

Shenzhen Nanshan Power Co., Ltd.

Annual Report 2014

Notice No.: 2015-029

April 2015

Section I. Important Notice, Contents and Paraphrase

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

Except for the follow, other directors are attend the Meeting for annual report deliberation in person

Name of director absent	Title for absent director	Reasons for absent	Attorney
Yu Chunling	Director	Cause for work	Zhou Qun
Qiang Wenqiao	Director	Cause for work	Zhou Qun
Li Zheng	Independent director	Cause for work	Wang Xiaodong
Wang Junsheng	Independent director	Cause for work	Tang Tianyun

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

Chairman Yang Haixian, Managing Director Wu Dongxiang, CFO Huang Jian and Manager of Financail Management Department Gan Baoshan hereby confirm that the Financial Report of the annual report is authentic, accurate and complete.

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

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

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Paraphrase

Items	Refers to	Contents
Company, the Company, Shen Nan Dian	Refers to	Shenzhen Nanshan Power Co., Ltd.
Shen Nan Dian Zhongshan Company	Refers to	Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.
Shen Nan Dian Dongguan Company	Refers to	Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd.
Shen Nan Dian Engineering Company	Refers to	Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.
Shen Nan Dian Environment Protection Company	Refers to	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.
Server Company	Refers to	Shenzhen Server Petrochemical Supplying Co., Ltd.
New Power, New Power Company	Refers to	Shenzhen New Power Industrial Co., Ltd.
Singapore Company	Refers to	Shen Nan Energy (Singapore) Co., Ltd.
Nanshan Power Factory	Refers to	Nanshan Power Factory of Shenzhen Nanshan Power Co., Ltd.
Zhongshan Nam Long Power Plant	Refers to	Zhongshan Nam Long Power Plant of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.
Dongguan Gaobu Power Plant	Refers to	Dongguan Gaobu Power Plant of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd.
Shenzhong Properties Company	Refers to	Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd.
Shenzhong Real Estate Company	Refers to	Zhongshan Shenzhong Real Estate Development Co., Ltd.
Syndisome Company	Refers to	Hong Kong Syndisome Co., Ltd.
Jiangxi Nuclear Power Company	Refers to	CPI Jiangxi Nuclear Power Co., Ltd.
Energy Group	Refers to	Shenzhen Energy Group Co., Ltd.
Paipu Technology	Refers to	Shenzhen Paipu Energy Technology Development Co., LTD.
NAM HOI	Refers to	HONG KONG NAM HOI (INTERNATIONAL) LTD.
Guangju Holding	Refers to	Shenzhen Guangju Investment Holding Co., Ltd.
HK Tengda	Refers to	Tengda Property Co., LTD.
Guoneng International Trading	Refers to	Shenzhen Guoneng International Trading Co., LTD.
Hong Kong Energy	Refers to	Shenzhen Energy (Hong Kong) International Co., LTD.
Guangju Energy	Refers to	Shenzhen Guangju Energy Co., LTD.
Guangju Industrial	Refers to	Guangju Industrial Co., LTD.
Luneng Group	Refers to	Luneng Group Co., LTD.
Kehuitong	Refers to	Shenzhen Kehuitong Investment Holding Co., Ltd.

Shenzhen Energy Group	Refers to	Shenzhen Energy Group Co., LTD.
Docheng Weiye Group	Refers to	Docheng Weiye Group Company

Section II Company profile

I. Company information

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

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Hu Qin	-
Contact add.	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province	-
Tel.	0755-26948888	
Fax.	0755-26003684	
E-mail	investor@nspower.com.cn	

III. Information disclosure and preparation place

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

IV. Registration changes of the Company

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

V. Other relevant information

CPA engaged by the Company

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

Section III. Accounting data and summary of financial indexes

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

☐ Yes ☒ No

	2014	2013	Changes over last year	2012
Operating income (RMB)	1,234,101,547.84	1,110,427,750.14	11.14%	1,265,445,768.29
Net profit attributable to shareholders of the listed company(RMB)	-330,513,284.99	53,099,116.45	-722.45%	-204,455,643.36
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-329,708,263.72	-76,950,773.70	328.55%	-323,272,643.93
Net cash flow arising from operating activities(RMB)	571,263,982.13	482,279,180.11	18.45%	106,047,443.83
Basic earnings per share (RMB/Share)	-0.55	0.09	-711.11%	-0.34
Diluted earnings per share (RMB/Share)	-0.55	0.09	-711.11%	-0.34
Weighted average ROE	-22.96%	-4.88%	-18.08%	-19.58%
	End of 2014	End of 2013	Changes over end of last year	End of 2012
Total assets (RMB)	5,056,415,825.14	5,440,291,369.21	-7.06%	5,536,067,729.98
Net assets attributable to shareholder of listed company (RMB)	1,270,542,254.88	1,601,055,539.87	-20.64%	1,548,919,427.80

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

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

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

☒ Applicable ☐ Not applicable

In RMB

Item	2014	2013	2012	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-3,391,027.70	78,884,627.34	1,136,165.09	
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	3,641,201.54	9,032,973.54	2,217,106.02	
Other non-operating income and expenditure except for the aforementioned items	-1,851,619.50	394,766.69	489,010.46	
Import VAT refunds for natural gas	0.00	37,570,075.58	125,023,871.96	
Income from capacity transfer	0.00	72,930,000.00		
Less: impact on income tax	121,393.78	20,699,535.10	414,701.91	
Impact on minority shareholders' equity (post-tax)	-917,818.17	48,063,017.90	9,634,451.05	
Total	-805,021.27	130,049,890.15	118,817,000.56	--

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

☐ Applicable ☒ Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

Section IV. Report of the Board of Directors

I. Introduction

Year of 2014 was a very tough year to the company's management situation. On the one hand, the board of directors has made the general requirements to "enhance the foresight and innovation of decision-making, strengthen the oversight mechanisms for decision execution, grasp the opportunity of private placement stock, promote the company's industrial upgrading, improve the overall level of company's operations, and promote the company's sustainable development"; on the other hand, the board of directors has continued to improve the company's governance structure, promote the company's standard operation, fulfill its responsibilities and obligations to information disclosure, maintain the rights and interests of the company and the investors, and strive to maximize the shareholders' benefits in accordance with the requirements of China Securities Regulatory Commission and Shenzhen Stock Exchange. Under the joint efforts of all employees, the company has achieved the on-grid energy of 1.721 billion kWh in 2014, which outperformed the annual plan, achieved the operation revenue of 1,234,101,500 Yuan, an increase of 11.14%, and has realized the safety management goal of "Four No". Due to the increase in west-east power transmission, the competition in the regional electricity markets is fierce, as the main business, 9E unit has continued to lose its profitability. During the reporting period, the company has tried to introduce the strategic investor via the non-public offering of shares to improve the company's operating conditions, but the partner proposed to terminate the contract because of their own reasons, which caused the project failed to be implemented and the company still could not get rid of the situation of operating loss.

II. Main business analysis

1. Introduction

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

Name of the company	Energy output (KWH)	Same period of last year	y-o-y changes
Nanshan Power Factory(including units belongs to New Power Co.,)	7.91	7.88	0.38%
Zhongshan Nam Long Power Plant	4.8	4.82	-0.41%
Dongguan Gaobu Power Plant	4.72	4.83	-0.62%
Total	17.43	17.53	-0.11%

During the report period, the main business income of the Company was 1,234,101,500 Yuan, increased by 11.14% compared to the same period of last year. The operating profit of the Company was -929,066,200 Yuan, decreased 124,658,800 Yuan compared to

the same period of last year, and total profit was -418,289,800 Yuan, decreased 513,396,600 Yuan compared to the same period of last year.

Up to 31st, Dec., 2014, the Company has merged total assets of 5,056,415,800 Yuan, reduced by 7.06% compared to the beginning of the year; stockholder's equity was 1,378,147,200 Yuan, thereinto, the stockholder's equity attributable to the parent company was 1,270,542,300 Yuan.

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

1. During the reporting period, the company has achieved the safety management goal of "Four No" which provides the important safeguard for the company's daily production and management and sustainable development, the company's realized the continuous production safety of 3,897 days, Meanwhile, the company has completed the pollution reduction task by implementing the standardized management to the environmental protection.

2. The company has actively participated in the Aid to Xinjiang project of Guangdong Province, completed the documentation of the feasibility study and district heating plan in the early stage of the project, obtained the official reply of Xinjiang Autonomous Region Development and Reform Commission for the approval of the carrying out the project's preliminary work, and signed the tripartite investment and cooperation agreement with Shufu county government of Kashi region and the front headquarters of the Aid to Xinjiang project of Guangdong Province on scene. Under the policy background of continuing to keep the low electricity price advantage of Xinjiang, the project is currently in a suspended state because the natural gas price and electricity price are hard to implement, and the company has reported the relevant situations to Guangdong Development and Reform Commission.

3. The 2 × 460MW (9F class) natural gas and cogeneration expansion project of the Zhongshan company of Shenzhen Nanshan Power Co., Ltd has been included in the "Central heating development planning of Zhongshan industrial parks and industrial agglomeration area (2013—2020) ", the " Instructions about carrying out the preliminary work of the 2 × 460MW (9F class) natural gas and cogeneration expansion project constructed by Shenzhen Nanshan Power (Zhongshan) Co., Ltd has been reported to Guangdong Development and Reform Commission. The project approval is still under way.

4. During the reporting period, the company has planned and prepared the non-public offering of shares, the company's stock is suspended since the opening on January 9, 2014, during the suspension period, the company has seriously fulfilled the obligation of information disclosure and published the announcement about the progress once a week. On August 20, the company received the "Letter about terminating the cooperation of the project with Shenzhen Nanshan Power" from CNOOC Gas & Power Group, on August 21, the company issued the "Notice of terminating the planning matters for the non-public offering of shares and the resumption of trading", and the company's stock has resumed the trading since the opening on August 21, 2014.

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

☐ Applicable ☒ Not applicable

Changes of main operation mode

☐ Applicable ☒ Not applicable

2. Revenue

Note

During the reporting period, the income of the Company mainly including the main business income and other business income, the main business income including power sales income and engineering service income etc., the main business income increased 11.51% than that of last year mainly because of the increase of oil and gas sales income in the year.

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

☒ Yes ☐ No

Industries	Item	Unit	2014	2013	Increase/decrease y-o-y
Power	Sales volume	KWH	17.43	17.53	-0.57%
	Output	KWH	17.43	17.53	-0.57%
	Inventory	KWH	0	0	-

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

☐ Applicable ☒ Not applicable

Material orders in hands

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

Major sales clients of the Company

Total top five clients in sales (RMB)	1,225,348,616.94
Proportion in total annual sales volume for top five clients	99.29%

3. Cost

Industry classification

In RMB

Industry classification	Item	2014		2013		Y-o-y changes
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Energy industry	Power, heat supply	1,671,543,380.89	96.60%	1,568,213,728.67	97.48%	-0.88%
Engineering service	Engineering cost	7,614,495.28	0.44%	6,551,646.35	0.41%	0.03%
Other business	Sludge drying	51,227,627.48	2.96%	34,006,970.15	2.11%	0.85%

Product classification

In RMB

Industry classification	Item	2014		2013		Y-o-y changes
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Electricity sales	Power supplying	1,551,613,253.51	89.67%	1,567,795,841.52	97.45%	-7.78%
Heat sales	Heat supplying	-	0.00%	417,887.15	0.03%	-0.03%
Fuel sales	Fuel supplying	133,717,972.96	7.73%		0.00%	7.73%
Engineering service	Engineering cost	7,614,495.28	0.44%	6,551,646.35	0.41%	0.03%
Sludge drying	Sludge treatment	30,630,061.98	1.77%	25,511,701.00	1.59%	0.18%
Other business	Oil transport cost	6,809,719.92	0.40%	8,495,269.15	0.52%	-0.12%

Note

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	1,425,442,397.29
Proportion in total annual purchase amount for top five suppliers	97.08%

4. Expenses

Income tax expenses were RMB 3,342,608.35 in 2014 with a 84.62% up than that of last year, and mainly because income tax expenses at the current period decreased in the year.

5. R&D expenses

Nil

6. Cash flow

In RMB

Item	2014	2013	Y-o-y changes
Subtotal of cash in-flow from operation activity	2,363,289,387.00	2,251,889,550.85	4.95%
Subtotal of cash out-flow from operation activity	1,792,025,404.87	1,769,610,370.74	1.27%
Net cash flow from operation activity	571,263,982.13	482,279,180.11	18.45%
Subtotal of cash in-flow from investment activity	70,116.84	48,513,796.66	-99.86%

Subtotal of cash out-flow from investment activity	85,549,920.49	34,377,667.39	148.85%
Net cash flow from investment activity	-85,479,803.65	14,136,129.27	-704.69%
Subtotal of cash in-flow from financing activity	3,342,703,209.20	3,218,961,917.89	3.84%
Subtotal of cash out-flow from financing activity	3,798,127,099.25	3,704,170,113.72	2.54%
Net cash flow from financing activity	-455,423,890.05	-485,208,195.83	-6.14%
Net increased amount of cash and cash equivalent	30,440,127.50	11,202,708.11	171.72%

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

√Applicable □Not applicable

(1) Cash in-flow from investment activity decreased 99.86% than that of last year mainly because there was no cash received from disposal of subsidiaries in the year.

(2) Cash out-flow from investment activity increased 148.85% than that of last year mainly because cash paid for purchase of fixed assets increased in the year.

(3) Net cash flow from investment activity decreased 704.69% than that of last year mainly because cash out-flow from investment activity increased.

(4) Net increased amount of cash and cash equivalent increased 171.72% than that of last year mainly because net cash flow from operation activity increased in the year.

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

√Applicable □Not applicable

(1) The electricity subsidy for previous year received in the Year from government; (2) assets depreciation preparation accrual in the Yera

III. Composition of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Energy industry	1,172,587,265.36	1,671,543,380.89	-42.55%	12.45%	6.59%	-15.56%
Engineering service	5,957,711.27	7,614,495.28	-27.81%	-25.74%	16.22%	-251.64%
Other income			3.12%	-1.07%	50.64%	-91.42%

	52,874,721.90	51,227,627.48				
According to products						
Electricity sales	1,040,706,065.25	1,551,613,253.51	-49.09%	-0.10%	-1.03%	-2.79%
Heat sales	-	-		Not applicable	Not applicable	Not applicable
Fuel sales	131,881,200.11	133,717,972.96	-1.39%	Not applicable	Not applicable	Not applicable
Engineering service	5,957,711.27	7,614,495.28	-27.81%	-25.74%	16.22%	-251.64%
Sludge drying	52,874,721.90	30,630,061.98	42.07%	5.34%	20.06%	-14.44%
Other	-	6,809,719.92	Not applicable	Not applicable	-19.84%	Not applicable
According to region						
Domestic	1,225,461,987.26	1,722,771,008.37	-40.58%	11.79%	7.52%	-12.09%
Overseas	5,957,711.27	7,614,495.28	-27.81%	-25.74%	16.22%	-251.64%

Note:

- (1) Gross profit ratio of the engineering service decreased 251.64% over same period of last year, mainly due to the decline of revenue;
- (2) Gross profit ratio of other business decreased 91.42% over same period of last year, mainly due to the growth of costs;
- (3) Gross profit ratio of the overseas decreased 251.64% over same period of last year, mainly due to the decline of revenue.

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

☐ Applicable ☒ Not applicable

IV. Assets and liability analysis

1. Major changes of assets

In RMB

	End of 2014		End of 2013		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	578,584,447.02	11.44%	543,054,829.52	9.98%	1.46%	Cash in-flow from operation activities increased in this year

Account receivable	502,772,509.41	9.94%	876,368,547.41	16.11%	-6.17%	Electricity subsidies receivables decreased in the year
Inventory	1,284,712,150.88	25.41%	1,288,814,086.30	23.69%	1.72%	
Investment real estate	3,543,988.51	0.07%	3,986,674.03	0.07%	0.00%	
Long-term equity investment	24,597,397.33	0.49%	26,366,000.00	0.48%	0.01%	
Fix assets	1,839,739,944.19	36.38%	1,892,316,932.05	34.78%	1.60%	
Construction in progress	32,826,131.18	0.65%	48,692,441.81	0.90%	-0.25%	Heating and power project of the circular economy transfer to fixed assets

2. Major changes of liability

In RMB

	2014		2013		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Short-term loans	2,617,890,000.00	51.77%	2,998,961,917.89	55.13%	-3.36%	
Long-term loans	150,000,000.00	2.97%	6,000,000.00	0.11%	2.86%	

3. Assets and liability measure by fair value

☐ Applicable ☒ Not applicable

4. Main overseas assets

☐ Applicable ☒ Not applicable

V. Core Competitiveness Analysis

The company is currently the enterprise that possesses the most PG9171E gas - steam combined cycle power generating units, and has accumulated rich experience in the construction and operation management of large-scale gas turbine power plants, and attracted and trained a large number of experts in gas turbine technology, and the company has become a training base for gas turbine talents.

As China's economy has entered a new normal, the economic structure is facing a major adjustment, the energy production and energy consumption shall have significant changes, and the competitions in regional electricity

markets will become more intense. Although the gas turbine generating units have the excellent peak performance and the prominent effects of environment protection and emission reduction, affected by the bigger and bigger pressure of economic downturn, the continuous increase in west electricity to Guangdong, the more and more newly produced power supply, the relatively high electricity price, the gradual reduces in the generating capacity and the great uncertainties in power generating subsidy policy, the gas turbine generating units, especially 9E unit, have continued to lose the profitability. Although there are more negative factors in the future, the company will make full use of the country's policy of promoting the full development and running of clean energy, take advantage of the company's human resources, and seek the survival and development of the enterprise.

VI. Investment analysis

1. Equity investment outside

(1) Investment outside

√Applicable □Not applicable

Investment outside		
Investment in reporting period (RMB)	Investment at same period of last year (RMB)	Changes
0.00	8,000,000.00	100.00%
Invested company		
Name	Main business	Proportion of equity in invested company for listed company
CPI Jiangxi Nuclear Power Co., Ltd.	Development, construction and management of nuclear power projects; producing electricity and relevant products; foreign trade business (excluding import and export business for commodity of state-run trade management); (except for the projects with special permission of the State)	5.00%

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

2. Trust financing, derivative investment and entrusted loans

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

3. Application of raised proceeds

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

4. Main subsidiaries and stock-jointly companies

√Applicable □Not applicable

Particular about main subsidiaries and stock-jointly companies

In RMB

Company name	Type	Industries	Main products or service	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Shenzhen New Power Industrial Co., Ltd.	Subsidiary	Power	Technology development regarding to application of remaining heat (excluding restricted items) and power generation with remaining heat. Add: power generation through burning machines.	RMB 113.85 million	271,235,504.14	82,457,140.09	110,818,246.99	31,022,338.86	31,022,338.86
Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Subsidiary	Environmental protection	Sludge drying	RMB 79 million	134,654,917.36	79,721,448.29	52,874,721.90	304,670.45	1,219,191.61
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Subsidiary	Engineering technology consulting service	Engaged in the technology consultant service of gas-steam combined cycle power plant (station), maintenance and overhaul of	RMB 10 million	111,940,611.36	27,200,831.17	5,957,711.27	-14,146.84	1,001,572.64

			running equipment for gas-steam combined cycle power plant (station). Import and export of goods and technology (excluding distribution and monopolized commodity of the State)						
Shenzhen Server Petrochemi cal Supplying Co., Ltd	Subsidiary	Energy	Self-operation of fuel oil or import agent business; Trading(manufact ure, storage and transportation excluded) of diesel, lubricating, liquefied petroleum gas, natural gas, compressed gas & liquefied gas and chemical products(chemical hazardous excluded); investment, construction and technical assistance of relevant supporting facility of liquefied petroleum gas and natural gas; import and export of cargo and	RMB 53.3 millio n	154,867,938.5 2	115,914,300.2 8	136,106,061 .11	-10,549,735. 44	-10,133,637. 05

			technologies, domestic trading(monopoli zed commodity and commodity under special government control excluded); leasing business. Licensing project: fuel oil warehousing (refined oil products excluded); ordinary freight, cargo specific transportation (container) and cargo specific transportation (pot-type)						
Shen Nan Dian (Zhongsha n) Electric Power Co., Ltd.	Subsidia ry	Electricity	power generation by burning machines, power generation by remaining heat, power supply and heat supply (excluding pipeline network of heat supply), lease of dock and oil storage (excluding oil products, dangerous chemicals and inflammable and explosive materials).	RMB 746.8 millio n	886,575,995.9 5	82,930,568.83	306,682,105 .05	-185,980,507 .31	-76,726,665. 01
Shen Nan Dian	Subsidia	Electricity	Construction and operation of	US \$ 35.0	952,829,224.3	198,962,757.2	241,999,248	-244,433,443	-121,866,207

(Dongguan) Weimei Electric Power Co., Ltd	ry		natural gas power plants.	4 millio n	4	2	.57	.96	.45
Shen Nan Energy (Singapore) Co., Ltd.	Subsidia ry	Trade	Oil product trading, spare part of the gas turbine agent	US \$ 0.9 millio n	4,672,840.79	2,279,307.29	/	-179,276.63	-179,276.63
CPI Jiangxi Nuclear Power Co., Ltd.	Stock jointly compan y	Nuclear Power	Development, building & operating and management of the nuclear power project; producing electricity and relevant products; foreign trade operation(excludi ng the import and export business of cargo exercise state-run trading management); (except for the projects with special permission from the State)	RMB 1127.2 7 millio n	2,859,022,707 .41	1,127,270,000 .00	/	/	/
Zhongshan Shenzhong Real Estate Developme nt Co., Ltd	Subsidia ry	Real Estate	Real estate development, property management, sales and leasing business of self-owned commercial housing, real setae investment	RMB 177.80 millio n	1,030,035,849 .85	-142,204,364. 67	25,641.03	-121,022,752 .83	-121,013,967 .83
Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd	Subsidia ry	Real Estate	Investment of real estate and property management (the above projects shall operate with the qualification certificate), sale and leasing business of the self-owned commercial	RMB 60 millio n	214,111,618.7 2	35,563,514.20	/	-15,574,286. 24	-15,574,286. 24

			housing						
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Notes of main subsidiaries and stock-jointly companies

Particular about subsidiaries obtained or disposed in report period

√Applicable □Not applicable

Name	Purpose of obtained or disposed in Period	Way to obtained or disposed in Period	Impact on general production and performance
Zhongshan Shennandian Warehouse Co., Ltd.	In order to vitalize the assets of wharf at oil terminal	Investment	No influence on operation performance of the Company and controlling subsidiary temporary

5. Major projects invested by non-raised fund

√Applicable □Not applicable

In 10 thousand Yuan

Project	Total investment	Invested in this year	Accumulated fund actually till end of this period	Progress	Project benefit	Disclosure date (if applicable)	Disclosure index (if applicable)
CPI Jiangxi Nuclear Power Co., Ltd.	34,785	0	5,731.5	Conducting preliminary works	N/A	2009-12-29	http://www.cninfo.com.cn/
Total	34,785	0	5,731.5	--	--	--	--

VII. Prediction of business performance from January – September 2015

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

□ Applicable √ Not applicable

VIII. Special purpose vehicle controlled by the Company

□ Applicable √ Not applicable

IX. Prospect for future development of the Company

1. The country's macroeconomic environment changes: As China's economic development has entered a new normal, the economic growth has changed from the high speed growth to the medium high speed growth, the economic development mode has changed from the intensive growth of scope and speed to the intensive growth of quality and efficiency, the economic structure has changed from increment and capacity expansion as primary to the profound adjustment of concurrent stock adjustment and optimization increment. The country's electricity supply situation will change from the overall balance to partial excess.

2. The national industrial policy analysis: the national reformation of electric power system is gradually deepening, along with the introduction of new electric reformation program, the opening of electric selling markets, the establishment of relatively independent electricity trading markets, the competition in power generation industry will become more and more fierce, especially after the combination of natural gas price, the bidding ability of gas power generation industry will be weaker and weaker. Though there are many negative factors, the country has made instructions to promote the full development and running of clean energy. The national reformation of electric power system provides both challenges and opportunities to the gas power generation enterprises.

3. The situation analysis of electricity supply and demand in Guangdong Province: In 2015, the electricity demand of Guangdong Province is growing steadily, the annual total electricity consumption is expected to reach 553 billion kWh, an increase of 5.5% over the previous year, the power supply can basically meet the requirements. In 2015, the regulated and purchased electric quantity of the whole province reaches 526 billion kWh, an increase of 6.0%; the west electricity to Guangdong is planned to reach 155.4 billion kWh, which is basically same as the previous year but not excluding the possibility of increasing the quantity; the capacity of the whole province's newly increased units reaches 9.292 million KW, as there are many newly produced power supplies, the utilization time of the province's coal power generating units is predicted to be 4550 hours, a decrease of 200 hours.

4. The situation analysis of electricity supply and demand in Shenzhen City: The on-grid electricity in Shenzhen is gradually increasing by years from 2008 to 2015, while the electricity of the local dispatching thermal power generating units decreases by years and will continue the situation of “abundant grid electricity, and retrenching local dispatching”. In addition, the 9E gas turbine plants with rather high grid electricity price may face the risks of constantly reducing the generating capacity in view of the pilot policy for the reformation of electric power system in Shenzhen. In particular, the procedures of the approval for units construction are incomplete and the license for the electricity generation business has not been obtained, the electricity generation prospect of many 9E gas turbine power plants is not optimistic, including the company's three subsidiaries.

5. The analysis of the supporting policies to local industries: Guangdong Province and Shenzhen City have been supporting the gas turbine plants by adopting the policy that the government subsidizes the electricity price, as this policy is discussed once per year, the continuity and subsidy level of this supporting policy is uncertain in this year.

In view of this, the company needs to take good advantages of the country's policy of promoting the full development and running of clean energy, actively seek for the electricity quantity, reasonable electricity price and the supporting subsidies of the local governments. The company should give full play to the advantages of the company's human resources to ensure the safety production of power generation, take use of the opportunity of the removal of Nanshan Thermal Power Plant, and explore the industrial upgrading of Nanshan Thermal Power Plant. Meanwhile, the company should seek for the industrial upgrading opportunities of the two plants in Zhongshan

and Dongguan, utilize the listed company platform to develop and reserve the new energy projects, and strive to realize the capitalization financing in the “13th Five Year”.

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

(1) Change of accounting policy

Accounting policy changed due to new accounting standards implemented

At the beginning of 2014, Ministry of Finance issued the followed rules Cai Kuai [2014] No. 6; No.8; No.10; No.11; No.14 and No.16, that is "Accounting Standards for Business Enterprises No. 39 - Fair Value Measurements", "Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements (2014 Revised)", "Accounting Standards for Business Enterprises No. 9 - Employee Remuneration(2014 Revised)", "Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements (2014 Revised)", "Accounting Standards for Business Enterprises No. 40 - Joint Venture Arrangement", "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments(2014 Revised)" and "Accounting Standards for Business Enterprises No. 41 - Disclosure of Interests in Other Entities", and requires all the enterprises implementing the accounting standards to execute since July 1, 2014, encourage the enterprise listed aboard to exercise ahead of time. Meanwhile, the Ministry of Finance issued the Cai Kuai [2014] No.23 "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments (2014 Revised)"("Presentation of Financial Instruments" for short), which requires the enterprises implementing the accounting standards to present the financial instruments in the financial reports of 2014 and the subsequent periods in accordance with the requirements of the accounting standards.

Being deliberated and approved by 17th meeting of 6th session of the Board dated 8 August 2014, the Company executed the above mentioned 7 new or revised accounting standards except the Presentation of Financial Instruments since 1 July 2014, and started executing the Presentation of Financial Instruments in preparing the annual financial report of 2014. And impact on items and amount of current and previous financial statements are as due to the adjustment for standards engagement:

Standards	Changes of accounting policy and impacts on the Company	Amount impact on relevant financial statement dated 1 January 2014/ for year of 2013	
		Items	Amount impact Increase +/-decrease -
Accounting Standards for Business Enterprises No. 2 - Long-term	Before “Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments(2014 Revised)” executed, as for the equity investment of the invested entity without common controls or significant influence and which has no quota in an active price and with its fair value	Financial assets available for sale	59,815,000.00

Standards	Changes of accounting policy and impacts on the Company	Amount impact on relevant financial statement dated 1 January 2014/ for year of 2013	
		Items	Amount impact Increase +/-decrease -
Equity Investments	can not be measured reliably, reckoned as long-term equity investment by cost method. After “Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments(2014 Revised)” executed, as for the equity investment of the invested entity without common controls or significant influence and which has no quota in an active price and with its fair value can not be measured reliably, reckoned as financial assets available for sale. The Company running an accounting treatment for the change of policy on retrospective application.	Long-term equity investment	-59,815,000.00
Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements	After “Accounting Standard for Business Enterprises No. 30 – Presentation of Financial Statements”, the deferred income and financial assets or liability who measured by fair value and with its variation reckoned into current gains/losses shall be listed separately, the Company use retrospective application on the above accounting policy changed in accounting.	Deferred income	50,713,516.50
		Other non-current liabilities	-50,713,516.50

(2) Changes of accounting estimate

Main accounting estimate of the Company has no change in the Period

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

☐ Applicable ☒ Not applicable

No particular about major accounting errors correction that needs retroactive re-statement for the Company in the reporting.

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

☒ Applicable ☐ Not applicable

In the Year, controlling subsidiary Shen Nan Dian Zhongshan Company established the Zhongshan Shen Nan Dian Storage Co., Ltd. in Zhongshan, and the company included in consolidate scope since 2014

XIV. Profit and dividend distribution

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

☒ Applicable ☐ Not applicable

(1) In May, 2012, the Company established cash dividends policy and revised “Articles of Association” in accordance with “Decision

to revise the provisions of cash dividends in listed company” of China Securities Regulatory Commission. The Company’s profit distribution plan of 2010 was considered and adopted by the fortieth meeting of the fifth board of directors and 2010 annual general meeting of stockholders, and the profit distribution plan of 2011 was considered and adopted by the seventh meeting of the sixth board of directors and 2011 annual general meeting of stockholders, and the cash dividends met the requirements of decision-making procedures and “Articles of Association”.

