total	11,824,882.40	21,769,273.77

(21) Other account payable

Item	Ending Balance	Year-end balance of last year
Interest payable		
Dividends payable		
Other account payable	34,163,258.96	43,691,472.06
Total	34,163,258.96	43,691,472.06

1. Other account payable**(1) Other payable by nature**

Item	Book balance	Year-end balance of last year
Engineering funds	11,861,176.64	13,045,165.88
Quality assurance	6,633,006.27	6,825,475.53

Item	Book balance	Year-end balance of last year
Accrued expenses	10,143,950.69	10,301,185.40
Equipment fund		3,718,050.65
Other	5,525,125.36	9,801,594.60
Total	34,163,258.96	43,691,472.06

(2) Other account payable of more than one year is of 18,271,785.62 Yuan (December 31, 2019: 18,303,816.84 Yuan), which is mainly the engineering equipment fund payable and guarantee money.

(22) Accrual liability

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

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 RMB 12,500,000.00 in condominium deposit account as guarantee. In addition, Server pledged its 20% of equity holding from Huidong Server to Jiahua Architecture with pledge duration of 2 years. The amount of collateral on loans could not exceed RMB 15,000,000.00. Relevant losses with the event concerned predicted amounting to RMB 27,500,000.00 by the Group. The costs for lawyers from 2014 to June 2020 and the costs for problem left over by history amounting to 853,943.72 Yuan, ending balance amounted as 26,646,056.28 Yuan.

(23) Deferred income

Item	Year-end balance of last year	Current increased	Current decreased	Ending Balance	Reasons
Government subsidy	108,507,683.52		11,549,926.48	96,957,757.04	

Items with government subsidy involved:

Liability	Opening balance	Subsidy amount newly increased in the current period	Amount included in current profit and loss	Reduction of consolidation scope changes	Book balance	Assets related/income related
Subsidy for low-nitrogen transformation	25,165,130.64		261,374.29	3,736,754.75	21,167,001.60	Assets related
Information construction	86,666.60		30,588.24		56,078.36	Assets related
Support fund of recycling economy for sludge drying	7,451,273.95		323,501.46		7,127,772.49	Assets related
Treasury subsidies for sludge drying	2,826,250.00		127,500.00		2,698,750.00	Assets related
Special funds for energy conservation and emission reduction	684,223.30		57,018.66		627,204.64	Assets related
Funded of energy efficiency improvement for electric machine	401,760.00		17,280.00		384,480.00	Assets related
Subsidy for quality promotion of the air environment in Shenzhen	67,262,379.03		2,365,909.08		64,896,469.95	Assets related
Cogeneration	4,630,000.00			4,630,000.00		Assets related
Total	108,507,683.52		3,183,171.73	8,366,754.75	96,957,757.04	

(24) 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	

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

(25) Capital reserve

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

(26) Other comprehensive income

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

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

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

(27) Surplus reserve

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

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

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

(28) Retained profit

Item	Current amount	Year-end balance of last year
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	52,040,498.42	24,900,956.73
Less: withdrawal of statutory surplus reserve		
Surplus reserves withdrawal		
General risk reserve withdrawal		
Common Stock dividend payable	12,055,251.92	
Dividend of common shares transfer as share capital		
Retained profit at period-end	746,816,139.04	706,830,892.54

(29) Operating income and operating cost

Item	Current amount	Last-period amount

	Income	Cost	Income	Cost
Main business	516,766,342.40	453,011,367.34	407,283,308.09	382,899,068.89
Other business	1,384,263.81	98,068.80	841,308.29	98,068.80
Total	518,150,606.21	453,109,436.14	408,124,616.38	382,997,137.69

(30) Tax and surcharge

Item	Current amount	Last-period amount
City maintenance tax	1,383,140.70	347,935.14
Education surtax	994,801.55	239,773.87
Real estate tax	1,208,396.49	1,299,068.45
Stamp tax	249,088.14	223,246.10
Environmental protection tax	52,684.43	71,377.28
Land holding tax	528,926.56	622,976.03
Other	2,070.82	21,056.56
Total	4,419,108.69	2,825,433.43

