



Annual Report 2015

Notice No.2016-012

1 April 2016

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.

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

All directors are attended the Board Meeting for report deliberation.

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

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

Net profit of the Company for the year 2014 and 2015 audited was continuous negative, according to the relevant provisions of the Shenzhen Stock Exchange Listing Rules, trading of the shares of the company will be implemented delisting risk warning. The Company reminds investors to pay attention to risk, prudent to make rational investment decisions.

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

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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 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 Development 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.
NAM HOI	Refers to	HONG KONG NAM HOI (INTERNATIONAL) LTD.
Hong Kong Energy	Refers to	Shenzhen Energy (Hong Kong) International Co.,LTD.
Shen Energy Group	Refers to	Shenzhen Energy Co., Ltd.
Energy Group	Refers to	Shenzhen Energy Group Co., Ltd.
Guangju Industrial	Refers to	Shenzhen Guangju Industrial Co., Ltd.
Guangju Holding	Refers to	Shenzhen Guangju Investment Holding (Group) Co., Ltd.
Guangju Energy	Refers to	Shenzhen Guangju Energy Co., Ltd.
Kehuitong	Refers to	Shenzhen Kehuitong Investment Holding Co., Ltd.

Paipu Technology	Refers to	Shenzhen Paipu Energy Technology Development Co.,LTD.
Audit unit, Ruihua	Refers to	Ruihua Certified Public Accountant (LLP)
Dengheng, Perennial Legal Adviser	Refers to	Beijing City Deheng (Shenzhen) Law Firm
Jin Du, Special Legal Adviser	Refers to	Beijing City Jin Du (Shenzhen) Law Firm
CSRC	Refers to	China Securities Regulatory Commission
Securities regulatory bureau	Refers to	Shenzhen Securities Regulatory Commission of China Securities Regulation Commission
SZ Stock Exchange, Exchange	Refers to	Shenzhen Stock Exchange
Company Law	Refers to	Company Law of The People's Republic of China
Securities Law	Refers to	Securities Law of The People's Republic of China
Rules of Listing	Refers to	Rules of Shenzhen Stock Exchange for the Listing of Stocks
Articles of association	Refers to	Article of Association of Shenzhen Nanshan Power Co., Ltd.
RMB: Yuan, ten thousand Yuan	Refers to	Except the special description of the monetary unit, the rest of the monetary unit is RMB Yuan, ten thousand Yuan
Reporting period	Refers to	2015-1-1 to 2015-12-31

Section II Company Profile and Main Financial Indexes

I. Company information

Short form of the stock	Shen Nan Dian A, Shen Nan Dian B	Stock code	000037、200037
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	深圳南山热电股份有限公司		
Name of the Company (in English)	Shenzhen Nanshan Power Co., Ltd.		
Short form of the Company (in Chinese)	深南电		
Legal representative	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	Zhang Jie	Jiang Yuanyuan
Contact add.	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province
Tel.	0755-26948888	0755-26948888
Fax.	0755-26003684	0755-26003684
E-mail	investor@nspower.com.cn	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

Organization code	61881512-1
Changes of main business since listing (if applicable)	No changes
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	Ou Changxian, Li Fengxia

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

Applicable Not applicable

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

Applicable Not applicable

VI. Main accounting data and financial indexes

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

Yes No

	2015	2014	Changes over last year	2013
Operating income (RMB)	1,345,018,210.71	1,234,101,547.84	8.99%	1,110,427,750.14
Net profit attributable to shareholders of the listed company(RMB)	-634,623,667.06	-330,513,284.99	92.01%	53,099,116.45
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-737,614,969.81	-329,708,263.72	123.72%	-76,950,773.70
Net cash flow arising from operating activities(RMB)	386,451,706.09	571,263,982.13	-32.35%	482,279,180.11
Basic earnings per share (RMB/Share)	-1.05	-0.55	90.91%	0.09
Diluted earnings per share (RMB/Share)	-1.05	-0.55	90.91%	0.09
Return on Equity	-77.38%	-22.96%	-54.42%	-4.88%

	End of 2015	End of 2014	Changes over end of last year	End of 2013
Total assets (RMB)	4,579,853,736.04	5,056,415,825.14	-9.42%	5,440,291,369.21
Net assets attributable to shareholder of listed company (RMB)	636,006,699.57	1,270,542,254.88	-49.94%	1,601,055,539.87

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	258,686,630.32	391,870,606.86	379,682,013.49	314,778,960.04
Net profit attributable to shareholders of the listed company	-88,448,771.06	-14,097,302.00	29,772,589.73	-561,850,183.73
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-89,502,281.74	-45,588,360.27	-39,952,894.33	-562,571,433.47
Net cash flow arising from operating activities	-80,257,201.83	399,112,501.02	98,133,253.03	-30,536,846.13

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

Yes No

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

√Applicable □ Not applicable

In RMB

Item	2015	2014	2013	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-298,030.53	-3,391,027.70	78,884,627.34	Mainly for the loss on disposal of fixed assets
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)	72,711,942.26	3,641,201.54	9,032,973.54	Mainly for receiving the fuel consumption tax subsidies issued by Shenzhen Finance Committee from January 2009 to March 2011.
Other non-operating income and expenditure except for the aforementioned items	132,969.28	-1,851,619.50	394,766.69	-
Import VAT refunds for natural gas	43,717,420.50	0.00	37,570,075.58	-
Income from capacity transfer	0.00	0.00	72,930,000.00	-
Less: impact on income tax	108,009.54	121,393.78	20,699,535.10	-
Impact on minority shareholders' equity (post-tax)	13,164,989.22	-917,818.17	48,063,017.90	-
Total	102,991,302.75	-805,021.27	130,049,890.15	--

Section III Summary of Company Business

I. Main businesses of the company in the reporting period

The primary business of the Company is the production and operation of the power and heat supply, the technology consultation and service related to Power Plant (station). The Company has three wholly owned or shareholding gas turbine Power Plants, with seven sets of 9E type gas and steam combined cycle generating units and the total capacity at 1.26 million KW(including 3×180,000KW of Nanshan Power Factory, 2×180,000KW of Zhongshan Nan Lang Power Plant and 2×180,000KW of Dongguan Gaobu Power Plant). All of these gas turbine Power Plants are located in the power load center of Pearl River Delta and the main peaking power source of regions located.

During the reporting period, the Company is mainly devoted to the gas steam combined cycle power generation. Nanshan Power Factory and Zhongshan Nan Lang Power Plant are in the status of normal production and operation, while Dongguan Gaobu Power Plant was basically shut down in the whole year of 2015 as the project approval process hasn't been perfect. Due to the slowdown economy of Guangdong Province, coupled with new units put into operation, and the rising power transmission of the west to the east, the power supply and demand situation is getting loose and the peak demand for gas turbine power generation tends to reduce. In this situation, the on-grid electricity of the power plants of the Company reached 1.275 billion KWH in 2015.

Besides the primary business in power generation, the company actively developed businesses in related areas. Shenzhen Shennandian Turbine Engineering Technology Technique Co., Ltd, an affiliate enterprise of the Company, has been expanding its business scope in technical advice and technical services of gas turbine power plant construction projects at home and abroad. Shenzhen Shennan Environment Protection Company is devoted to sludge drying for sewage treatment plant by utilizing the residual heat of gas turbine power generation, which reduces the volume of sludge, achieves harmless treatment and comprehensive utilization of resources.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Inventory	The provision for obsolete stocks for the lands of Zhongshan Shenzhong Real Estate Development Co., Ltd is RMB576, 291,300.The sixth extraordinary meeting of the seventh board of directors of the Company deliberated and approved the <i>Resolution on Carrying out Government Purchase and Reservation of 346 Mu lands of Zhongshan Shenzhong Real Estate Development Co., Ltd</i> , which stated that “Considering that the development conditions of such 346 Mu lands will be not satisfied in short term, the board of directors approved that Zhongshan Shenzhong Real Estate Development Co., Ltd to terminate the independent development of such 346 Mu lands and authorized the Company to is to carry out and promote the government purchase and reservation of such lands according to the spirit of documents on government purchase and reservation of Zhongshan City