(2) During the report period, in accordance with the requirements of “Notification about seriously implementing the notification to further implement the issues related to cash dividends in listed companies” (Shenzhen Bureau Zi No.[2012]43) issued by Shenzhen Securities Regulatory Bureau, the Company provided opportunities for shareholders to fully express opinions and demands via telephone, fax, email and investor interactive platform, combined the actual situation of the company and prepared “Returns Planning of Shareholders in the Next Three Years” (2012 to 2014), defined the dividend standard and proportion, and completed relevant decision-making procedures and mechanism, the independent directors performed corresponding duties and made independent opinions, maintained the legitimate interests of all shareholders especially the medium and small shareholders, and revised relevant profit distribution policy terms of “Articles of Association”. “Returns Planning of Shareholders in the Next Three Years” (2012 to 2014) and newly revised “Articles of Association” have been considered and adopted by the tenth meeting of the sixth board of directors and have been submitted to the second extraordinary shareholders’ meeting of 2012 for deliberation before being implemented.

(3) The preplan of profit distribution for year of 2014 and capitalizing of common reserves plan and deliberation process comply with relevant regulation of Article of Association and Returns Planning of Shareholders in the Next Three Years (2012 to 2014), deliberation procedures meets related rules. There is no interest of the Shareholders being damaged. Independent opinion from independent directors.

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

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

(1) In 2012, Being audited by Deloitte Touche Tohmatsu CPA (LLP), the net profit attributable to shareholders of listed company for year of 2012 amounting as RMB -204,455,643.36. The Company has no plans of surplus accumulation fund accrual, no profit distribution plan and capitalizing of common reserves either.

(2) In 2013, Ruihua CPA (special general partnership) audited that the net profits attributable to the shareholders of the listed companies reached 53,099,116.45 yuan. In 2013, as the government subsidies for electricity generation was seriously late to be retrieved, the company had inactive lands of 1.2 billion yuan in inventory at the end of the year, accounting for 9.2% of the inventory, which occupied some of the company's liquidity, as the lands were not developed during the reporting period and haven't generate

the corresponding cash flow, the company's financial situation is still tense. In 2013, the company's debt-to-assets ratio has reached 66.92%, the current ratio and quick ratio were still at a low level, and the company's short-term debt paying ability is poor. In order to ensure the capital chain security and guarantee the normal production and management, the company has invested the limited funds into the production and management. Meanwhile, combining with the company's current management situation and development needs, the company carried over the undistributed profits of 302,714,103.81 yuan up to the end of 2013 to the next year so as to further improve the short-term debt paying ability and enhance the company's overall profitability

(3) In 2014, Being audited by Deloitte Touche Tohmatsu CPA (LLP), the net profit attributable to shareholders of listed company for year of 2014 amounting as RMB -330,513,284.99. The Company has no plans of surplus accumulation fund accrual, no profit distribution plan and capitalizing of common reserves either.

Cash dividend in latest three years

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to shareholders of listed company in consolidation statement for bonus year	Ratio in net profit attributable to shareholders of listed company contained in consolidation statement (%)	Amount reckoned into cash bonus from cash repurchase	Proportion of the amount reckoned into cash bonus from cash repurchase (%)
2014	0	-330,513,284.99	0	0	0
2013	0	53,099,116.45	0	0	0
2012	0	-204,455,643.36	0	0	0

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

☐ Applicable ☒ Not applicable

XV. Profit distribution and capitalization of capital reserves in the Period

☐ Applicable ☒ Not applicable

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

XVI. Social responsibility

☒ Applicable ☐ Not applicable

The Company attaches importance to fulfilling social responsibilities, managing and realizing the healthy and harmonious development between enterprise and employees, enterprise and society, and enterprise and environment. The Company has established scientific safety production management system, strict operation standards and comprehensive contingency plan, and has improved the inspection and supervision mechanism. During the report period, the Company has realized "Four Not" safety management and completed the tasks of pollution reduction. The Company protected all legitimate interests of the personnel according to the law, concerned the physical and psychological health of the staff, and actively built a harmonious labor relationship. The listed company and subsidiaries is in the range of heavy pollution industry that regulated by State environment protection

departments

☐Yes ☒No ☐Not applicable

The listed company and subsidiaries owes other major social safety issues

☐Yes ☒No ☐Not applicable

Administrative penalty occurred in reporting period

☐Yes ☒No ☐Not applicable

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

☒Applicable ☐Not applicable

Time	Place	Way	Type	Reception	Contents discussed and material provided
2014-05-16	Conference room of the Company	Field research	Individual	Investor	Operation status of the Company
In 2014	Investor relation interactive platform	Written inquiries	Individual	Investor (45)	Basic operation status of the Company, financial situation; reduction of shareholders and company profile
Disclosed, released or let out major undisclosed information		No			

Section V. Important Events

I. Significant lawsuits and arbitrations

☐ Applicable ☒ Not applicable

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

II. Questioned from media

☐ Applicable ☒ Not applicable

No common media questioned for the Company in reporting period

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

☐ Applicable ☒ Not applicable

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

IV. Bankruptcy reorganization

☐ Applicable ☒ Not applicable

No bankruptcy reorganization for the Company in reporting period

V. Trade of assets

1. Purchase of assets

☐ Applicable ☒ Not applicable

No purchase of assets for the Company in reporting period

2. Sales of assets

☐ Applicable ☒ Not applicable

No sales of assets for the Company in reporting period

3. Enterprise merger

☐ Applicable ☒ Not applicable

No enterprise merger for the Company in reporting period

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

☐ Applicable ☒ Not applicable

No implementation of equity incentive plan for the Company in reporting period

VII. Significant related transaction

1. Related transaction with daily operation concerned

☐ Applicable ☒ Not applicable

No related transaction with daily operation concerned for the Company in reporting period

2. Related transactions by assets acquisition and sold

☐ Applicable ☒ Not applicable

No related transactions by assets acquisition and sold for the Company in reporting period

3. Main related transactions of mutual investment outside

☐ Applicable ☒ Not applicable

No main related transactions of mutual investment outside for the Company in reporting period

4. Credits and liability of related party

☒ Applicable ☐ Not applicable

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

☒ Yes ☐ No

Related party	Relationship	Type	Reasons for occurring	Whether has non-operation fund occupation or not	Balance at period-begin (10 thousand Yuan)	Amount in this period(10 thousand Yuan)	Balance at period-end (10 thousand Yuan)
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Subsidiary	Debt payable to related party	Routine operation open credit	No	11,168.9	-1,681.94	9,486.96
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Subsidiary	Financial claim receivable from related party	Profit distribution	No	5,626.5	2,323.03	7,949.53
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Subsidiary	Financial claim receivable from related party	Routine operation open credit	No	62,072.85	1,420.81	63,493.66
Zhongshan Shenzhong Real Estate Development Co., Ltd	Subsidiary	Financial claim receivable from related party	Routine operation open credit	No	77,479.88	6,772.22	84,252.1
Zhongshan Shenzhong Real Estate Investment	Subsidiary	Financial claim	Routine operation	No	8,771.77	592.28	9,364.05

Property Co., Ltd		receivable from related party	open credit				
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Subsidiary	Financial claim receivable from related party	Routine operation open credit	No	6,233.57	5,180.11	11,413.68
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Subsidiary	Debt payable to related party	Routine operation open credit	No	738.82	0	738.82
Shenzhen New Power Industrial Co., Ltd.	Subsidiary	Debt payable to related party	Routine operation open credit	No	55,224.39	-58,084.85	-2,860.46
Shenzhen New Power Industrial Co., Ltd.	Subsidiary	Financial claim receivable from related party	Profit distribution	No	59,787.59	-59,787.59	0
Shenzhen Server Petrochemical Supplying Co., Ltd	Subsidiary	Debt payable to related party	Routine operation open credit	No	12.78	-12.78	0
Shenzhen Server Petrochemical Supplying Co., Ltd	Subsidiary	Debt payable to related party	Routine operation open credit	No	8,048.56	-4,901.86	3,146.7
Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Subsidiary	Financial claim receivable from related party	Routine operation open credit	No	4,139.66	-3,323.96	815.7
Shen Nan Energy (Singapore) Co., Ltd.	Subsidiary	Financial claim receivable from related party	Routine operation open credit	No	21.23	0	21.23
Hong Kong Syndisome Co., Ltd.	Subsidiary	Financial claim receivable from related party	Routine operation open credit	No	6.49	1.61	8.1

Hong Kong Syndisome Co., Ltd.	Subsidiary	Debt payable to related party	Routine operation open credit	No	162.69	184.28	346.97
Influence on operation results and financial status from related credit and debts		Current assets RMB 468.2149 million decreased and current liability RMB 644.7159 million declined in the Period					

5. Other related transactions

☐ Applicable ☒ Not applicable

The Company has no other related transactions in reporting period.

VIII. Significant contracts and its implementation

1. Trusteeship, contracting and lease

(1) Trusteeship

☒ Applicable ☐ Not applicable

Note of trusteeship

As for the Assets Custody Operation Contract in Connection with Burning Machine-Stream Joint Cycle Heat Power Generation Machine Unit entered into in February 2003, the Company was entrusted to operate and manage the power generation machine unit owned by its wholly-owned subsidiary New Power Company. The custody business service charge RMB 4.4382 million was obtained by the Company in reporting period.

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

☐ Applicable ☒ Not applicable

No items generated over 10% gains/losses in total profit in reporting period for the Company in the Period.

(2) Contract

☐ Applicable ☒ Not applicable

No contract for the Company in reporting period

(3) Leasing

☐ Applicable ☒ Not applicable

No leasing for the Company in reporting period

2. Guarantees

☒ Applicable ☐ Not applicable

In 10 thousand Yuan

Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcem	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Complete implemen	Guarante e for

	ent disclosure date		(Date of signing agreement)				tation or not	related party
Shen Nan Dian Environment Protection Company	2014-04-25	2,500	2014-12-10	2,500	General assurance	One year	No	Yes
Shen Nan Dian Dongguan Company	2014-04-25	25,000	2014-07-02	25,000	General assurance	One year	No	Yes
Shen Nan Dian Dongguan Company	2014-04-25	10,000	2014-04-30	10,000	General assurance	One year	No	Yes
Shen Nan Dian Dongguan Company	2014-04-25	7,000	2014-06-04	7,000	General assurance	One year	No	Yes
Shen Nan Dian Dongguan Company	2014-04-25	24,000	2013-09-06	10,000	General assurance	Two years	No	Yes
Shen Nan Dian Dongguan Company	2014-04-25	21,000	2014-03-17	3,500	General assurance	One year	No	Yes
Shen Nan Dian Dongguan Company	2014-04-25	5,000	2014-06-17	5,000	General assurance	One year	No	Yes
Shen Nan Dian Dongguan Company	2014-04-25	10,000	2014-12-10	1,500	General assurance	One year	No	Yes
Shen Nan Dian Zhongshan Company	2014-04-25	10,000	2014-05-16	5,500	General assurance	One year	No	Yes
Shen Nan Dian Zhongshan Company	2014-04-25	10,000	2014-11-01	4,389	General assurance	One year	No	Yes
Shen Nan Dian Zhongshan Company	2014-04-25	10,000	2014-05-09	0	General assurance	Two years	No	Yes
Shen Nan Dian Zhongshan Company	2014-04-25	3,500	2014-06-30	3,500	General assurance	One year	No	Yes
Shen Nan Dian Zhongshan Company	2014-04-25	10,000	2014-12-12	0	General assurance	One year	No	Yes
New Power Company	2014-04-25	10,000	2014-07-28	10,000	General assurance	One year	No	Yes
New Power Company	2014-04-25	10,000	2014-12-05	5,000	General assurance	One year	No	Yes
Total amount of approving guarantee for subsidiaries in report period (B1)			168,000	Total amount of actual occurred guarantee for subsidiaries in report period (B2)				92,889
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			168,000	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)				92,889
Total amount of guarantee of the Company(total of two abovementioned guarantee)								

Total amount of approving guarantee in report period (A1+B1)	168,000	Total amount of actual occurred guarantee in report period (A2+B2)	92,889
Total amount of approved guarantee at the end of report period (A3+B3)	168,000	Total balance of actual guarantee at the end of report period (A4+B4)	92,889
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4)			73.11%
Including:			
Amount of guarantee for shareholders, actual controller and its related parties(C)			0
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)			75,389
Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)			29,365.27
Total amount of the aforesaid three guarantees(C+D+E)			104,754.27
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)			N/A
Explanations on external guarantee against regulated procedures (if applicable)			N/A

(1) Guarantee provided against regulations

☐ Applicable ☒ Not applicable

No guarantee outside against the regulation in Period

3. Other significant contract

☒ Applicable ☐ Not applicable

Company entered into a contract	Name of counterparty	Date of contract	Book value of amount involved in contract (in 10 thousand Yuan) (if applicable)	Appraisal value for assets involved in contract (in 10 thousand Yuan) (if applicable)	Appraisal agency (if applicable)	Base date of assets evaluation (if applicable)	Pricing principle	Trading price (in 10 thousand Yuan)	Whether constitute related transaction or not	Related relationship	Implementation ended as reporting period
The Company	Guangdong Trade Branch of CNOOC Gas & Power Group	2013-01-15					Consisting three parts: price of LNG, comprehensive service		No		Implementing relevant contracts

							charge and taxes. The prices of LNG will sets in two difference prices in two period times of 2013 and 2014 and later contract years.				
Shen Nan Dian Dongguan Company	Guangdong Trade Branch of CNOOC Gas & Power Group	2013-12-21					Consisting three parts: price of LNG, comprehensive service charge and taxes.		No		Implementing relevant contracts
Shen Nan Dian Zhongshan Company	Guangdong Trade Branch of CNOOC Gas & Power Group	2014-05-31					Consisting three parts: price of LNG, comprehensive service charge and taxes.		No		Implementing relevant contracts

4. Other significant transaction

☐ Applicable ☒ Not applicable

No other material transactions for the Company in reporting period

IX. Implementation of commitments

1. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period

√Applicable □Not applicable

Commitments	Acceptor	Contents	Commitment time	Commitment period	Implementation
Commitments for Share Merger Reform					
Commitments in report of acquisition or equity change					
Commitments in assets replacement					
Commitments make in Initial public offering or re-financing					
Other commitments for minority shareholders	The Company	Within 3 months since the day of termination of the private placement and resumption of trading, the Company committed no longer planning private placement and other material assts restructuring	2014-08-21	3 months	Completed
Commitment completed on time	Yes				

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

□ Applicable √ Not applicable

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

Accounting firm appointed

Name of domestic accounting firm	Ruihua Certified Public Accountants Co., Ltd. (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	90

Continuous life of auditing service for foreign accounting firm	2 years
Name of domestic CPA	Pan Xinhua, Cao Chuang

Whether re-appointed accounting firms in this period or not

☐ Yes ☒ No

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

☒ Applicable ☐ Not applicable

In the Period, Ruihua Certified Public Accountants Co., Ltd. (LLP) was appointed as the internal control auditing authority of the Company for year of 2014 with expenses of RMB 0.2 million for one year.

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

☐ Applicable ☒ Not applicable

XII. Penalty and rectification

☐ Applicable ☒ Not applicable

No penalty and rectification for the Company in reporting period.

XIII. Suspension and delisting after disclosure of annual report

☐ Applicable ☒ Not applicable

XIV. Other material events

☒ Applicable ☐ Not applicable

1, On March 12, 2008, the company signed two oil option contract confirmations with J. Aron (Singapore) Private Company (hereinafter referred to as "J. Aron Company") which has been terminated in November, 2008, but both parties still have the controversy over the related transactions (see details on the “Notice of significant events” and “Notice of the progress of significant events” which the company published on October 21, 2008 and October 27, 2008 and the descriptions of significant events in the periodical reports from 2008 to 2013). During the reporting period, after several rounds of negotiations, the company and J. Aron Company have signed the settlement agreement on November 12, 2014 which finally reached a comprehensive reconciliation on condition that both parties should not assume any responsibilities and completely relieved all responsibilities. The terms of this settlement agreement did not have any significant impact on the company's current financial conditions.

2. During the reporting period, the company has planned and prepared the non-public offering matters which still have large uncertainties, in order to prevent the stock price fluctuations caused by it to the company, the company's stock has been suspended on January 9, 2014 after the opening, during the suspension period, the company has published the announcement about the progress in accordance with the relevant regulations once a week and seriously fulfilled the obligation of information disclosure.

On August 20, 2014, the company received the “Letter about terminating the project cooperation with Shenzhen Nanshan Power Co., Ltd.” sent by the strategic investors, the company has announced to terminate the planning and preparation for this non-public offering of stock, and the company's stock has resumed the trading since the opening on August 21, 2014.

XV. Significant events of the subsidiaries

☒Applicable ☐Not applicable

In reporting period, controlling subsidiary Shennandian Zhongshan Power Company established a wholly-owned subsidiary Zhongshan Shennandian Warehouse Co., Ltd. with business scope of warehousing service, oil depot and pier lease. Zhongshan Shennandian Warehouse Co., Ltd. included in consolidated statement of the Company since date of founded. The new company shows no influence on operation performance of the Company and controlling subsidiary temporary during the process of construction.

XVI. Corporate bond offering

☐ Applicable ☒ Not applicable

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in shares

1. Changes in shares

In shares

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	18,263	0.0030%				1,757	1,757	20,020	0.0033%
3. Other domestic shareholding	18,263	0.0030%				1,757	1,757	20,020	0.0033%
Domestic nature person shares	18,263	0.0030%				1,757	1,757	20,020	0.0033%
II. Unrestricted shares	602,744,333	100.00%				-1,757	-1,757	602,742,576	100.00%
1. RMB Ordinary shares	338,894,012	56.22%				-382	-382	338,893,630	56.22%
2. Domestically listed foreign shares	263,850,321	43.77%				-1,375	-1,375	263,848,946	43.77%
III. Total shares	602,762,596	100.00%						602,762,596	100.00%

Reasons for share changed

√Applicable □Not applicable

Shares changed due to the changed of staff supervisor

Approval of share changed

□ Applicable √ Not applicable

Ownership transfer of share changed

□ Applicable √ Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

□ Applicable √ Not applicable

Other information necessary to disclose for the Company or need to disclosed under requirement from security regulators

□ Applicable √ Not applicable

2. Changes of shares restricted

√Applicable □Not applicable

In Share

Shareholder	Restricted shares at period-begin	Share released in the Period	Restricted shares increased in the Period	Restricted shares at period-end	Restriction reasons	Date for released
Peng Bo 彭勃	1,145	0	382	1,527	Pursuit to relevant laws and regulations	-
Li Huiwen	4,125	0	1,375	5,500		-
Total	5,270	0	1,757	7,027	--	--

II. Securities issue and listing

1. Previous security offering in latest three years at period-end

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. Existing internal staff shares

☐ Applicable ☒ Not applicable

III. Particulars about shareholder and actual controller of the Company

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

In shares

Total common shareholders in reporting period-end	41,004	Total common shareholders at end of the 5 th trading day before annual report disclosed	43,017	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see Note 8)				
Particulars about shares held above 5% by shareholders or top 10 shareholding								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount

Shenzhen Guangju Industrial Co., Ltd.	State-owned legal person	16.72%	100,769,7 12		0	100,769,7 12		
HONG KONG NAM HOI (INTERNATION AL) LIMITED	Overseas legal person	15.28%	92,123,24 8		0	92,123,24 8		
SHENZHEN ENERGY (GROUP) CO., LTD.	State-owned legal person	10.80%	65,106,13 0		0	65,106,13 0		
Shenzhen Guoneng International Trading Co., LTD	State-owned legal person	4.98%	30,038,10 0 0	-2,635,46 0	0	30,038,10 0		
Tengda Property Co.,LTD.	Overseas legal person	1.99%	12,017,57 8 40	-37,408,9 40	0	12,017,57 8		
Shanghai Wanguo Securiteis (H.K.)	Overseas legal person	0.46%	2,748,751		0	2,748,751		
Yang Fangping	Domestic nature person	0.42%	2,536,900		0	2,536,900		
Xie Zuogang	Domestic nature person	0.31%	1,862,886		0	1,862,886		
China Everbright Bank Co., Ltd. – Everbright Prudential Quantization Core Security Fund	Other	0.29%	1,776,177		0	1,776,177		
YAO XIU GUANG	Overseas nature person	0.29%	1,771,100		0	1,771,100		
Strategy investors or general corporation comes top 10 shareholders due to rights issue (if applicable) (see note3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	1. 100% equity of HONG KONG NAM HOI (INTERNATIONAL) LIMITED 100% held by SHENZHEN ENERGY (GROUP) CO., LTD 2. The Company is unknown whether there exists associated relationship or belongs to the							

	consistent actor among the other shareholders.		
Particular about top ten shareholders with un-restrict shares held			
Shareholders' name	Amount of un-restricted shares held at period-end	Type of shares	
		Type	Amount
Shenzhen Guangju Industrial Co., Ltd.	100,769,712	RMB common shares	100,769,712
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	92,123,248	Domestically listed foreign shares	92,123,248
SHENZHEN ENERGY (GROUP) CO., LTD.	65,106,130	RMB common shares	65,106,130
Shenzhen Guoneng International Trading Co., LTD	30,038,100	RMB common shares	30,038,100
Tengda Property Co.,LTD.	12,017,578	Domestically listed foreign shares	12,017,578
Shanghai Wanguo Securiteis (H.K.)	2,748,751	Domestically listed foreign shares	2,748,751
Yang Fangping	2,536,900	Domestically listed foreign shares	2,536,900
Xie Zuogang	1,862,886	Domestically listed foreign shares	1,862,886
China Everbright Bank Co., Ltd. – Everbright Prudential Quantization Core Security Fund	1,776,177	RMB common shares	1,776,177
YAO XIU GUANG	1,771,100	Domestically listed foreign shares	1,771,100
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	1. 100% equity of HONG KONG NAM HOI (INTERNATIONAL) LIMITED was held by SHENZHEN ENERGY (GROUP) CO., LTD 2. Among other social public shareholders, the Company did not know whether there were associated relationships or belonging to consistent actors.		

2. Controlling shareholder of the Company

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

3. Actual controller of the Company

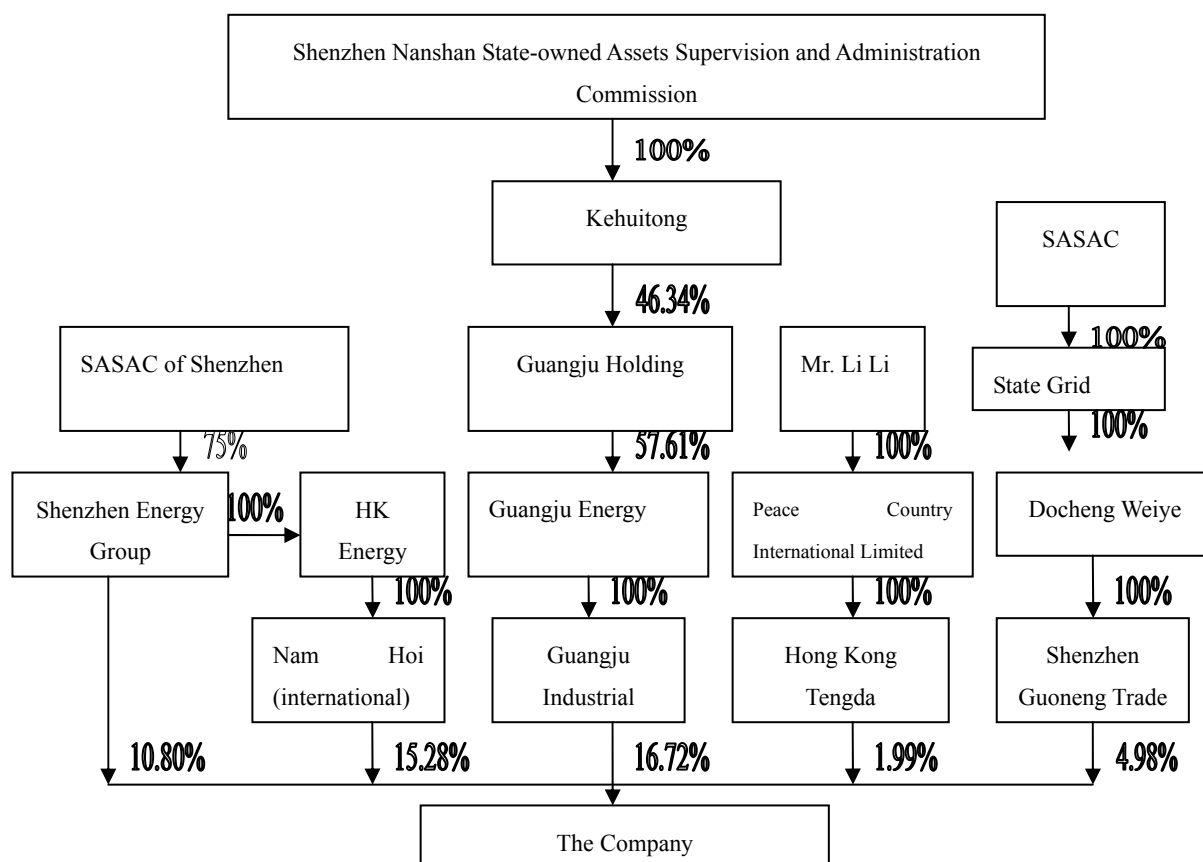
No actual controlling of the Company and no changes for the aforesaid condition in reporting period.

4. The first majority shareholder of the Company

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

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

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



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

☐ Applicable ☒ Not applicable

As far as the Company known, there are no shareholders of the Company and their concerted action people propose or implement overweight in the Period

Section VII. Preferred Stock

☐ Applicable ☒ Not applicable

The Company had no preferred stock in the reporting.

Section VIII. Particulars about Directors, Supervisors and Senior Executives and Employees

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

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-beg in (Share)	Increasing shares held in this period (Share)	Decreasing shares held in this period (Share)	Shares held at period-end (Share)
Yang Haixian	Chairman	Currently in office	M	58	2014-11-13	2017-11-12	0	0	0	0
Li Hongsheng	Vice chairman	Currently in office	M	51	2014-11-13	2017-11-12	0	0	0	0
Yang Wenhua	Vice chairman	Leave the post	M	53	2014-11-13	2015-03-26	0	0	0	0
Wang Difei	Vice chairman	Leave the post	M	46	2012-11-17	2014-08-08	0	0	0	0
Wu Xiangdong	Managing director	Currently in office	M	50	2015-4-3	2018-04-2	0	0	0	0
Fu Bo	Managing director	Leave the post	M	52	2014-11-13	2015-04-02	0	0	0	0
Huang Fuhan	Director	Leave the post	M	60	2011-05-25	2014-11-13	0	0	0	0
Yu Chunling	Director	Currently in office	F	49	2014-11-13	2017-11-12	0	0	0	0
Zhou Qun	Director	Currently in office	M	50	2014-11-13	2017-11-12	0	0	0	0
Qiang Wenqiao	Director	Currently in office	M	45	2014-11-13	2017-11-12	0	0	0	0
Chen Lihong	Director	Currently in office	F	51	2014-11-13	2017-11-12	0	0	0	0
Sun Jianxin	Director	Leave the post	M	49	2014-11-13	2015-03-26	0	0	0	0
Li Zheng	Independent director	Currently in office	M	57	2014-11-13	2017-11-12	0	0	0	0
Wang	Independent	Currently	M	54	2014-11-1	2017-11-1	0	0	0	0

Xiaodong	director	in office			3	2				
Wang Junsheng	Independent director	Currently in office	M	54	2014-11-13	2017-11-12	0	0	0	0
Tang Tianyun	Independent director	Currently in office	M	54	2014-11-13	2017-11-12	0	0	0	0
Pan Chengwei	Independent director	Currently in office	M	68	2014-11-13	2017-11-12	0	0	0	0
Liao Nangang	Independent director	Currently in office	M	44	2014-11-13	2017-11-12	0	0	0	0
Zhao Xiangzhi	Chief supervisor	Currently in office	M	56	2014-11-13	2017-11-12	0	0	0	0
Ma Fengming	Supervisor	Currently in office	F	52	2014-11-13	2017-11-12	0	0	0	0
Ji Yuanhong	Supervisor	Currently in office	F	47	2014-11-13	2017-11-12	0	0	0	0
Huang Zhihong	Supervisor	Leave the post	M	49	2014-11-13	2015-03-26	0	0	0	0
Li Jianjun	Supervisor	Leave the post	M	51	2012-11-17	2014-08-08	0	0	0	0
Zheng Dalei	Staff supervisor	Leave the post	M	50	2011-05-25	2014-11-11	0	0	0	0
Peng Bo	Staff supervisor	Leave the post	M	41	2011-05-25	2014-11-11	1,527	0	0	1,527
Li Huiwen	Staff supervisor	Leave the post	F	52	2011-05-25	2014-11-11	5,500	0	0	5,500
Tao Lin	Staff supervisor	Leave the post	M	47	2011-05-25	2014-11-11	0	0	0	0
Ding Weili	Staff supervisor	Currently in office	M	54	2014-11-13	2017-11-12	0	0	0	0
Yan Ping	Staff supervisor	Currently in office	M	48	2014-11-13	2017-11-12	0	0	0	0
Zhang Yunlong	Staff supervisor	Currently in office	M	50	2014-11-13	2017-11-12	0	0	0	0
Liang Jianqiang	Staff supervisor	Currently in office	M	46	2014-11-13	2017-11-12	0	0	0	0
Ji Ming	Standing deputy GM	Currently in office	M	58	2015-04-03	2018-04-02	0	0	0	0
Lin Qing	Deputy GM	Currently in office	F	50	2015-04-03	2018-04-02	0	0	0	0

Zhang Jie	Deputy GM	Currently in office	F	46	2015-04-03	2018-04-02	17,325	0	0	17,325
Zhu Wei	Deputy GM	Currently in office	M	57	2015-04-03	2018-04-02	0	0	0	0
Wang Rendong	Chief engineer	Currently in office	M	53	2015-04-03	2018-04-02	0	0	0	0
Huang Jian	CFO	Currently in office	M	44	2015-04-03	2018-04-02	0	0	0	0
Lv Xiaoping	CFO	Leave the post	M	52	2011-07-08	2015-04-03	0	0	0	0
Hu Qin	Secretary of the Board	Currently in office	F	47	2014-11-13	2017-11-12	0	0	0	0
Total	--	--	--	--	--	--	24,352	0	0	24,352

II. Post-holding

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

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

Mr. Li Hongsheng, Communist party member, a master. In 2004, he served as director of Shenzhen Guangju Investment Holding (Group) Co., Ltd, director financial controller of Shenzhen Guangju Energy Co., Ltd, chairman of Shenzhen Yangrun Investment Co., Ltd.; From December 2007 to now he serves as Managing director of Shenzhen Guangju Energy Co., Ltd. and chairman of Guangju Energy (HK) Co., Ltd.