(31) Sales expense

Item	Current amount	Last-period amount
Sludge treatment costs	1,759,061.64	2,091,758.08
Salary, welfare and social insurance	483,096.28	211,222.62
Communication expenses	3,600.00	3,600.00
Social expenses	102,828.00	115,344.00
Fleet cost	14,862.00	15,559.00
Inspection charges	8,254.72	5,707.55
Labor insurance fee	12,146.33	10,530.68
Rental fee	14,400.00	14,400.00
Property insurance	55,981.53	49,130.74
Agency engagement fee	49,056.60	37,735.85
Other	24,116.56	11,281.00
Total	2,527,403.66	2,566,269.52

(32) Administration expense

Item	Current amount	Last-period amount
Wages	22,642,057.64	23,892,967.48
Rental fee	3,190,390.04	3,288,377.42
Social expenses	1,215,245.44	1,532,058.32
Intermediary agency fee	769,240.68	1,231,759.70
Fleet cost	1,544,894.98	1,007,200.26
Board charges	643,383.04	588,713.32
Depreciation	3,219,527.40	2,735,952.70
Amortization of intangible assets	438,195.11	924,080.54
Environmental protection fee	112,454.45	985,970.24
Food fee	1,683,299.91	1,636,173.21
Corporate culture fee	466,986.30	416,397.26
Property management fee	476,391.32	473,682.63
Office fee	451,606.20	351,693.34
Communication expenses	584,900.66	555,998.52
Business travel expenses	150,697.01	309,115.10
Fee for stock certificate	268,361.53	86,822.94
Union funds	296,122.92	303,547.56
Employee education expenses	25,496.98	55,175.25
Other	4,857,620.54	4,556,178.71
Total	43,036,872.15	44,931,864.50

(33) Financial expense

Item	Current amount	Last-period amount
Interest expenses	18,800,827.68	23,542,971.21
Less: capitalized interest	613,068.55	
Expenses interest	18,187,759.13	23,542,971.21
Less: interest income	13,142,285.32	13,189,605.67

Item	Current amount	Last-period amount
Exchange loss (gains is listed with "-")	-56,923.92	-6,301.58
Other	76,172.31	292,203.46
Total	5,064,722.20	10,639,267.42

(34) Other Income

Item	Current amount	Last-period amount
Government grants	8,588,818.18	4,962,155.46
Additional deduction on input tax		
Commission for withholding the individual income tax	166,718.37	
Income from debt restructuring		
Total	8,755,536.55	4,962,155.46

Government subsidies included in other income

Item	Current amount	Last-period amount	Asset related / income related
Special Fund Subsidy for Shenzhen Atmospheric Environmental Quality Improvement	2,365,909.08	1,201,651.54	Asset related
Subsidy for low-nitrogen transformation	261,374.29	251,403.55	Asset related
Enterprise information construction project funding	30,588.24	30,588.24	Asset related
Subsidies for energy-saving technological transformation projects	57,018.66	57,018.66	Asset related
Treasury subsidies for sludge drying	127,500.00	127,500.00	Asset related
Support fund of recycling economy for sludge drying	323,501.46	323,501.46	Asset related
Funded of energy efficiency improvement for electric machine	17,280.00	17,280.00	Asset related
VAT rebates	1,134,065.17	1,753,212.01	Income related
Unemployment insurance refund of affected enterprises		-	Income related

Item	Current amount	Last-period amount	Asset related / income related
	4,171,581 .28		
Subsidies for further steady growth of funding projects	100,000.0 0		Income related
Supporting funds of office occupancy for listed companies		1,000,000.0 0	Income related
Reward to encouraging small and medium-sized enterprise to growth as a scale-sized company		200,000.00	Income related
Total	8,588,818 .18	4,962,155.4 6	

(35) Investment income

Item	Current amount	Last-period amount
Long-term equity investment income by equity	-243,622.43	-677,552.37
Investment income from disposal of long-term investments	33,534,881.55	
Total	33,291,259.12	-677,552.37

(36) 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		-417,926.32	
Profit and loss on disposal of construction in process	828,535.6 6		828,535.66
Total	828,535.6 6	-417,926.32	828,535.66

(37) Non-operating revenue

Item	Current amount	Last-period amount	Amount reckoned into non-recurring gains/losses of the Period
Sales of waste materials		98,666.50	
Other	4,753.84	4,500.00	4,753.84
Total	4,753.84	103,166.50	4,753.84