	and the principle opinions defined in the municipal mayors office meeting minutes on Jun 4, 2015". In accordance with the <i>Implementation Project of Purchase and Reservation of Stock Construction Land of Zhongshan City</i> , the benchmark land compensation is RMB1, 196,700/Mu. Considering from the principle of prudence, after the taxes and expenses are deducted, the recoverable amount reaches RMB353, 153,200, which is lower than the book value of RMB929, 444,500 by RMB576, 291,300. Consequently, the provision for obsolete stocks for the lands of Zhongshan Shenzhong Real Estate Development Co., Ltd is RMB576, 291,300.
Equity assets	N/A
Fixed assets	<p>The provision for impairment of fixed asset in current year is RMB84, 223,100, mainly including the following two items:</p> <ol style="list-style-type: none"> 1. The 7# and 9# power generation units of the Company were approved to shut down by the fourth extraordinary shareholders' meeting of the Company. In 2015, based on the appraisal of 7# and 9# power generation units and assets concerned with technology reform by Shenzhen Pengxin Asset, Land and Property Appraisal Co., Ltd, the provision for impairment of fixed asset is RMB11, 264,400. 2. The provision for impairment of fixed asset of the Company and power plants was at RMB 68,425,300. In accordance with the <i>Notification on Stop Collecting Processing Charges of Fuel Gas and Petrol of Guangdong Development and Reform Commission, Guangdong Economy and Information Committee, and Guangdong Finance Bureau (YFGWNo. [2015]565)</i>, approved by the people's government of Guangdong Province, <i>the Notification on Temporarily Collecting Processing Charges of Fuel Gas and Petrol (YFNo. [2008]31)</i> came into invalidation since Oct. 1, 2015. China Southern Power Grid and Guangzhou Electricity Power Supply stopped collecting processing charges of fuel and petrol from large industry clients in Guangzhou, Zhuhai, Foshan, Dongguan and Zhongshan in terms of actual power consumption. <p>On Oct. 29, 2015, the Company received the <i>Notification of Economy, Trade and Information Commission of Shenzhen Municipality on Issuing 4Q15 Power Generation Plan of 110KV Power Plants in Shenzhen Municipality (SHJMXXDZNo. [2015]205)</i>. According to such notification, Guangdong Province has cancelled the processing charges of fuel gas and petrol since Oct. 1, 2015 and Shenzhen will also stop collecting processing charges of fuel gas and petrol and will not provide subsidies for peak power of local gas turbine Power Plants any longer.</p> <p>Due to changes in subsidy policies, the revenue of the power generation business is out of proportion seriously and asset impairment test is necessary for power generation units. In accordance with the appraisal result of Tongzhi Xinde(Beijing) Asset Appraisal Co., Ltd, the provision for impairment of fixed assets for the power generation units by the parent company, New Power Company, Shen Nan Dian Zhongshan Company and Shen Nan Dian Dongguan Company were respectively RMB5,034,500, RMB17,644,800, RMB23,157,800 and RMB22,588,200.</p>
Intangible assets	N/A
Construction in progress	The original technology reform project was terminated as 7# and 9# power generation units were shut down, and the book net value of ordered equipment for technology reform was RMB18,055,900. In accordance with the appraisal of 7# and 9# power generation units and assets

	concerned with technology reform by Shenzhen Pengxin Asset, Land and Property Appraisal Co., Ltd, the provision for impairment of project under construction is RMB19, 263,300.
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2. Main overseas assets

Applicable Not applicable

Core Competitiveness Analysis

Within over twenty years of its development, the Company upholds its traditional spirit of expansion, innovation and struggle. On the basis of the smooth transformation of fuel of power generation of gas turbine power plants to clear energy, the Company took the leading in implementing technology projects for energy-saving emission reduction, such as low NOX combustion reform so as to minimize the influence of power generation on environment. By implementing the sludge drying business, CCHP projects and other recycling economy projects, the Company has been striving to develop a comprehensive resources and energy utilization enterprise and full energy service provider from a single power generation enterprise. Although the Company has been facing great pressure on operation due to the negative influence from macro economy and the common issue in the gas turbine power generation industry, the core competitiveness built within twenty years of management and development of the Company lays the foundation of sustainable existence and development.

1. Although the gas turbine power generation is exposed to great difficulties, there are still spaces for survival and development in the future. Despite the profitability of gas turbine power generation sets remains downward and there are many uncertain factors in the future, the gas turbine generation unit has unique peak regulation performance and the natural gas power generation has material effect of environment protection and emission reduction. Therefore, either from the aspect of grid peak regulation and regional security, or based on the needs of environment protection, gas generation sets play an indispensable role in developed coastal areas. As the chairman unit of professional committee of gas turbine power generation in Guangdong Electric Power Industry Association and the gas turbine Power Plant in Guangong which is equipped with the most PG9171E gas-steam combined cycle power generation sets, the Company will play its unique influence in the gas turbine power generation industry in Guangdong Province, and actively strive for more living space for gas turbine power plants.

2. By investing to construction of sludge drying project, expanding technology consultation and service businesses on the construction of gas turbine power plants to overseas markets, holding shares of Jiangxi Nuclear Power Company and other initiatives, in recent years, the Company has actively explored diversification development so as to search and cultivate new profit growth points.

3. Within more than 20 years of development, the Company has attracted and trained a group of technical experts and professionals in the gas turbine industry, accumulated abundant experiences in the construction, operation, and management of gas turbine power plant. On the basis to ensure the safe and stable operation of power generation facilities, the Company also provided technology consultation and training and other professional services. Shenzhen Shennan Power Gas Turbine Engineering Technique Co., Ltd has furnished technical advice, commissioning, transportation security and other professional services for dozens of gas turbine power plants at home and abroad. The training center of the Company has undertaken the training of technical personnel from nearly 10 Power Plants in China and overseas. The Company is a well-known professionals training base in domestic gas turbine industry and has established a good reputation and professional brand image.

4. As a listed company with 20 years of history, the Company has set up a maturing and standardized corporate governance structure and a streamlined management structure, and established and gradually improved its modern enterprise management system. With the establishment of target management system, budget management system, performance appraisal system, welfare and remuneration system, which are combined with the management accountability and reward system, the responsibility is broken down to every level and to staff concerned so as to create conditions for achieving overall objectives. At the same time, the Company sets

up an independent audit department, which is responsible for internal control audit and risk prevention, and urge all departments and subsidiary companies to further standardize operation, avoid operational and governance risks.

Section IV Discussion and Analysis by the Management Team

1. Introduction

World economic growth was the lowest in six years in 2015. The international financial market turmoil intensified, which directly impacted on China's economy. The domestic economy downward pressure rose and the economic growth of Guangdong also slowed. Affected by all of these, the whole society electricity demand growth rate reduced, competition in the power generation industry became fiercer. The gas turbine generator sets, as peaking power, is in a more unfavorable situation in the sort of economic operation scheduling, and the generation capacity has been greatly limited. Besides, the government increased fiscal and financial risk management and control efforts, so that the gas turbine power generation enterprises faced enormous difficulties and challenges in common and the Company was also painful in its primary business.

In the face of extremely severe macroeconomic situation and market conditions, the company made a concerted effort. It paid close attention to safety, environment protection and economic operation of the power plants for maximum power output. Firstly, actively promoted the development of 53.82 Mu lands of Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd and the government purchase and reservation of 346 Mu lands of Zhongshan Shenzhong Real Estate Development Co., Ltd. Secondly, strengthened communication with relevant government departments, banks and other financial institutions to actively seek subsidies and favorable financing terms, spore no effort to enhance operational efficiency and ensure the security of funds chain. Last but not least, further enhanced internal standardized operation and refinement of management, and strove to raise overall performance continuously, so that the operation and management risks were effectively controlled.