Mr. Yang Wenhua, bachelor degree. He successively served as deputy GM of the property department in Huaneng Southern Company, GM of the Juye Property Company under the Shenzhen Guodian Technology Co., Ltd., GM assistant, GM of the management department, labour union chairman and secretary of commission of the Shenzhen Guodian Trade Group Co., Ltd., chairman and Party branch secretary(department-level) of Shenzhen Guodian Logistic Co., Ltd. since 1989; now he serves as the director, GM and deputy party secretary of Shenzhen Guoneng International Trading Co., LTD.

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

Mr. Wu Dongxiang, born in 1964, a bachelor degree, graduated from Shanghai Fiance Collegae in 1987, major in accounting. He successively served as infrasturcture treasurer of the financial departmetn of Mawan Power Plant Co., Ltd., deputy director of the financial department of barnch of Energy Group, deputy chief accountant of Tongling Shenneng Power Co., Ltd., director and deputy GM of Eastern Power Plan, director of financial management department and party branch secretary of Shenzhen Energy Group Co., Ltd. Now he serves as member of the CCDI in Shenzhen Energy Group Co., Ltd., GM of the financial management department and party branch secretary of Shenzhen Energy Group Co., Ltd. and chairman and GM of the Sichuan Shenneng Power Investment Co., Ltd. and chairman of the Hechihui Power Co., Ltd. he serves as director GM of the Company since April 2015

Mr. Fu Bo, managing director and MBA, was graduated from the specialty of aero-engine, Xi'an Air Force Engineering University. Served as lecturer in deparment of mechanial engineering of the Xi'an Air Force Engineering College. He served as secretary of general manager, vice director and director of the office, secretary of the board and deputy general manager of the company since August 1993. And he serves as managing director of the Company since from January 2005 to March 2014.

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

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

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

Mr. Qiang Wenqiao, master, graduated from Xi'an Jiaotong University, major in electric. He worked in Shenzhen Mawan Power Co., Ltd. since 1991, served as deputy director of the management department of Shenzhen Energy Group since 2006, he successively served senior manager, chief of the property rights legal department of Shenzhen Energy Group Co., Ltd. since 2008; now he serves as GM of the property rights legal department of Shenzhen Energy Group Co., Ltd.

Ms. Chen Lihong, member of CPC, an accountant, university graduated. She worked in Shenzhen Guangju Energy Co., Ltd. since 1999; served as supervisor of Shenzhen Nanshan Power Co., Ltd. from October 2006 to May 2011; and serves as director of the Guangju Energy (H.K.) Co., Ltd. since December 2007; took deputy GM of Shenzhen Guangju Energy Co., Ltd. and director of Shenzhen Mawan Power Co., Ltd. since May 2011.

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

Mr. Li Zheng, Bachelor of Laws, a practicing lawyer. He worked as full-time attorney in Zhenjiang Jinhua Laws Firm in 1983, served as senior researcher in China (Shenzhen) Comprehensive Development Institute in May 1001, during the period he served as part-time lawyer in China Legal Affairs Center and Shentianping Laws Firm, served as a partner and practicing lawyer in Guangdong Renren Laws Firm in 1996. He serves as a partner and practicing lawyer in Guangdong Shentiancheng Laws Firm since August 2010

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

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

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

Mr. Pan Chengwei, worked in COSCO since 1965, and successively served as GM of financial dept. of the Group and COSCO (H.K.) Co., Ltd. respectively, director GM of COSCO (H.K.) Property Co., Ltd and COSCO (H.K.) Industry & Commercial Holding Ltd respectively as well as chief representative of Shenzhen Office of COSCO; He served as director of Shenzhen Shennan Petroleum (Group) Co., Ltd, from 2001 to 2004, director GM of COSCO (Cayman) Fuqing Holding Co., Ltd. from 2005 to 2008 and served as manager of fuel oil futures of COSCO. Now he serves as independent non-executive director of the China Merchants Bank Co., Ltd. and independent director of CIMC.

Mr. Liao Nangang, bachelor of East China Political Science and Law in law major; working experience: he served as assistant judge

and judicial office in People's Court of Shenzhen Nanshan District from 1992 to 2000; a lawyer in Guangdong ZhongAn Laws Firm from 2001 to 2004; act as lawyer and partner of Guangdong Haohui Laws Firm from 2004 to 2013 and serves as partner of Guangdong Guangjin Laws Firm since 2013; he also act as arbitrator in Shenzhen Arbitration Commission with qualification certificate of Independent Director owned. He had offered systemic legal services for listed companies as China Merchants Property Development Co., Ltd. and China Merchants Bank Co., Ltd. (HQ).

Mr. Zhao Xiangzhi, a senior accountant; he served as deputy director of state-run 5127 plant in 1990, deputy director(leadership level) of planning office of state-run 5127 plant in 1992; served as deputy chief accountant of Shenzhen Company of China Yanxing and director of financial dept. from 1993 to 1996; he successively served as CFO of Energy Group, delegated by Shenzhen Investment Management Company, director, members of discipline committee, director of audit depart. And supervisor of Shenzhen Energy Group from 1996 to 2003; he served as director of financial management of Shenzhen Energy (Group) Co., Ltd and chairman of supervisory committee of Shenzhen Energy Investment Co., Ltd from 2003 to 2007; he serves as chairman and secretary of party committee for Shenzhen Guangshen Shajiao B Power Co., Ltd. and member of discipline committee of Shenzhen Energy Group from 2007 to April 2012; and serves as chief accountant of Shenzhen Energy Group since May of 2011 and serves as Party Committee Member of Shenzhen Energy Group Co., Ltd. since June 2012

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

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

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

Mr. Huang Zhihong, college degree. He worked successively as workers, statistics and accountant in Shenzhen Fenghua Electric Trading Co., Ltd. since 1985, cashier, accountant and chief accountatn in Shenzhen Yihua Union Trading Co., Ltd., chief accountant and deputy manager of the financial department of Zhongdianxin Industrial Development Corporation, manager of the financial department of Shenzhen Zhongdianxin International Commerce Trading Co., Ltd., accountant and chief accountant of Shenzhen Guodian Technology Development Co., Ltd., manager of the financial audit departement Shenzhen Guodian Science & Trading Logistic Group Co., ltd., CFO of the Shandong Tai'an Taishan Power Company, director, deputy GM and CFO of the Shandong Tai'an Taishan Power Company, the deputy director of financial assets department of State Grid International Development Co., ltd.; now he serves as deputy GM, chief accountant and member of Party Committee of Shenzhen Guoneng International Trading Co.,

LTD

Mr. Peng Siqi, born in 1982, member of CPC, a university background. He worked in Shekou China Construction Company, Court of Nanshan District and Nantou Street Committee, and worked in the secretariat of the Board of Shenzhen Guangju Energy Co., Ltd. since June 2013. He serves as supervisor of Shenzhen Guangju Yida Hazardous Chemical Substance Storage Co., Ltd. since August 2013 and serves as supervisor of Shenzhen Shennan Gas Co., Ltd. since February 2015.

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

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

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

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

Mr. Ding Weili, born in 1960, an economist, master's degree, and graduated from Guangdong Academy of Social Sciences, major in economics and management in 2001. He worked in Yingtan, Jiangxi Province from 1978 to 1981. worked in the Jiangxi Medical Company from 1981 to 1987. worked in Jiangxi Petroleum Corporation Company from 1987 to 1998. served as deputy GM of the Shenzhen Server Energy Co., Ltd. from 1998 to 2006, sent off by Shenzhen Energy Group. He works in Shenzhen Nanshan Power Co., Ltd. since March 2006, served as deputy director of comprehensive department of Nanshan Power Plant from 2006 to 2007. During April 2007 to December 2013, he served as GM assistant of the Shen Nan Dian (Dongguan) Weimei Power Co., Ltd, the subordinate enterprise. Serves as director and standing deputy GM of Shenzhen Server Energy Co., Ltd. since January 2014, the subordinate enterprise.

Mr. Yan Ping, born in 1966, a senior engineer, bachelor degree and graduated from Wuhan Univ. of Hydr. & Elec. Eng, major in

Applied Chemistry. He worked in Jiangxi Jingdezhen Power Station from 1987 to 1991. works in Shenzhen Nanshan Power Co., Ltd. since, he used to served as the specific responsibility in water of the operation department. Served as secretary of the board and comprehensive director of the Shen Nan Dian (Dongguan) Weimei Power Co., Ltd, the subordinate enterprise from June 2005 to April 2007. and transfer as the office director of the headquarters from April 2007 to November 2007. took planning office director of the sludge drying from November 2007 to September 2009, he served as deputy GM (work as chair) of Shenzhen Shennan Environmental Co., Ltd. from October 2009 to September 2011, the subordinate enterprise, and serves as director and GM of Shenzhen Shennan Environmental Co., Ltd. since October 2011.

Mr. Zhang Yunlong, born in 1964, engineer and junior college degree, he graduated from Nanjing Amateur University of Technology in 1990, major in mechanical engineering. He worked as technician in gas turbine workshop of the Nanjing Turbo Motor Factory from 1984 to 1992. worked in Shenzhen Nanshan Power Co., Ltd. since 1993, and once served as the specialist engineer major in gas turbine of the inspection and maintenance department as well as the assistant for chief engineer. Transfer to worked in subordinate enterprise Shen Nan Dian Gas Turbine Engineering Technology Co., Ltd. in December 2003, successively served as chief engineering, deputy GM and chief engineering; and he served as director and standing deputy GM of Shen Nan Dian Gas Turbine Engineering Technology Co., Ltd. from April 2007 to November 2013, serves as director and GM of the Company since December 2013

Mr. Liang Jianqiang, born in 1968, an engineer, bachelor degree, graduated from department of engineering physics of Tsinghua University in 1991, major in nuclear energy and heat energy utilization. He worked in Shenzhen Moon Bay Gas Turbine Power Plant from 1991 to 1998, successively served as specialist engineer of gas turbine in operation department, sub-director of the gas turbine in inspection and maintenance department and specialist engineer of plannings in inspection and maintenance department. He works in Shenzhen Nanshan Power Co., Ltd. since July 1998 transferred by Shenzhen Energy Group Co., Ltd, and successively served as deputy chief, chief of the inspection and maintenance department, deputy chief of the operation department, director of production management department and security chief. Served as chief of production technology department and security chief of the headquarter from May 2005 to November 2013, at the same time, served as director of the Shenzhen New Power Industrial Co., Ltd. and Shen Nan Dian (Zhongshan) Power Co., Ltd., the subordinate enterprises. He serves as deputy chief of the Nanshan Thermal Power Plant since December 2013

Mr. Ji Ming, born in 1956, a senior economist owns master of management. He graduated from Changchun University of Science and Technology with major in optical electronic technology in 1982 and study graduate course of enterprise management in Fudan University and with master's degree obtained. He worked as director of the workshop of Wuxi 559 Huguang Instrument Factory, a deputy director of Wuxi Zhonghua Rust Product Factory and a director of Wuxi Handicraft Factory from 1982 to 1993. Worked in enterprise management department of Shenzhen Nanshan District Investment Management Company and served as manager of the investment dept. of Shenzhen Shen Nan Petroleum (Group) Co., Ltd., deputy GM of Shenzhen Guangju Energy Co., Ltd. and GM of Shenzhen Guangju Power Investment Co., Ltd. from 1993 to 2006. He serves as deputy GM of the Shenzhen Nanshan Power Co., Ltd. since December 2006, and also serves as chairman of the Zhongshan Shenzhong Real Estate Development Co., Ltd., subordinate enterprise, and Zhongshan Shenzhong Real Estate Investment Property Co., Ltd., deputy chairman of Shen Nan Dian (Zhongshan) Power Co., Ltd., director of Shennan Energy (Singapore) Co., Ltd. and CPI Jiangxi Nuclear Power Co., Ltd.

Ms. Lin Qing, born in 1964, a senior engineer, a master of Electrical Power Engineering from Hunan University. She worked as a teacher in power department of Changsha Hydroelectric Teachers College from 1985 to 1990. worked in engineering dept. of Guangdong Dayawan nuclear plant from 1990 to 1991. she serves as secretary of the comprehensive dept., director of the Shenzhen Energy Corporation since December 1991, director of office of the Shenzhen Western Power Company, business chief, party department director, chairman of the organ labor union, office director, party branch secretary of the office, director of labor union

office, member of the party committee and GM assistant of the Shenzhen Energy Group Co., Ltd.. serves as deputy GM of Shenzhen Nanshan Power Co., Ltd. since October 2003. and she used to be the chairman of subordinate enterprise Shenzhen Server Oil Supply Co., Ltd., chairman of Shenzhen New Power Industrial Co., Ltd. and Director of Anhui Tongling Wanneng Power Co., Ltd.

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

Mr. Zhu Wei, born in 1957, a senior economist, master's degree, he worked in Guangdong Xinfengjiang Power Plant, served as operation chief and shift chief-operator. He used to work in Shenzhen Nanshan Power Co., Ltd. since 1990; and he successively held the posts of assistant minister of development department, minister of supply department and general manager assistant of the company, he serves as deputy GM of the Company since August 2003..

Mr. Wang Rendong, born in 1961, engineer with a master's degree hold, was graduated from the specialty of thermal power of Power Department, Huazhong University of Science and Technology, and then obtained a master of business administration on the specialty of economic management of Huazhong University of Science and Technology; he used to work in the planning department of Beijing Electrical Planning and Design Institute of State Ministry of Water Resources and Power, transferred and assigned to Shenzhen Huadian Southern Development (Group) Company in June 1988; he worked in Shenzhen Nanshan Power Co., Ltd. since 1990 and successively held the post of minister of operating department, minister of engineering department, assistant chief engineer, general manager assistant and employee supervisor of the Company; he held the post of head engineer of the Company since December 2006, and holds president and GM of Shenzhen Shennandian Turbine Engineering Technology Co., Ltd., as well as director of Shennan Energy (Singapore) Co., Ltd.

Mr. Huang Jian, born in 1970, a senior accountant, bachelor degree, graduated from Changsha Hydraulic and Electric Engineering Teachers College, majir in accountant. He worked as engineering account of the financial office of Sichuan Yibing Power Plant from 1991 to 1994. worked in the Shenzhen Energy Group Co., Ltd. since October 1994, and successively served as accountant in financial dept. of Shenzhen Energy Group Co., Ltd., accountant, deputy director and director of financial dept. of Shenzhen Western Power Co., Ltd.,-the subordinate enterprise of Shenzhen Energy Group Co.,Ltd. he serves as manager of the financial management dept. of the Company since January 2008

Mr. Lu Xiaoping, born in 1962, a senior accountant and owns master's degree of Zhongnan University of Economics and Law; he used to work in Chashi Town People's Government, Hengyang County, Hunan Province, Hunan Hengyang Oil and Pump Nozzle Plant as well as Shenzhen Pengji Industrial Development Company, held the post of deputy manager of financial department of Shenzhen Zhongshen International Corporation from 1995 to 1998, held the posts of accountant and director of Shenzhen Energy Corporation since December 1998. He serves as CFO of the Company from August 2003 to March 2014.

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

Party General Branch from Shenzhen Guangju Energy Co., Ltd since December 2010, and serves as deputy chairman of Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.

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

Post-holding in shareholder's unit

√Applicable □Not applicable

Name	Name of shareholder's units	Position	Start dated of office term	Receiving remuneration from shareholder's units (Y/N)
Li Hongsheng	Guangju Industrial Co., Ltd.	Managing director of parent unit Shenzhen Guangju Energy Co., Ltd.	2009	Y
Yang Wenhua	Shenzhen Guoneng International Trading Co., LTD	Director, GM, vice secretary of Party Committee	2013	Y
Yu Chunling	SHENZHEN ENERGY (GROUP) CO., LTD.	Director GM of Shenneng (H.K) International Co., Ltd., wholly-owned subsidiary	2009	Y
Zhou Qun	SHENZHEN ENERGY (GROUP) CO., LTD.	Chairman of controlling subsidiary Shenzhen Energy Financial Company	2010	Y
Qiang Wenqiao	SHENZHEN ENERGY (GROUP) CO., LTD.	GM of property rights and Legal department	2008	Y
Chen Lihong	Guangju Industrial Co., Ltd.	Deputy GM of parent unit Shenzhen Guangju Energy Co., Ltd.	2005	Y
Sun Jianxin	Shenzhen Guoneng International Trading Co., LTD	Deputy GM	2013	N
Zhao Xiangzhi	SHENZHEN ENERGY (GROUP) CO., LTD.	Chief accountant	2009	Y
Ma Fengming	SHENZHEN ENERGY (GROUP) CO., LTD.	Staff supervisor	2011	Y
Ji Yuanhong	Guangju Industrial Co., Ltd.	Deputy managing director of parent unit Shenzhen Guangju	2008	Y

		Energy Co., Ltd., Secretary of the Board		
Huang Zhihong	Shenzhen Guoneng International Trading Co., LTD	Deputy GM, Chief accountant, member of party committee	2013	Y

Post-holding in other unit

√Applicable □Not applicable

Name	Name of other units	Position	Start dated of office term	Receiving remuneration from other units (Y/N)
Wang Difei	Hainan Yingda Real Estate Development Co., Ltd.	Party Secretary and deputy GM	2013	Y
Li Jianjun	Luneng Group	Deputy chairman of labor union	2013	Y
Li Zheng	Guangdong ShenTiancheng Laws Firm	Attorney, Partner	2010	Y
Wang Xiaodong	Grandall Law Firm (Shenzhen) Office	Attorney, Partner	2005	Y
Wang Junsheng	Chinese Economic Technology Research & Consulting Co., Ltd,	Researcher	2001	Y
Tang Tianyun	Aoma Global Investment Co., Ltd.	Partner	2010	Y
Pan Chengwei	China Merchants Bank Co., Ltd., CIMC	Independent director	2012	Y
Liao Nangang	Guangdong Haohui Law Firm	Attorney, Partner	2013	Y

III. Remuneration for directors, supervisors and senior executives

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

1. Decision-making process: In accordance with relevant regulations of “Articles of Association”, the stockholders' meeting would determine the remuneration of directors and supervisors, and the board of directors would determine the remuneration of senior management.
2. Determining basis: the Company exercise annual salary system, standard of the annual pay will determine by the annual operation performance, job grade and the remuneration standards in the industry; at year-ending, carried out performance assessment on the resumption and annual actually performance of the directors and senior executives, approve and issue the annual performance pay in line with the assessment results. Currently, except for the independent directors, the Company has no remuneration system for non-independent directors and supervisors, the directors and staff supervisor only received the pay for the post actually served in the Company.
3. Actual payment: the Company is strictly paying the remuneration to directors in line with the decision-making process and determining basis on remuneration for directors, supervisors and senior executives, the relevant expenses arising from transportation, accommodation, research, study and attending a meeting are borne by the Company.

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company	Total remuneration obtained from shareholder's unit	Remuneration actually obtained at period-end
Yang Haixian	Chairman	M	58	Currently in office	74.33	0	74.33
Li Hongsheng	Deputy Chairman	M	51	Currently in office	0	125.96	125.96
Yang Wenhua	Vice chairman	M	53	Leave the post	0	60.5	60.5
Wang Difei	Deputy Chairman	M	46	Leave the post	0	0	0
Fu Bo	Managing director	M	52	Leave the post	67.07	0	67.07
Huangfu Han	Director	M	60	Leave the post	0	70.82	70.82
Yu Chunling	Director	F	49	Currently in office	0	73.57	73.57
Zhou Qun	Director	M	50	Currently in office	0	77.69	77.69
Qiang Wenqiao	Director	M	45	Currently in office	0	64.32	64.32
Chen Lihong	Director	F	51	Currently in office	0	85.06	85.06
Sun Jianxin	Director	M	49	Leave the post	0	0	0
Li Zheng	Independent Director	M	57	Currently in office	11.9	0	11.9
Wang Xiaodong	Independent Director	M	54	Currently in office	11.9	0	11.9
Wang Junsheng	Independent Director	M	54	Currently in office	11.9	0	11.9
Tang Tianyun	Independent Director	M	54	Currently in office	11.9	0	11.9
Pan Chengwei	Independent Director	M	68	Currently in office	11.9	0	11.9
Liao Nangang	Independent Director	M	44	Currently in office	11.9	0	11.9
Zhao Xiangzhi	Chief	M	56	Currently in	0	87.89	87.89

	supervisor			office			
Ma Fengming	Supervisor	F	52	Currently in office	0	51.47	51.47
Ji Yuanhong	Supervisor	F	47	Currently in office	0	83.69	83.69
Huang Zhihong	Supervisor	M	49	Leave the post	0	54.45	54.45
Li Jianjun	Supervisor	M	51	Leave the post	0	0	0
Zheng Dalei	Staff supervisor	M	50	Leave the post	44.03	0	44.03
Peng Bo	Staff supervisor	M	41	Leave the post	41.57	0	41.57
Li Huiwen	Staff supervisor	F	52	Leave the post	19.41	0	19.41
Tao Lin	Staff supervisor	M	47	Leave the post	47.42	0	47.42
Ding Weili	Staff supervisor	M	54	Currently in office	35.79	0	35.79
Yan Ping	Staff supervisor	M	48	Currently in office	37.99	0	37.99
Zhang Yunlong	Staff supervisor	M	50	Currently in office	35.24	0	35.24
Liang Jianqiang	Staff supervisor	M	46	Currently in office	43.46	0	43.46
Ji Ming	Standing deputy GM	M	58	Currently in office	60.54	0	60.54
Lin Qing	Deputy GM	F	50	Currently in office	60.21	0	60.21
Zhang Jie	Deputy GM	F	46	Currently in office	60.54	0	60.54
Zhu Wei	Deputy GM	M	57	Currently in office	60.60	0	60.60
Wang Rendong	Chief engineer	M	53	Currently in office	60.61	0	60.61
Lu Xiaoping	CFO	M	52	Leave the post	60.54	0	60.54
Hu Qin	Secretary of the Board	F	47	Currently in office	54.62	0	54.62

Total	--	--	--	--	935.37	835.42	1,770.79
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Delegated equity incentive for directors, supervisors and senior executives in reporting period

☐ Applicable ☒ Not applicable

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

Name	Title	Type	Date	Reasons
Wang Difei	Deputy Chairman	Leave the post	2014-08-08	Work reasons
Yang Wenhua	Deputy Chairman	Leave the post	2015-3-27	Work reasons
Huangfu Han	Director	Leave the post	2014-11-13	Work reasons
Qiang Wenqiao	Director	Appointment	2014-11-13	Work reasons
Li Jianjun	Supervisor	Leave the post	2014-08-08	Work reasons
Huang Zhihong	Supervisor	Leave the post	2015-3-27	Work reasons
Zheng Dalei	Staff supervisor	Leave the post while office terms expired	2014-11-13	Work reasons
Peng Bo	Staff supervisor	Leave the post while office terms expired	2014-11-13	Work reasons
Li Huiwen	Staff supervisor	Leave the post while office terms expired	2014-11-13	Work reasons
Tao Lin	Staff supervisor	Leave the post while office terms expired	2014-11-13	Work reasons
Ding Weili	Staff supervisor	Elected	2014-11-13	Work reasons
Yan Ping	Staff supervisor	Elected	2014-11-13	Work reasons
Zhang Yunlong	Staff supervisor	Elected	2014-11-13	Work reasons
Liang Jianqiang	Staff supervisor	Elected	2014-11-13	Work reasons

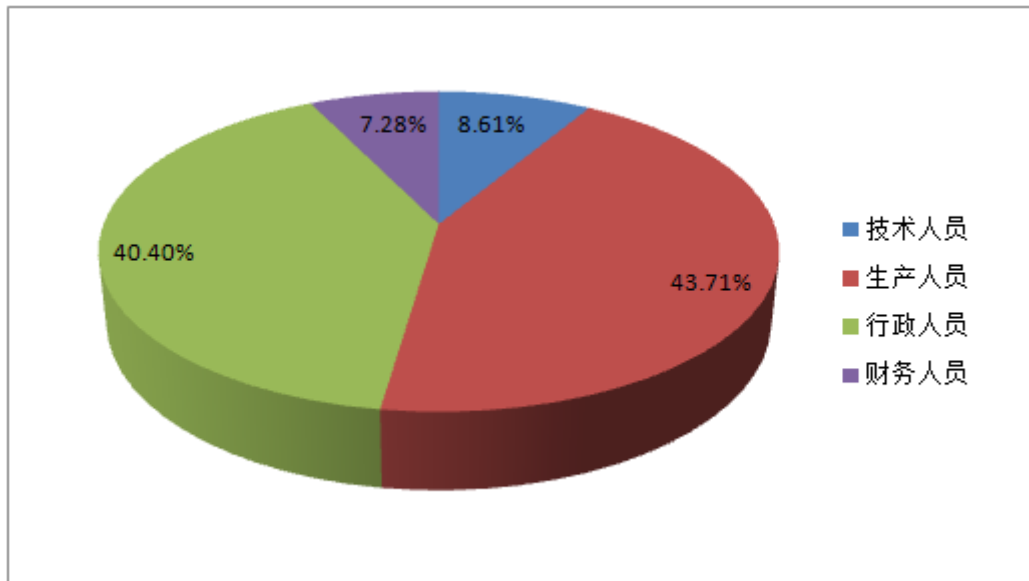
V. Changes of core technology team or key technicians in reporting period (not including directors, supervisors and senior executives)

Nil

VI. Particulars of workforce

Ended as 31 December 2014, the Company has 302 employees in total with 132 are production staff, 26 technician, 22 financial staff

and 122 administration staff; education background: 80 persons graduated from technical secondary school and below, 97 persons hold a junior college degree, 102 persons hold a bachelor degree and 23 persons hold a master degree or above.



Section IX. Corporate governance

I. Brief introduction of corporate governance

During the reporting period, in accordance with the "Company Law", "Securities Law", "Governance Norms of Listed Companies", "Stock Listing Rules of Shenzhen Stock Exchange" and the requirements of the regulations of China Securities Regulatory Commission, the Company has continued to regulate and improve the corporate governance structure, establish and strengthen the internal management, develop a series of control systems, promote the effective counterbalance among the "Three Abilities", further improve the corporate governance system, and enhance the company's decision-making and management level.

1. The company's shareholders' meeting is convened and held legally and compliantly which also invites the lawyers to witness on scene; when voting for the related transactions, the related shareholders shall avoid the votes to guarantee the legality, openness, fairness and justice of the decision-making process of the related transactions; no major shareholder or related party occupies or transfers the company's funds, assets and other resources in various forms. The company ensures that the shareholders especially the minority shareholders fully exercise the right to be informed and the right to participate by all means.

2. The company strictly follows the provisions of the "Articles of Association" and "Rules of Procedure of the Board of Directors", and convenes the board's meeting and forms the resolution. The company's directors actively attend the board meetings with responsible attitudes, prudently make decisions, and express the clear and definite opinions on the discussed matters, effectively perform the diligent and fiduciary duties and feasibly maintain the interests of the medium and small investors.

The independent directors conscientiously perform their duties to protect the overall interests of the company, and particularly concern the matters related to the legitimate rights and interests of minority shareholders not to be damaged. The board of directors consists of the audit committee, the remuneration committee, the strategy and investment committee, and the nomination committee, and each special committee has established the relevant regulations for each committee to ensure the efficient operation and scientific decision-making of the board of directors.

3. The number and staff composition of company's board of supervisors comply with the requirements of laws and regulations and "Articles of Association". The company's supervisors can conscientiously perform their duties and effectively supervise the company's production and management, and the legality and compliance of the execution of duty of the company's directors and senior executives in accordance with the requirements of "Articles of Association" and "Rules of Procedure of the Board of Supervisors", effectively perform the supervisory duties and maintain the interests of the company and the medium and small investors.

4. The company's management team strictly performs their duties in accordance with the provisions of "Articles of Association", strictly executes the resolutions of the board of directors, and has no act beyond their authorities. For the matters beyond the management level, the company shall submit to the board of directors for consideration, and there is no "insider control" tendency. The company's management level are cautious and conscientious in the daily operations, strengthen the standard operation, manage the honest and trustworthy business, never fail to faithfully

perform their duties or violates the fiduciary duty, fully respect and maintain the legitimate rights and interests of relevant stakeholders, and achieve the coordinated balance of all parties.

5. The company fulfills the obligation of information disclosure in accordance with the relevant provisions of the "Company Law", "Securities Law" and the stock listing rules of Shenzhen Stock Exchange, designates the "Securities Times", "China Securities Journal", "Hong Kong Commercial Daily" and www.cninfo.com.cn as the newspaper and website for the company's information disclosure so as to ensure that all shareholders of the company can equitably get the information. During the reporting period, the company did not have the non-normative governance such as providing the undisclosed information to the major shareholders or actual controllers. To strengthen the management to the non-public information, the company strictly controls the scope of insider, standardizes the information transfer process, executes the relevant provisions of the "Insiders registration system", and regularly submits the insiders' information to Shenzhen Securities Regulatory Bureau.

6. The undisclosed information the company submitted to the largest shareholder mainly includes: the generating capacity, the obstacle reports and accident reports about electricity generation, and monthly safety briefings. And in accordance with their requirements, the secretariat of the board should submit the motions discussed and modified by the general manager's office to the dispatched directors and supervisors before convening the meetings of the board of directors and the board of supervisors, and report to the property legal department and administrative department at the same time.