(38) 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
Loss of scrap from non-current assets	1,110.00		1,110.00
Other		46,124.97	
Total	11,110.00	46,124.97	11,110.00

(39) Income tax expense

Item	Current amount	Last-period amount
Current income tax calculated in accordance with tax laws and related regulations	610,366.52	1,157,865.76

(40) Cash flow statement**1. Cash received with other operating activities concerned**

Item	Current amount	Last-period amount
Government subsidy collected	4,688,786.13	39,297,273.00
Intercourse funds collected		13,431,789.29
Interest income	10,929,678.85	12,982,668.91

Other	6,887,829.91	4,321,781.62
Total	22,506,294.89	70,033,512.82

2. Other cash paid in relation to operation activities

Item	Current amount	Last-period amount
Hiring intermediary agency fee	769,240.68	1,231,759.70
Board fee	643,383.04	588,713.32
Rental fees	3,850,120.43	3,762,060.05
Communication fee	1,215,245.44	1,532,058.32
Fleet cost	1,544,894.98	1,007,200.26
Corporate culture fee	466,986.30	416,397.26
Communication fee	584,900.66	555,998.52
Environmental protection fee	112,454.45	985,970.24
Other	11,968,246.77	16,424,022.91
Total	21,155,472.75	26,504,180.58

3. Cash received from other investment activities

Item	Current amount	Last-period amount
Repayment of loan from Huidong Serve	800,000.00	

4. Other cash paid related to investment activities

Item	Current amount	Last-period amount
The cash difference bewteen the cash balance of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd and the cash received from the disposal of the equity on the date when disposing	12,577,163.02	

5. Other cash received in relation to financing activities

Item	Current amount	Last-period amount
Margin received		7,303,338.86
Received a loan from Shenzhen Gas Group Co., Ltd.	170,000,000.00	
Total	170,000,000.00	7,303,338.86

(41) 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	52,251,672.02	-33,069,503.64
Add: Assets impairment provision		
Depreciation of fixed assets	25,805,403.49	44,801,828.95
Amortization of intangible assets	485,983.65	1,232,100.02
Amortization of long-term deferred expenses	125,971.38	22,548.81
Loss from disposing fixed assets, intangible assets and other long-term assets (income)	-828,535.66	417,926.32
Loss on retirement of fixed assets		
Financial expense (income)	18,800,827.68	23,542,971.21
Investment loss (income)	33,291,259.12	677,552.37
Decrease of deferred income tax asset((increase)		
Decrease of inventory (increase)	16,132,545.39	278,786.02
Decrease of operating receivable accounts (increase)	-18,919,356.88	4,043,360.79
Increase of operating payable accounts (decrease)	-57,209,208.73	14,269,806.04
Net cash flow arising from operating activities	69,936,561.46	56,217,376.89
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:		
Closing balance of cash and cash equivalent	1,084,903,966.81	1,029,883,840.43
Less: Opening balance of cash and cash equivalent	771,490,000.96	914,956,611.70
Net increasing of cash and cash equivalents	313,413,965.85	114,927,228.73

2. Composition of cash and cash equivalent

Item	Book balance	Year-end balance of last year
I. Cash	324,903,966.81	381,490,000.96
Including: Cash on hand	65,138.88	84,307.60
Bank savings available for payment needed	317,274,657.16	381,339,856.01
Other monetary capital available for payment needed	7,564,170.77	65,837.35
Account due from central bank available for payment		
Amount due from banks		
Amount call loans to banks		
II. Cash equivalent	760,000,000.00	390,000,000.00
including: bond investment due within three months		
III. Balance of cash and cash equivalent at period-end	1,084,903,966.81	771,490,000.96
Including: Cash and cash equivalent of the parent company or subsidiaries with use restricted		

(42) 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	840,153.18	7.08	5,947,607.19
HKD	976.71	7.96	7,775.59
Euro	466,204.75	0.91	425,833.72
SGD	5,558.03	5.08	28,242.02

VI. Change of consolidate scope**1. Disposal of subsidiary**

Name of subsidiary	Equity disposal price	Equity disposal ratio (%)	Equity disposal method	Time point of loss of control	Basis for determining the time point of loss of control	Consolidated statement level corresponding to disposal price and

						disposal investment enjoys the difference of the subsidiary's net asset share
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	104,980,000.00	70%	Assignment by agreement	2020/4/30	The sale has been approved by the general meeting of shareholders, more than 50% of the disposal payment has been received, the equity transfer procedures have been completed, and the board of directors has been completely replaced	33,534,881.55

Cont.