Although the Company has made arduous efforts and achieved desired results in many aspects, its operating performance is not satisfactory due to macroeconomic situation, the adjustment of industry policy, the approval procedures for project and other factors. First, two 9E power generation sets of Shen Nan Dian Dongguan Company, a shareholding company of the Company, was basically shut down in the whole year of 2015 since the approval procedure of unit construction project was not perfect. Consequently, the power capacity of three power plants of the Company was only at 1.296 billion KWH in 2015 and the profitability of the primary business of the Company reduced. Secondly, Guangdong stopped the collection subsidy for processing charges of fuel gas and petrol from October 1, 2015, Shenzhen, by following the spirit of document issued by Guangdong Province, stopped collecting and granting the power generation subsidies to the gas turbine power plants. As a result, the company's revenue of primary business was negatively impacted. Besides, the Company withdrew the provision for impairment of power generation facilities at RMB 68,425,300, resulting in the primary business loss. Meanwhile, because the company failed to reach agreement with the people's government of Zhongshan City on conditions to purchase and reserve 365 Mu lands of Zhongshan Shenzhong Real Estate Development Co., Ltd, RMB576,291,300 provision for obsolete stock was withdrawn, which further increased the company's losses. Due to the aforesaid factors, following the 2014 loss, the Company was still not out of business losses in the year of 2015 so that the delisting risk warning alter will be imposed on the Company's share trading.

In 2015, the on-grid electricity capacity of the Company was 1.275 billion KWH, accounting for 75.92 % of the plan in the whole year. The revenue rose by 8.99% YOY to RMB 1, 345,018,200. The profit and net profit attributable to the parent company of the Company was -RMB 828, 146,500 and -RMB 634, 623,700, with EPS at -RMB 1.05.

II. Main business analysis

1. Introduction

The main business of the Company is the production and operation of heat and electricity power supply, and the related technology consultation and service of Power Plant (station). During the reporting period, the Company was mainly engaged in gas and steam combined cycle power generation business. Due to the slowdown economy of Shenzhen City and Guangdong Province, reducing demand for peak power generation of gas turbine power generation set, higher cost of gas turbine power generation and the limit

quota of subsidy for processing charges of fuel gas and petrol, the service hours of the power generation units of Nanshan Power Factory and Zhongshan Nan Lang Power Plant reached 1,471 and 1,344. Dongguan Gaobu Power Plant was shut down in the whole year due to the project approval issues.

Within the reporting period, the on-grid electricity capacity of the Power Plants of the Company reduced by 26.85% YOY to 1.275 billion KWH, including 790.00 million KWH from Nanshan Power Factory and 481.00 million KWH from Zhongshan Nan Lang Power Plant. The on-grid electricity capacity of the Company reduced YOY substantially, mainly because Dongguan Gaobu Power Plant basically shut down in the whole year of 2015 (Only run for 1 day); The revenue from power generation business reduced by 21.72% YOY to RMB 814, 675,700.

2. Revenue and cost

(1) Constitute of operation revenue

In RMB

	2015		2014		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total of operation revenue	1,345,018,210.71	100%	1,234,101,547.84	100%	8.99%
Industry classification					
Energy industry	1,278,682,161.32	95.07%	1,172,587,265.36	95.02%	9.05%
Engineering service	9,296,792.72	0.69%	5,957,711.27	0.48%	56.05%
Sludge drying	55,241,083.22	4.11%	52,874,721.90	4.28%	4.48%
Other business	1,798,173.45	0.13%	2,681,849.31	0.22%	-32.95%
Product classification					
Electricity sales	814,675,667.29	60.57%	1,040,706,065.25	84.33%	-21.72%
Fuel sales	464,006,494.03	34.50%	131,881,200.11	10.69%	251.84%
Engineering service	9,296,792.72	0.69%	5,957,711.27	0.48%	56.05%
Sludge drying	55,241,083.22	4.11%	52,874,721.90	4.28%	4.48%
Other business	1,798,173.45	0.13%	2,681,849.31	0.22%	-32.95%
By region					
Domestic	1,335,721,417.99	99.31%	1,228,143,836.57	99.52%	8.76%
overseas	9,296,792.72	0.69%	5,957,711.27	0.48%	56.05%

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

√Applicable □ Not applicable

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
Industry classification						
Energy industry	1,278,682,161.32	1,442,642,470.28	-12.82%	9.05%	-14.35%	30.83%
Engineering service	9,296,792.72	9,294,049.21	0.03%	56.05%	22.06%	27.84%
Sludge drying	55,241,083.22	40,385,299.14	26.89%	4.48%	-8.89%	10.73%
Product classification						
Electricity sales	814,675,667.29	981,979,766.20	-12.82%	-21.72%	-36.53%	30.83%
Fuel sales	464,006,494.03	460,662,704.08	0.03%	251.84%	235.65%	27.84%
Engineering service	9,296,792.72	9,294,049.21	26.89%	56.05%	22.06%	10.73%
Sludge drying	55,241,083.22	40,385,299.14	-20.54%	4.48%	-8.89%	28.13%

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

Applicable Not applicable

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

Yes No

Industries	Item	Unit	2015	2014	Increase/decrease y-o-y
Electric Power	Sales volume	TWh	12.75	17.43	-26.85%
	Output	TWh	12.75	17.43	-26.85%
	Storage	TWh	0	0	-

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

Applicable Not applicable

(4) Fulfillment of the company's signed significant sales contracts up to this reporting period

① On Jan. 2013, the Company, together with its shareholding subsidiary, New Power Company, signed a five-year National Gas Sale Contract with Guangdong Trade Subsidiary of CNOOC Gas and Power LTD, which is under implementation presently.

② On Dec. 2013, the Company shareholding subsidiary, Shennandian Dongguan Company, signed a five-year National Gas Sale Contract with Guangdong Trade Subsidiary of CNOOC Gas and Power LTD, which is under implementation presently.

③ On May 2014, the Company shareholding subsidiary Shennandian Zhongshan Company, signed a five-year National Gas Sale Contract with Zhuhai Trade Company, which is under implementation presently.

(5) Constitute of operation cost

Industry classification

In RMB

Industries	Item	2015		2014		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Energy industry	Power, heat supply	1,442,642,470.28	96.64%	1,684,424,940.72	96.75%	-14.35%
Engineering service	Engineering cost	9,294,049.21	0.62%	7,614,495.28	0.44%	22.06%
Other business	Sludge drying etc.	40,878,293.01	2.74%	48,865,841.37	2.81%	-16.35%

In RMB

Products	Item	2015		2014		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Electricity sales	Power supplying	981,979,766.20	65.78%	1,547,178,845.96	88.87%	-36.53%
Fuel sales	Fuel supplying	460,662,704.08	30.86%	137,246,094.76	7.88%	235.65%
Engineering service	Engineering cost	9,294,049.21	0.62%	7,614,495.28	0.44%	22.06%
Sludge drying	Sludge treatment	40,385,299.14	2.71%	44,327,403.56	2.55%	-8.89%
Other business	Oil transport cost	492,993.87	0.03%	4,538,437.81	0.26%	-89.14%

(6) Whether the changes in the scope of consolidation in Reporting Period Yes No**(7) Major changes or adjustment in business, product or service of the Company in Reporting Period** Applicable Not applicable**(8) Major sales and main suppliers**

Major sales client of the Company

Total top five clients in sales (RMB)	1,333,829,193.30
Proportion in total annual sales volume for top five clients	99.17%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Shenzhen Power Supply Bureau Co., Ltd.	504,184,038.20	37.49%
2	Sinopec shipping fuel supply Co., Ltd.	373,962,533.41	27.80%
3	Guangdong Power Grid Co., Ltd.	310,402,455.72	23.08%
4	Hubei Jiutoufeng Natural Gas Co., Ltd.	90,043,960.62	6.69%
5	Shenzhen Municipal Water Affairs Bureau	55,236,205.35	4.11%

Total	--	1,333,829,193.30	99.17%
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Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	1,217,476,597.02
Proportion in total annual purchase amount for top five suppliers	99.23%

Information of top five suppliers of the Company

Serial	Name	Purchases (RMB)	Proportion in total annual purchases
1	Guangdong branch of China National Offshore Oil & Gas Corporation	463,333,434.60	37.76%
2	Guangzhou Zhongyuan Petroleum Chemical Co., Ltd.	368,177,366.46	30.01%
3	Zhuhai branch of China National Offshore Oil & Gas Corporation	292,132,722.55	23.81%
4	Xiantao Heneng Gas Sales Co. Ltd.	89,633,244.39	7.31%
5	Shenzhen Jiangrun Technology Development Co., Ltd.	4,199,829.02	0.34%
Total	--	1,217,476,597.02	99.23%