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

☐ Yes ☒ No

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

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

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

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

1. Annual General Meeting in the report period

Session of meeting	Date	Name of meeting motion	Results	Date of disclosure	Index of disclosure
Annual General Meeting of 2013	2014-05-16	1. "Report of the Board for year of 2013"; 2. " Report of Supervisory Committee for year of 2013"; 3. "Financial Results and Analysis Report for year of 2013"; 4. Impairment provision of asserts accrual for year of 2013; 5. "Profit Distribution Pre-plan of 2013", 6. "Annual Report and Summary of 2013", 7. Financing size and gurantee offer outside; 8. Intra-System financial supports for year of 2014; 9. Purchasing Changsha NG by Shen Nan Dian Zhongshan Company	All passed	2014-05-17	No.: 2014-038 (found more details in Juchao Website http://www.cninfo.com.cn)

2. Extraordinary shareholders' general meeting in the report period

Session of meeting	Date	Name of meeting motion	Results	Date of disclosure	Index of disclosure
First Extraordinary	2014-08-29	1. Annual	All passed	2014-08-30	No.: 2014-067

General Meeting 2014		Remuneration and Assessment Plan for Chairman of the 2014; 2. Change of the Directors; 3. Change of Supervisor			(found more details in Juchao Website http://www.cninfo.com.cn)
Second Extraordinary General Meeting 2014	2014-11-12	1. Annual Audit Organ Engagement for year of 2014 and deteriming their pay; 2. Interest settlement for the Intra-System financial supports and new limit of financial supports increased correspondingly; 3、 3. Incresing Guarantee Offer to Subordinate Enterprise; 4. Director candidate recommend for the 7 th session of the Board; 5. Supevisor candidate recommend for the 7 th session of the Sueprvisory Committee	All passed	2014-11-13	No.: 2014-082 (found more details in Juchao Website http://www.cninfo.com.cn)
Third Extraordinary General Meeting 2014	2014-12-17	Termination of the Share Transfer Agreement of Hong Kong Syndisome Company and Implemented Stock Rotation	All passed	2014-12-18	No.: 2014-091 (found more details in Juchao Website http://www.cninfo.com.cn)

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

☐ Applicable ☒ Not applicable

III. Responsibility performance of independent directors in report period

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

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

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

Nil

2. Objection for relevant events from independent directors

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

☐ Yes ☒ No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

Whether the opinions from independent directors have been adopted or not

☒ Yes ☐ No

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

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

IV. Performance of subordinate committees of the Board in reporting period**(I) Audit Committee**

1. The 13th meeting of the 6th session of auditing committee held on 25 February 2014, independent directors communicate with Ruihua Huayong CPA for the events in pretrial phase item by item.

2. The 14th meeting of the 6th session of auditing committee held on 22 April 2014, independent directors propose professional

opinions and suggestions on the financial of 2014 and internal control auditing, the financial report of 2013, auditing report of internal control for year of 2013, assessment report of internal control for year of 2013 under the name of Shenzhen Nanshan Power Co., Ltd., internal auditing for year of 2014 and internal control plans and performance report of auditing committee for year of 2013 to the Ruihua Huayong CPA, and agreed the proposals deliberated.

3. The 15th meeting of the 6th session of auditing committee held on 7 August 2014, independent directors propose professional opinions and suggestions on the final account report of semi-annual 2014 and events of revising the main accounting policy of the Company, and agreed the proposals deliberated.

4. The 16th meeting of the 6th session of auditing committee held on 22 October 2014, independent directors propose professional opinions and suggestions on the final account report of 3Q of 2014, auditing organ engagement for year of 2014 and determining their remuneration, annual budget for year of 2014 adjustment, Interest settlement for the Intra-System financial supports and new limit of financial supports increased correspondingly and increasing Guarantee Offer to Subordinate Enterprise, and agreed the proposals deliberated.

5. The 17th meeting of the 6th session of auditing committee held on 12 November 2014, as for the difference of processing charges subsidy of gas & fuel for year of 2013 from controlling subsidiary, reckoned into gains/losses for year of 2014, independent directors propose professional opinions and suggestions, and agreed the proposals deliberated.

6. The 1st meeting of the 7th session of auditing committee held on 25 November 2014, independent directors propose professional opinions and suggestions on the auditing plan issued by Ruihua Huayong CPA, and agreed the proposals deliberated.

(II) Nominations Committee

1. On 1 August 2014, the 4th meeting of 6th session of Nominations Committee was held by the Company, independent directors proposed professional opinions and advice on changing independent director candidates for the 6th session of the board, and agreed the deliberated issues.

2. On 22 October 2014, the 5th meeting of 6th session of Nominations Committee was held by the Company, independent directors proposed professional opinions and advice on recommending independent director candidates for the 7th session of the board, and agreed the deliberated issues.

(III) Remuneration and appraisal committee

1. On 22 April 2014, the 4th meeting of 6th session of remuneration and appraisal committee was held by the Company, independent directors proposed professional opinions and advice on “Remuneration provision for year of 2014 and appraisal plan” and “Performance report of remuneration and appraisal committee of the Board for year of 2014”, and shows agrees for the proposal.

2. On 7 August 2014, the 5th meeting of 6th session of remuneration and appraisal committee was held by the Company, independent directors proposed professional opinions and advice on “Remuneration provision for year of 2014 and appraisal plan”, and shows agrees for the proposal.

3. On 1 December 2014, the 1st meeting of 7th session of remuneration and appraisal committee was held by the Company, independent directors proposed professional opinions and advice on “Application of the royalty program of making up deficits and increasing surpluses for year of 2013”, and shows agrees for the proposal.

(IV) Strategy and Investment Management Committee

On 22 April 2014, the 9th meeting of 6th session of strategy and investment management committee was held by the Company, independent directors proposed professional opinions and advice on “proposal of purchasing Changsha NG by Shen Nan Dian Zhongshan Company” and “Performance Report of the strategy and Investment Management Committee”, and shows agrees for the proposal.

V. Works from Supervisory Committee

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

☐ Yes ☒ No

Supervisory committee has no objection about supervision events in reporting period

After deliberation, the Board of Supervisors published the following opinion on the "2014 Annual Internal Control Evaluation Report":

The company can abide by the basic principles of internal control and combine with its own actual situations to sort out and gradually establish and complete the internal control system in accordance with the relevant provisions of China Securities Regulatory Commission and Shenzhen Stock Exchange, no significant internal control deficiencies or abnormal items has been found, which ensures the safety, completion and effective use of the company's assets. The company's internal control self-assessment truly and objectively reflects the actual situations of the internal control.

Based on the rather complete internal control organization, it is hoped that the company will continue to constantly improve the internal control mechanism so as to ensure the company's continuous and normative development and guarantee the benefits and interests of all shareholders in 2015 according to the newest regulations of the national laws and regulation, departmental rules, and regulatory documents, and the internal control work plan approved by the board of directors.

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

Not applicable

VII. Horizontal Competition

☐ Applicable ☒ Not applicable

VIII. Appraisal and incentive mechanism for senior executives

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

Section X. Internal control

I. Internal control construction

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

II. Statement of the Board on responsibility of internal control

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

III. Bases for construction of financial report internal control

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

IV. Appraisal Report of internal control

Details of major defects in appraisal report that found in reporting period	
No major defect has been found in the report period	
Disclosure date of internal control appraisal report (full-text)	2015-04-25
Index of internal control appraisal report disclosed (full-text)	http://www.cninfo.com.cn/

V. Auditing report and authentication report of internal control

Auditing report of IC

Auditing comments section for audit report of internal control	
We believe that according to relevant regulations and “Basic Norms of Internal Control”, Nanshan Power Company maintained an efficiency internal control of financial report, in all material aspects.	
Disclosure date of audit report of internal control (full-text)	2015-04-25
Index of audit report of internal control disclosed (full-text)	http://www.cninfo.com.cn/

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

☐ Yes ☒ No

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

☒ Yes ☐ No

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

Not applicable

Section XI. Financial Report

I. Audit report

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

Section XII. Documents available for Reference

(I) Accounting statement bearing signature and seal of the legal representative, person in charge of accounting works and person in charge of accounting institution of the Company;

(II) Original auditing report bearing seal of CPAs and signature and seal of CPA.

(III) Text of notice and original draft that public on Securities Journal, China Securities Times and Hong Kong Commercial Daily that appointed by CSRC within report period.

(IV) Annual Report released on overseas newspaper

Legal Representative: Yang Haixian

Shenzhen Nanshan Power Co.,

Ltd.

25 April 2015

Shenzhen Nanshan Power Co., Ltd.

Audit Report

Ruihua Zi [2015] No. 48380014

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邮政编码 (Post Code): 100077

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Auditor's Report

Ruihua Zi [2015] No. 48380014

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

We have audited the accompanying financial statements of Shenzhen Nanshan Power Co., Ltd. (hereinafter referred to as "Shen Nan Dian Company"), including Consolidated and Balance Sheet of the Company as of December 31, 2014, Consolidated and Profit Statement of the Company, Consolidated and Cash Flow Statement of the Company and Consolidated and Statement of Changes in Shareholder Equity of fiscal year 2014 as well as Annotations of Financial Statements.

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

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

II. Responsibility of Certified Public Accountants

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

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

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

III. Audit Opinion

In our opinion, the above financial statements conforms to the Accounting Standards for Business Enterprises in all material respects, and these financial statements fairly reflected company and the Company's consolidated and financial position as of December 31, 2014, as well as annual consolidated and operating results of the Company and cash flow of the Company in 2014.

Ruihua CPA(LLP)

Chinese Certified Public Accountant:

Beijing· China

Chinese Certified Public Accountant:

23 April 2015

Consolidated Balance Sheet

2014-12-31

Prepared by Shenzhen Nanshan Power Co., Ltd.

In RMB

Item	Note	Amount at year-end	Amount at year-begin
Current assets:			
Monetary funds	VI.1	578,584,447.02	543,054,829.52
Financial liability measured by fair value and with variation reckoned into current gains/losses			
Derivative financial liability			
Notes receivable			
Accounts receivable	VI.2	502,772,509.41	876,368,547.41
Accounts paid in advance	VI.3	6,233,357.49	11,000,834.97
Interest receivable			
Dividend receivable			
Other receivables	VI.4	30,150,229.08	42,191,268.26
Inventories	VI.5	1,284,712,150.88	1,288,814,086.30
Divided into assets held for sale			
Non-current asset due within one year			
Other current assets	VI.6	613,644,525.13	565,589,166.99
Total current assets		3,016,097,219.01	3,327,018,733.45
Non-current assets:			
Finance asset available for sales	VI.7	57,315,000.00	57,315,000.00
Held-to-maturity investment			
Long-term account receivable			
Long-term equity investment	VI.8	24,597,397.33	26,366,000.00
Investment property	VI.9	3,543,988.51	3,986,674.03
Fixed assets	VI.10	1,839,739,944.19	1,892,316,932.05
Construction in progress	VI.11	32,826,131.18	48,692,441.81
Engineering material			
Disposal of fixed asset			
Productive biological asset			
Oil and gas asset			

Intangible assets	VI.12	56,524,171.28	58,924,611.98
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned			
Deferred income tax asset	VI.13	2,889,791.86	2,788,794.11
Other non-current asset	VI.14	22,882,181.78	22,882,181.78
Total non-current asset		2,040,318,606.13	2,113,272,635.76
Total assets		5,056,415,825.14	5,440,291,369.21

Consolidated Balance Sheet (Cont.)

2014-12-31

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount at year-end	Amount at year-begin
Current liabilities:			
Short-term loans	VI.15	2,617,890,000.00	2,998,961,917.89
Financial liability measured by fair value and with			
Derivative financial liability			
Notes payable	VI.16	260,000,000.00	50,000,000.00
Accounts payable	VI.17	139,165,440.83	78,171,109.54
Accounts received in advance	VI.18		512,402.70
Wage payable	VI.19	47,122,426.07	43,361,677.73
Taxes payable	VI.20	7,344,990.85	22,682,243.56
Interest payable	VI.21	42,162,535.84	98,775,045.80
Dividend payable			
Other accounts payable	VI.22	340,400,926.04	263,833,902.66
Divided into liability held for sale			
Non-current liabilities due within 1 year			

Item	Note	Amount at year-end	Amount at year-begin
Other current liabilities			
Total current liabilities		3,454,086,319.63	3,556,298,299.88
Non-current liabilities:			
Long-term loans	VI.23	150,000,000.00	6,000,000.00
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Long-term account payable			
Long-term wages payable			
Special accounts payable			
Projected liabilities	VI.24	27,100,000.00	27,500,000.00
Deferred income	VI.25	47,082,314.96	50,713,516.50
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		224,182,314.96	84,213,516.50
Total liabilities		3,678,268,634.59	3,640,511,816.38
Shareholders' equity:			
Share capital	VI.26	602,762,596.00	602,762,596.00
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital public reserve	VI.27	362,670,442.46	362,670,442.46
Less: Inventory shares			
Other comprehensive income			
Reasonable reserve			
Surplus public reserve	VI.28	332,908,397.60	332,908,397.60
Provision of general risk			
Retained profit	VI.29	-27,799,181.18	302,714,103.81
Total owner's equity attributable to parent company		1,270,542,254.88	1,601,055,539.87
Minority interests		107,604,935.67	198,724,012.96
Total shareholders' equity		1,378,147,190.55	1,799,779,552.83

Item	Note	Amount at year-end	Amount at year-begin
Total liabilities and shareholders' equity		5,056,415,825.14	5,440,291,369.21

Legal Representative: Person in charge of Accounting Works: CFO: Person in charge
of Accounting Institution:

Consolidated Profit Statement

2014

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount in this year	Amount at last year
I. Total operation income	VI.30	1,234,101,547.84	1,110,427,750.14
Including: operation income	VI.30	1,234,101,547.84	1,110,427,750.14
II. Total operation cost	VI.30	2,161,437,445.59	1,994,099,068.79
Including: operation cost	VI.30	1,740,905,277.37	1,613,205,960.33
Operation tax and surcharge	VI.31	7,132,351.18	6,509,035.37
Sales expense		3,144,077.93	2,644,665.12
Management expense	VI.32	94,273,391.92	103,071,415.17
Financial expense	VI.33	244,562,310.79	236,694,584.66
Loss of assets impairment	VI.34	71,420,036.40	31,973,408.14
Add: Changing income of fair value(Loss is listed with “-”)			
Investment income (Loss is listed with “-”)	VI.35	-1,730,276.62	79,263,954.01
Including: Investment income on affiliated company and joint venture			
III. Operating profit (Loss is listed with “-”)		-929,066,174.37	-804,407,364.64
Add: Non-operating income	VI.36	513,595,490.23	900,241,855.36
Including: Disposal gains of non-current asset		70,116.84	299,145.30
Less: Non-operating expense	VI.37	2,819,069.79	727,689.88
Including: Disposal loss of non-current asset		967,450.29	678,471.97
IV. Total Profit (Loss is listed with “-”)		-418,289,753.93	95,106,800.84
Less: Income tax	VI.38	3,342,608.35	21,727,620.48
V. Net profit (Net loss is listed with “-”)		-421,632,362.28	73,379,180.36
Net profit attributable to owner's equity of parent company		-330,513,284.99	53,099,116.45
Minority shareholders' gains and losses		-91,119,077.29	20,280,063.91

VI. Net after-tax of other comprehensive income			
VII. Total consolidated income		-421,632,362.28	73,379,180.36
Total consolidated income attributable to owners of parent company		-330,513,284.99	53,099,116.45
Total consolidated income attributable to minority shareholders		-91,119,077.29	20,280,063.91
VIII. Earnings per share			
i. Basic earnings per share		-0.55	0.09
ii. Diluted earnings per share		-0.55	0.09

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge

of Accounting Institution:

Consolidated Cash Flow Statement

2014

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount in this year	Amount at last year
I. Cash flows arising from operating activities:			
Cash received from selling commodities and providing labor		1,474,312,544.61	1,309,162,062.55
Write-back of tax received		1,502,897.41	
Other cash received concerning operating activities	VI.39 (1)	887,473,944.98	942,727,488.30
Subtotal of cash inflow arising from operating activities		2,363,289,387.00	2,251,889,550.85
Cash paid for purchasing commodities and receiving labor		1,546,082,918.50	1,592,869,592.90
Cash paid to/for staff and workers		118,039,661.86	122,125,135.44
Taxes paid		31,450,749.54	14,147,000.83
Other cash paid concerning operating activities	VI.39 (2)	96,452,074.97	40,468,641.57
Subtotal of cash outflow arising from operating activities		1,792,025,404.87	1,769,610,370.74
Net cash flows arising from operating activities		571,263,982.13	482,279,180.11
II. Cash flows arising from investing activities:			
Cash received from recovering investment			
Cash received from investment income			

Net cash received from disposal of fixed, intangible and other		70,116.84	293,894.96
Net cash received from disposal of subsidiaries and other units			48,219,901.70
Other cash received concerning investing activities			
Subtotal of cash inflow from investing activities		70,116.84	48,513,796.66
Cash paid for purchasing fixed, intangible and other long-term		85,549,920.49	13,877,667.39
Cash paid for investment			8,000,000.00
Net cash received from subsidiaries and other units			
Other cash paid concerning investing activities	VI.39 (3)		12,500,000.00
Subtotal of cash outflow from investing activities		85,549,920.49	34,377,667.39
Net cash flows arising from investing activities		-85,479,803.65	14,136,129.27
III. Cash flows arising from financing activities			
Cash received from absorbing investment			
Including: Cash received from absorbing minority			
Cash received from loans		3,342,703,209.20	3,218,961,917.89
Cash received from issuing bonds			
Other cash received concerning financing activities			
Subtotal of cash inflow from financing activities		3,342,703,209.20	3,218,961,917.89
Cash paid for settling debts		3,579,775,127.09	3,440,361,552.86
Cash paid for dividend and profit distributing or interest paying		218,351,972.16	228,022,580.92
Including: Dividend and profit of minority shareholder paid by			
Other cash paid concerning financing activities	VI.39 (4)		35,785,979.94
Subtotal of cash outflow from financing activities		3,798,127,099.25	3,704,170,113.72
Net cash flows arising from financing activities		-455,423,890.05	-485,208,195.83
IV. Influence on cash due to fluctuation in exchange rate		79,839.07	-4,405.44
V. Net increase of cash and cash equivalents		30,440,127.50	11,202,708.11
Add: Balance of cash and cash equivalents at the period -begin		538,054,829.52	526,852,121.41
VI. Balance of cash and cash equivalents at the period -end		568,494,957.02	538,054,829.52

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge

of Accounting Institution:

Consolidated Statement of Changes in Shareholders' Equity

2014

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	This Period						Last Period					
	Equity attributable to Shareholder of parent company				Minority's equity	Total owners' equity	Equity attributable to Shareholder of parent company				Minority's equity	Total owners' equity
	Paid-up capital	Capital reserve	Surplus reserves	Retained profit			Paid-up capital	Capital reserve	Surplus reserves	Retained profit		
I. Balance at the end of the last year	602,762,596.00	362,670,442.46	332,908,397.60	302,714,103.81	198,724,012.96	1,799,779,552.83	602,762,596.00	363,633,446.84	332,908,397.60	249,614,987.36	173,891,856.02	1,722,811,283.82
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	362,670,442.46	332,908,397.60	302,714,103.81	198,724,012.96	1,799,779,552.83	602,762,596.00	363,633,446.84	332,908,397.60	249,614,987.36	173,891,856.02	1,722,811,283.82
III. Increase/ Decrease in this year (Decrease is listed with "-")				-330,513,284.99	-91,119,077.29	-421,632,362.28		-963,004.38		53,099,116.45	24,832,156.94	76,968,269.01
(i) Total comprehensive income				-330,513,284.99	-91,119,077.29	-421,632,362.28				53,099,116.45	20,280,063.91	73,379,180.36
(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 converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI) Others								-963,004.			4,552,093.	3,589,088.6

IV. Balance at the end of the report period	602,762,596.00	362,670,442.46	332,908,397.60	-27,799,181.18	107,604,935.67	1,378,147,190.55	602,762,596.00	362,670,442.46	332,908,397.60	302,714,103.81	198,724,012.96	1,799,779,552.83
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Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of Accounting Institution:

Balance Sheet

2014-12-31

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount at year-end	Amount at year-begin
Current assets:			
Monetary funds		332,803,493.04	269,557,683.68
Financial liability measured by fair value and with variation reckoned into current gains/losses			
Derivative financial liability			
Notes receivable			
Accounts receivable	XIV.1	348,412,708.95	561,165,822.31
Accounts paid in advance		1,508,422.20	92,985.00
Interest receivable			
Dividend receivable		79,495,331.17	654,140,866.58
Other receivables	XIV.2	1,716,877,162.13	1,589,545,170.22
Inventories		83,913,536.01	84,396,527.41
Divided into assets held for sale			
Non-current asset due within one year			
Other current assets		436,292,055.11	418,542,707.70
Total current assets		2,999,302,708.61	3,577,441,762.90
Non-current assets:			
Finance asset available for sales		57,315,000.00	57,315,000.00
Held-to-maturity investment			
Long-term account receivable			
Long-term equity investment	XIV.3	691,982,849.76	691,982,849.76
Investment property			
Fixed assets		266,027,993.11	269,217,021.95
Construction in progress		22,436,936.91	37,711,980.01
Engineering material			
Disposal of fixed asset			
Productive biological asset			
Oil and gas asset			
Intangible assets		6,909,693.29	8,010,181.91
Expense on Research and Development			
Goodwill			

Long-term expenses to be apportioned			
Deferred income tax asset			
Other non-current asset			
Total non-current asset		1,044,672,473.07	1,064,237,033.63
Total assets		4,043,975,181.68	4,641,678,796.53

(Carry down)

(brought forward)

Balance Sheet (cont.)**2014-12-31**

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount at year-end	Amount at year-begin
Current liabilities:			
Short-term loans		1,689,000,000.00	1,929,000,000.00
Financial liability measured by fair value and with			
Derivative financial liability			
Notes payable		260,000,000.00	50,000,000.00
Accounts payable		136,675,432.37	140,299,583.60
Accounts received in advance			162,402.70
Wage payable		26,498,739.18	24,911,363.28
Taxes payable		1,277,289.10	11,566,882.79
Interest payable		3,885,184.72	3,526,868.54
Dividend payable			
Other accounts payable		154,070,351.82	769,598,877.74
Divided into liability held for sale			
Non-current liabilities due within 1 year			
Other current liabilities			
Total current liabilities		2,271,406,997.19	2,929,065,978.65
Non-current liabilities:			
Long-term loans		150,000,000.00	
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Long-term account payable			
Long-term wages payable			

Special accounts payable			
Projected liabilities			
Deferred income		31,040,366.91	33,655,528.23
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		181,040,366.91	33,655,528.23
Total liabilities		2,452,447,364.10	2,962,721,506.88
Shareholders' equity:			
Share capital		602,762,596.00	602,762,596.00
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital public reserve		288,769,132.47	288,769,132.47
Less: Inventory shares			
Other comprehensive income			
Reasonable reserve			
Surplus public reserve		332,908,397.60	332,908,397.60
Provision of general risk			
Retained profit		367,087,691.51	454,517,163.58
Total shareholders' equity		1,591,527,817.58	1,678,957,289.65
Total liabilities and shareholders' equity		4,043,975,181.68	4,641,678,796.53

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of

Accounting Institution:

Profit Statement

2014

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount in this	Amount at last
I. Operating income	XIV.4	403,348,591.53	280,374,560.28
Less: Operating cost	XIV.4	660,952,197.73	462,138,486.16
Operating tax and extras		5,725,678.29	5,443,214.46
Sales expenses			
Administration expenses		43,909,146.04	33,313,726.35
Financial expenses		73,606,755.47	65,853,303.91
Losses of devaluation of asset		4,620,955.59	11,091,126.86
Add: Changing income of fair value(Loss is listed with "-")			
Investment income (Loss is listed with "-")		23,230,369.00	
Including: Investment income on affiliated company and			
II. Operating profit (Loss is listed with "-")		-362,235,772.59	-297,465,297.46
Add: Non-operating income		276,865,161.32	371,741,853.70

Item	Note	Amount in this	Amount at last
Including: Disposal gains of non-current asset			
Less: Non-operating expense		2,058,860.80	13,877.75
Including: Disposal loss of non-current asset			13,877.75
III. Total Profit (Loss is listed with “-”)		-87,429,472.07	74,262,678.49
Less: Income tax expense			10,588,533.65
IV. Net profit (Net loss is listed with “-”)		-87,429,472.07	63,674,144.84
V. Net after-tax of other comprehensive income			
VI. Total comprehensive income		-87,429,472.07	63,674,144.84

Legal Representative: Person in charge of Accounting Works: CFO: Person in charge of
Accounting Institution:

Cash flow statement

2014

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount in this year	Amount at last year
I. Cash flows arising from operating activities:			
Cash received from selling commodities and providing labor services		512,047,063.02	330,515,186.65
Write-back of tax received			
Other cash received concerning operating activities		584,502,173.96	391,657,643.58
Subtotal of cash inflow arising from operating activities		1,096,549,236.98	722,172,830.23
Cash paid for purchasing commodities and receiving labor service		508,511,811.30	331,092,416.26
Cash paid to/for staff and workers		61,257,736.33	64,004,828.60
Taxes paid		17,482,709.37	6,446,917.04

Other cash paid concerning operating activities		14,649,052.15	31,695,762.26
Subtotal of cash outflow arising from operating activities		601,901,309.15	433,239,924.16
Net cash flows arising from operating activities		494,647,927.83	288,932,906.07
II. Cash flows arising from investing activities:			
Cash received from recovering investment			
Cash received from investment income			
Net cash received from disposal of fixed, intangible and other long-term assets		25,510.00	6,000.00
Other cash received concerning investing activities			147,438,958.35
Subtotal of cash inflow from investing activities		25,510.00	147,444,958.35
Cash paid for purchasing fixed, intangible and other long-term assets		6,128,241.88	5,173,210.94
Cash paid for investment			8,000,000.00
Other cash paid concerning investing activities		113,936,379.78	249,750,000.00
Subtotal of cash outflow from investing activities		120,064,621.66	262,923,210.94
Net cash flows arising from investing activities		-120,039,111.66	-115,478,252.59
III. Cash flows arising from financing activities			
Cash received from absorbing investment			
Cash received from loans		2,039,000,000.00	2,039,000,000.00
Cash received from issuing bonds			
Other cash received concerning financing activities			59,000,000.00
Subtotal of cash inflow from financing activities		2,039,000,000.00	2,098,000,000.00
Cash paid for settling debts		2,129,000,000.00	2,039,000,000.00
Cash paid for dividend and profit distributing or interest paying		156,614,673.44	140,510,808.12
Other cash paid concerning financing activities		59,755,366.76	31,500,000.00
Subtotal of cash outflow from financing activities		2,345,370,040.20	2,211,010,808.12
Net cash flows arising from financing activities		-306,370,040.20	-113,010,808.12
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		7033.39	-556.73
V. Net increase of cash and cash equivalents		68,245,809.36	60,443,288.63
Add: Balance of cash and cash equivalents at the period -begin		264,557,683.68	204,114,395.05
VI. Balance of cash and cash equivalents at the period -end		332,803,493.04	264,557,683.68

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of

Accounting Institution:

Changes of Shareholders Equity

2014

Prepared by Shenzhen Nanshan Power Co.,Ltd.

Item	This Period					Last Period				
	Share capital	Capital reserve	Surplus reserve	Retained profit	Total shareholders' equity	Share capital	Capital reserve	Surplus reserve	Retained profit	Total shareholders' equity
I. Balance at the end of the last year	602,762,596.00	288,769,132.47	332,908,397.60	454,517,163.58	1,678,957,289.65	602,762,596.00	288,769,132.47	332,908,397.60	390,843,018.74	1,615,283,144.81
Add: Changes of accounting policy										
Error correction of the last period										
Other										
II. Balance at the beginning of this year	602,762,596.00	288,769,132.47	332,908,397.60	454,517,163.58	1,678,957,289.65	602,762,596.00	288,769,132.47	332,908,397.60	390,843,018.74	1,615,283,144.81
III. Increase/ Decrease in this year (Decrease is listed with "-")				-87,429,472.07	-87,429,472.07				63,674,144.84	63,674,144.84
(i) Total comprehensive income				-87,429,472.07	-87,429,472.07				63,674,144.84	63,674,144.84
(ii) Owners' devoted and decreased capital										
1.Common shares invested by shareholders										

2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Withdrawal of general risk provisions											
3. Distribution for owners (or shareholders)											
4. Other											
(IV) Carrying forward internal owners' equity											
1. Capital reserves conversed to capital (share capital)											
2. Surplus reserves conversed to capital (share capital)											
3. Remedying loss with surplus reserve											
4. 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	288,769,132.47	332,908,397.60	367,087,691.51	1,591,527,817.58	602,762,596.00	288,769,132.47	332,908,397.60	454,517,163.58	1,678,957,289.65

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of Accounting Institution:

Shenzhen Nanshan Power Co., Ltd.

Notes to financial statement 2014

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

I. Company Profile

Shenzhen Nanshan Power Co., Ltd (hereinafter called as “Company”) was reorganized to be a joint-stock enterprise from a foreign investment enterprise 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.897 issued by Shenzhen Securities Regulatory Office, on 3 January 1994, the Company offered 40,000,000 RMB common shares and 37,000,000 domestically listed foreign shares in and out of China. And the RMB common shares (A-stock) and domestically listed foreign listed shares (B-stock) were listed in Shenzhen Securities Exchange successively on July 1, 1994 and Nov. 28, 1994.

Headquarter of the Company located in Shenzhen Guangdong Province.

The financial statement was approved and decided by the Broad of the Company on 23 April 2015.

Totally 11 subsidiaries included in consolidate scope for year of 2014, found more in Note 8-“equity in other body”. One company increased over that of last year in consolidate scope, found more in Note 7-“change of consolidate scope”

The Company together with its subsidiaries (hereafter referred as the Company) is mainly engaged in businesses as production of power and heat, plant constructional, oil trader, property developmental, construction technology consultation and sludge drying.

II. Preparation basis of Financial Statements

The Group’s financial statements have been prepared based on the going concern assumption. The financial statements have been prepared based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises- Basic Norms(Ministry of Finance Order No.33 Issued, Ministry of Finance Order No.76 Revised) promulgated by the Ministry of Finance of PRC on 15 February 2006 and 41 specific accounting standards, the subsequently promulgated application guidelines of the Accounting Standards for Business Enterprises, interpretations and other related rules of the Accounting Standards for Business Enterprises (hereinafter referred to as “ASBEs”), and the disclosure requirements of the “Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15- General Requirements for Financial Reports” (revised in 2010) of China Securities Regulatory Commission.

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

III. Declaration of obedience to corporate accounting principles

The Financial Statements are up to requirements of corporate accounting principles, and also a true and thorough reflection to the Group together with its financial information as financial position on 31st December 2014, and the Company together with its operation results, and cash flow for the year of 2014. In addition, the financial statements of the Group also comply with, in all material respects, the disclosure requirements of the “Regulation on the Preparation of Information Disclosures of Companies Issuing

Public Shares, No. 15--General Requirements for Financial Reports” revised by the China Securities Regulatory Commission in 2014 and the notes thereto.