Name of subsidiary	Proportion of remaining equity on the day of loss of control (%)	Book value of remaining equity on the date of loss of control	Fair value of the remaining equity on the date of loss of control	Gains or losses arising from recalculating the remaining equity at fair value	Determination method and main assumptions of the fair value of the remaining equity on the date of loss of control	Amount of other comprehensive income related to the equity investment of the original subsidiary that transferred to the investment profit and loss
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	N/A	N/A	N/A	N/A	N/A	N/A

VII. Equity in other entity

(1) Equity in subsidiaries

1. Composition of the Group

Subsidiary	Main operation	Registration place	Business nature	Shareholding ratio (%)	Acquired way

	place			Directly	Indirectly	
Shenzhen Server (note)	Shenzhen	Shenzhen	Trading	50		Establishment
New Power	Shenzhen	Shenzhen	Power generation	75	25	Establishment
Zhongshan Electric Power	Zhongshan	Zhongshan	Power generation	55	25	Establishment
Engineering Company	Shenzhen	Shenzhen	Engineering consulting	60	40	Establishment
Environment Protection Company	Shenzhen	Shenzhen	Engineering	70	30	Establishment
Singapore Company	Singapore	Singapore	Trading	100		Establishment
Shenzhen Storage	Zhongshan	Zhongshan	Storage		80	Establishment
Syndisome	Hong Kong	Hong Kong	Exp. & imp. Trading		100	Under different control

Note : The Company holds 50% equity of Shenzhen Server, and holds a majority of voting rights in the company's board of directors at the same time. Therefore, the Company has substantive control over it, and it is included in the consolidation scope of the consolidated financial statements.

2. Important non-wholly-owned subsidiary

Subsidiary	Share-holding ratio of minority (%)	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Zhongshan Electric Power	20.00	2,788,481.06		-16,079,276.55

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

Subsidiary	Ending Balance						Year-end balance of last year					
	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
Zhongshan Electric Power	78,383,348.34	517,641,214.85	596,024,563.19	670,872,281.50	5,548,664.49	676,420,945.99	67,810,211.5649	529,800,968.5	597,611,180.078	686,312,294.78	5,637,673.36	691,949,968.14

Subsidiary	Current amount				Last-year amount			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongshan Electric Power	85,765,596.92	13,942,405.29	13,942,405.29	31,248,237.34	66,364,051.74	-11,987,240.04	-11,987,240.04	30,421,274.57

(2) Equity in joint venture and cooperative enterprise

1. Major joint venture and cooperative enterprise

Name	Main operation place	Registered place	Business nature	Share-holding ratio (%)	Accounting treatment on investment for joint venture and cooperative enterprise
				Directly	Indirectly
Huidong Server	Huizhou	Huizhou	Wharf operation	40.00	Equity method

2. Financial summary for un-important joint venture or cooperative enterprise

	Ending Balance /Current amount	Year-end balance of last year /Last-year amount
Joint venture:		
Total book value of the investment	14,375,580.60	14,619,203.03
Total numbers measured by share-holding ratio		
—Net profit	-243,622.43	-677,552.37
—Other comprehensive income		
—Total comprehensive income	-243,622.43	-677,552.37

VIII. Risks relating to financial instruments

The Company's main financial instruments include equity investment, borrowings, accounts receivable, accounts payable, etc., see details of each financial instrument in related items of this annotation V. The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks are described as below. The management of the Company manages and monitors these risk exposures to ensure that the above risks are controlled within the limit range.