Other notes of main suppliers of the Company

Applicable Not applicable

3. Expenses

In RMB

	2015	2014	Increase/decrease y-o-y	Note of major changes
Sales expense	4,040,925.95	3,144,077.93	28.52%	Dry sludge disposal costs increased
Management expense	152,448,251.49	94,273,391.92	61.71%	Dongguan Gaobu Power Plant stopped, the main business cost transferred in management expense RMB 57,168,400.
Financial expense	230,684,786.65	244,562,310.79	-5.67%	Interest rate reduction

4. R&D expenses

Applicable Not applicable

5. Cash flow

In RMB

Item	2015	2014	Y-o-y changes
Subtotal of cash in-flow from operation activity	2,143,467,256.56	2,363,289,387.00	-9.30%
Subtotal of cash out-flow from operation activity	1,757,015,550.47	1,792,025,404.87	-1.95%
Net cash flow from operation activity	386,451,706.09	571,263,982.13	-32.35%
Subtotal of cash in-flow from investment activity	168,095.41	70,116.84	139.74%
Subtotal of cash out-flow from investment activity	34,810,055.92	85,549,920.49	-59.31%
Net cash flow from investment activity	-34,641,960.51	-85,479,803.65	-59.47%
Subtotal of cash in-flow from financing activity	3,591,160,000.00	3,342,703,209.20	7.43%
Subtotal of cash out-flow from financing activity	3,495,492,578.29	3,798,127,099.25	-7.97%
Net cash flow from financing activity	95,667,421.71	-455,423,890.05	-121.01%
Net increased amount of cash and cash equivalent	447,831,523.04	30,440,127.50	1,371.19%

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

√Applicable □ Not applicable

- (1) The cash inflow from operation activities reduced by 9.30%, mainly because the sales income of electricity power reduced due to the decrease of generating capacity and the power generation subsidiary reduced YOY.
- (2) The cash outflow from operation activities reduced by 1.95%, mainly because the funds paid to purchase natural gas reduced due to the decrease of generating capacity.
- (3) The net cash flow from operation activities reduced by 32.35%, mainly because the sales income of electricity power reduced due to the decrease of generating capacity and the power generation subsidiary reduced YOY.
- (4) The cash inflow from investment activities rose by 139.74%, mainly due to increase in the disposal of fixed assets.
- (5) The cash outflow from the investment activities reduced by 59.31%, mainly due to the low NOX combustion technology reform expense of power generation unit reduced YOY;
- (6) The net cash flow from investment activities reduced by 59.47%, mainly due to the low NOX combustion technology reform expense of power generation unit reduced YOY;

(7) The cash inflow of financing activities rose by 7.43%, mainly because the total financing amount in the reporting period rose somewhat.

(8) The cash outflow of financing activities reduced by 7.97%, mainly because loans repaid in current period reduced along with some short-term loans was transferred to long-term loans.

(9) The net cash flow from financing activities rose by 121.01%, mainly because the total financing amount in the reporting period rose somewhat, and loans repaid in current period reduced along with some short-term loans was transferred to long-term loans.

(10) The net of cash and cash equivalents rose by 1371.19%, mainly because the amount of cash and cash equivalents rose in current period due to financing activities.

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

The net profit of the Company in current year is negative. The cash flow of the Company is not influenced after the deduction of provision for impairment of fixed assets, depreciation of fixed assets and various amortization, and the net cash flow from operation activities is positive.

III. Analysis of the non-main business

√Applicable □ Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Investment income	-2,077,122.55	0.25%	The equity method of accounting for long-term equity investment income amortization	Y
Changes in fair value	-	-	-	-
Asset impairment	684,710,317.03	82.68%	See "II-1, major changes in the main asset "	N
Non-operating income	401,866,238.19	-48.68%	Electricity subsidies and tax revenue	N
Non-operating expense	448,678.66	0.05%	Dispose of used fixed assets	N

IV. Assets and liability

1. Major changes of assets composition

In RMB

	End of 2015		End of 2014		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		

Monetary fund	1,026,626,480.06	22.42%	578,584,447.02	11.44%	10.96%	The increase of net financing in the period
Account receivable	405,391,442.85	8.85%	502,772,509.41	9.94%	-1.09%	Reduce of the subsidy receivable
Inventory	672,683,049.42	14.69%	1,284,712,150.88	25.41%	-10.73%	Land impairment loss, see "II-1, major changes in the main asset "
Investment property	3,194,715.51	0.07%	3,543,988.51	0.07%	0.00%	The depreciation in the period
Long-term equity investment	22,520,274.78	0.49%	24,597,397.33	0.49%	0.00%	The reduction of the equity method of accounting
Fix assets	1,667,494,083.42	36.41%	1,839,739,944.19	36.38%	0.01%	The depreciation in the period
Construction in process	8,473,276.90	0.19%	32,826,131.18	0.65%	-0.47%	Provision for impairment of the current period, see "II-1, major changes in the main asset "
Short-term loans	2,385,300,000.00	52.08%	2,617,890,000.00	51.77%	0.28%	Short term borrowings are converted to long-term borrowings, and the total amount of financing in the current period is increased.
Long-term loans	696,000,000.00	15.20%	150,000,000.00	2.97%	12.22%	Short term borrowings are converted to long-term borrowings

2. Assets and liability measured by fair value

Applicable Not applicable

V. Investment

1. Overall situation

In January 2010, the Company invested to Jiangxi Nuclear Power of State Power Investment Corporation in nuclear power project and holds 5% stake. As to the end of the reporting period, the investment of the Company amounted to RMB 57, 315,000 and the company hasn't increase investment. The preparatory work of the project is in progress.

2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment**(1) Securities investment**

Applicable Not applicable

The company had no securities investment in the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period

5. Application of raised proceeds

Applicable Not applicable

The Company had no application of raised proceeds in the reporting period.

VI. Sales of major assets and equity**1. Sales of major assets**

Applicable Not applicable

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

2. Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Shenzhen New Power Industrial Co., Ltd.	Subsidiary	Technology development regarding to application of remaining heat (excluding restricted items) and	RMB 113.85 million	184,883,165.35	37,001,109.86	222,867,100.22	-45,469,394.17	-45,456,030.23

		power generation with remaining heat. Add: power generation through burning machines.						
Shen Nan Energy (Singapore) Co., Ltd.	Subsidiary	Oil product trading, spare part of the gas turbine agent	US \$ 0.9 million	347,381,360.10	345,301,933.97	/	1,214,388.09	1,214,388.09
Shenzhen Server Petrochemical Supplying Co., Ltd	Subsidiary	Self-operation of fuel oil or import agent business; Trading(manufacture, storage and transportation excluded) of diesel, lubricating, liquefied petroleum gas, natural gas, compressed gas & liquefied gas and chemical products(chemical hazard excluded); investment, construction and technical assistance of relevant supporting	RMB 53.3 million	148,149,679.48	108,973,874.41	464,812,218.03	-6,986,425.87	-6,940,425.87

		facility of liquefied petroleum gas and natural gas; import and export of cargo and technologies, domestic trading(mono polized 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)						
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Subsidiary	Engaged in the technology consultant service of gas-steam combined	RMB 10 million	112,899,015.31	27,929,671.17	9,296,792.72	1,111,264.59	728,840.00

		cycle power plant (station), maintenance and overhaul of 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)						
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Subsidiary	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	RMB 746.8 million	852,179,755.24	4,814,682.37	307,354,989.75	-154,424,323.00	-78,115,886.46

		inflammable and explosive materials).						
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Subsidiary	Construction and operation of natural gas power plants.	US \$ 35.04 million	778,133,127.57	165,167,558.33	3,470,323.10	-136,406,696.90	-33,795,198.89
Zhongshan Shenzhong Real Estate Development Co., Ltd	Subsidiary	Real estate development, property management, sales and leasing business of self-owned commercial housing, real estate investment	RMB 177.80 million	461,289,811.15	-792,773,104.54	25,641.03	-650,568,711.98	-650,568,739.87
Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd	Subsidiary	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 housing. branch operations: Fuel oil, the	RMB 60 million	331,339,134.76	24,256,733.73	/	-11,206,713.35	-11,306,780.47

		storage and sales of engine oil						
Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Subsidiary	Sludge drying	RMB 79 million	134,206,223.51	86,245,504.48	55,287,660.99	6,436,628.67	6,524,056.19
CPI Jiangxi Nuclear Power Co., Ltd.	Stock jointly company	Development , building & operating and management of the nuclear power project; producing electricity and relevant products; foreign trade operation(excluding the import and export business of cargo exercise state-run trading management) ; (except for the projects with special permission from the State)	RMB 1127.27 million	3,041,037,927.37	1,127,270,000.00	/	/	/