IV. The main accounting policies and accounting estimates

The Company and its subsidiaries are mainly engaged in power and thermal generation, construction of power plant, fuel trading, property development, engineering technology consultancy and sludge desiccation operation. 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 Note 25 Description of revenue items under section IV. For explanation on material accounting judgment and estimate issued by the management, please refer to note 31 Material accounting judgment and estimate under section IV.

1. Accounting period

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

2. Operating cycle

Normal operating cycle refers to the period from purchase of assets used for processing to realization of cash or cash equivalents. Our operation cycle is 12 months which is also serving as the standard for current or non- current assets and liabilities.

3. Bookkeeping standard currency

RMB is the currency in the Group’s main business economic environment and the bookkeeping standard one, which is adopted in preparation of the financial statements.

4. Accounting treatment on enterprise combine under the same control and under the different control

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

(1) Consolidation of enterprises under the same control

The enterprises involved in the consolidation are all under the final control of one party or parties and the control is not temporary. That is the corporate consolidation under the common control. For a business combination involving enterprises under common control, the party that, on the combination date, obtains control of another enterprise participating in the combination is the absorbing party, while that other enterprise participating in the combination is a party being absorbed. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

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

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

(2) Consolidation of enterprises not under the same control

The enterprises involved in the consolidation are ones not under the same final control of the common party or parties before and after the consolidation. That is the corporate consolidation under the different control. For a business combination not involving

enterprises under common control, the party that, on the acquisition date, obtains control of another enterprise participating in the combination is the acquirer, while that other enterprise participating in the combination is the acquiree. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

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

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

For a business combination not under common control is finished by a stage-up approach with several transactions, these several transactions will be judged whether they fall within "transactions in a basket" in accordance with the judgment standards on "transactions in a basket" as set out in the Notice of the Ministry of Finance on Issuing Accounting Standards for Business Enterprises Interpretation No. 5 (Cai Kuai [2012] No. 19) and Article 51 of the "Accounting Standards for Business Enterprise No.33- Consolidated Financial Statement" (see Note IV. 5(2)). If they fall within "transactions in a basket", they are accounted for with reference to the descriptions as set out in the previous paragraphs of this section and Note IV. 13 "Long-term equity investments", and if they do not fall within "transactions in a basket", they are accounted for in separate financial statements and consolidated financial statements:

In separate financial statement, the sum between carrying value of the equity investment prior to acquisition date and cost of additional investment made on the acquisition date is deemed to be the initial investment cost of this investment. Other comprehensive income recognized for equity investment held prior to combination date under equity method shall be accounted for when the Company disposes of this investment on the same basis as the investee directly disposes of relevant assets or liabilities, which means that other than the changes arising from re-measuring the acquiree's net liabilities or net assets under defined benefit plan under equity method, it shall be included in investment income of the current period.

In consolidated financial report, for equity of bought party held before purchasing, re-measured by fair value on purchased date, and the difference of fair value and its book value should reckoned into current investment income; Other comprehensive income

recognized for equity investment held prior to combination date under equity method shall be accounted for when the Company disposes of this investment on the same basis as the investee directly disposes of relevant assets or liabilities, which means that other than the changes arising from re-measuring the acquiree's net liabilities or net assets under defined benefit plan under equity method, it shall be included in investment income of the current period dated purchasing day.

5. Preparation methods for corporate consolidated statements

(1) Determining principle for consolidated financial report scope

The scope is determined on the basis of control. Control refers to the Company possess rights over the investee party, and enjoyed variable return through participate in the relevant activities of the investee party, and the Company has ability to impact the amount of returns by using the rights over investee party. The consolidated scope includes the Group and all the subsidiaries. Subsidiary is referring to the enterprise or the subject controlled by the Company.

Once change of relevant facts and conditions results in change to relevant factors involved in the above definition, the Company will make further assessment.

(2) Preparation methods for corporate consolidated statements

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

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

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

As for the subsidiary's shareholders' equity and the parts that does not owned the Group in current net gains/losses, listed out independently as minority shareholders' equity and minority shareholders gains/losses in item of shareholders' equity and net profit contained in consolidated financial statement separately. The amount attributable to minority shareholders' equity of current net loss/gains of subsidiaries is listed in the net profit item of consolidated profit as minority shareholders' equity. When the share of losses attributable to the minor shareholders has exceeded their shares in the owners' equity at the beginning of term attributable to minority shareholders in the subsidiary, the balance shall offset the minor shareholders' equity.

For control rights loss in original subsidiary for partial equity investment disposal or other reasons, the remained equity should re-measured based on the fair value at date of control losses. The difference between the net assets of original subsidiary share by proportion held that sustainable calculated since purchased date and sum of consideration obtained by equity disposal and fair value

of remain equity, reckoned into the current investment income of control rights loss. Other comprehensive income relating to equity investment in original subsidiary shall be accounted for, upon lost of control, under the same basis as the acquiree would otherwise adopt when relevant assets or liabilities are disposed directly by the acquiree, which means that other than the changes arising from re-measuring the original subsidiary's net liabilities or net assets under defined benefit plan, it shall be included in investment income of the current period. The remaining equity interests are measured subsequently according to "Accounting Standard for Business Enterprises No. 2 – Long-term Equity Investments" or "Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments". See Note IV.13 "Long-term equity investments" or Note IV.9 "Financial instruments" for details.

When the Company disposes of equity investment in a subsidiary by a stage-up approach with several transactions until the control over the subsidiary is lost, it shall determine whether these several transactions related to the disposal of equity investment in a subsidiary until the control over the subsidiary is lost fall within "transactions in a basket". Usually, these several transactions related to the disposal of equity investment in a subsidiary are accounted for as transactions in a basket when the terms, conditions and economic impacts of these several transactions meet the following one or more conditions: (i) these transactions are entered into at the same time or after considering their impacts on each other; (ii) these transactions as a whole can reach complete business results; (iii) the occurrence of a transaction depends on at least the occurrence of an other transaction; (iv) an individual transaction is not deemed as economic, but is deemed as economic when considered with other transactions. If they are not transactions in a basket, each of which are accounted for in accordance with applicable rules in "partial disposal of long-term equity investment of a subsidiary without losing control over a subsidiary" (see Note IV. 13 (2) ④) separately, and "the control over a subsidiary is lost due to partial disposal of equity investment or other reasons" (see the preceding paragraph). When several transactions related to the disposal of equity investment in a subsidiary until the control over the subsidiary is lost fall within transactions in a basket, each of which is accounted for as disposal of a subsidiary with a transaction until the control over a subsidiary is lost; however, the difference between the amount of disposal prior to the loss of control and the net assets of a subsidiary attributable to the disposal investment shall be recognized as other comprehensive income in consolidated financial statements and transferred to profit or loss for the period at the time when the control is lost.

6. Classification of joint arrangement and accounting treatment on conduct joint operation

Joint arrangement refers to such arrangement as jointly controlled by two or more participators. The Company classifies joint arrangement into joint operation and joint venture according to the rights it is entitled to and obligations it assumes. Under joint operation, the Company is entitled to relevant assets under the arrangement and assumes relevant liabilities under the arrangement. Joint venture refers to such joint arrangement under which the Company is only entitled to the net assets of the arrangement.

Equity method is adopted for investment in joint ventures, and it is accounted for under the accounting policies set out in note 13(2) ② "long term equity investment under equity method" under section IV.

As a joint party under joint operation, the Company recognizes the assets and liabilities it separately holds and assumes, the assets and liabilities it jointly holds and assumes under the proportion, the revenue from disposal of the output which the Company is entitled to under the proportion, the revenue from disposal of the output under the proportion and the separately occurred expenses as well as expenses occurred for joint operations under its proportion.

For injection to or disposal of assets of joint operations (other than those assets constituting business operation) or for purchase of assets from joint operations, gain or loss arising from the transaction is only recognized to the extent it is attributable to other parties

to the joint operation before the joint operation is sold to any third party. In case that assets occur asset impairment loss under Business Accounting Principle No.8-Assets Impairment, the Company recognizes this loss in full in connection with injection to or disposal of assets of joint operations, and recognizes this loss based on the proportion in connection with purchase of assets from joint operations.

7. Determination criteria of cash and cash equivalent

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

8. Foreign currency business and foreign currency statement translation

(1) Foreign currency business translation

Foreign currency transactions are translated into the Company's functional currency at the spot rate on transaction date (generally refers to the middle rate of prevailing foreign exchange rate released by the PBOC) when the transactions are initially measured. However, foreign currency exchange business or transaction involving foreign currency exchange occurred by the Company are translated into functional currency at the effective exchange rate adopted.

(2) Translation of foreign currency monetary items and foreign currency non-monetary items

On balance sheet date, foreign currency monetary items are translated at the spot rate as of balance sheet date, and the exchange difference shall be included in current period gains and losses, except (1) exchange difference arising from foreign currency special borrowings relating to purchasing assets satisfying capitalization conditions is stated under capitalization principle of borrowing expenses; (2) exchange difference arising from hedge instruments used as effective hedging of net investment in overseas operation (such difference shall be included in other comprehensive income and recognized as current period gains and losses when the net investment is disposed); and (3) exchange difference arising from change of carrying balance of available for sale foreign currency monetary items other than amortized cost is included in other comprehensive income.

When preparing consolidated financial statement involving overseas operation, in case there is foreign currency monetary items which substantially constitute net investment in overseas operation, the exchange difference arising from exchange rate fluctuation shall be included in other comprehensive income; and shall transfer to gains and losses from disposal for the current period when the overseas operation is disposed of.

Non-monetary items measured in historical cost are still measured by sum on the bookkeeping standard currency at the current exchange rate. The items measured by the fair value are converted at the current rate on the fair value recognition day. The difference is dealt as the fair value change and reckoned into the current loss/gain or recognized as the other consolidated income and reckoned into the reserve.

(3) Translation of foreign currency financial statement

When preparing consolidated financial statement involving overseas operation, in case there is foreign currency monetary items which substantially constitute net investment in overseas operation, the exchange difference arising from exchange rate fluctuation shall be included in other comprehensive income as "translation difference of foreign currency statement"; and shall transfer to gains and losses from disposal for the current period when the overseas operation is disposed of.

Foreign currency financial statement for overseas operation is translated into RMB statement by the following means: assets and

liabilities in balance sheet are translated at the spot rate as of balance sheet date; owner's equity items (other than undistributed profit) are translated at the spot rate prevailing on the date of occurrence. Income and expense items in profit statement are translated at the spot rate prevailing on the date of transactions. Beginning undistributed profit represents the translated ending undistributed profit of previous year; ending undistributed profit is allocated and stated as several items upon translation. Upon translation, difference between assets, liabilities and shareholders' equity items shall be recorded as foreign currency financial statement translation difference and recognized as other comprehensive income. In case of disposal of overseas operation where control is lost, foreign currency financial statement translation difference relating to the overseas operation as stated under shareholders' equity in balance sheet shall be transferred to current gains and losses of disposal in full or under the proportion it disposes.

Foreign currency cash flow and cash flow of overseas subsidiary are translated at the spot rate prevailing on the date of occurrence of cash flow. Influence over cash from exchange rate fluctuation is taken as adjustment items to separately stated in cash flow statement.

The beginning figure and previous year actual figures are stated at the translated figures in previous year financial statement.

If the Company loses control over overseas operation due to disposal of all the owners' equity or part equity investment in the overseas operation or other reasons, foreign currency financial statement translation difference relating to the overseas operation attributable to owners' equity of parent company as stated under shareholders' equity in balance sheet shall be transferred to current gains and losses of disposal in full.

If the Company reduces equity proportion while not loses control over overseas operation due to disposal of part equity investment in the overseas operation or other reasons, foreign currency financial statement translation difference relating to the disposed part will be vested to minority interests and will not transfer to current gains and losses. When disposing part equity interests of overseas operation which is associate or joint venture, foreign currency financial statement translation difference relating to the overseas operation shall transfer to current disposal gains and losses according to the disposed proportion.

9. Financial instruments

Financial asset or financial liability is recognized when the Company becomes a party to financial instrument contract. Financial assets and liabilities are initially measured at fair value. For financial assets and liabilities at fair value through profit or loss, the relevant transaction fee shall be included in profit or loss directly. For other types of financial assets and liabilities, the relevant transaction fee is included in initial measurement amount.

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

Fair value represents the price that market participator can receive for disposal of an asset or he should pay for transfer of a liability in an orderly transaction happened on the measurement date. As for instrument in active market, the fair value is adopted according to the quotation in the active market. Quote in active market refers to the price easy to obtain regularly from exchange; broker's agency, industry association and pricing service authority etc., and such quote represent a price that actually occurred in market trading during the fair transaction. As for the instruments not in the active market, the fair value is recognized by the estimation technology. The technology is composed of the price in the latest fair trade, fair value according to the fundamentally same instruments, cash flow discount and stock price-setting model.

(2) Classification, recognition and measurement of financial assets

By way of buying and selling the financial assets in a regular way, recognition and derecognition are carried out according to the

accounts on the transaction day. Financial assets are divided into financial assets at fair value through profit or loss, held-to-maturity investments, loans and accounts receivable and available for-sale financial assets when they are initially recognized. Financial assets are initially recognized at fair value. For financial assets classified as fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the period. For financial assets classified as other categories, relevant transaction costs are included in the amount initially recognized.

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

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

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

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

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

② Held-to-maturity investments

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

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

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

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

③ Loans and receivables

They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets, including bills receivable, accounts receivable, the Group classifies interest receivable, dividends receivable and other receivables as loans and receivables.

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

④ Available-for-sale financial assets

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

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

Available-for-sale financial assets are subsequently measured at fair value. The gain or loss on change in fair value are recognized as other comprehensive income and charged to capital reserves, except for impairment loss and exchange differences arising from foreign monetary financial assets and amortized cost which are accounted for through profit or loss for the current period. The financial assets will be transferred out of the financial assets on derecognition and accounted for through profit or loss for the current period. However, equity instrument investment which is not quoted in active market and whose fair value cannot be measured reliably, and derivative financial asset which is linked to the equity instrument and whose settlement is conditional upon delivery of the equity instrument, shall be subsequently measured at cost.

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

(3) Impairment of financial assets

Except for financial assets accounted at fair value and variation accounted into current gain/loss account, the Group undertakes inspection on the book value of other financial assets at each balance sheet day, whenever practical evidence showing that impairment occurred with them, impairment provisions are provided.

The Group performs impairment test separately on individual financial assets with major amounts; for financial assets without major amounts, the Group performs impairment test separately or inclusively in a group of financial assets with similar characteristics of risks. Those financial assets (individual financial assets with or without major amounts) tested separately with no impairment found shall be tested again along with the group of financial assets with similar risk characteristics. Financial assets confirmed for impairment individually shall not be tested along with the group of financial assets with similar risk characteristics.

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

The carrying amount of financial assets measured as costs or amortized costs are subsequently reduced to the present value

discounted from its projected future cash flow. The reduced amount is recognized as impairment loss and recorded as profit or loss for the period. After recognition of the impairment loss from financial assets, if there is objective evidence showing recovery in value of such financial assets impaired and which is related to any event occurring after such recognition, the impairment loss originally recognized shall be reversed to the extent that the carrying value of the financial assets upon reversal will not exceed the amortized cost as at the reversal date assuming there is no provision for impairment.

② Impairment of available-for-sale financial assets

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

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

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

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

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

As for the financial assets up to the following conditions, the recognition termination is available: ① Termination of the contract right to take the cash flow of the financial assets; ② transferred to the transferring-in part nearly all risk and compensation; ③ all risk and compensation neither transferred nor retained, and with the give-up of the control over the financial assets.

As for financial assets of almost all risk and compensation neither transferred nor retained, and without the give-up of the control over the financial assets, it was recognized according to the extension of the continual entry into the transferred financial assets and relevant liabilities are correspondingly recognized. The continual entry into the transferred financial assets is risk level which the enterprise faces up to due to the assets changes.

As for the whole transfer of the financial assets up to the recognition termination conditions, the book value of the transferred assets, together with the difference between the consideration value and the accumulative total of the fair value change of the other consolidated income, is reckoned into the current gain/loss.

As for the partial transfer of the financial assets up to the recognition termination conditions, the book value of the transferred assets is diluted on the relative fair value between the terminated part and the un-terminated part; and reckoned into the current loss/gain is the difference between the sum of the consideration value and the accumulative sum of the valuation change ought to be diluted into the recognition termination part but into the other consolidated income, and the above diluted book value, is reckoned into the current loss/gain.

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

(5) Categorizing and measuring of financial liabilities

At initial recognition, financial liabilities are classified into financial liabilities measured by fair value with changes counted into current gains/losses and other financial liabilities. Financial liabilities are initially recognized at fair value. For financial liabilities classified as fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the period. For financial liabilities classified as other categories, relevant transaction costs are included in the amount initially recognized.

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

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

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

② Other financial liabilities

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

③ Financial Guarantee Contracts and loan commitment

Financial guarantee contracts other than those designated as financial liabilities at fair value through profit or loss or loan commitment other than those designated measured by fair value and with its variation for gains/losses reckoned as well as the loans lower than the market rates are initially recognized at fair value, and shall be subsequently measured at the higher of the following: the amount determined in accordance with Accounting Standard for Business Enterprises No. 13 “Contingencies” and the amount initially recognized less cumulative amortization recognized in accordance with the principles set out in “Accounting Standard for Business Enterprises No. 14- Revenue”.

(6) Termination recognition of financial liabilities

Only is released the whole or part of the current duties, the termination of the liabilities or part of it is available. The Group (the creditor) signed the agreement with the debtor: the existing liabilities are replaced by the bearing of the new liabilities; and the contract terms are fundamentally different of the new liabilities and the existing ones; the termination of the recognition of the existing ones is available; and the recognition of new ones is available.

As for the whole or partial termination of the recognition of the liabilities, the difference between the book value of the part of recognition termination and the consideration value paid (including the non-cash assets transferred out or the liabilities newly beard) is reckoned into the current loss/gain.

(7) Derivatives and embedded derivatives

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

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

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

As the Group has the legal right to balance out the financial liabilities by the net or liquidation of the financial assets, the balance-out sum between the financial assets and liabilities is listed in the balance sheet. In addition, the financial assets and liabilities are listed in the balance sheet without being balanced out.

(9) Equity instrument

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

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

10. Account receivable

Account receivable included account receivable and other account receivable.

(1) Recognition of bad debt provision

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

(2) Provision for bad debt reserves

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

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

The Company takes the independent impairment test on the single substantive account. As for the account receivable without the impairment in the test, it is included in the account receivable portfolio of the similar credit risk characters for the impairment test. As for the account receivable with the recognition of impairment loss, it is not included in the account receivable portfolio of the similar credit risk characters for the impairment test

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

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

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

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

(3) Reversal of bad debt

If there is objective evidence showing recovery in value of account receivables impaired and which is related to any event occurring after such recognition, the impairment loss originally recognized shall be reversed to the extent that the carrying value of the account receivables upon reversal will not exceed the amortized cost as at the reversal date assuming there is no provision for impairment.

11. Inventory

(1) Categories of inventory

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

(2) Valuation method of inventory delivered

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

The actual cost of the property development products delivered is recognized by the individual valuation method. The actual cost of other inventories delivered is recognized by the weighted average method.

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

On the balance sheet day, the inventory is measured by the lower one between the cost and the net realizable value. As the net

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

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

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

(4)The inventory system is perpetual inventory system.

12. Classified as assets held for sale

If a non-current asset can be promptly sold at its existing status only according to the practice terms in connection with disposal of this kind of assets, and the Company has already made resolution on disposal of the non-current asset and entered into irrevocable transfer agreement with the transferee, and this transfer will be completed within one year, then the non-current asset would be calculated as non-current asset held for sale which would be not applicable to depreciation or amortisation since the date of classification as asset held for sale, and would be measured at the lower of its carrying value less disposal cost and fair value less disposal cost. Non-current asset held for sale consists of single item asset and disposal group. If a disposal group is a group of assets as defined by No.8 of Business Accounting Standards-Assets Impairment, and goodwill arising from business combination shall be allocated to the group of assets under this accounting principle, or the disposal group constitutes one operation of the group of assets, then the disposal group includes the goodwill arising from business combination.

For single non-current asset and asset in disposal group classified as assets held for sale, they shall be presented in balance sheet separately as current assets. For liabilities in disposal group relating to the transferred assets classified as assets held for sale, they shall be presented in balance sheet separately as current liabilities.

If an asset or disposal group classified as held for sale no longer meets the recognition condition as non-current asset held for sale, the Company will cease such recognition and measure the asset at the lower of (1)the carrying value of the asset or disposal group prior to being classified as held for sale, based on the amount adjusted with the depreciation, amortisation or impairment which should have been recognized assuming it had not been classified as held for sale; (2)the recoverable amount on the date when the Company decides to cease disposal.

13. Long-term equity investment

Long-term equity investments under this section refer to long-term equity investments in which the Company has control, joint control or significant influence over the investee. Long-term equity investment without control or joint control or significant influence of the Group is accounted for as available-for-sale financial assets or financial assets measured at fair value with any change in fair value charged to profit or loss. Details on its accounting policy please refer to Note 9. "Financial instruments" under section IV.

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. Significant influence is the power of the

Company to participate in the financial and operating policy decisions of an investee, but to fail to control or joint control the formulation of such policies together with other parties.

(1) Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity under the consolidated financial statements of the ultimate controlling party on the date of combination. The difference between the initial cost of the long-term equity investment and the cash paid, non-cash assets transferred as well as the book value of the debts borne by the absorbing party shall offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the consideration of the merger is satisfied by issue of equity securities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity under the consolidated financial statements of the ultimate controlling party on the date of combination. With the total face value of the shares issued as share capital, the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall be used to offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. For business combination resulted in an enterprise under common control by acquiring equity of the absorbing party under common control through a stage-up approach with several transactions, these transactions will be judged whether they shall be treat as "transactions in a basket". If they belong to "transactions in a basket", these transactions will be accounted for a transaction in obtaining control. If they are not belong to "transactions in a basket", the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity under the consolidated financial statements of the ultimate controlling party on the date of combination. The difference between the initial cost of the long-term equity investment and the aggregate of the carrying amount of the long-term equity investment before merging and the carrying amount the additional consideration paid for further share acquisition on the date of combination shall offset against the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. Other comprehensive income recognized as a result of the previously held equity investment accounted for using equity method on the date of combination or recognized for available-for-sale financial assets will not be accounted for.

For a long-term equity investment acquired through a business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment shall be the cost of combination on the date of acquisition. Cost of combination includes the aggregate fair value of assets paid by the acquirer, liabilities incurred or borne and equity securities issued. For business combination resulted in an enterprise not under common control by acquiring equity of the acquiree under common control through a stage-up approach with several transactions, these transactions will be judged whether they shall be treat as "transactions in a basket". If they belong to "transactions in a basket", these transactions will be accounted for a transaction in obtaining control. If they are not belong to "transactions in a basket", the initial investment cost of the long-term equity investment accounted for using cost method shall be the aggregate of the carrying amount of equity investment previously held by the acquiree and the additional investment cost. For previously held equity accounted for using equity method, relevant other comprehensive income will not be accounted for. For previously held equity investment classified as available-for-sale financial asset, the difference between its fair value and carrying amount, as well as the accumulated movement in fair value previously included in the other comprehensive income shall be transferred to profit or loss for the current period.

Agent fees incurred by the absorbing party or acquirer for the acquisition such as audit, legal service, and valuation and consultation fees, and other related administration expenses are charged to profit or loss in the current period at the time such expenses incurred.

The long-term equity investment acquired through means other than a business combination shall be initially measured at its cost. Such cost is depended upon the acquired means of long-term equity investments, which is recognized based on the purchase cost

actually paid by the Company in cash, the fair value of equity securities issued by the Group, the agreed value of investment contract or agreement, the fair value or original carrying amounts of the non-monetary asset exchange transaction which the asset will be transferred out of the Company, and the fair value of long-term equity investment itself. The costs, taxes and other necessary expenses that are directly attributable to the acquisition of the long-term equity investments are also included in the investment cost. For additional equity investment made in order to obtain significant influence or common control over investee without resulted in control, the relevant cost for long-term equity investment shall be the aggregate of fair value of previously held equity investment and additional investment cost determined according to “Accounting Standard for Business Enterprises No. 22 – Recognition and measurement of Financial Instruments”.

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

As for the long-term equity investment with common control (except for the common operators) over or significant influence on the invested units, measured by the cost method. In addition, long-term equity investment to the invested units that control by the Company adopted the cost method for calculation in financial statement.

① Long-term equity investment checked by the cost

Upon the cost check, the investment is valued on the initial cost. In addition to the actual prices or the announced but yet undistributed cash dividend or profit in consideration valuation, the current investment return is recognized by the announced cash dividend or profit by the invested units.

② Long-term equity investment checked by the equity

When equity basis is adopted, if the initial cost of the long-term equity investment is greater than the share of fair value of the receiver’s recognizable net asset, the initial investment cost of the long-term equity investment will not be adjusted; if the initial cost of the long-term equity investment is less than the share of fair value of the receiver’s recognizable net asset, the balance shall be counted into current income account, and the cost of long-term equity investment shall be adjusted.

Under the equity method, investment gain and other comprehensive income shall be recognized based on the Group’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 capital reserves. The Group 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. In the event of inconformity between the accounting policies and accounting periods of the investee and the Company, the financial statements of the investee shall be adjusted in conformity with the accounting policies and accounting periods of the Company. Investment gain and other comprehensive income shall be recognized accordingly. In respect of the transactions between the Group and its associates and joint ventures in which the assets disposed of or sold are not classified as operation, the share of unrealized gain or loss arising from inter-group transactions shall be eliminated by the portion attributable to the Company. Investment gain shall be recognized accordingly. However, any unrealized loss arising from inter-group transactions between the Group and an investee is not eliminated to the extent that the loss is impairment loss of the transferred assets. In the event that the Group disposed of an asset classified as operation to its joint ventures or associates, which resulted in acquisition of long-term equity investment by the investor without obtaining control, the initial investment cost of additional long-term equity investment shall be the fair value of disposed operation. The difference between initial investment cost and the carrying value of disposed operation will be fully included in profit or loss for the current period. In the event that the Group sold an asset classified as operation to its associates or joint ventures, the difference

between the carrying value of consideration received and operation shall be fully included in profit or loss for the current period. In the event that the Company acquired an asset which formed an operation from its associates or joint ventures, relevant transaction shall be accounted for in accordance with “Accounting Standards for Business Enterprises No. 20 “Business combination”. All profit or loss related to the transaction shall be accounted for.

Recognition of the share of net loss by the investment receiver shall be limited to when the book value of long-term equity investment and other long-term equity forms substantial net investment has been reduced to zero. Beside, if the Company is responsible for other losses of the investment receiver, predicted liability shall be recognized upon the prediction of responsibilities and recorded into current investment loss account. If the receiver realized net profit in the period thereafter, the share of gains is recovered after making up of share of losses which has not been recognized.

For long equity investment in associate and joint venture held by the Company prior to first implementation of the new accounting principles on 1 January 2007, equity investment debtor difference relating to the investment (if any) shall be amortized and included in current gains and losses against the remaining period under straight line method.

③ Acquisition of minority equity

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

④ Disposal of long-term equity investment

In these consolidated financial statements, where the parent company disposes part of its subsidiary without loss of control, the difference between the consideration received and the share of net asset for the disposed portion of long-term equity investment shall be recognized in shareholders' equity; where the parent company disposes part of its subsidiary with loss of control, the accounting treatment should be in accordance with the accounting policies stated at Note IV 5 (2) “Preparation of consolidated financial statements”.

For disposal of long-term equity investment in other situations, the difference between the considerations received and the carrying amount of the disposed investment shall be recognized in profit or loss.

In respect of long-term equity investment at equity with the remaining equity interest after disposal also accounted for using equity method, other comprehensive income previously under owners' equity shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee on pro rata basis at the time of disposal. The owners' equity recognized for the movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution of investee) shall be transferred to profit or loss for the current period on pro rata basis.

In respect of long-term equity investment at cost with the remaining equity interest after disposal is also accounted for at cost, other comprehensive income recognized due to measurement at equity or recognition and measurement for financial instruments prior to obtaining control over investee shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee and carried forward to current gains and losses on pro rata basis. The movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution of investee) shall be transferred to profit or loss for the current period on pro rata basis.

In the event of loss of control over investee due to partial disposal of equity investment by the Group, in preparing separate financial statements, the remaining equity interest which can apply common control or impose significant influence over the investee after disposal 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 after disposal, 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. In respect of other comprehensive income recognized using equity method or the recognition and measurement standard of financial instruments before the Group obtained control over the investee, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee at the time when the control over investee is lost. Movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution under net asset of investee accounted for and recognized using equity method) shall be transferred to profit or loss for the current period at the time when the control over investee is lost. Of which, for the remaining equity interest after disposal accounted for using equity method, other comprehensive income and other owners' equity shall be transferred on pro rata basis. 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.

In the event of loss of common control or significant influence over investee due to partial disposal of equity investment by the Group, the remaining equity interest after disposal 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 common control or significant influence shall be included in profit or loss for the current period. In respect of other comprehensive income recognized under previous equity investment using equity method, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee at the time when equity method was ceased to be used. Movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution under net asset of investee accounted for and recognized using equity method) shall be transferred to profit or loss for the current period at the time when equity method was ceased to be used.

The Group disposes its equity investment in subsidiary by a stage-up approach with several transactions until the control over the subsidiary is lost. If the said transactions belong to "transactions in a basket", each transaction shall be accounted for as a single transaction of disposing equity investment of subsidiary and loss of control. The difference between the disposal consideration for each transaction and the carrying amount of the corresponding long-term equity investment of disposed equity interest before loss of control shall initially recognized as other comprehensive income, and subsequently transferred to profit or loss arising from loss of control for the current period upon loss of control.

14. Investment real estate

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights and the land use rights which are held and prepared for transfer after appreciation, the rented buildings. Besides, vacant buildings held by the Company for operating or lease purposes would be also stated as investment property provided that board of directors (or similar authority) pass written resolution which definitely expresses that the buildings will be held for operating or lease purposes and the intention for holding will not change shortly.

Investment real estate is measured according to the initial cost. The follow-up expenses that are related to investment real estate, if the economic interests related to the assets are likely to inflow cost and its costs can be reliably measured, shall be included in the cost of investment real estate. The other follow-up expense shall be included in the current gains/losses.

The Company adopts the cost model to have follow-up measurements of the investment real estate, and to conduct depreciation or amortization according to the policies that are in consistent with the land use rights.