The Company uses the sensitivity analysis technique to analyze the possible impact of the risk variable on the current profit and loss or the shareholders' equity. Since any risk variable rarely changes in isolation, and the correlation existing among the variables shall have a significant effect on the final amount of changes about a certain risk variable, therefore, the following proceeds by assuming that the change in each variable is independent. The objective of the Company's risk management is to gain a proper balance between risks and profits, minimize the negative impact of risks on the Company's operating results, and maximize the benefits of shareholders and other equity investors. Based on the risk management objective, the basic strategy of the Company's risk

management is to identify and analyze the risks faced by the Company, establish appropriate bottom line to bear the risks and carry out risk management, and timely and reliably supervise the risks so as to control the risks within the limit range.

(I) Credit risk

On 30 June 2020, the maximum credit risk exposure that could cause financial loss to the Company is mainly due to the failure of the other party to fulfill the obligations, resulting in losses to the Company's financial assets, including:

Carrying value of financial assets recognized in consolidated balance sheet. As for financial instrument at fair value, carrying value reflects its risk exposure, while not the largest risk exposure. The largest risk exposure will vary as fair value changes in future.

In order to bring down credit risk, the Company establishes a special working team to take charge of determining credit limit, making credit approval and implementing other monitor procedures to ensure necessary measures are adopted to collect overdue debts. In addition, recovery of each single account receivable is reviewed on each balance sheet date to ensure adequate bad debt provision is made for unrecoverable amount. Therefore, management believes that the Company has substantially reduced the credit risks it assumes.

Our current capital is deposited with highly-rated banks, thus credit risk arising from current capital is relatively low.

(II) 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 (16);

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	878,221.61	800,563.02	1,177,083.56	1,139,067.58

Rate changes	Current year		Last year	
	Impact on profit	Impact on shareholders' equity	Impact on profit	Impact on shareholders' equity
5% decreased	-878,221.61	-800,563.02	-1,177,083.56	-1,139,067.58

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 30 June 2020, except for the balance of foreign currency monetary items of 42. 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.

(III) Liquidity risk

In managing the liquidity risk, the Company keeps the cash and cash equivalents that the management considers to be sufficient and supervise them so as to meet the Company's operating needs and reduce the impact of fluctuations in cash flows. The Company's management monitors the use of bank loans and ensures to comply with the loan agreement.

The Company uses bank loans as the main source of funds.

IX. Related party and related party transactions

(1) Parent company of the Group

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

(2) Subsidiaries of the Company

See details in Note VII. Equity in other entity

(3) Joint venture and affiliated enterprise of the Group

See details in Note VII. Equity in other entity

(4) Other related party

Other related party	Relationship with the Company
Shenzhen Energy Group Co., Ltd. ("Shenzhen Energy Group" for short)	Legal person holding more than 5% of the company's shares
Shenzhen 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 Co., Ltd.	Legal person indirectly holding more than 5% of the company's shares through Shenzhen Energy Group

Other related party	Relationship with the Company
Wanhe Securities Co., Ltd.	Other related parties
Shenzhen Energy Group Co., Ltd.	Other related parties
Fuel branch of Shenzhen Energy Group Co., Ltd.	Other related parties
Shenzhen Energy and Gas Investment Holding Co., Ltd.	Other related parties
Directors, supervisors and senior management of the company	Key managers

(5) Receivable/payable items of related parties

1. Receivable

Item	Related party	Ending Balance		Year-end balance of last year	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other account receivable					
	Huidong Server	8,432,761.42		9,060,361.44	
	Huidong Server managed account	13,243,635.56		13,114,012.69	
Total		21,676,396.98		22,174,374.13	

X. Government subsidies

(1) Government subsidies related to assets

Type	Amount	Balance sheet	The amount included in current gain/loss or loss resulting from related costs off-setting	Item of the amount included in

			Current amount	Last amount	current gain/loss or loss resulting from related costs off-setting
Subsidy for low-nitrogen transformation	43,032,780.00	Deferred income	261,374.29	251,403.55	Other income
Information construction	520,000.00	Deferred income	30,588.24	30,588.24	Other income
Support fund of recycling economy for sludge drying	10,000,000.00	Deferred income	127,500.00	127,500.00	Other income
Treasury subsidies for sludge drying	5,100,000.00	Deferred income	323,501.46	323,501.46	Other income
Special funds for energy conservation and emission reduction	1,530,000.00	Deferred income	57,018.66	57,018.66	Other income
Funded of energy efficiency improvement for electric machine	518,400.00	Deferred income	17,280.00	17,280.00	Other income
Subsidy for quality promotion of the air environment in Shenzhen	70,977,273.00	Deferred income	2,365,909.08	1,201,651.54	Other income
Total	131,678,453.00		3,183,171.73	2,008,943.45	