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Future Development Prospects

(I) Macro economy and industry development trend

Looking into the new year, the world economy is in a deep adjustment, recovery is underpowered, growth rate of international trade is sluggish, financial and commodity market remain volatile, geopolitical risks rise and there are increasing instability and uncertainties in the external environment, which will have a greater impact on the macro economic situation of China. At the same time, China's economic structural reform has entered a crucial stage, the task of de-capacity, de-stocking, de-leverage, cost reduction and the shoring up of weak spots are very hard. As a result of changing growth rate of domestic economy, the structural adjustment pains, the interacting of the old and new monument for economy development and rising economic downward pressure, the overall situation is still grim. To achieve a good start for economic and social development in the Thirteenth- Five Year Plan, 2016 *Government Work Report* brings forward to balance steady growth and structural adjustment, keep the economy running at a reasonable range, focus on strengthening the supply-side structural reforms to accelerate the fostering of new development momentum, transform and upgrade the traditional comparative advantages, and strive to achieve expected GDP growth of 6.5% to 7%.

Affected by domestic and international economic situation, in 2016, the overall industrial economy will remain stable in Guangdong Province. However, because there are more uncertainties, the economy faces greater downward pressure. Shown by the first quarter power distribution meeting of Guangdong Province, and based on an analysis of the situation of industrial economy, it is expected that total electricity consumption in Guangdong Province will rise by 2.1% YOY to 542.4 billion KWH in 2016, it is expected the maximum load which will be consistently deployed in the Guangdong Province will rise by 3.8% YOY to 97 million KWH, it is expected contract generation will rise by 2% YOY to 513.5 billion KWH, and there will be ten new power generation units with total capacity at 3.48 million KW. In 2016, as the electricity consumption growth tends to slow in Guangdong Province and the install equipment continues to increase, it is expected that the power supply will meet the needs of the province's electricity supply and there may be surplus of electricity as a whole.

Despite facing many unfavorable external environments, but, due to its flexible peaking function and environment protection, the gas turbine power generation sets have an irreplaceable role. Although in recent years, the situation is not optimistic about the power generation, there still space for efforts. The Company will spare no effort to seek the support of relevant government departments and grid companies for increasing the generating capacity of its Power Plants in 2016. Besides, the Company will actively conform to the trend of national economic structure optimization and reconstructing, search new investment opportunities and explore the possibility of sustainable development of the Company and its subsidiaries through industrial upgrading, business transformation and integration of assets and other measures.

(II) 2016 operation plan

Because the audited net profit has been negative in the successive two accounting years of 2014 and 2015, the delisting risk alert will be imposed to the company's stock trading after the report is disclosed. The Company pays highly attention to this issue, and especially researches and analyses related problems and subsequent risks, for example, financing and operating pressure increases, and the Company will be less attractive to professionals. Besides, aimed at possible consequent risks, the Company brings forward strategies and set down corresponding measures. Under the premise to ensure safety, the Company will maximally improve the profitability of primary businesses, promote to the revitalizing of lands in Zhongshan, Huidong wharf and the shut-down power generation sets, and raise the performance of other businesses than power generation on the basis of standardizing operation. In 2016, the Company will focus on the following aspects:

(1) Strengthen safety awareness and achieve comprehensive security. Continue to adhere to management philosophy of "Safety First and Prevention Crucial", further establish and improve the safety management system, increase enforcement system, strengthen staff training and assessment, build a full, comprehensive and 24-hours large security pattern, and achieve the safety target of production, operation and management.

(2) Strengthen risk awareness and improve standardized operation level. Enhance legal education, insist on governing enterprise based on laws, and further improve corporate governance structure and modern enterprise management system. Strengthen risk control, optimize internal management and business processes by internal audits and internal control self-evaluation, and further enhance the standardized management, and effectively guard against operational risks.

(3) Broaden financing channels, and secure the safety of funds chain. Closely track the national financial and monetary policies, raise funds by various means, and spare great efforts to protect the company's capital chain security. Overcome operating losses, the termination of power generating subsidies, and strive for mid-term and long-term funds through the revitalizing of assets and broadening market direct financing channels in order to improve capital structure and defuse potential financial risks; Strengthen fund planning and management within the system and maximize the advantages of overall financing platform and the utility of funds raised.

(4) Pay close attention to management and improve the profitability of core business. Conscientiously implement production management, guarantee supplies, maintain equipment carefully to ensure that the power generation units will be put into operation at any time required and spare no effort for more generating capacity. Strengthen the dynamic tracking and analysis of business activities, further improve budget management level, and strictly control costs and expenses. Strongly advocate broadening sources of income and cutting down costs. Further perfect the incentive and evaluation mechanisms, strengthen positive staff guidance and job training, create a united, progressive, pragmatic and struggling corporate culture, and stimulate the vitality and creativity of employees. By improving management efficiency, develop internal potential, actively seek external support and strive to improve the profitability of the main business.

(5) Enhance the value of assets and prevent non-electric business risks. Analyze the problems and shortcomings in previous operations, rearrange and reorganize other businesses than power segment within the system of the Company, increase support to sludge drying business with development potential and gas turbine Power Plant technology service, promote the development of 53.82Mu lands and the revitalizing of 346 Mu lands respectively in Zhongshan, accelerate the disposal of #7 and #9 power generation units which have been shut down, strictly control the operation risk of non-electric business, take measures to integrate stock assets and expand development space.

(6) Conscientiously fulfill the obligation of information disclosure and earnestly safeguard the legitimate rights and interests of shareholders. After the company is classified into a * ST share, the relevant regulatory bodies, and shareholders will paid more attention and be more sensitive to the Company, which will bring forward high requirements on the Company for information disclosure and investor relations management. The Company will strictly comply with relevant laws, regulations and regulatory documents, timely, accurately, completely and authentically implement the obligation of information disclosure, maintain investor relations well, keep major information confidential and strengthen communication and reporting with regulatory agencies so as to maintain a good the image of a listed company.

(7) Pay close attention to planning development of Qianhai and strive to be beneficial to the company's implementation plan. Continue to follow and study the regional planning and related policies development of Qianhai, carry out the demonstration and calculation of the relocation of Nanshan Power Factory and maintain active communication with the relevant departments and Shenzhen Qianhai Administration Bureau. After the municipal government makes a decision of the future planning project of Nanshan Power Factory, and the shareholders' approval is gained, timely carry out related work to win opportunity from difficult situation and safeguard the interests of the company and shareholders.

(8) Seek new development opportunities for sustainable development. Adapt to new economic development trend, actively pursue new opportunities and development, and explore effective path to industrial transformation and upgrading through the optimization and reconstructing of equity and assets, strive to get rid of operation difficulties, expand living space, and realize healthy and sustainable development.

The operation plan described in the report and related analysis of situation does not constitute the performance of the company's commitment to investors. The company reminds investors to maintain sufficient awareness of risks and should understand the difference between the operation plan and performance commitments.

(III) Possible main risks

1. Uncertainty in generating capacity: in 2016, as the electricity consumption growth will slow in Guangdong Province, the new installed capacity continues to increase, it is expected that the electricity demands will be enough and the electricity supply will be surplus as a whole. The impact on business of the single main business company is not uncertain. The Company will exert on its roles of chairman unit of professional committee of gas turbine power generation in Guangdong Electric Power Industry Association, seek supports of levels of government and power grid companies and strive for more generating capacity. Besides, it will maintain equipments in a sound condition and make preparation for economic operation and management, improve equipment operating efficiency, and positively deal with challenges from the market-oriented reforms in electricity power industry. In March 2016, the project approval procedures of Dongguan Gaobu Power Plant have been completed. On the basis of making excellent preparation for power generation, the Company will try its best for secure more generating capacity in the next three quarters.