Impairment test method and impairment provision method in relation to investment property is detailed in note IV.20 “Long term assets impairment”.

Where property for own use or inventory transfers to investment property, or investment property transfers to property for own use, carrying value before such transfer shall be taken as book value after such transfer.

In the event that an investment property is converted to an owner-occupied property, such property shall become fixed assets or intangible assets since the date of its conversion. In the event that an owner-occupied property is converted to real estate held to earn rentals or for capital appreciation, such fixed assets or intangible assets shall become an investment property since the date of its conversion. Upon the conversion, investment property which is measured at cost is accounted for with the carrying value prior to conversion, and investment property which is measured at fair value is accounted for with the fair value as of the conversion date.

If an investment property is disposed of or if it withdraws permanently from use and no economic benefit will be obtained from the disposal, the recognition of it as an investment property shall be terminated. When an investment property is sold, transferred, retired or damaged, the amount of proceeds on disposal of the property net of the carrying amount and related tax and surcharges is recognized in profit or loss for the current period.

15. Fixed assets

(1) Recognition conditions for the fixed assets

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one fiscal year of service life. The fixed assets recognized on the condition of economy benefit probably in-flow into the Company and the cost should measured reliably only. Initial measurement shall be conducted on fixed assets according to the actual cost when obtain them and also considering the expected costs for disposal.

(2) Depreciation of various fixed assets

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

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

Item	Life expectancy	Salvage value rate	Annual depreciation rate
Houses and buildings	20-year	10%	4.5%
Equipment(fuel machinery group excluded)	15-20 years	10%	4.5%-6%
Equipment-fuel machinery group(note)		10%	The work quantity method
Transportation tools	5 years	10%	18%
Other equipment	5 years	10%	18%

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

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

Name of the Company	Fixed assets	Depreciation amount (RMB/Hour)
The Company	Generating unit 1#	4,225.09
	Generating unit 3#	4,401.76
	Generating unit 7#	4,407.11
Shenzhen New Power Industrial Co., Ltd("New Power Company")	Generating unit 10#	3,954.47
Shen Nan Dian (Zhongshan) Power Co., Ltd.("Zhongshan Power Company")	Generating unit 1#	3,856.98
	Generating unit 3#	3,799.49
Shen Nan Dian (Dongguan) Weimei Power Co., Ltd.(" Weimei Power Company")	Generating unit 1#	4,107.76
	Generating unit 3#	3,850.07

(3) Impairment test on fixed asset and providing of impairment provision

Found more in Note IV-20."Impairment of long-term assets"

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

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

(5) Other remarks

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

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

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

16. Construction-in-progress

Cost of construction in process is determined at practical construction expenditures, including all expenses during the construction,

capitalized loan expenses before the construction reaches useful status, and other relative expenses. It is transferred to fixed asset as soon as the construction reaches the useful status.

Impairment testing method and accrual method for impairment reserves found in Note IV-20 "Impairment of long-term assets"

17. Borrowing expenses

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

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

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

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

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

18. Intangible assets

(1) 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.

(2) Impairment test method of intangible assets & calculation method of depreciation reserve

Found more in Note IV-20 "Impairment of long-term assets"

19. Long-term expenses to be amortized

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

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

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

For the purpose of impairment testing, the carrying amount of goodwill presented separately in the financial statements shall be

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

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

21. Staff remuneration

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

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

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

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

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

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

22. Accrued liabilities

When responsibilities connected to contingent issues meet the follow conditions at the same time, than recognized as accrued liability: (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.

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 thereunder 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 recognise the obligations relating to restructuring only when it undertakes to dispose part business (namely entering into finalized disposal agreement).

23. Share-based Payments

(1) Accounting treatment

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

① Equity-settled Share-based Payment

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

On each balance sheet date during the vest period, the Company makes the best estimate based on subsequent information such as the latest available information about change of number of exercisable employees, thus to amend the number of equity instruments which are expected to be exercisable. Impact of the above estimate is included in relevant cost or expense for the current period, with corresponding adjustment in capital reserve.

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

②Cash-settled Share-based Payment

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

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

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

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

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

(3) Accounting for share based payment concerning the Company, its shareholders or actual controllers

As for share based payment concerning the Company, its shareholders or actual controllers, with either the settlement entity or service-acceptance entity in the Company or not, it is accounted for in our consolidated financial statement under the following provisions:

①for settlement entity making settlement with its own equity instruments, the transaction is accounted for as equity settled share based payment, otherwise it shall be accounted for as cash settled share based payment.

If the settlement entity is an investor of the service-acceptance entity, the transaction is recognized as long term equity investment in the service-acceptance entity based on the fair value of the equity instruments as at the grant date or the fair value of assumed liabilities, with recognition of capital reserve (other capital reserve) or liabilities.

②If service-acceptance entity is not obliged to settle or grant its own equity instruments to its employees, the share based payment transaction is accounted for as equity settled share based payment. If service-acceptance entity is obliged to settle or the equity instruments granted to its employee are not the own instruments of the entity, the share based payment transaction is accounted for as cash settled share based payment.

For intra-company share based payment transactions, if the service-acceptance entity and settlement entity are not the same enterprise, the share based payment transaction shall be recognized and measured in the respective financial statement of the two entities under the aforesaid principles.

24. Income

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

(1) Power sales revenue

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

(2) Revenue from Providing Labor Service

Under the condition of service providing business can be estimated in a reliable way, relevant economic benefit is likely to flow into enterprise, completion degree of business may be estimated in a reliable way and relevant incurred cost and to be incurred may be measured in a reliable way, the revenue from labor service providing recognized. Relevant service revenue may be confirmed by the Company as percentage-of-completion method on balance sheet date. Completion degree of service business will be determined as share of incurred service cost in estimated general cost.

If result of service providing business can't be estimated in a reliable way, service revenue should be confirmed as amount of incurred service cost expected to be compensated, where incurred service cost is taken as period charge. If no compensation is expected for incurred service cost, income won't be confirmed.

25. Government grant

Government subsidies are those monetary and/or non-monetary assets obtained from the government by free, not including the capital invested by the government as owner. Government grant divided into the government grant related to assets and the government grant related to income.

Those government grants of monetary assets are measured at the amount received or receivable. Non-monetary government grants are measured at fair value. If no fair value is available, nominal amount will be adopted. Government subsidies measured at nominal amount are accounted into current gains/losses directly.

Asset-related government grants are recognized as deferred income and accounted into current gains/losses evenly upon their service life. Those income-related government grants used to neutralize relative expenses and losses of successive periods are recognized as deferred income and accounted into current income at the period when the expenses are recognized; those used to neutralize relative expenses and losses which have already occurred are accounted into current gains/losses directly.

If confirmed government grant needs to be surrendered, for government grant with relevant balance of deferred income, book balance of relevant deferred income will be offset while remnant will be included in current profit and loss. On the contrary, for government grant without relevant deferred income, it will be directly in current gain and loss.

Bases for recognition of government grants received by the Company and its subsidiaries are set out below:

(1) Bases for recognition of government grant received by the Company

Pursuant to the notice relating to provisionally collecting fuel and gas processing fee as subsidies for peak power generation by local power plants (SFB[2010]74) issued by the office of Shenzhen municipal government, 2011 reply relating to confirming subsidy arrangement for power generation by Shenzhen power plants (SKGMXDZZi[2010]207) issued by Economy, Trade and Information Commission of Shenzhen Municipality as well as the notice relating to continuously collecting fuel and gas processing fee as subsidies for losses arising from peak power generation by local power plants (SKGMXDZZi[2011]206), the Company calculated fuel subsidy income receivables and recognised the same as government grant income according to the calculation method as required by the notice relating to 2013 power generation subsidy plan for Shenzhen (SJMXXDZZi[2014]11) issued by Economy, Trade and Information Commission of Shenzhen Municipality.

The Company calculated fuel subsidy income receivables and recognised the same as government grant income according to the calculation method as required by the provisional rules relating to management of power generation subsidy for Shenzhen (SFB[2015]14) issued by the office of Shenzhen municipal government.

(2) Bases for recognition of government grants received by our subsidiaries Shennandian (Zhongshan) Power Co., Ltd. (hereinafter referred to as "Zhongshan Power") and Shennandian (Dongguan) Weimei Power Co., Ltd. (hereinafter referred to as "Weimei Power")

Pursuant to the provisions set out in the notice relating to provisionally collecting gas and oil processing fee (YFH[2008]31) issued by Guangdong Provincial Government and the relevant documents issued by Guangdong Price Control Administration, Zhongshan Power and Weimei Power shall recognise government grant income upon actual receipt of gas and oil processing subsidy fee or receipt of relevant vouchers proving collection of gas and oil processing subsidy fee

Pursuant to the relevant provisions of the Notice relating to Implementing Subsidy Arrangement Plan about Gas and Fuel Processing Fee for the First Half of 2014 (YFGJGH(2014)3668) and the Notice relating to Implementing Subsidy Arrangement Plan about Gas and Fuel Processing Fee for the First Half of 2014 (YFGJGH(2015)54), Zhongshan Power and Weimei Power calculated their fuel subsidy receivables, and recognized the same as government subsidy.

Pursuant to the natural gas sales contract entered into between the Weimei Power Company and Guangdong Trade branch of China shipping liquefied petroleum gas (LPG) electric group co., LTD, 2012-2013 natural gas sales confirmation letter and its relevant supplementary agreements, Weimei Power Company shall realize tax rebate income of natural gas import value-added tax when it receives accounts from Guangdong Trade branch of China shipping liquefied petroleum gas (LPG) electric group co., LTD.

26 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. Assessable income on which current income expense is based represents the profit before tax for the year upon adjustment against relevant tax rules.

(2) Deferred income tax asset & deferred income tax liability

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

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

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

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

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

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

(3) Income tax expenses

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

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

(4) Offset of income tax

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

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

27. 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 different between their present value shall be recognized as unrealised 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

28 Other Main Accounting Policies and Estimations

Debt restructures

(1) Obligation of recording debt restructuring as debtor

For debt liquidated with cash, balance between book value of debt to be restructured and amount of actual payment will be included

in current gain and loss. On the contrary, for debt liquidated with non-cash asset, balance between book value of debt to be restructured and fair value of non-cash asset transferred will be included in current gain and loss. Balance between fair value of non-cash asset transferred and book value of debt to be restructured will be included in current gains and loss.

When debt is transferred to capital, balance between book value of debt to be restructured and fair value of loaner's share derived from disclaim will be included in current gains and loss.

When other terms of debt are modified, fair value of debt after modification will be taken as entry value of restructured debt. Balance between book value of debt prior to restructuring and debt restructured will be included in current gain and loss.

When combination of multiple modes is applied, book value of debt to be restructured will be offset by cash for payment, fair value of non-cash asset transferred and fair value of loaner's share successively, then applicable method under modification mentioned above will be applied.

(2) Obligation of recording debt restructuring as loaner

For debt liquidated with cash, balance between book balance of credit to be restructured and cash received will be included in current gain and loss. On the contrary, for debt liquidated with non-cash asset, balance between book balance of credit to be restructured and fair value of non-cash asset received will be included in current gain and loss.

When debt is transferred to capital, balance between fair value of loaner's share and book balance of credit to be restructured will be included in current gain and loss.

When other terms of debt are modified, fair value of credit after modification will be taken as book value of credit to be restructured. Balance between book balance of debt prior to restructuring and book value of credit restructured will be included in current gain and loss.

When combination of multiple modes is applied, book balance of credit to be restructured will be offset by cash received, fair value of non-cash asset received and fair value of loaner's share successively, applicable method under modification mentioned above will be applied.

When depreciation reserve has been accrued in credit to be restructured, accrual depreciation reserve will be offset by balances above. Remnant after offset will be included in current gain and loss.

29. Changes of main accounting policy and accounting estimation

(1) Change of accounting policy

Changes for implementing the new accounting standards

At the beginning of 2014, Ministry of Finance issued the followed rules Cai Kuai [2014] No. 6; No.8; No.10; No.11; No.14 and No.16, that is "Accounting Standards for Business Enterprises No. 39 - Fair Value Measurements", "Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements"(2014 Revised), "Accounting Standards for Business Enterprises No. 9 - Employee Remuneration(2014 Revised)", "Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements"(2014 Revised), "Accounting Standards for Business Enterprises No. 40 - Joint Venture Arrangement", "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments(2014 Revised)" and "Accounting Standards for Business Enterprises No. 41 - Disclosure of Interests in Other Entities", and requires all the enterprises implementing the accounting standards to execute since July 1, 2014, and encourage the enterprise listed aboard to exercise the new standards ahead of time. Meanwhile, the

Ministry of Finance issued the Cai Kuai [2014] No.23 "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments (2014 Revised)" ("Presentation of Financial Instruments" for short), which requires the enterprises implementing the accounting standards to present the financial instruments in the financial reports of 2014 and the subsequent periods in accordance with the requirements of the accounting standards.

Being deliberated and approved by 17th Meeting of 6th Session of the Board dated 8th August 2014, the Company executed the above mentioned 7 new or revised accounting standards except the Presentation of Financial Instruments since 1 July 2014, and started executing the Presentation of Financial Instruments in preparing the annual financial report of 2014; and adjust in line with the connecting requirement of vary standards, impacts on item and amount of the current period and previous financial statement are as:

Standards	Explanation on the Company for accounting policy changed	Amount impact on relevant financial statement dated 1 January 2014/ for year of 2013	
		Item	amount impact (+,-)
“Accounting Standard for Business Enterprises No. 2 – Long-Term Equity Investment”	Before “Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments(2014 Revised)” executed, as for the equity investment of the invested entity without common controls or significant influence and which has no quota in an active price and with its fair value can not be measured reliably, reckoned as long-term equity investment by cost method. After “Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments(2014 Revised)” executed, as for the equity investment of the invested entity without common controls or significant influence and which has no quota in an active price and with its fair value can not be measured reliably, reckoned as financial assets available for sale. The Company running an accounting treatment for the change of policy on retrospective application.	Financial asses available for sale	59,815,000.00
		Long-term equity investment	-59,815,000.00
“Accounting Standard for Business Enterprises No. 30 – Presentation of Financial Statements”	After “Accounting Standard for Business Enterprises No. 30 – Presentation of Financial Statements”, the deferred income and financial asses or liability who measured by fair value and with its variation reckoned into current gains/losses shall be listed separately, the Company use retrospective application on the above accounting policy changed in accounting.	Deferred income	50,713,516.50
		Other non-current liability	-50,713,516.50

(2) change of accounting estimation

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

30. Major accounting judgment and estimation

When using the accounting policies discussed in note IV, the Group needs to made 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) The provisional estimated value of fixed assets

As for the power generation machine sets and related buildings reaching the condition for intended use, due to the long construction period of power plant projects, high prices and long completion settlement time, they are accounted provisional based on project budget, project pricing or project actual costs before process of project completion settlement. And upon such settlement, the Company adjusts the original provisional value according to the actual costs. If provisional estimated values of power generation machine sets and related buildings differ materially from the actual costs, the Company may have to make corresponding adjustments to the values of fixed assets.

(3) Provision for bad debts

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

(4) Allowance for inventories

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

(5) Impairment provision for non-financial non-current 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 is 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.

(6) Depreciation and amortisation

Assets such as investment properties, fixed assets and intangible assets are depreciated and amortised 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 amortisation 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 amortisation, the rate of depreciation or amortisation is revised prospectively.

(7) 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 utilised. 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.

(8) Early retirement pension plan and supplementary social pension plan

Expense and liability resulted from early retirement pension plan and supplementary social pension plan are determined based on a variety of assumptions, including the discount rate, the growth rate of average medical cost, the growth rate of retired employees' subsidies and other factors. Differences between actual and estimated results will be recognized accordingly as current expense. Although management believes that the assumptions are reasonable, the changes in actual empirical value and assumptions will affect the amount of expenses and the balance of liabilities resulted from early retirement pension plan and supplementary social pension plan.

(9) Projected 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 projected liability significantly rely on the management's judgments in consideration of the assessment of relevant risks, uncertainties, time value of money and other factors related to the contingent events.

In addition, the Company would project liabilities 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.

V. Taxes

1. Main taxation items and its tax rate

Taxation items	Tax rate
VAT	Output tax calculated based on the 11%, 13% or 17% of the taxable income, VAT based on the difference after deducted the current input tax
Business tax	Taxed by 3% and 5% of the taxable turnover
City maintenance tax	Taxed by 1% , 5% and 7% of the turnover tax actually paid
Education surtax	Taxed by 3% of the turnover tax actually paid
Local education surtax	Taxed by 2% of the turnover tax actually paid
Enterprise income tax	Taxed by 16.5% to 25% of the taxable income amount (note 1)
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
Real estate tax	As for the taxed by residual value, paid with the 1.2% of the residual value after original value deductged 30%; as for the taxed by house rental, taxed with 12% of the rental income
Land-use tax of town	2.5 Yuan ~ 9Yuan per square meter for the land area actually occupied

(note 1) Rate for the income tax for the Company and subsidiaries as:

Taxpaying body	Rate of income tax
Shenzhen Nanshan Power Co.,Ltd. ("the Company")	25%
Shenzhen New Power Industrial Co., Ltd ("New Power Company")	25%

Taxpaying body	Rate of income tax
Shenzhen Shennan Power Gas Turbine Engineering Technique Co., Ltd. (“Engineering Co.”)	25%
Shenzhen Server Energy Co., Ltd. (“Shenzhen Server”)	25%
Shenzhen Shennan Power Environment Protection Co., Ltd. (“Environment Protection Co., ”)	25%
Shennandian (Zhongshan) Power Co., Ltd. (“Zhongshan Power Company”)	25%
Shennandian (Dongguan) Weimei Power Company Limited (“Weimei Power Company”)	25%
SHENNAN ENERGY (SINGAPORE) PTE LTD (“Singapore company”)	20%
Zhongshan Shenzhong Real Estate Development Co., Ltd. (“Shen Development”)	25%
Zhongshan Shenzhong Real Estate Investment Property Co., Ltd. (“Shen Investment Property”)	25%
Zhongshan Shennandian Storage Co., Ltd. (“Shen Storage ”)	25%
HONG KONG SYNDISOME CO., LIMITED (“SYNDISOME”)	16.5%

Note: in July 2014, being verified by Shenzhen Market Supervisory Authority, subsidiary of the Company Shenzhen Server Oil Supply Co., Ltd. changed the name as Shenzhen Server Energy Co., Ltd.

2. Taxes preferential and approvals

Tax	Name of the company	Relevant regulation and policies basis	Approval institution	Approval documents	Exemption range	Period of validity
VAT	Environment Protection Co.,	” Notice of adjustment and perfection on resources comprehensive usage and labor VAT policy”(CS No.115[2011])	Not applicable	Not applicable	VAT free for sludge treatment	Not applicable
Enterprise income tax	SYNDISOME	” Arrangement of avoidance of double-taxation and prevention of tax free in mainland China and Hong Kong Special Administrative Region”(GSH No. 884[2006])	Not applicable	Not applicable	Levy income tax by 10% of total share interests	Not applicable

Tax	Name of the company	Relevant regulation and policies basis	Approval institution	Approval documents	Exemption range	Period of validity
Enterprise income tax	SYNDI SOME	'Enterprise Income Tax Law of People's Republic of China"	State Tax Bureau of Nanshan District Shenzhen	Shen Guo Sui Nan Kou Jiao Bei Zi No.: [2011]0011	No enterprise income tax should pay for the dividend before 31 December 2007	Not applicable

VI. Annotation of the items in consolidate financial statement

With respect to the notes item (including Main item annotations of Financial Statements) disclosed below, unless otherwise specified, "year-beginning" refers to Jan. 1, 2014, "year-end" refers to Dec. 31, 2014.

1. Monetary fund

Item	Year-end balance	Year-beginning balance
Cash on hand	231,215.44	199,128.31
Bank savings	567,604,064.37	536,956,524.68
Other monetary fund	10,749,167.21	5,899,176.53
Total	578,584,447.02	543,054,829.52
Including: total amount saving aboard	5,889,894.82	6,824,284.82

Note: among the above other monetary capital, there are 10,089,490.00 Yuan guarantee draft margin included (on 31 December 2013: 5,000,000.00 Yuan).

2. Account receivable

(1) Account receivable classified according to types:

Type	Year-end balance				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accruing proportion(%)	
Account receivable with single major amount and withdrawal bad debt provision for single item	3,474,613.06	0.69	3,474,613.06	100.00	0.00

Type	Year-end balance				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accruing proportion(%)	
Account receivable withdrawal bad debt provision by group of credit risk characteristics	502,772,509.41	99.13	0.00	0.00	502,772,509.41
Account receivable with single minor amount but withdrawal bad debt provision for single item	946,915.10	0.18	946,915.10	100.00	0.00
Total	507,194,037.57	100.00	4,421,528.16	0.87	502,772,509.41

(Continued)

Type	Year-beginning balance				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accruing proportion(%)	
Account receivable with single major amount and withdrawal bad debt provision for single item	3,474,613.06	0.39	3,474,613.06	100.00	0.00
Account receivable withdrawal bad debt provision by group of credit risk characteristics	876,368,547.41	99.50	0.00	0.00	876,368,547.41
Account receivable with single minor amount but withdrawal bad debt provision for single item	946,915.10	0.11	946,915.10	100.00	0.00
Total	880,790,075.57	100.00	4,421,528.16	0.50	876,368,547.41

(2) Age analysis of account receivable:

Item	year-end		year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1year	428,409,117.24	84.47	634,467,247.62	72.04
1 to 2years	74,138,200.00	14.62	241,719,175.93	27.44
2 to 3years	43,068.31	0.01	84,236.10	0.01

Item	year-end		year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Over 3 years	4,603,652.02	0.90	4,519,415.92	0.51
Total	507,194,037.57	100.00	880,790,075.57	100.00

(3) Bad debt provision accrual, collected or switch-back in the Year

① Account receivable with single major amount and withdrawal bad debt provision for single item at year-end

Account receivable (by unit)	Year-end balance			
	Account receivable	Bad debt provision	Accruing proportion	Accrual reason
Shenzhen Petrochemical Products Bonded Trading Co., Ltd.	3,474,613.06	3,474,613.06	100.00	Un-recover

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

Account receivable	Year-end balance		
	Book Balance	Bad debt provision	Accruing proportion
Account of engineering receivable	800,000.00	800,000.00	100.00
Amount of oil sales receivable	146,915.10	146,915.10	100.00
Total	946,915.10	946,915.10	100.00

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

(5) Top five account receivables at year-end balance listed by arrears party

Name of the company	Relationship with the Company	Amount	Age	Proportion in total account receivable(%)
Bureau of Finance of Shenzhen Municipality	Non-related party	348,388,200.00	Within 2 years	68.69
Bureau of Finance of Dongguan Municipality	Non-related party	85,254,240.00	Within 1 year	16.81
Bureau of Finance of Zhongshan Municipality	Non-related party	51,842,607.34	Within 1 year	10.22

Name of the company	Relationship with the Company	Amount	Age	Proportion in total account receivable(%)
Guangdong Power Grid Corporation	Non-related party	9,855,111.20	Within 1year	1.94
Shenzhen Water Bureau	Non-related party	3,857,384.75	Within 1year	0.76
Total		499,197,543.29		98.42

3. Account paid in advance

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

Age	Year-end balance		Year-beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1year	6,165,853.29	98.92	10,842,745.79	98.56
1 to 2years	0.00	0.00	0.00	0.00
2 to 3years	0.00	0.00	0.00	0.00
Over 3 years	67,504.20	1.08	158,089.18	1.44
Total	6,233,357.49	100.00	11,000,834.97	100.00

(2) Top five account paid in advance at year-end balance listed by object

Name of the company	Relationship with the Company	Amount	Age	Proportion in total account receivable(%)
Shenzhen Nangang Power Engineering Co., Ltd.	Non-related party	4,675,000.00	Within 1year	75.00
General Ha Power Nanqi Energy Qinghuangdao Company	Non-related party	1,270,000.00	Within 1year	20.37
Guodian Nanjing Automation Co., Ltd.	Non-related party	38,000.00	Within 1year	0.61
Guangzhou Zhongcheng Machinery Material Trading Co., Ltd.	Non-related party	36,630.00	Within 1year	0.59
Auma Actuators (China) Co., Ltd.	Non-related party	26,648.00	Within 1year	0.43
Total		6,046,278.00		97.00

4. Other account receivable

(1) Other account receivable classified according to type:

Type	Year-end balance				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accruing proportion(%)	
Other account receivable with individual major amount and withdrawal bad debt provision independently	20,341,666.46	37.45	20,341,666.46	100.00	0.00
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	29,514,262.28	54.34	0.00	0.00	29,514,262.28
Other account receivable with individual minor amount but withdrawal bad debt provision independently	4,460,450.11	8.21	3,824,483.31	85.74	635,966.80
Total	54,316,378.85	100.00	24,166,149.77	44.49	30,150,229.08

(Continued)

Type	Year-beginning balance				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accruing proportion(%)	
Other account receivable with individual major amount and withdrawal bad debt provision independently	20,341,666.46	30.66	20,341,666.46	100.00	0.00
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	41,555,301.46	62.62	0.00	0.00	41,555,301.46
Other account receivable with individual minor amount but withdrawal bad debt provision independently	4,460,450.11	6.72	3,824,483.31	85.74	635,966.80

Type	Year-beginning balance				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accruing proportion(%)	
Total	66,357,418.03	100.00	24,166,149.77	36.42	42,191,268.26

(2) Other account receivable classified according to age:

Item	year-end		year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1year	3,865,742.55	7.12	31,353,466.20	47.25
1 to 2years	25,706,927.23	47.33	307,173.95	0.46
2 to 3years	272,688.31	0.50	23,886.75	0.04
Over 3 years	24,471,020.76	45.05	34,672,891.13	52.25
Total	54,316,378.85	100.00	66,357,418.03	100.00

(3) Bad debt provision accrual, collected or switch-back in the Year

① Other account receivable with individual major amount and withdrawal bad debt provision independently at year-end

Other account receivable	Year-end balance			
	Other account receivable	Bad debt provision	Accruing proportion	Accrual reason
Huiyang County Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00	Un-recover
Shandong Jinan Power Equipment Factory	3,560,000.00	3,560,000.00	100.00	Un-recover
Individual income tax	2,470,039.76	2,470,039.76	100.00	Un-recover
Total	20,341,666.46	20,341,666.46	100.00	

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

Other account receivable	Year-end balance		
	Book Balance	Bad debt provision	Accruing proportion

Other account receivable	Year-end balance		
	Book Balance	Bad debt provision	Accruing proportion
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31
Deposit receivable	1,312,974.95	1,312,974.95	100.00
Bureau of Finance of Zhongshan Municipality	219,192.00	21,919.20	10.00
Administrative Office of Nanshan District Shenzhen	50,000.00	5,000.00	10.00
GE COMPANY	35,000.00	7,000.00	20.00
Other	759,585.00	741,585.00	97.63
Total	4,460,450.11	3,824,483.31	85.74

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

(6) Account receivable from relatd parties found more in Note 11-6. Account receivable/payable with related party

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

Name of the company	Relationship with the Company	Year-end balance	Age	Proportion in total year-end balance of other account receivable (%)	Year-end balance of bad debt provision
Huidong Server Harbor Comprehensive Development Co., Ltd	Related party	13,060,361.44	1-2 years	24.05	0.00
Managed account of Huidong Server	Related party	12,448,671.43	1-2 years	22.92	0.00
Shandong Jinan Power Equipment Factory	Non-related party	3,560,000.00	Over 3 years	6.55	3,560,000.00
Asset insurance fee	Non-related party	468,370.33	Within 1year	0.86	0.00
Bureau of Finance of Zhongshan Municipality	Non-related party	219,192.00	Over 3 years	0.40	21,919.20
Total		29,756,595.20		54.78	3,581,919.20

5. Inventory

(1) Classification of inventory

Item	Year-end balance		
	Book Balance	Depreciation provision	Book value
Fuels	53,583,940.47	7,705,116.29	45,878,824.18
Raw materials	143,393,970.37	40,637,153.79	102,756,816.58
Land Space Needed to Development (Note)	1,241,801,141.97	105,724,631.85	1,136,076,510.12
Total	1,438,779,052.81	154,066,901.93	1,284,712,150.88

(Continued)

Item	Year-beginning balance		
	Book Balance	Depreciation provision	Book value
Fuels	9,504,975.68	6,882,792.16	2,622,183.52
Raw materials	140,213,301.50	40,232,692.88	99,980,608.62
Land Space Needed to Development (Note)	1,231,814,926.01	45,603,631.85	1,186,211,294.16
Total	1,381,533,203.19	92,719,116.89	1,288,814,086.30

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

2) In the balance of land space needed to development at period-end, the capitalizing loan expenses amounting to RMB 168,902,319.91 (as at 31 December 2013: RMB 168,902,319.91). The capitalizing loan expense of this year was 0 yuan.