(2) Government subsidies related to income

Type	Amount	The amount included in current gain/loss or loss resulting from related costs off-setting		Item of the amount included in current gain/loss or loss resulting from related costs off-setting
		Current amount	Last amount	
VAT refund	1,134,065.17	1,134,065.17	1,753,212.01	Other income

Type	Amount	The amount included in current gain/loss or loss resulting from related costs off-setting		Item of the amount included in current gain/loss or loss resulting from related costs off-setting
		Current amount	Last amount	
Unemployment insurance refund of affected enterprises	4,171,581.28	4,171,581.28		Other income
Subsidies for further steady growth of funding projects	100,000.00	100,000.00		Other income
Office housing support funds for listed companies			1,000,000.00	Other income
Encourage SMEs to scale up rewards			200,000.00	Other income
Total	5,405,646.45	5,405,646.45	2,953,212.01	

XI. Commitment and Contingency

(1) Major Commitment

Nil

(2) Contingency

Nil

XII. Events Occurring after the Balance Sheet Date

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 under the name of Shenzhen Nanshan Power Co., Ltd (hereinafter referred to as the Company) 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 Group Co., Ltd. (hereinafter referred to as Shenzhen Gas) at a total price of 104.98 million yuan. According to the equity transfer agreement signed between the company and Shenzhen Gas, after the company received 40% of equity transfer fund, i.e. 59.99 million yuan, of Shen Nan Dian Dongguan Company from Shenzhen Gas, Shen Nan Dian Dongguan Company has completed the industrial and commercial change registration on April 9, 2020. Since then, the total loan of 300 million

yuan applied by Shen Nan Dian Dongguan Company from Bank of Ningbo Shenzhen Branch and Industrial Bank Shenzhen Branch has been repaid, and the joint guarantee and liability guarantee provided by the company for the above loan of Shen Nan Dian Dongguan Company has been lifted; Shen Nan Dian Dongguan Company has fully repaid the principal and interest of the company's 180 million yuan of financial assistance.

On July 2, 2020, the company's wholly-owned subsidiary Hong Kong Syndisome Co., Ltd. received the remaining 30% equity transfer payment of 44.99 million yuan from Shenzhen Gas. So far, the company has received all the equity transfer payments paid by Shenzhen Gas, and the transfer of 70% equity of Shen Nan Dian Dongguan Company was completed.

XIII. Other important events

(1) Segment information

1. Determining basis and accounting policies of reportable segments

According to the Group's internal organization structure, management requirements and internal reporting system, the Group's business is divided into three operating segments including power and heat supply, fuel oil trade and other business, the Group's management periodically evaluates the operating results of these segments so as to determine the allocation of resources and assess their performances.

Segmental reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment for reporting to the management, the measurement basis keep pace with the accounting and measurement basis used for preparing financial statements.

2. Financial information of the reportable segment

Item	Power supply & heating	Fuel trading	Other	Fuel trading	Total
Operation income	492,269,718.83	535,619.08	46,696,529.61	21,351,261.31	518,150,606.21
Operation cost	443,625,551.12	98,068.80	36,294,452.93	26,908,636.71	453,109,436.14
Total assets	3,739,501,185.55	121,784,714.52	346,595,525.59	1,156,333,540.24	3,051,547,885.42
Total liabilities	1,751,424,593.52	29,386,981.49	44,802,294.92	846,135,389.63	979,478,480.30

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

(1) Account receivable

1. Age analysis

Account age	Book balance	Year-end balance of last year
Within one year	61,626,629.43	31,821,804.69
1 to 2 years		

Account age	Book balance	Year-end balance of last year
2 to 3 years		
Over 3 years	2,889.00	2,889.00
Subtotal	61,629,518.43	31,824,693.69
Less: Bad debt provision		
Total	61,629,518.43	31,824,693.69