2. Uncertainty in fuel price: Zhongshan Nan Lang Power Plant and Dongguan Baobu Power Plant of the Company have respectively signed long-term purchase agreement of natural gas with Guangdong Trade Subsidiary of CNOOC Gas and Power LTD and Zhuhai Trade Subsidiary of CNOOC Gas and Power LTD (collectively referred to as "CNOOC"). Although international oil price has gone down substantially since last year, the future trend of oil price is uncertain so that the price of natural gas which is linked with the international oil price is also unsettling. In addition, If the actual use of gas cannot achieve the minimum purchase amount, the price of natural gas exist not negotiated with supplier. The Company will actively strive for the support of CNOOC for favorable price of natural gas and contract execution. Meanwhile, the Company will seek natural gas provider with lower price to satisfy the demand of Zhongshan Nanlang Power Plant and others for natural gas and minimize fuel cost as far as possible.

3. Capital security is facing greater pressure: As delisting risk alert will be imposed to the company's stock trading, and the subsidy policy for power plants was terminated, it may be more difficult for the company for raising funds and financing cost tends to rise. The Company will further strengthen communication with banks and other financial institutions, and establish their confidence in the company's solvency and continuing existence and strive for their support in financing.

4. Uncertain in real estate market: the 53.82 Mu lands of Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd are in the stage of substantial development. As market supply and demand situation remain changing in future, it is uncertain for the Company to fulfill the collection plan of sales fund. The government purchase and reservation of 346Mu lands of Zhongshan Shenzhong Real Estate Development Co., Ltd hasn't been finished. There are uncertainties whether the Company will make consensus with the people's government of Zhongshan City on land purchase and reservation and then implement the following approval procedures. At the same time of land development and construction, the Company will, through specialized marketing efforts, increase market promotion efforts, improve famous rate and signings rate of property project. In addition, the Company will increase communication with the government of Zhongshan, strive for favorable conditions of purchase and reserve of lands, and effectively protect the interests of the Company and its shareholders.

5. Uncertainty in the stability of core professionals: within over twenty years after the Company has been established, the company has absorbed and cultivated a batch of high quality of combustion engine experts. Because of its operating losses in recent years, coupled with the high cost of living in Shenzhen, the company has had a problem of professional brain drain. Although the existing professional and technical personnel and management team can meet with the company's normal production, operation and management needs, it is possible for more professionals to leave out of the company after the imposing of delisting risk alert. The company will further strengthen human resources management, rearrange posts and carry out remuneration system, increase staff training and reserve talents, and apply limited resources for encouraging core personnel. At the same time of standard management

and putting forward strict requirements for work, pay attention to humane care of staff, create a harmonious working atmosphere, and enhance the company's cohesion.

6. The audited net profit of the Company in two successive accounting periods, 2014 and 2015, is respectively -RMB330, 513,284.99 and -RMB634, 321,085.16. In accordance with the related regulation of *Stock Listing Regulation*, after the Company discloses the report and applies for suspension of share trading for one day, the delisting risk alter will be imposed on the Company's share trading. If the company continues to make losses in the year of 2016, the company's stock may be suspended from listing. Under the premise of safety and standardization, by broadening sources of income and cutting down costs, improve operational and management efficiency, and actively promote the revitalizing of asset and spare no effort to achieve profitability.

The Company reminds investors to pay attention to the above possible principal risks and other risks the company may face, and carefully make rational investment decisions.

X. Reception of research, communication and interview

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

Applicable Not applicable

Time	Way	Type	Basic situation index of investigation
Jan.-Dce.2015	Investor relation interactive platform and written information	Individual (45)	Under the premise of not violating the information disclosure principles and confidentiality of major information systems, the Company will seriously and timely response to investors on the company's basic business, financial condition and status of affiliates.
2015-05-19	Field research	Individual	Under the premise of not violating the information disclosure principles and confidentiality of major information systems, the Company will seriously and timely response to investors on the company's basic business, financial condition and status of affiliates.
2015-12-28	Field research	Individual	Under the premise of not violating the information disclosure principles and confidentiality of major information systems, the Company will seriously and timely response to investors on the company's basic business, financial condition and status of affiliates.
Reception (times)			47
Number of hospitality			0
Number of individual reception			47
Number of other reception			0

Disclosed, released or let out major undisclosed information	N
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2. From the end of reporting period to the disclosure date, reception of research, communication and interview

Applicable Not applicable

The Company had no reception of research, communication or interview from the end of reporting period to the disclosure date

Section V. Important Events

I. Profit distribution plan of common stock and capitalizing of common reserves plan

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

√Applicable □ Not applicable

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

1. 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. But as the subsidy for electricity generation was seriously late to be retrieved, the company had inactive lands of 1.1 billion Yuan in inventory at the end of the year, and the company's financial situation is very 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, guarantee the normal production and management, and further improve the short-term debt paying ability and enhance the company's overall profitability. Approved by the board of directors and shareholders' meeting, the company carried over the undistributed profits of 302,714,103.81 Yuan up to the end of 2013 to the next year in order to supplement the company's liquidity needed in day-to-day operations. (For details, please refer to the announcement of the 16th meeting of the 6th session board of directors (No.: 2014-022) published by the Company on China Securities, Securities Times, Hong Kong Commercial Daily and Juchao information website on 25 April 2014.)

2. In 2014, 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. (For details, please refer to the announcement of the 2nd meeting of the 7th session board of directors (No.: 2015-026) published by the Company on China Securities, Securities Times, Hong Kong Commercial Daily and Juchao information website on 25 April 2015.)

3. In 2015, audited by Deloitte Touche Tohmatsu CPA (LLP), the net profit attributable to shareholders of listed company for year of 2015 amounting as RMB -634,623,667.06. The Company has no plans of surplus accumulation fund accrual, no profit distribution plan and capitalizing of common reserves either. (For details, please refer to the announcement of the 6th meeting of the 7th session board of directors (No.: 2016-009) published by the Company on China Securities, Securities Times, Hong Kong Commercial Daily and Juchao information website on 1 April 2016.)

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

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Amount for cash bonus by other ways	Proportion for cash bonus by other ways
2015	0.00	-634,623,667.06	0.00%	0.00	0.00%

2014	0.00	-330,513,284.99	0.00%	0.00	0.00%
2013	0.00	53,099,116.45	0.00%	0.00	0.00%

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

Applicable Not applicable

II. Profit distribution plan and capitalizing of common reserves plan for 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.

III. Implementation of commitment

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

Applicable Not applicable

Commitments	Promise	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for Share Merger Reform						
Commitments in report of acquisition or equity change						
Commitments in assets reorganization						
Commitments make in initial public offering or re-financing						
Equity incentive commitment						
Other commitments for medium and small shareholders Equity incentive commitment	HONG KONG NAM HOI (INTERNATIONAL) LTD., Shenzhen Guangju Industrial Co., LTD., Shenzhen Energy Group Co., Ltd.,	Commitments of not carrying out a major asset restructuring	Promise not to preparing the material events as material assets reorganization, acquisition, stock placement in later three months	2015-01-09	3 months	Completed

	Shenzhen Guoneng International, Trading Co., LTD., The Company					
	The Company	Commitments of not carrying out a major asset restructuring	Promise not to preparing the material events as material assets reorganization, acquisition, stock placement in later three months	2015-05-19	3 months	Completed
	HONG KONG NAM HOI (INTERNATIONAL) LTD., Shenzhen Guangju Industrial Co., LTD., Shenzhen Energy Group Co., Ltd., The Company	Commitments of not carrying out a major asset restructuring	Promise not to preparing the material events as material assets reorganization, acquisition, stock placement in later three months	2015-12-01	3 months	Completed
Other commitments for medium and small shareholders	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

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

Applicable Not applicable

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

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” that issued by CPA

Applicable Not applicable

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

Applicable Not applicable

No particulars about the changes in aspect of accounting policy, estimates or calculation method in Period.

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

Applicable Not applicable

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

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

Applicable Not applicable

New established subsidiary: Sinopharm Holding Guangzhou Medical Management Co., Ltd.