(2) Depreciation provision of inventory

Item	Year-beginning balance	Current increased		Current decreased		Year-end balance
		Accrual	Other	Switch-back or write-off	Other	
Fuels	6,882,792.16	822,324.13	0.00	0.00	0.00	7,705,116.29
Raw materials	40,232,692.88	404,460.91	0.00	0.00	0.00	40,637,153.79
Land Space Needed to Development	45,603,631.85	60,121,000.00	0.00	0.00	0.00	105,724,631.85
Total	92,719,116.89	61,347,785.04	0.00	0.00	0.00	154,066,901.93

(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
Fuels	Cost higher the net realizable value	Not applicable	Not applicable
Raw materials	Cost higher the net realizable value	Not applicable	Not applicable
Land Space Needed to Development	Cost higher the net realizable value	Not applicable	Not applicable

6. Other current assets

Item	Year-end balance	Year-beginning balance
VAT input tax deductible	607,031,435.15	565,589,166.99
Enterprise income tax deductible	6,583,089.98	0.00
Other	30,000.00	0.00
Total	613,644,525.13	565,589,166.99

7. Financial assets available for sale**(1) Financial assets available for sale**

Item	Year-end balance			Year-beginning balance		
	Book Balance	Depreciation reserves	Book value	Book Balance	Depreciation reserves	Book value
Equity instrument available for sale	59,815,000.00	2,500,000.00	57,315,000.00	59,815,000.00	2,500,000.00	57,315,000.00
Including: measured by cost	59,815,000.00	2,500,000.00	57,315,000.00	59,815,000.00	2,500,000.00	57,315,000.00
Total	59,815,000.00	2,500,000.00	57,315,000.00	59,815,000.00	2,500,000.00	57,315,000.00

(2) Financial assets available for sale measured by cost at year-end

Investee company	Book Balance			Depreciation reserves		
	Year-begin	+, -	Year-end	Year-begin	+, -	Year-end
CPI Jiangxi Nuclear Power Co., Ltd.	57,315,000.00	0.00	57,315,000.00	0.00	0.00	0.00
Shenzhen Petrochemical Products Bonded Trading	2,500,000.00	0.00	2,500,000.00	2,500,000.00	0.00	2,500,000.00

Co., Ltd.						
Total	59,815,000.00	0.00	59,815,000.00	2,500,000.00	0.00	2,500,000.00

Continued

Investee company	Shareholding ratio in investee company (%)	Cash bonus
CPI Jiangxi Nuclear Power Co., Ltd.	5.00	0.00
Shenzhen Petrochemical Products Bonded Trading Co., Ltd.	4.00	0.00
Total		0.00

8. Long-term equity investment

Investee company	Year-beginning balance	+,-		Year-end balance	Year-end balance of depreciation reserves
		Investment gains/losses recognized by equity method	Other		
Affiliated business					
Huidong Server (note)	26,366,000.00	-1,768,602.67	0.00	24,597,397.33	0.00
Total	26,366,000.00	-1,768,602.67	0.00	24,597,397.33	0.00

Note: up to 31st December 2014, 20% equity of the Huidong Server was pledged to Jiahua Building Product (Shenzhen) Co., Ltd. with 2-year term; found more in Note VI-24. Accrual liability

9. Investment real estate

Item	House, buildings	Land use right	Construction in process	Total
I. Original book value				
1. Year-beginning balance	9,708,014.96	0.00	0.00	9,708,014.96
2. Current increased	0.00	0.00	0.00	0.00
3. Current decreased	0.00	0.00	0.00	0.00
4. Year-end balance	9,708,014.96	0.00	0.00	9,708,014.96
II. accumulated depreciation and accumulated amortization				

Item	House, buildings	Land use right	Construction in process	Total
1. Year-beginning balance	5,721,340.93	0.00	0.00	5,721,340.93
2. Current increased	442,685.52	0.00	0.00	442,685.52
(1) accrual or amortization	442,685.52	0.00	0.00	442,685.52
3. Current decreased	0.00	0.00	0.00	0.00
4. Year-end balance	6,164,026.45	0.00	0.00	6,164,026.45
III. depreciation provision				
1. Year-beginning balance	0.00	0.00	0.00	0.00
2. Current increased	0.00	0.00	0.00	0.00
3. Current decreased	0.00	0.00	0.00	0.00
4. Year-end balance	0.00	0.00	0.00	0.00
IV. Book value				
1. Year-end book value	3,543,988.51	0.00	0.00	3,543,988.51
2. Year-begin book value	3,986,674.03	0.00	0.00	3,986,674.03

10. Fixed assets

(1) Change of fixed assets

Item	House and buildings	Machinery equipment	Transportation tools	Other equipment	Total
I. Original book value					
1. Year-beginning balance	454,255,566.25	3,899,140,956.39	29,102,370.80	47,276,077.09	4,429,774,970.53
2. Current increased					
(1) Purchase	714,800.00	47,674,061.48	1,316,404.57	1,566,283.96	51,271,550.01
(2) Construction in process transfer-in	0.00	47,521,412.88	0.00	0.00	47,521,412.88
(3) increased by enterprise combination	0.00	0.00	0.00	0.00	0.00
3. Current decreased					
(1) Disposal or scrap	3,565,971.37	2,244,036.45	1,752,000.00	329,091.00	7,891,098.82

Item	House and buildings	Machinery equipment	Transportation tools	Other equipment	Total
4. Year-end balance	451,404,394.88	3,992,092,394.30	28,666,775.37	48,513,270.05	4,520,676,834.60
II. Accumulated depreciation					
1. Year-beginning balance	224,415,361.17	2,198,011,721.94	25,350,379.60	38,843,806.88	2,486,621,269.59
2. Current increased					
(1) accrual	19,355,396.58	118,537,533.47	1,055,368.71	1,484,887.06	140,433,185.82
3、Current decreased					
(1) Disposal or scrap	1,287,208.60	1,527,804.93	1,520,460.00	296,181.90	4,631,655.43
4. Year-end balance	242,483,549.15	2,315,021,450.48	24,885,288.31	40,032,512.04	2,622,422,799.98
III. impairment provision					
1、Year-beginning balance	16,723,362.62	33,849,649.16	149,172.35	114,584.76	50,836,768.89
2、Current increased					
(1) accrual	1,480,216.91	8,592,034.45	0.00	0.00	10,072,251.36
3、Current decreased					
(1) Disposal or scrap	2,202,333.55	192,596.27	0.00	0.00	2,394,929.82
4、Year-end balance	16,001,245.98	42,249,087.34	149,172.35	114,584.76	58,514,090.43
IV. Book value					
1. Year-end book value	192,919,599.75	1,634,821,856.48	3,632,314.71	8,366,173.25	1,839,739,944.19
2. Year-begin book value	213,116,842.46	1,667,279,585.29	3,602,818.85	8,317,685.45	1,892,316,932.05

(2) Idle fixed asses temporary

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
Houses and buildings	31,597,904.77	12,977,574.03	5,059,785.83	13,560,544.91	Wharf, processing workshop of heavy oil
Equipment	635,071,333.48	532,406,934.94	42,095,394.26	60,569,004.28	Processing equipment of heavy oil and generation unit

Total	666,669,238.25	545,384,508.97	47,155,180.09	74,129,549.19	
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(3) Fixed assets without property license obtained

Item	Book value	Reasons
Booster station	6,304,579.04	Procedures uncompleted
Steam turbine workshop	2,399,778.76	Procedures uncompleted
Chemical water tower	3,970,661.86	Procedures uncompleted
Treatment shop for heavy oil	773,966.57	Procedures uncompleted
Start-up boiler house	173,947.27	Procedures uncompleted
Fire pump room	404,078.61	Procedures uncompleted
Circulating water pump house	2,543,853.62	Procedures uncompleted
Comprehensive building	4,202,649.59	Procedures uncompleted
Production and inspection building	6,644,600.37	Procedures uncompleted
Administrative building	6,831,726.49	Procedures uncompleted
Mail room of the main entrance	276,890.09	Procedures uncompleted
Turbine building and annex building	14,698,690.81	Procedures uncompleted
Plant's ventilating system	763,852.39	Procedures uncompleted
Office building	7,229,981.64	Procedures uncompleted
Comprehensive building	1,631,837.36	Procedures uncompleted
Draft cooling tower	4,722,610.10	Procedures uncompleted
Chemical water workshop and foundation of water tank	2,244,509.29	Procedures uncompleted
Industry pool and industry pump house	985,072.08	Procedures uncompleted
Start-up boiler house	164,597.77	Procedures uncompleted
Oil treatment room and oil un-loading platform	883,339.54	Procedures uncompleted
Total	67,851,223.25	

11. Construction in process

(1) Construction in process

Item	year-end	year-begin
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	Book Balance	Impairment provision	Book value	Book Balance	Impairment provision	Book value
Oil to Gas Works	35,535,308.56	14,815,695.82	20,719,612.74	41,245,625.24	14,815,695.82	26,429,929.42
Heat and power projects of recycling economy	0.00	0.00	0.00	9,327,821.98	0.00	9,327,821.98
Cogeneration of heat and electricity Project	11,243,129.01	0.00	11,243,129.01	10,659,864.11	0.00	10,659,864.11
Sludge drying project	0.00	0.00	0.00	1,528,014.00	0.00	1,528,014.00
Others	863,389.43	0.00	863,389.43	746,812.30	0.00	746,812.30
Total	47,641,827.00	14,815,695.82	32,826,131.18	63,508,137.63	14,815,695.82	48,692,441.81

(2) Changes of significant projects in construction

Projects	Budget	year-begin	Increase of this year	Transferred fixed assets in this year	Other decrease	year-end
Oil to Gas Works	74,400,000.00	41,245,625.24	4,165,062.97	9,875,379.64	0.00	35,535,308.57
Heat and power projects of recycling economy	10,000,000.00	9,327,821.98	55,359.00	9,383,180.98	0.00	0.00
Cogeneration of heat and electricity Project		10,659,864.11	583,264.90	0.00	0.00	11,243,129.01
Sludge drying project		1,528,014.00	0.00	1,528,014.00	0.00	0.00
Others		746,812.30	26,851,415.38	26,734,838.25	0.00	863,389.43
Total	84,400,000.00	63,508,137.63	31,655,102.25	47,521,412.87	0.00	47,641,827.01

(Continued)

Projects	Accumulative amount of capitalization of interest	Including: capitalization of interest	Rate of interest capitalization (%)	Proportion of project investment in budget (%)	Project progress	Capital resources
Oil to Gas Works	0.00	0.00	0.00	61.04%	61.04%	Self-raised
Heat and power projects of recycling economy	0.00	0.00	0.00	93.83%	100.00%	Self-raised
Cogeneration of heat and electricity Project	862,167.64	0.00	0.00	0.00	0.00	Self-raised and borrowing
Sludge drying project	0.00	0.00	0.00	0.00	0.00	Self-raised
Others	0.00	0.00	0.00	0.00	0.00	Self-raised
Total	862,167.64	0.00	0.00			

(3) Construction in process Impairment provision

Item	year-begin	Increase of this year	Decrease of this year	year-end	Reasons of accrual
Oil to Gas Works	14,815,695.82	0.00	0.00	14,815,695.82	In idle condition
Total	14,815,695.82	0.00	0.00	14,815,695.82	

(4) Idle construction in progress temporary

Item	year-end			year-begin		
	Book Balance	Impairment provision	Net book value	Book Balance	Impairment provision	Net book value
Oil to Gas Works(Note)	35,535,308.57	14,815,695.82	20,719,612.75	39,147,235.65	14,815,695.82	24,331,539.83

12. Intangible assets

Item	Land use right	Software	Total
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Item	Land use right	Software	Total
I. Original book value			
1. Year-beginning balance	91,253,625.27	3,301,026.87	94,554,652.14
2. Current increased			
(1) purchase	0.00	426,382.98	426,382.98
3. Current decreased			
(1) disposal	0.00	0.00	0.00
4. Year-end balance	91,253,625.27	3,727,409.85	94,981,035.12
II. accumulated amortization			
1. Year-beginning balance	33,335,799.23	2,294,240.93	35,630,040.16
2. Current increased			
(1) accrual	2,359,719.14	467,104.54	2,826,823.68
3. Current decreased			
(1) disposal	0.00	0.00	0.00
4. Year-end balance	35,695,518.37	2,761,345.47	38,456,863.84
III. Impairment provision			
1. Year-beginning balance	0.00	0.00	0.00
2. Current increased			
(1) accrual	0.00	0.00	0.00
3. Current decreased			
(1) disposal	0.00	0.00	0.00
4. Year-end balance	0.00	0.00	0.00
IV. Book value			
1. Year-end book value	55,558,106.90	966,064.38	56,524,171.28
2. Year-begin book value	57,917,826.04	1,006,785.94	58,924,611.98

Note1: assets amortized RMB 2,826,823.68 in this year

Note 2: ended as 31 December 2014, property license of book value of land use right for the Group amounting as RMB 565,363.38 (on 31 December 2013: RMB 579,237.33)

13. Deferred income tax assets/ Deferred income tax liabilities**(1) Deferred income tax assets and deferred income tax liabilities confirmed****① Deferred income tax assets confirmed**

Item	year-end		year-begin	
	Deferred income tax assets	Deductable temporary difference and deductible losses	Deferred income tax assets	Deductable temporary difference and deductible losses
Deferred income tax assets:				
Bad debt provision of account receivable	905,382.04	3,621,528.16	1,105,382.04	4,421,528.16
Other provision for bad debts of accounts receivable	185,396.25	741,585.00	185,396.25	741,585.00
Staff salary payable	830,621.00	3,322,484.00	729,101.00	2,916,404.00
Provision for devaluation of long-term equity investment	625,000.00	2,500,000.00	625,000.00	2,500,000.00
Others	343,392.57	1,373,570.28	143,914.82	575,659.27
Total	2,889,791.86	11,559,167.44	2,788,794.11	11,155,176.43

(2) Unconfirmed deferred income tax assets

Item	year-end	year-begin
Deductable temporary difference	258,528,597.33	257,152,326.02
Deductable losses	614,900,014.19	376,710,869.45
Total	873,428,611.52	633,863,195.47

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

Year	year-end	year-begin
2014	0.00	20,807,915.25
2015	147,447,640.64	147,447,640.64
2016	58,409,890.90	61,381,414.19
2017	78,307,920.37	111,189,030.49
2018	35,884,868.88	35,884,868.88

Year	year-end	year-begin
2019	294,849,693.40	0.00
Total	614,900,014.19	376,710,869.45

14. Other non-current assets

Item	Year-end balance	Year-beginning balance
PROJECT OF LNG(Note)	22,882,181.78	22,882,181.78
Total	22,882,181.78	22,882,181.78

Note: the project was jointly constructed by Weimei Power Company and Guangdong Dapeng Liquid Natural Gas Co., Ltd.(hereinafter referred to as Dapeng LNG). According to the contract signed between the two parties, before the project involved by this construction acquired approval from the relevant national authorities, the ownership belongs to both parties. After such approval, Dapeng LNG will acquire LNG project. Thus, Weimei Power Company recorded it under the item of “other non-current assets”.

15. Short-term loans

Item	Year-end balance	Year-beginning balance
Guarantee loans	928,890,000.00	969,961,917.89
Credit loans	1,689,000,000.00	2,029,000,000.00
Total	2,617,890,000.00	2,998,961,917.89

Note: loan guarantee RMB 928,890,000.00 was provided by the Company for every subsidiary.

16. Note payable

Classification	Year-end balance	Year-beginning balance
Trade acceptance	260,000,000.00	50,000,000.00
Total	260,000,000.00	50,000,000.00

Note: the due note payable unpaid at year-end amounting to 0.00 Yuan, and amount due at next accounting period amounting as RMB 260,000,000.00

17. Account payable

(1)Details of account payable:

Item	Year-end balance	Year-beginning balance
natural gas	130,301,138.50	73,471,998.03
materials	6,984,596.90	3,378,921.66

Item	Year-end balance	Year-beginning balance
electricity	593,050.41	1,046,970.91
Others	1,286,655.02	273,218.94
Total	139,165,440.83	78,171,109.54

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

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

(4) Top five clients in account payable

Name of the company	Relationship with the Company	Amount	Year	Ratio in total account payable (%)
Guangdong Trade Branch of CNOOC Gas & Power Group	Non-related party	128,922,367.59	Within 1year	92.64
Shenzhen Prosperity Engineering Technology Service Co., Ltd.	Non-related party	2,937,200.00	Within 1year	2.11
Guangzhou Yuanheng Energy Co., Ltd.	Non-related party	1,054,245.31	Within 1year	0.76
Shenzhen Nangang Power Engineering Co., Ltd.	Non-related party	702,000.00	Within 1year	0.50
Guangdong Power Grid Shenzhen Power Supply Bureau	Non-related party	593,050.41	Within 1year	0.43
Total		134,208,863.31		96.44

18. Account received in advance

(1) Account received in advance:

Item	Year-end balance	Year-beginning balance
Account received in advance for goods	0.00	512,402.70
Total	0.00	512,402.70

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

19 Wages payable

(1) Wages payable

Item	Year-beginning balance	Increase this year	Decrease this year	Year-end balance
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Item	Year-beginning balance	Increase this year	Decrease this year	Year-end balance
I. Short-term remuneration	39,496,721.46	109,930,146.63	108,515,490.59	40,911,377.50
II. Post-employment welfare-defined contribution plans	3,322,062.70	11,581,967.63	9,253,607.12	5,650,423.21
III. Severance Pay	302,182.46	0.00	302,182.46	0.00
IV. Other welfare due within one year	240,711.11	363,940.00	44,025.75	560,625.36
Total	43,361,677.73	121,876,054.26	118,115,305.92	47,122,426.07

(2) short-term remuneration

Item	Year-beginning balance	Increase this year	Decrease this year	Year-end balance
1. wages, bonuses, allowances and subsidies	36,979,725.83	94,989,623.37	93,821,807.09	38,147,542.11
2. Welfare for employee	0.00	1,511,450.12	1,511,450.12	0.00
3. Social insurance	340,787.68	3,832,387.02	3,796,071.24	377,103.46
Including: Medical insurance	127,092.88	3,304,310.74	3,257,858.39	173,545.23
Work injury insurance	187,115.77	336,781.13	352,105.23	171,791.67
Maternity insurance	26,579.03	191,295.15	186,107.62	31,766.56
4. Housing provident fund	551,355.42	7,424,759.40	7,536,459.10	439,655.72
5. Union funds and staff education expenses	1,624,852.53	2,171,926.72	1,849,703.04	1,947,076.21
6. Short-term compensated absences	0.00	0.00	0.00	0.00
7. Short-term profit sharing plan	0.00	0.00	0.00	0.00
Total	39,496,721.46	109,930,146.63	108,515,490.59	40,911,377.50

(3) Defined contribution plans

Item	Year-beginning balance	Increase this year	Decrease this year	Year-end balance
1. Basic Endowment insurance	350,795.33	8,976,712.77	9,022,236.67	305,271.43

Item	Year-beginning balance	Increase this year	Decrease this year	Year-end balance
2. Unemployment insurance	54,754.37	213,965.86	231,370.45	37,349.78
3. Enterprise annuities	2,916,513.00	2,391,289.00	0.00	5,307,802.00
Total	3,322,062.70	11,581,967.63	9,253,607.12	5,650,423.21

20. Taxes payable

Item	Year-end balance	Year-beginning balance
VAT	183,956.37	27,275.63
Business tax	641,838.11	1,859,727.55
Enterprise income tax	524,140.78	14,803,610.02
Individual income tax	1,737,363.70	1,661,719.64
Land-use tax of town	2,250,981.97	1,588,507.01
Real estate tax	1,788,550.92	2,521,674.86
Others	218,159.00	219,728.85
Total	7,344,990.85	22,682,243.56

21. Interest payable

Item	Year-end balance	Year-beginning balance
Long-term loan interest of installment and interest charges	321,979.17	10,816.67
Interest payable of short-term loan	41,840,556.67	98,764,229.13
Total	42,162,535.84	98,775,045.80

22. Other account payable

(1) Other account payable listed by nature

Item	Year-end balance	Year-beginning balance
Loan (note)	280,495,875.99	206,473,308.65
Project expense	21,694,921.95	17,303,421.18
Temporary option contract amount (note 2)	0.00	12,848,310.64

Item	Year-end balance	Year-beginning balance
Quality guarantee deposit	3,880,132.74	8,463,062.13
Equipment amount	5,576,129.00	0.00
materials	1,336,667.66	0.00
Housing reform fund	0.00	2,118,785.58
Land use right charge	1,065,676.50	1,027,616.63
Fund of the Board	1,399,096.78	575,659.27
Other	24,952,425.42	15,023,738.58
Total	340,400,926.04	263,833,902.66

Note : represented the amounts borrowed by Shenzhong Development Company from Xingzhong Group with the land use right and fixed assets owned by it as the pledge and represented the amounts borrowed by Shenzhong Development Company from the Treasury bureau of Zhongshan city.

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

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

(4) Other account payable of more than one year is of RMB 238,345,782.67 (December 31, 2013: RMB 251,337,410.03), which is mainly the money borrowed by Shenzhong Development Company from Xingzhong Group and Zhongshan Financial Bureau.

23. Long-term loans 23、Long-term loans

Item	Year-end balance	Year-beginning balance
Guarantee loans	0.00	6,000,000.00
Credit loans	150,000,000.00	0.00
Less: Long-term loans due within one year	0.00	0.00
Total	150,000,000.00	6,000,000.00

24. Accrued liabilities

Item	Year-end balance	Year-beginning balance	Resons resulted
Guarantee offering outside	27,100,000.00	27,500,000.00	Note
Total	27,100,000.00	27,500,000.00	

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 Yapojiao Dock, which belongs to Shenzhen

Server, Huidong Server, and Huidong Nianshan Town Government as well as its subordinate Nianshan Group. In order to solve this remaining historic problem, Shenzhen Server saved RMB 12,500,000.00 in condominium deposit account as guarantee. In addition, Server pledged its 20% of equity holding from Huidong Server to Jiahua Architecture with pledge duration of 2 years. The amount of collateral on loans could not exceed RMB 15,000,000.00. Relevant losses with the event concerned predicted amounting to RMB27,500,000.00 by the Group.

25. Deferred income

Item	Year-beginning balance	Increased in the Year	Decreased in the Year	Year-end balance
Government grants	50,713,516.50	0.00	3,631,201.54	47,082,314.96

including, items with government grants involved:

Liability	Year-beginning balance	Subsidies increased	Amount reckoned in non-operation revenue	Other changes	Year-end balance	Assets related/income related
Subsidy for energy-saving technology reform	1,368,447.20	0.00	114,037.30	0.00	1,254,409.90	Assets related
Treasury subsidies for sludge drying	4,356,250.00	0.00	255,000.00	0.00	4,101,250.00	Assets related
Support fund of recycling economy for sludge drying	11,333,291.07	0.00	647,002.92	0.00	10,686,288.15	Assets related
Subsidy for project of low-nitrogen transformation for welcoming the Universiade	33,201,802.75	0.00	2,553,984.84	0.00	30,647,817.91	Assets related
Support fund of enterprise informationalization	453,725.48	0.00	61,176.48	0.00	392,549.00	Assets related
Total	50,713,516.50	0.00	3,631,201.54	0.00	47,082,314.96	

26. Share capital

Item	Year-beginning balance	Changes in this year(+ -)					Year-end balance
		New shares issued	Bonus shares	Capitalizing from reserves	Other	Subtotal	
Total shares	602,762,596.00	0.00	0.00	0.00	0.00	0.00	602,762,596.00

27. Capital reserve

Item	Year-beginning balance	Increase in the year	Decrease in the year	Year-end balance
Capital premium	233,035,439.62	0.00	0.00	233,035,439.62
Other capital surplus	129,635,002.84	0.00	0.00	129,635,002.84
Total	362,670,442.46	0.00	0.00	362,670,442.46

28. Surplus reserve

Item	Year-beginning balance	Increase in the year	Decrease in the year	Year-end balance
legal surplus reserve	310,158,957.87	0.00	0.00	310,158,957.87
Discretionary surplus reserve	22,749,439.73	0.00	0.00	22,749,439.73
Total	332,908,397.60	0.00	0.00	332,908,397.60

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

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

29. Retained profit

Item	Amount in this year	Amount in last year
Retained profit of last year before adjusted	302,714,103.81	249,614,987.36
Total retained profit adjusted (increased with +, decreased with -)	0.00	0.00
Retained profit at beginning of the year after adjusted	302,714,103.81	249,614,987.36
Add: net profit attributable to shareholders of parent company	-330,513,284.99	53,099,116.45
Less: withdrawal of statutory surplus reserve	0.00	0.00
Surplus reserves withdrawal	0.00	0.00
General risk reserve withdrawal	0.00	0.00
Common Stock dividend payable	0.00	0.00
Dividend of common shares transfer as share capital	0.00	0.00
Retained profit at year-end	-27,799,181.18	302,714,103.81

30. Operating income, operating cost

Item	Amount in this year		Amount at last year	
	Income	Cost	Income	Cost
Main business	1,231,419,698.53	1,730,385,503.65	1,104,265,747.93	1,608,772,345.17
Other business	2,681,849.31	10,519,773.72	6,162,002.21	4,433,615.16
Total	1,234,101,547.84	1,740,905,277.37	1,110,427,750.14	1,613,205,960.33

31. Operating tax and surcharge

Item	Amount in this year	Amount at last year
Business tax	6,310,515.31	5,792,854.29
City maintenance tax	456,848.67	401,437.07
Educational surcharge	326,672.24	288,999.22
Others	38,314.96	25,744.79
Total	7,132,351.18	6,509,035.37

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

32. Management expenses

Item	Amount in this year	Amount at last year
Salary	47,845,820.68	50,668,937.50
Taxes	4,848,831.64	5,726,234.98
Leasing expenses	5,725,077.54	5,567,120.77
Entertainment expense	3,304,474.03	3,798,897.81
Vehicles expenses	4,866,914.39	4,460,557.78
Expenses for agency appointment	2,320,181.61	4,450,942.29
Depreciation expense	2,697,872.91	3,326,900.50
Expenses from the Board	2,492,794.51	2,738,225.68
Amortization of intangible assets	2,082,622.41	2,915,113.98
Sundry expenses	2,658,520.23	2,750,479.19
Environmental expense	1,988,513.09	1,978,237.70
Communication charge	1,482,207.41	1,317,717.18

Item	Amount in this year	Amount at last year
Property expense	1,085,672.24	1,187,984.71
Stock charge	1,309,918.09	695,627.47
Business traveling charge	810,220.04	787,835.77
Expenses for enterprise culture	204,267.00	627,496.30
Office expenses	1,104,469.44	733,875.33
Long-term expense for amortized	0.00	45,822.68
Verification fee for projects	2,961,154.72	680,787.80
Others	4,483,859.94	8,612,619.75
Total	94,273,391.92	103,071,415.17

33 Financial expenses

Item	Amount in this year	Amount at last year
Interest expenditure	241,651,873.01	240,016,432.54
Less : interest income	4,402,436.83	5,175,591.52
Less: Capitalization of interest	0.00	0.00
Exchange gains/losses	77,010.28	-283,582.11
Less: Capitalization of exchange gains/losses	0.00	0.00
Others	7,235,864.33	2,137,325.75
Total	244,562,310.79	236,694,584.66

34. Impairment of Assets

Item	Amount in this year	Amount at last year
Loss on bad debt	0.00	-91,978.14
Inventory loss	61,347,785.04	12,265,864.39
Impairment loss of fixed assets	10,072,251.36	19,799,521.89
Total	71,420,036.40	31,973,408.14

35. Investment income

Item	Amount in this year	Amount at last year
Income of long-term equity investment measured by equity method	-1,768,602.67	0.00
Investment income arising from disposal of long-term equity investment	0.00	79,263,954.01
Others	38,326.05	0.00
Total	-1,730,276.62	79,263,954.01

36.Non-operating income

Item	Amount in this year	Amount at last year	Amount reckoned in current non-operating income/losses
Total profits of disposal of the non-current assets	70,116.84	299,145.30	70,116.84
Including: Profit of disposal of fixed assets	70,116.84	299,145.30	70,116.84
Income from capacity transfer	0.00	72,930,000.00	0.00
Government subsidy(see: Particulars about governmental subsidies)	511,637,613.20	788,998,649.88	511,637,613.20
VAT return on import&export of natural gas	0.00	37,570,075.58	0.00
Others	1,887,760.19	443,984.60	1,887,760.19
Total	513,595,490.23	900,241,855.36	513,595,490.23

Including, government grants reckoned into current gains/losses:

Item	Amount in this year	Amount at last year	Assets related/Income related
Income from fuel subsidies (note 1)	274,250,000.00	296,196,692.38	Income related
Subsidies income of fuel processing fee (note 2)	233,746,411.66	483,768,983.96	Income related
Specific fund of energy-saving	0.00	0.00	Income related
Government bond subsidy for sludge drying	255,000.00	255,000.00	Assets related
Support fund of recycling economy for sludge drying	647,002.92	317,750.55	Assets related
Subsidy for project of low-nitrogen transformation for welcoming the Universiade	2,553,984.84	2,553,984.84	Assets related
Support fund of enterprise informatization	61,176.48	61,176.48	Assets related

Item	Amount in this year	Amount at last year	Assets related/Income related
Subsidy for energy-saving technology reform	114,037.30	114,037.27	Assets related
Supporting fund of circular economy	0.00	20,000.00	Income related
Subsidy for summer peaks from Zhongshan Economic and Information Bureau	0.00	5,641,024.40	Income related
Clean production reward from Zhongshan Nanlang Economic and Information Bureau	0.00	10,000.00	Income related
Reward of utilization of foreign fund from Zhongshan Nanlang Economic and Information Bureau	0.00	20,000.00	Income related
Subsidy for state-controlled enterprise from Zhongshan Environmental Bureau	0.00	30,000.00	Income related
Fund of energy-saving subsidy from Nanlang Town Economic and Information Bureau of Science and Technology	0.00	10,000.00	Income related
Reward from social insurance fund management bureau	10,000.00	0.00	Income related
Total	511,637,613.20	788,998,649.88	

Note 1: represent the gas machine sets power subsidy received by the Company based on the calculation method as provided in the provisional rules relating to management of power generation subsidy for Shenzhen (SFB[2015]14) issued by the office of Shenzhen municipal government.

Note 2: settlement arrangement in respect of gas and oil processing subsidy fee for Guangdong this year has not been finalized yet. Zhongshan Power and Weimei Power received such gas and oil processing subsidy fee as calculated under the notice relating to application of certain gas and oil processing fee as subsidy for capital arrangement plan for the 1st half of 2014 (YFGJGH[2014]3668) and the notice relating to application of certain gas and oil processing fee as subsidy for capital arrangement plan for the 2nd half of 2014 (YFGJGH[2015]54).

37. Non-operating expense

Item	Amount in this year	Amount at last year	Amount reckoned into non-recurring gains/losses
Total loss from disposal of non-current assets	967,450.29	678,471.97	967,450.29
Including: Gains and loss of disposal of fixed assets	967,450.29	678,471.97	967,450.29
Expenses from external donation	10,000.00	10,000.00	10,000.00
Others(note)	1,841,619.50	39,217.91	1,841,619.50
Total	2,819,069.79	727,689.88	2,819,069.79

Note: others include payment of settlement amount of RMB1,841,435.00 since the Company and Jierun (Singapore) Private Corp. reached unanimous understanding on the obligations and related compensation after termination of option contract.