2. According to accrual method for bad debts

Category	Book balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
With single provision for bad debts					
With bad debt provision accrual based on similar credit risk characteristics of a portfolio	61,629,518.43	100.00			61,629,518.43
Total	61,629,518.43	100.00			61,629,518.43

Category	Year-end balance of last year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
With single provision for bad debts					
With bad debt provision accrual based on similar	31,824,693.69	100			31,824,693.69

Category	Year-end balance of last year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
credit risk characteristics of a portfolio					
Total	31,824,693.69	100			31,824,693.69

3. No account receivable with single provision for bad debts

Provision for bad debts by portfolio:

Provision by portfolio:

Name	Book balance		
	Account receivable	Bad debt provision	Accrual proportion (%)
With minor credit risk	61,629,518.43		

Recognition standards and specifications on provisions by portfolio:

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

4. No provision for bad debts in the current period

5. Top 5 receivables at ending balance by arrears party

Total period-end balance of top five receivables by arrears party amounting to 61,629,518.43 Yuan, takes 100 percent of the total account receivable at period-end, bad debt provision accrual correspondingly at period-end amounting to 0 Yuan

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

(2) Other account receivable

Item	Ending Balance	Last year-end balance
Interest receivable		
Dividend receivable		
Other account receivable	660,835,522.34	873,861,071.55
Total	660,835,522.34	873,861,071.55

1. Other account receivable

(1) Disclosure by age

Account age	Ending Balance	Last year-end balance
Within one year	181,599,583.37	239,265,595.88
1 to 2 years	262,147,773.68	89,264,291.59
2 to 3 years	136,709,590.00	100,729,690.00
Over 3 years	107,708,218.73	471,931,137.52
Subtotal	688,165,165.78	901,190,714.99
Less: Bad debt provision	27,329,643.44	27,329,643.44
Total	660,835,522.34	873,861,071.55

(2) Disclosure by category

Category	Book balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
With single provision for bad debts	28,023,159.22	4.07	27,329,643.44	97.53	693,515.78
With bad debt provision accrual based on similar credit risk characteristics of a portfolio	660,142,006.56	95.93			660,142,006.56
Total	688,165,165.78	100.00	27,329,643.44	3.97	660,835,522.34

Category	Year-end balance of last year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
With single provision for bad debts	28,023,159.22	3.11	27,329,643.44	97.53	693,515.78

Category	Year-end balance of last year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
With bad debt provision accrual based on similar credit risk characteristics of a portfolio	873,167,555.77	96.89			873,167,555.77
Total	901,190,714.99	100.00	27,329,643.44	3.03	873,861,071.55

With single provision for bad debts:

Name	Book balance			
	Book amount	Bad debt provision	Accrual proportion (%)	Causes
Huiyang Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00	Un-collectable in excepted
Individual income tax	2,470,039.76	2,470,039.76	100.00	Un-collectable in excepted
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31	Some un-collectable in excepted
Personal receivables	7,498,997.87	7,498,997.87	100.00	Un-collectable in excepted
Deposit receivable	1,658,796.73	1,312,974.95	79.15	Some un-collectable in excepted
Total	28,023,159.22	27,329,643.44	97.53	

Provision for bad debts by portfolio:

Provision by portfolio:

Name	Book balance		
	Other account receivable	Bad debt provision	Accrual proportion (%)

Name	Book balance		
	Other account receivable	Bad debt provision	Accrual proportion (%)
With minor credit risk	660,142,006.56		

Recognition standards and specifications on provisions by portfolio:

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

(3) Accrual of bad debt provision

Bad debt provision	Phases I	Phases II	Phases III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance at year-begin			27,329,643.44	27,329,643.44
Book balance of other account receivable at year-begin				
—Turn to phase II				
—Turn to phase III				
—Return to Phase II				
—Return to Phase I				
Current accrual				
Current switch back				
Rewrite in the period				
Write-off in the period				
Other changes				
Book balance			27,329,643.44	27,329,643.44

(4) No provision for bad debts in the current period

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

(6) By nature

Nature	Ending book balance	Book balance at last year-end
Dormitory receivables	2,083,698.16	2,083,698.16
Deposit receivable	1,738,810.86	1,658,796.73
Related party transactions	656,170,887.94	866,978,723.13
Personal account	10,008,932.63	10,008,932.63
Other	18,162,836.19	20,460,564.34
Total	688,165,165.78	901,190,714.99