IX. 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 (financial audit:70, Internal Control audit:20)
Continuous life of auditing service for domestic accounting firm	3 years
Name of domestic CPA	Ou Changxian, Li fengxia

Re-appointed accounting firms in this period

Yes No

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

Applicable Not applicable

Ruihua Certified Public Accountants Co., Ltd. (LLP) was appointed as the internal control auditing authority of the Company for year of 2015 with expenses of RMB 0.2 million for one year

X. Particular about suspended and delisting after annual report disclosed

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XII. Significant lawsuits and arbitrations of the Company

√Applicable □ Not applicable

Basic information of lawsuit (arbitration)	Amount involved (in ten thousand Yuan)	Whether it is liabilities estimate	Progress of lawsuit (arbitration)	Outcome and affect of lawsuit (arbitration)	Implementation of lawsuit (arbitration) award	Disclosure date	Disclosure index
<p>Since Aug. 2016, Server Company, an affiliate of the Company, carried out oil trading business with China Shipping & SINOPEC Supplies Co., Ltd (purchase fuel oil from Guagnzhou Zhongyuan Petrochemical Co., Ltd and sell such fuel oil to China Shipping & SINOPEC Supplies Co., Ltd.) During the period from Aug. 2015 to the end of Sep. 2015, Server Company signed two pieces of fuel oil purchase agreements(Contract No.: GRG150804002X and GRG150907004X) with China Shipping & SINOPEC Supplies Co., Ltd and the total contract amount reached RMB72.35 million. Server</p>	5,112.82	No	The hearing hasn't been held since the disclosures date of the report	As the hearing hasn't been held, it is unable to predict the effect of the lawsuit on the profit in current period or next period.	Hearings hasn't been held since the disclosures date of the report	2016-03-01	<p>Announcement: Announcement on Lawsuits Initiating by the Affiliate of the Company, Shenzhen Server Petrochemical Supplying Co., Ltd(2016-007) published by the Company on <i>China Securities News</i>, <i>Securities Times</i>, <i>Hong Kong Commercial Daily</i> and Juchao Website.</p>

<p>Company delivered fuel oil to China Shipping & SINOPEC Supplies Co., Ltd in accordance with agreement. However, China Shipping & SINOPEC Supplies Co., Ltd didn't pay full contract amount in accordance with agreement after it issued Delivery Confirmation to Server Company. Up to now, the owned money is RMB51,128,173.60. Server Company initiated legal proceedings and submitted to Guangzhou Huangpu District People's Court Civil Complaint and other relevant filing materials and has received the Acceptance Notification.</p>						
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XIII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable Not applicable

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

Applicable Not applicable

Except for the payment of employee remuneration and incentives within the scope of remuneration, the company has no equity incentive plan, employee stock ownership plans or other employee incentives.

XVI. Major related transaction

1. Related transaction with routine operation concerned

Applicable Not applicable

The Company had no related transaction with routine operation concerned in the 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. Contact of related credit and debt

Claim receivable from related party

Serial	Related party	Relationship	Causes	Whether has non-business capital occupying or not	Balance at period-begin (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Current recovery (10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Subsidiary	Profit distribution	No	7,949.53	-	-			7,949.53
New Power Company	Subsidiary	Financial claim receivable from related party	No	2,860.46	44,458.63	39,616.29			7,702.80
Shen Nan Dian (Zhongshan) Electric Power Co.,	Subsidiary	Financial claim receivable from related	No	63,493.66	3,678.29	15,553.36	7.00%	3,098.84	54,717.43

Ltd.		party							
Zhongshan Shenzhong Real Estate Development Co., Ltd	Subsidiary	Financial claim receivable from related party	No	84,252.10	1,000.00	500.00	7.00%	5,717.62	90,469.72
Zhongshan Shenzhong Real Estate Investment Property Co., Ltd	Subsidiary	Financial claim receivable from related party	No	9,364.05	12,900.00	12,407.23	7.00%	640.22	10,497.04
Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Subsidiary	Financial claim receivable from related party	No	10,674.86	15,000.00	7,000.00	7.00%	713.71	19,388.57
Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Subsidiary	Financial claim receivable from related party	No	815.7	3,366.04	3,742.29	7.00%	5.29	444.74
Shen Nan Energy (Singapore) Co., Ltd.	Subsidiary	Financial claim receivable from related party	No	21.23	-	-			21.23
Hong Kong Syndisome Co., Ltd.	Subsidiary	Financial claim receivable from related party	No	8.1	0.58	0.13			8.55
Influence on business performance and financial status of the Company from related liabilities	Current assets RMB 117.5995 million increased in the Period.								

Debts payable to related party

Serial	Related party	Relationship	Causes	Balance at period-begin (10 thousand Yuan)	Current newly added (10 thousand Yuan)	Current recovery (10 thousand Yuan)	Interest rate	Current interest (10 thousand Yuan)
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Subsidiary	Financial claim receivable from related party	9,486.96	-	487.85	5.60%	533.14	9,532.25
Shenzhen Server Petrochemical Supplying Co., Ltd	Subsidiary	Financial claim receivable from related party	3,146.99	7.70	222.66	5.60%	170.33	3,102.36
Hong Kong Syndisome Co., Ltd.	Subsidiary	Financial claim receivable from related party	346.97	31.61	10.40			368.18
Influence on business performance and financial status of the Company from related debts		current liability RMB 0.2187 million increased in the Period						

XVII. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

Explanation on trust

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 8.9840 million was obtained by the Company in reporting period.

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period

2. Major guarantees

√Applicable □ Not applicable

(1) Guarantees

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Total approving external guarantee in report period (A1)				0	Total actual occurred external guarantee in report period (A2)		0	
Total approved external guarantee at the end of report period (A3)				0	Total actual balance of external guarantee at the end of report period (A4)		0	
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Shen Nan Dian Zhongshan Company	2015-04-25	10,000	2015-10-28	5,000	General assurance	One year	No	Yes
Shen Nan Dian Zhongshan Company	2015-04-25	20,000	2015-05-13	15,500	General assurance	One year	No	Yes
Shen Nan Dian Zhongshan Company	2015-04-25	10,000	2015-07-13	2,955	General assurance	One year	No	Yes
Shen Nan Dian Zhongshan Company	2015-04-25	10,000	2015-6-26	2,675	General assurance	One year	No	Yes
Shen Nan Dian Dongguan Company	2015-04-25	15,000	2015-10-22	10,000	General assurance	One year	No	Yes
Shen Nan Dian Dongguan Company	2015-04-25	20,000	2015-05-13	20,000	General assurance	One year	No	Yes
Shen Nan Dian Dongguan Company	2015-04-25	21,000	2015-07-01	3,500	General assurance	One year	No	Yes
Shen Nan Dian Dongguan Company	2015-04-25	5,000	2015-11-19	5,000	General assurance	One year	No	Yes
Shen Nan Dian Environment	2015-04-25	2,500	2015-08-20	2,000	General assurance	One year	No	Yes
New Power Company	2015-04-25	10,000	2015-11-30	5,000	General assurance	One year	No	Yes

Zhongshan Shenzhong Real Estate Investment Property Co., Ltd	2015-12-29	30,000	2015-12-30	9,100	General assurance	One year	No	Yes
Total amount of approving guarantee for subsidiaries in report period (B1)		153,500		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		80,730		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		153,500		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		80,730		
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Total amount of approving guarantee for subsidiaries in report period (C1)		0		Total amount of actual occurred guarantee for subsidiaries in report period (C2)		0		
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)		0		Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)		0		
Total amount of guarantee of the Company(total of three abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)		153,500		Total amount of actual occurred guarantee in report period (A2+B2+C2)		80,730		
Total amount of approved guarantee at the end of report period (A3+B3+C3)		153,500		Total balance of actual guarantee at the end of report period (A4+B4+C4)		80,730		
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)				126.93%				
Including:								
Amount of guarantee for shareholders, actual controller and its related parties(D)				0				
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(E)				78,730				
Proportion of total amount of guarantee in net assets of the Company exceed 50%(F)				48,929.67				
Total amount of the aforesaid three guarantees(D+E+F)				127,659.67				
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				

Explanation on guarantee with composite way

(2) Guarantee outside against the regulation

Applicable Not applicable

No guarantee outside against the regulation in Period.

3. Entrust others to cash asset management

No entrust financing and entrust loans for the company in reporting period.