38. Income tax expenses**(1) statement of income tax expenses**

Item	Amount in this year	Amount at last year
Current income tax expenses	3,443,606.10	21,733,867.71
Deferred income tax expenses	-100,997.75	-6,247.23
Total	3,342,608.35	21,727,620.48

(2) adjustment process of the accounting profit and income tax expenses

Item	Amount in this year
Total profit	-418,289,753.93
Income tax measured by statutory/applicable tax rate	0.00
Impact on income tax from previous adjustment	3,443,606.10
Impact on deductible temporary difference or deductible loss of the deferred income tax asstes unrecognized in the Period	-100,997.75
Income tax expenses	3,342,608.35

39. item of cash flow statement**(1) Cash received with other operating activities concerned**

Item	Amount in this year	Amount at last year
Fuels subsidy income	841,409,366.38	809,297,331.71
Government grants received	10,000.00	10,000,000.00
Interest income	4,402,436.83	5,175,591.52
Return on VAT for natural gas import	0.00	37,570,075.58
Income from capacity transfer	0.00	58,344,000.00
Open credit received	10,538,141.77	21,990,542.16
Others	31,114,000.00	349,947.33
Total	887,473,944.98	942,727,488.30

(2) Cash paid for other operating activities

Item	Amount in this year	Amount at last year
Leasing expense	5,725,077.54	5,567,120.77
Entertainment expense	3,304,474.03	3,798,897.81
Vehicles expense	4,866,914.39	4,460,557.78
Expense on agency appointment	2,320,181.61	4,450,942.29
Note margin paid	36,203,490.00	5,000,000.00
Others	44,031,937.40	17,191,122.92
Total	96,452,074.97	40,468,641.57

(3) Other investment -related cash payment

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

(4) Cash paid with other financing activities concerned

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

40. Supplementary information on cash flow statement

(1) Supplementary information on cash flow statement

Supplementary information	Amount in this year	Amount at last year
1. Regulate the net profit into the cash flow of operating activities		
Net profit	-421,632,362.28	73,379,180.36
Add: Asset impairment provision	71,420,036.40	20,144,349.92
Depreciation of fixed assets, oil & gas assets and productive biological assets	140,875,871.34	138,046,977.83
Amortization of intangible assets	2,826,823.60	3,649,491.90
Amortization of long-term deferred expenses	0.00	45,822.68
Loss from disposing fixed assets, intangible assets and other long-term assets (income listed with “-“)	-70,116.84	379,326.67
Abandonment loss from fixed assets (income listed with “-“)	967,450.29	0.00
Loss from changes of fair value (income listed with “-“)	0.00	0.00
Financial expenses(income listed with “-“)	241,651,873.01	240,020,837.98
Investment loss(income listed with “-“)	1,730,276.62	-79,263,954.01
Decrease of deferred income tax assets(increased listed with “-“)	-100,997.75	-6,247.23
Increase of deferred income tax liability (decreased listed with “-“)	0.00	0.00
Decrease of inventory(increased listed with “-“)	-57,245,849.62	-74,660,105.96
Decrease of receivable operating items(increased listed with “-“)	342,349,196.52	40,560,144.25
Increase of payable operating items(decreased listed with “-“)	248,491,780.84	119,983,355.72
Other	0.00	0.00
Net cash flow from operation activities	571,263,982.13	482,279,180.11
2. Major investment and financing activities not involving cash income and expenditure:		
Debt capitalization		
Convertible company bond due within one year		
Fixed assets acquired under finance leases		
.3. Net change of cash and cash equivalents:		
Balance of cash at period-end	568,494,957.02	538,054,829.52

Supplementary information	Amount in this year	Amount at last year
Less: Balance of cash at period-begin	538,054,829.52	526,852,121.41
Add: Closing balance of cash equivalent	0.00	
Less: Opening balance of cash equivalent	0.00	
Net increase of cash and cash equivalents	30,440,127.50	11,202,708.11

(2) Composition of cash and cash equivalent

Item	Year-end balance	Year-beginning balance
I. cash	568,494,957.02	538,054,829.52
Including: Cash on hand	231,215.44	199,128.31
Bank savings available for payment needed	567,604,064.37	536,956,524.68
Other monetary capital available for payment needed	659,677.21	899,176.53
Account due from central bank available for payment	0.00	0.00
Amount due from banks	0.00	0.00
Amount call loans to banks	0.00	0.00
II. Cash equivalent		
including: bond investment due within three months	0.00	0.00
III. Balance of cash and cash equivalent at year-end	568,494,957.02	538,054,829.52
Including: Cash and cash equivalent of the parent company or subsidiaries with use restricted	0.00	0.00

41. Foreign currency

Foreign currency

Item	Balance of foreign currency at year-end	Conversion rate	Balance of RMB converted at year-end
Monetary fund			
Including: RMB	910,747.77	6.1190	5,572,865.60
Euro	1,017.87	7.4556	7,588.83
HKD	786,671.23	0.78887	620,581.33
SGD	20,879.81	4.6396	96,873.97

VII. Change of consolidate scope

Subsidiary of the Company Zhongshan power Plant established Zhongshan Shennandian Storage Co., Ltd in Zhongshan City, and included in consolidate scope since 2014.

VIII. Equity in other entity

1. Equity in subsidiaries

(1) Composition of the Group

Subsidiary	Main operation place	Registration place	Business nature	Shareholding ratio (%)	Acquired way
Shenzhen Server(note 1)	Shenzhen	Shenzhen	Trading	50.00	Establishment
New Power Company	Shenzhen	Shenzhen	Power generation	100.00	Establishment
Zhongshan Power Company	Zhongshan	Zhongshan	Power generation	80.00	Establishment
Engineering Co	Shenzhen	Shenzhen	Engineering consulting	100.00	Establishment
Weimei Power Company	Dongguan	Dongguan	Power generation	70.00	Establishment
Environment Protection Co.,	Shenzhen	Shenzhen	Engineering	100.00	Establishment
Singapore company	Singapore	Singapore	Trading	100.00	Establishment
Shen Development	Zhongshan	Zhongshan	Real estate development	75.00	Not under the same control
Shen Investment Property	Zhongshan	Zhongshan	Real estate development	75.00	Not under the same control
Shen Storage	Zhongshan	Zhongshan	Storage	80.00	Establishment
SYNDISOME(note 2)	Hong Kong	Hong Kong	Import & export trading	100.00	Not under the same control

Note 1: The Company holds 50% equity of Shenzhen Server, and takes majority voting rights in Shenzhen Server, thus, the Company owes substantial control; Shenzhen Server included in the consolidate scope of the financial statement.

Note2: On December 5, 2008, Shennan Singapore Company and ShenYe Investment and Management Co., Ltd signed the Share Transfer Agreement on the Purchase and Selling 2000 Shares of the Common Stock of HONGKONGSYNDISOME CO., LIMITED, (Hein after referred to as ShenYe Investment Company), Shennan Singapore Company is to transfer 100% stock right which it has of Syndisome to ShenYe Investment Company at the consideration of HK\$ 393,885,100.00. According to this Transfer Agreement, ShenYe Investment Company should pay HK\$ 1,000,000.00 on the date of transfer agreement, and pay the remaining transfer money within the six months after the date. In December 2014, the Company terminate “Share Transfer Agreement”, and recover equity of SYNDISOME Company, that is entered into an agreement with written form by two parties to cease the “Share Transfer Agreement”, removal the whole rights and obligations under the Agreement.

(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 Power Company	20.00	-15,345,414.13	0.00	16,586,032.64
Weimei Power Company	30.00	-36,559,862.24	0.00	59,688,827.17

(3) Main finance of the important non-wholly-owned subsidiary

Subsidiary	Year-end balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Zhongshan Power Company	184,642,320.32	701,933,269.98	886,575,590.30	802,391,017.22	1,254,409.90	803,645,427.12
Weimei Power Company	309,520,922.33	643,308,302.01	952,829,224.34	753,866,467.12	0.00	753,866,467.12

(Continued)

Subsidiary	Year-beginning balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Zhongshan Power Company	296,577,229.00	720,409,231.60	1,016,986,460.60	855,960,779.56	1,368,447.20	857,329,226.76
Weimei	347,448,232.99	635,942,461.36	983,390,694.35	662,561,729.68	0.00	662,561,729.68

Subsidiary	Year-beginning balance					
Power Company						

(Continued)

Subsidiary	Amount in this year			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongshan Power Company	306,682,105.05	-76,727,070.66	-76,727,070.66	70,722,455.45
Weimei Power Company	241,999,248.57	-121,866,207.45	-121,866,207.45	-40,836,743.73

(Continued)

Subsidiary	Amount at last year			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongshan Power Company	307,838,865.82	21,725,136.34	21,725,136.34	109,570,018.41
Weimei Power Company	246,609,886.86	20,799,527.07	20,799,527.07	136,522,531.46

2. Equity in joint venture and cooperative enterprise

(1) joint venture and cooperative enterprise

Name	Main operation place	Registered place	Business nature	Share-holding ratio (%)		Accounting treatment
				Directly	Indirectly	
Huidong Server	Huizhou	Huizhou	Wharf		40.00	Equity method

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

Item	Year-end balance	Year-beginning balance
Affiliated business:		
Total book value of the investment (note)	24,597,397.33	0.00
Total numbers measured by share-holding ratio		
—Net profit	-1,768,602.67	0.00

Item	Year-end balance	Year-beginning balance
—Other comprehensive income	0.00	0.00
—Total comprehensive income	-1,768,602.67	0.00

Note: On 9th December 2013, controlling subsidiary of the Company Shenzhen Server holds 60% equity of Huidong Server, on date when control rights loss, rests of the 40% equity of Huidong Server held by Shenzhen Server are measure again by appraisal value.

IX. Risks relating to financial instruments

The major financial instruments of the Company consist of equity investments, borrowings, trade receivables, trade payables, etc. details of the financial instruments are set out in the section VI. Risks relating these financial instruments, and risk management policies adopted by the Company to minimize the risks are detailed below. Management monitors the risk exposures to ensure risks are under control.

The Company adopts sensitive analysis technology to analyze possible effects of the reasonable and potential change of risk variables over current profit or loss or shareholders' equity. Since risk variable rarely changes separately and relation among variables can exercise significant influence over other variables, thus the below contents are stated assuming that each variable changes separately.

(I) Target and policy of risk management

The Company conducts risk management in order to adequately balance risk and return, minimize the negative effects on its operating results, and maximize interest of shareholders and other stakeholders. Based on these risk management targets, the Company determines basic strategy for risk management, namely to determine and analyze various risks it faces, establish adequate risk acceptance limit and manage risks, and promptly and reliably monitor various risks to ensure risks are under control.

1. Market risk

(1) Foreign exchange risk

Foreign exchange risk represents losses arising from change of exchange rate. The Company exposes to exchange risk relating to US dollar. The major fund raising activities, operating lease and financing lease of the Company are denominated in USD. On 31 December 2014, except for note 41 foreign currency balance under section IV, our assets and liabilities are all denominated in RMB. Exchange risk arising from these foreign currency denominated assets and liabilities may affect our operating results.

(2) Interest risk – risk of cash flow movement

Risks of cash flow movement of financial instruments arising from change in interest rate mainly relates to bank borrowings at floating rate (details are set out in note 15 and note 23 under section IV).

2. Credit risk

On 31 December 2014, the largest credit risk exposure which may result in financial loss mainly arise from default of performance by other party to a contract which may lead to loss of financial assets. In detail:

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.

3. Liquidity risk

When managing liquidity risk, the Company maintains such cash and cash equivalents as management believes sufficient, and keeps monitor on the cash and cash equivalents, to satisfy the Company's operation need and minimize effect from cash flow fluctuation. Management monitors application of bank borrowings and makes sure that relevant borrowing agreement is followed.

Bank borrowing constitutes our major capital source.

X. Related party and related transactions

1. Parent company of the Group

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

2. Subsidiaries of the Company

Found more in 1. Equity in subsidiary in Note VIII

3. Joint venture and affiliated enterprise of the Group

Found more in 2. Equity in joint venture or affiliate business in Note VIII

4. Other related part

Other related party	Relationship with the Company	Organization code
Shenzhen Energy Group Co., Ltd. ("Energy Group ")	Shareholders have major influence on the Company	19218918-5
Dongguan Weimei Ceramics Industrial Park Co., Ltd. ("Weimei Ceramics")	Minority shareholders of the subsidiaries	72919361X
Zhongshan Xingzhong Group Co., Ltd. ("XINGZHONG GROUP")	Minority shareholders of the subsidiaries	733112675
Shenzhen Mawan Powr Co., Ltd. ("Mawan Power Company")	Subsidiary of ultimate controller of Energy Group	618816706

Other related party	Relationship with the Company	Organization code
Shenzhen Moon Bay Oil Harbour Co., Ltd. ("Moon Bay Oil Company")	Subsidiary of ultimate controller of Energy Group	618849428
Shenzhen Energy Group Holding Co., Ltd. ("Energy Holding")	Subsidiary of ultimate controller of Energy Group	19224115-8
Shenzhen Pipe Energy Technology Development Co., Ltd. ("Pipe Technology")	Others Related party	77877487-5
Director of the Company and other senior executives	Key management staff	Not applicable

5. Related Transactions

(1) Lending money of related party

This year:

Related party	Amount of lending money	Commencement date	Maturity Date	Note
Borrowing:				
Xingzhong Group	125,316,816.85	2014.01.01	2014.12.31	Renewal
Xingzhong Group	14,335,291.80	2014.01.01	2014.12.31	Renewal
Xingzhong Group	2,500,000.00	2014.01.01	2014.12.31	Renewal
Xingzhong Group	16,250,000.00	2014.01.01	2014.12.31	Renewal
Xingzhong Group	23,750,000.00	2014.01.01	2014.12.31	Renewal
Xingzhong Group	74,022,567.34	2014.12.24	2015.12.24	Trun to loans from interest

Last year:

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

(2) Assets transfer and debt reorganization of related parties

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

(3) Remuneration for key management staffs

In 10 thousand Yuan

Item	Amount in this year	Amount at last year
Remuneration for key management staffs	935.37	744.49

(4) Fund occupation expenses

Related party	Transaction type	Transaction content	Price setting principal	Amount in this year		Amount at last year	
				Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)
Xingzhong Group	Fund occupation expenses	Interest expenses	Note	15,398,090.31	100.00	12,779,994.35	98.57
Weimei Ceramics	Fund occupation expenses	Interest expenses	Note	0.00	0.00	184,894.23	1.43

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

6. Account payable/receivable from related parties

Item	year-end	year-begin
Other account receivable:		
Huidong Server	13,060,361.44	14,660,361.44

Item	year-end	year-begin
Huidong Server managed account	12,448,671.43	12,500,000.00
Total	25,509,032.87	27,160,361.44
Other account payable:		
Xingzhong Group	256,174,675.99	182,152,108.65
Total	256,174,675.99	182,152,108.65
Interest payable:		
Xingzhong Group	9,060,613.66	67,685,090.69
Total	9,060,613.66	67,685,090.69

XI. Commitment and Contingency

1. Major commitment

(1) Capitalization commitment

RMB/CNY

Item	year-end	year-begin
Signed capital expenditure commitment which was still not recognized in financial statements		
- Construction commitment of long-term assets (note)	0.00	26,750,000.00
- External investment commitment	0.00	0.00
Total	0.00	26,750,000.00

Note: the Construction commitment of long-term assets at year-beginning refers to the supply contract for technical reform of 9E gas turbine low-Nox burner signed by subsidiary of the Company Zhongshan Power Company.

(2) Commitment on operating lease

Till the balance sheet day, the condition of irrevocable operating lease contract the Group externally signed is as follow:

RMB/CNY

Item	year-end	year-begin
Minimum lease payments of irrevocable operating lease:		
The first year after balance sheet day	6,736,681.50	6,739,925.50
The second year after balance sheet day	3,728,646.50	6,736,681.50

Item	year-end	year-begin
The third year after balance sheet day	1,504,396.50	3,728,646.50
Subsequent years	62,804,179.50	64,308,576.00
Total	74,773,904.00	81,513,829.50

2. Contingency

Up to 31st December 2014, the Company has no important contingency that need to disclosed

XII. Events Occurring after the Balance Sheet Date

The Company has no events occurring after balance sheet date that need to disclosed up to auditing date

XIII. Other important events

The Company has no other important events that need to disclosed up to 31 December 2014

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

1. Account receivable

(1) Accounts receivable classifying according to the category:

Category	Year-end balance				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Accruing proportion(%)	
Account receivable with single major amount and withdrawal bad debt provision for single item	0.00	0.00	0.00	0.00	0.00
Account receivable withdrawal bad debt provision by group of credit risk characteristics	348,412,708.95	100.00	0.00	0.00	348,412,708.95
Account receivable with single minor amount but withdrawal bad debt provision for single item	0.00	0.00	0.00	0.00	0.00
Total	348,412,708.95	100.00	0.00	0.00	348,412,708.95

(Continued)

Category	Year-beginning balance				
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	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Accruing proportion(%)	
Account receivable with single major amount and withdrawal bad debt provision for single item	0.00	0.00	0.00	0.00	0.00
Account receivable withdrawal bad debt provision by group of credit risk characteristics	561,165,822.31	100.00	0.00	0.00	561,165,822.31
Account receivable with single minor amount but withdrawal bad debt provision for single item	0.00	0.00	0.00	0.00	0.00
Total	561,165,822.31	100.00	0.00	0.00	561,165,822.31

(2) Age analysis of account receivable:

Item	year-end		year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1year	274,271,619.95	78.72	319,486,825.69	56.93
1 to 2years	74,138,200.00	21.28	241,676,107.62	43.07
2 to 3years	0.00	0.00	0.00	0.00
Over 3 years	2,889.00	0.00	2,889.00	0.00
Total	348,412,708.95	100.00	561,165,822.31	100.00

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

(4) Main amount of Account receivable

Name of the company	Relationship with the Company	Amount	Age	Proportion in total account receivable (%)
Bureau of Finance of Shenzhen Municipality	Government institution	348,388,200.00	Within 2 years	99.99
Total		348,388,200.00		99.99

2. Other account receivable

(1) Other account receivable classified according to type:

Category	Year-end balance				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accruing proportion(%)	
Other account receivable with individual major amount and withdrawal bad debt provision independently	16,781,666.46	0.97	16,781,666.46	84.62	0.00
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	1,716,529,468.13	98.83	0.00	0.00	1,716,529,468.13
Other account receivable with individual minor amount but withdrawal bad debt provision independently	3,396,673.11	0.20	3,048,979.11	15.38	347,694.00
Total	1,736,707,807.70	100.00	19,830,645.57	100.00	1,716,877,162.13

(Continued)

Category	Year-beginning balance				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accruing proportion(%)	
Other account receivable with individual major amount and withdrawal bad debt provision independently	16,781,666.46	1.04	16,781,666.46	100.00	0.00
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	1,589,197,476.22	98.75	0.00	0.00	1,589,197,476.22
Other account receivable with individual minor amount but withdrawal bad debt provision independently	3,396,673.11	0.21	3,048,979.11	89.76	347,694.00
Total	1,609,375,815.79	100.00	19,830,645.57	1.23	1,589,545,170.22

(2) Other account receivable classified according to age:

Item	year-end		year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1year	435,603,391.14	25.08	1,073,321,132.80	66.69
1 to 2years	819,306,622.62	47.18	384,352,071.98	23.88
2 to 3years	348,237,109.48	20.05	90,141,334.50	5.60
Over 3 years	133,560,684.46	7.69	61,561,276.51	3.83
Total	1,736,707,807.70	100.00	1,609,375,815.79	100.00

(3) Bad debt provision accrual, collected or switch-back in the Year

Other account receivable with individual major amount and withdrawal bad debt provision independently at year-end

Other account receivable (By unit)	Year-end balance			
	Other account receivable	Bad debt provision	Accruing proportion	Accrual reason
Huiyang County Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00%	Un-recover
Individual income tax	2,470,039.76	2,470,039.76	100.00%	Un-recover
Total	16,781,666.46	16,781,666.46	100.00%	

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

Combination	Year-end balance		
	Book Balance	Bad debt provision	Accruing proportion
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31
Deposit receivable	1,312,974.95	1,312,974.95	100.00
Total	3,396,673.11	3,048,979.11	89.76

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

Name of the company	Relationship with the Company	Year-end balance	Age	proportion in total year-end balance of other account receivable (%)
Shen Development	Subsidiary	842,521,036.37	1-2 years	48.51

Name of the company	Relationship with the Company	Year-end balance	Age	proportion in total year-end balance of other account receivable (%)
Zhongshan Power Company	Subsidiary	634,936,570.91	1-3 years	36.56
Weimei Power Company	Subsidiary	106,748,605.68	Within 1 year to over 3 years	6.15
Shen Investment Property	Subsidiary	93,640,463.31	1-2 years	5.39
Environment Protection Co.,	Subsidiary	8,156,981.90	1-2 years	0.47
Total		1,686,003,658.17		97.08

(5) Receivable from related parties

Name of the company	Relationship with the Company	Year-end balance	Age at year-end	proportion in total year-end balance of other account receivable (%)
Shen Development	Subsidiary	842,521,036.37	1-2 years	48.51
Zhongshan Power Company	Subsidiary	634,936,570.91	1-3 years	36.56
Weimei Power Company	Subsidiary	106,748,605.68	Within 1 year to over 3 years	6.15
Shen Investment Property	Subsidiary	93,640,463.31	1-2 years	5.39
Environment Protection Co.,	Subsidiary	8,156,981.90	1-2 years	0.47
Singapore company	Subsidiary	212,337.56	Over 3 years	0.01
Total		1,686,215,995.73		97.09

3. Long-term equity investment

(1) Category of long-term equity investment

Item	Year-end balance			Year-beginning balance		
	Book Balance	Impairment provision	Book value	Book Balance	Impairment provision	Book value
Investment to subsidiary	691,982,849.76	0.00	691,982,849.76	691,982,849.76	0.00	691,982,849.76

Item	Year-end balance			Year-beginning balance		
	Book Balance	Impairment provision	Book value	Book Balance	Impairment provision	Book value
Investment to joint venture and affiliate enterprise	0.00	0.00	0.00	0.00	0.00	0.00
Total	691,982,849.76	0.00	691,982,849.76	691,982,849.76	0.00	691,982,849.76

(2) Investment to subsidiary

Investee company	Year-beginning balance	Increased in the Year	Decreased in the Year	Year-end balance	Impairment provision accrual in the Year	Impairment provision Year-end balance
Shenzhen Server	26,650,000.00	0.00	0.00	26,650,000.00	0.00	0.00
New Power Company	71,270,000.00	0.00	0.00	71,270,000.00	0.00	0.00
Zhongshan Power Company	410,740,000.00	0.00	0.00	410,740,000.00	0.00	0.00
Engineering Co	6,000,000.00	0.00	0.00	6,000,000.00	0.00	0.00
Weimei Power Company	115,319,049.76	0.00	0.00	115,319,049.76	0.00	0.00
Singapore company	6,703,800.00	0.00	0.00	6,703,800.00	0.00	0.00
Environment Protection Co.,	55,300,000.00	0.00	0.00	55,300,000.00	0.00	0.00
Shen Development	0.00	0.00	0.00	0.00	0.00	0.00
Shen Investment Property	0.00	0.00	0.00	0.00	0.00	0.00
Total	691,982,849.76	0.00	0.00	691,982,849.76	0.00	0.00

4. Operation revenue/operation cost

Item	Amount in this year		Amount at last year	
	Revenue	Cost	Revenue	Cost

Item	Amount in this year		Amount at last year	
	Revenue	Cost	Revenue	Cost
Main business	382,084,350.02	651,981,757.99	253,036,062.44	453,369,820.44
Other business	21,264,241.51	8,970,439.74	27,338,497.84	8,768,665.72
Total	403,348,591.53	660,952,197.73	280,374,560.28	462,138,486.16

5. Supplement of cash flow statement

Item	This Year	Last Year
(1) Net profit adjusted as cash flow from operation activities:		
Net profit	-87,429,472.07	63,674,144.84
Add: Assets for impairment	4,620,955.59	6,101,657.22
Depreciation of fixed assets, oil & gas assets and productive biological assets	19,336,969.44	11,474,866.50
Amortization of intangible assets	1,491,941.61	1,449,420.00
Amortization of long-term expenses to be amortized	0.00	45,822.68
Loss from disposal of fixed assets, intangible assets and other long-term assets (income listed with “-“)	217,425.80	13,877.75
Abandonment loss from fixed assets (income listed with “-“)	0.00	0.00
Loss from changes of fair value (income listed with “-“)	0.00	0.00
Financial expenses (income listed with “-“)	166,601,504.92	147,297,427.39
Investment losses (income listed with “-“)	-23,230,369.00	0.00
Decrease of deferred income tax assets (increased listed with “-“)	0.00	0.00
Increase of deferred income tax liabilities (decreased listed with “-“)	0.00	0.00
Decrease of inventory (increased listed with “-“)	482,991.40	-1,922,019.28
Decrease of operational receivable (increased listed with “-“)	230,409,260.59	-185,187,498.21
Increase of operational payable (decreased listed with “-“)	182,146,719.55	245,985,207.18
Other		
Net cash flow from operation activities	494,647,927.83	288,932,906.07
(2) Major investment and financing activities not involved with cash income and expenses:		

Debt transfer to assets		
Convertible bonds due within one year		
Financing rent-in fixed assets		
(3) Net changes of cash and cash equivalent:		
Balance of cash at year-end	332,803,493.04	264,557,683.68
Less: balance of cash at year-beginning	264,557,683.68	204,114,395.05
Add: Year-end balance of cash equivalent		
Less: Year-beginning balance of cash equivalent		
Net increase of cash and cash equivalent	68,245,809.36	60,443,288.63

XV. Supplementary information

1. Statement of non-recurring gains/losses

Item	This Year	Last Year
Gains/losses from the disposal of non-current asset	-3,391,027.70	78,884,627.34
Governmental subsidy calculated into current gains and losses, with closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	3,641,201.54	9,032,973.54
Import VAT refunds for natural gas	0.00	37,570,075.58
Income from capacity transfer	0.00	72,930,000.00
Other non-operating income and expenditure except for the aforementioned items	-1,851,619.50	394,766.69
Subtotal	-1,601,445.66	198,812,443.15
Impact on income tax	121,393.78	20,699,535.10
Impact on minority shareholders' equity (post-tax)	-917,818.17	48,063,017.90
Total	-805,021.27	130,049,890.15

2. ROE and EPS

Profit in the Period	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS

Profit in the Period	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of the listed company	-23.02%	-0.55	-0.55
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-22.96%	-0.55	-0.55

3. Further information on changes of accounting policy

The Company change relevant accounting policy in line with the “Accounting Standards for Business Enterprise No.2-Long-term equity investment (revised in 2014)” issued in 2014 and other 7 accounting rules changed by Ministry of Finance, conducts retroactive treatment on the comparative financial statement, the consolidate balance sheet dated 31st December 2013 after retroactive are as:

CNY/RMB

Item	2013.1.1	2013.12.31	2014.12.31
Current assets:			
Monetary fund	526,852,121.41	543,054,829.52	578,584,447.02
Transactional financial assets			
Note receivable			
Account receivable	924,997,868.15	876,368,547.41	502,772,509.41
Account paid in advance	12,132,738.08	11,000,834.97	6,233,357.49
Interest receivable			
Dividend receivable			
Others receivables	16,297,883.22	42,191,268.26	30,150,229.08
Inventory	1,220,486,524.51	1,288,814,086.30	1,284,712,150.88
Non-current assets due within one year			
Others current assets	606,661,855.88	565,589,166.99	613,644,525.13
Total current assets	3,307,428,991.25	3,327,018,733.45	3,016,097,219.01
Non-current assets:			
Financial assets available for sale	49,315,000.00	57,315,000.00	57,315,000.00
Investment held-to-maturity			
Long-term account receivable			
Long-term equity investment		26,366,000.00	24,597,397.33

Item	2013.1.1	2013.12.31	2014.12.31
Investment real estate	4,429,359.55	3,986,674.03	3,543,988.51
Fixed assets	2,040,100,204.81	1,892,316,932.05	1,839,739,944.19
Construction in process	47,177,164.98	48,692,441.81	32,826,131.18
Engineering materials			
Disposal of fixed assets			
Productive biological assets			
Oil & Gas assets			
Intangible assets	62,471,514.35	58,924,611.98	56,524,171.28
Development expenditure			
Goodwill			
Long-term expenses to be amortized	45,822.68		
Deferred income tax assets	2,782,546.88	2,788,794.11	2,889,791.86
Other non-current assets	22,317,125.48	22,882,181.78	22,882,181.78
Total non-current assets	2,228,638,738.73	2,113,272,635.76	2,040,318,606.13
Total assets	5,536,067,729.98	5,440,291,369.21	5,056,415,825.14

(Continued)

Item	2013.1.1	2013.12.31	2014.12.31
Current liability:			
Short-term loans	3,210,361,552.86	2,998,961,917.89	2,617,890,000.00
Transactional financial liability			
Note payable	29,670,000.00	50,000,000.00	260,000,000.00
Account payable	70,970,449.91	78,171,109.54	139,165,440.83
Account receivable	14,586,000.00	512,402.70	
Wages payable	35,431,332.25	43,361,677.73	47,122,426.07
Tax payable	2,961,440.37	22,682,243.56	7,344,990.85
Interest payable	86,232,475.82	98,775,045.80	42,162,535.84
Dividend payable			
Other account payable	303,027,729.31	263,833,902.66	340,400,926.04

Item	2013.1.1	2013.12.31	2014.12.31
Non-current liability due within one year			
Other current liability			
Total current liability	3,753,240,980.52	3,556,298,299.88	3,454,086,319.63
Non-current liability:			
Long-term loans	16,000,000.00	6,000,000.00	150,000,000.00
Bond payable			
Long-term account payable			
Special payable			
Deferred income	44,015,465.64	50,713,516.50	47,082,314.96
Accrual liability		27,500,000.00	27,100,000.00
Deferred income liability			
Other non-current liability			
Total non-current liability	60,015,465.64	84,213,516.50	224,182,314.96
Total liability	3,813,256,446.16	3,640,511,816.38	3,678,268,634.59
Shareholder's equity:			
Share capital	602,762,596.00	602,762,596.00	602,762,596.00
Capital reserves	363,633,446.84	362,670,442.46	362,670,442.46
Less: treasury stock			
Reasonable reserves			
Surplus reserves	332,908,397.60	332,908,397.60	332,908,397.60
General risk reserve			
Retained profit	249,614,987.36	302,714,103.81	-27,799,181.180000
Translation reserve			
Total shareholder's equity attributable to parent company	1,548,919,427.80	1,601,055,539.87	1,270,542,254.88
Minority's interest	173,891,856.02	198,724,012.96	107,604,935.67
Total shareholder's equity	1,722,811,283.82	1,799,779,552.83	1,378,147,190.55
Total liability and shareholder's equity	5,536,067,729.98	5,440,291,369.21	5,056,415,825.14