(7) Top 5 other account receivables at period-end listed by arrears party

Name of the company	Relationship with the Company	Ending Balance	Age	Proportion in total other account receivable(%)	Ending balance of bad debt provision
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Intercourse funds	648,154,459.86	0-3 year, Over 3 years	94.19	
Huiyang County Kangtai Industrial Company	Other	14,311,626.70	Over 3 years	2.08	14,311,626.70
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Intercourse funds	4,204,379.85	Within 1 year	0.61	
Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Intercourse funds	3,812,048.23	Within 1 year	0.55	
Dormitory receivables	Intercourse funds	2,083,698.16	Over 3 years	0.30	1,736,004.16
Total		672,566,212.80		97.73	16,047,630.86

(8) No receivables involving government subsidies

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

(3) Long-term equity investment

Item	Ending Balance			Last year-end balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment to subsidiary	576,663,800.00	347,745,035.00	228,918,765.00	691,982,849.76	388,641,684.76	303,341,165.00
Investment to joint venture and affiliate enterprise						
Total	576,663,800.00	347,745,035.00	228,918,765.00	691,982,849.76	388,641,684.76	303,341,165.00

1. Investment to subsidiary

The invested entity	Last year-end balance	Increase in the period	Decrease in the period	Ending Balance	Impairment provision accrual in the Period	Period-end balance of depreciation reserves
Shenzhen Server	26,650,000.00			26,650,000.00		
New Power Company	71,270,000.00			71,270,000.00		
Zhongshan Electric Power	410,740,000.00			410,740,000.00		347,745,035.00
Engineering Company	6,000,000.00			6,000,000.00		
Weimei Electric Power	115,319,049.76		115,319,049.76			
Singapore	6,703,800.00			6,703,800.00		

The invested entity	Last year-end balance	Increase in the period	Decrease in the period	Ending Balance	Impairment provision accrual in the Period	Period-end balance of depreciation reserves
Company						
Environment Protection Company	55,300,000.00			55,300,000.00		
Total	691,982,849.76		115,319,049.76	576,663,800.00		347,745,035.00

(4) Operation revenue/operation cost

Item	Current amount		Last-period amount	
	Revenue	Cost	Revenue	Cost
Main business	118,119,714.73	133,626,167.32	127,282,753.58	166,390,507.99
Other business	27,647,300.61	4,310,751.77	38,231,297.65	5,937,627.54
Total	145,767,015.34	137,936,919.09	165,514,051.23	172,328,135.53

XV. Supplementary information

(1) Statement of non-recurring gains/losses

Item	Amount	Note
Gains and losses from disposal of non-current assets	34,363,417.21	
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)	7,621,471.38	
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		

Item	Amount	Note
Gains and losses from assets under trusted investment or management		
Various provision for impairment of assets withdrew due to act of God, such as natural disaster		
Gains and losses from debt restructuring		
Enterprise restructuring costs, such as expenses for staff placement, integration costs, etc		
Gains and losses of the part arising from transaction in which price is not fair and exceeding fair value		
Current net gains and losses occurred from period-begin to combination day by subsidiaries resulting from business combination under common control		
Gains and losses arising from contingent proceedings irrelevant to normal operation of the Company		
Except for effective hedge business relevant to normal operation of the Company, gains and losses arising from fair value change of tradable financial assets and tradable financial liabilities, and investment income from disposal of tradable financial assets, tradable financial liabilities and financial assets available for sale		
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test		
Gains and losses obtained from external trusted loans		
Gains and losses arising from change of fair value of investment real estate whose follow-up measurement are conducted according to fair value pattern		
Affect on current gains and losses after an one-time adjustment according to requirements of laws and regulations regarding to taxation and accounting		
Trust fee obtained from trust operation		
Other non-operating income and expenditure except for the aforementioned items	-6,356.16	
Other gains and losses items complying with definition for non-recurring gains and losses		
Impact on income tax	-67,935.50	
Impact on minority shareholders' equity	-19,828.93	

Item	Amount	Note
Total	41,890,768.00	

(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	2.57	0.09	0.09
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	0.51	0.02	0.02