4. Other material contracts

Applicable Not applicable

Company entered into a contract	Name of counter part	subject matter of contract	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	disclosure date	Disclosure index
The Company	Guangdong Trade Branch of CNOOC Gas & Power Group	Liquefied natural gas	2013-01-15	-	-	-	-	Consisting three parts: price of LNG, comprehensive service charge and taxes.	-	No	No	Implementing relevant contracts	2012-12-15	No.:2012-054, announcement of the purchase of natural gas published on "China Securities Journal" "Securities Times"

													“Hong Kong Commercial Daily” and Juchao Website
Shen Nan Dian Dongguan Company	Guangdong Trade Branch of CNOOC Gas & Power Group	Liquefied natural gas	2013-12-21	-	-	-	Consisting three parts: price of LNG, comprehensive service charge and taxes.	-	No	No	Implementing relevant contracts	2013-11-30	No.:2013-044, “Notice of major Contract” published on “China Securities Journal” “Securities Times” “Hong Kong Commercial Daily” and Juchao Website
Shen Nan Dian Zhongshan Company	Guangdong Trade Branch of CNOOC Gas & Power Group	Liquefied natural gas	2014-05-31	-	-	-	Consisting three parts: price of LNG, comprehensive service charge and	-	No	No	Implementing relevant contracts	2014-4-25	No.:2014-030, “Notice of major Contract” published on “China Securities

								taxes.						es Journal ” “Securi ties Times” “Hong Kong Comme rcial Daily” and Juchao Website
Zhongs han Shenzh ong Real Estate Investm ent Propert y Co., Ltd	Zhongh eng Constru tion Group Co.,Ltd	Shui Mu Nian Hua Garden project (buildin g size: 157,95 1.71 M ²)	2015-0 7-02	-	-	-		Contrac t amount + design change and visa amount - deducti ble expense s	37,923. 48	No	No	Implem enting relevant contract s	2015-0 7-07	No.:20 15-051, Progres s announ cement of develop ment project of 53.82 acres of land of Shenzh en Real Estate Compa ny publish ed on “China Securiti es Journal ” “Securi ties Times” “Hong

5. The audited net profit of the Company in two successive accounting periods, 2014 and 2015, is respectively –RMB 330,513,284.99 and –RMB -634,623,667.06. In accordance with the relation regulation of *Stock Listing Regulation*, after the Company discloses the report and applies for suspension of share trading for one day, the delisting risk alert will be imposed on the Company's share trading when the share trading is resumed. After the imposing of delisting risk alert, the Company's ticker symbol will be “*ST”, and the daily rate of trading limit for its stock price is 5%. If the company continues to make losses in the year of 2016, the company's stock may be suspended from listing. The Company reminds investors of investment risks.

XIX. Significant event of subsidiary of the Company

√ Applicable Not applicable

1. During the reporting period, Shen Nan Dian Dongguan Company, a shareholding company of the Company, was shut down as the approval procedure of the gas turbine combined cycle power generating project of Dongguan Gaobu Power Plant wasn't completed. Two sets of 9E gas turbine combined cycling power generating sets of Dongguan Company were not put into operation in the whole year (Only run for 1 day). The Company and Shen Nan Dian Dongguan Company, on one aspect, closely tracked the trend of policies, promoted examination and approval procedure of project and strived to complete approval procedures, and on the other aspect, strengthened the daily maintenance of curing of the power generation sets to ensure the equipment in sound status, and increase the job training of operation ,maintenance and other technical personnel during the period of downtime and make good preparation in the aspect of equipment and human resource to resume power generation. On Jan. 14, 2016, Shen Nan Dian Dongguan Company received the *Replay on the Approval of Guangdong Development & Reform Committee on the Gas-Stream Combined Cycle Power Generation Project of Gaobu Natural Power Plant*(YFGNDHNo.[2016]140)(hereinafter “Project Approval Replay”), stating “comprehensively considering the safe operation of the electricity power system of Guangdong Province and through research, Guangdong Development and Reform Commission approved the 2×180MW gas-steam combed cycle power generation project of Gaobu Natural Gas Power Plant of Shen Nan Dian Dongguan Company.”.(For further information, refer to the *Announcement on the Shareholding Subsidiary, Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd Granted with the Replay on the Approval of Guangdong Development & Reform Commission on the Gas-Stream Combined Cycle Power Generation Project of Gaobu Natural Power Plant* of the Company(2016-001) on *China Securities News, Securities Times, Hong Kong Commercial Daily* and Juchao website on Jan. 16, 2016). Before the disclosure report, Shen Nan Dian Dongguan Company has completed related procedures of power generation, signed supporting documents, obtained the *Power Business License* granted by the South China Bureau of the National Energy Board and resumed normal electricity production. The company will follow the requirements in the *Project Approval Replay*, and develop targeted risk prevention measures to strengthen operation management and ensure the safety, environmental protection, and efficient operation.

2. On Apr. 10, 2015 and Apr. 27, 2015, the third meeting of the seventh session of the board of directors and the second extraordinary shareholders' meeting in the year of 2015 respectively deliberated and approved the *Resolution on Accelerating the Development of 53.82Mu Lands of Zhongshan Shenzhong Real Estate Real Estate Investment Properties Co., Ltd and Investment and Development Plan from Jan. 2015 to Aug. 2016*, which approved Zhongshan Shenzhong Real Estate Real Estate Investment Properties Co., Ltd , a shareholding subsidiary of the Company, to formally initiate the development and construction of 53.82 Mu lands(for details, refer to the related announcement(2015-017 and 2015-040) published by the Company on *China Securities News, Securities Times, Hong Kong Commercial Daily* and Juchao website on Apr. 11 and Apr. 28). In order to ensure the smooth progress of project development, Zhongshan Shenzhong Real Estate Real Estate Investment Properties Co., Ltd carried out bidding of construction units and raised construction funds. Through open bid, Zhongshan Shenzhong Real Estate Real Estate Investment Properties Co., Ltd signed construction contact the successful bidder, Zhongheng Construction Group Co., Ltd on Jul. 2, 2015. On Dec. 9, 2015 and Dec. 28, 2015, the sixth extraordinary meeting of the seventh board of directors and the fifth extraordinary shareholders' meeting deliberately and approved the *Resolution on the Financing and Guarantee of Shuimu Nianhua Garden of the*

Shareholding Subsidiary, Zhongshan Shenzhong Real Estate Real Estate Investment Properties Co., Ltd. (For further information, refer to the *Report on the Development Progress of 53.82 Mu Lands of Zhongshan Shenzhong Real Estate Real Estate Investment Properties Co., Ltd* and other announcements(2015-051 Announcement, 2015-080 Accouchement and 2015-086 Accouchement) published by the Company on *China Securities News, Securities Times, Hong Kong Commercial Daily* and Juchao website_on Jan. 16, 2016). Until the disclosure of this report, the development and construction of such 53.82Mu land is under progress

3. In order to satisfy the demands of normal operation of New Power Company, a wholly owned subsidiary and Shen Nan Dian Zhongshan Company, a shareholding subsidiary of the Company, on Jun. 8, 2015 and Jun. 25, 2015, the fourth extraordinary meeting of the seventh session of the board of director and the third extraordinary shareholders' meeting in 2015 deliberated and approved respectively the *Resolution on the Financing Leasing of the Wholly Owned and Shareholding Subsidiaries of the Company*, which approved the Company to furnish guarantee with joint and several liabilities for the sale & lease back financing leasing at RMB190.00 million and RMB61.00 million for New Power Company and Shen Nan Dian Zhongshan Company respectively.(For further information, refer to the *Announcement on Furnishing Guarantee for Wholly Owned and Shareholding Subsidiaries of the Company*(2015-047 and 2015-050) published by the Company on *China Securities News, Securities Times, Hong Kong Commercial Daily* and Juchao website_on Jun. 6, 2015 and Jun.26, 2015). Until the disclosure of this report, the finance leasing company is stepping up the implementation of funding sources.

4. On Oct. 27, 2015, Shen Nan Dian Zhongshan Company, a shareholding subsidiary of the Company, received the *Notification on Stop Collecting Processing Charges of Fuel Gas and Petrol Re-transmitted by Zhongshan City Development and Reform Bureau, Zhongshan Economy and Information Bureau, and Zhongshan Finance Bureau*(ZHFGJGNo.[2015]512). In accordance with the *Notification on Stop Collecting Processing Charges of Fuel Gas and Petrol of Guangdong Development and Reform Commission, Guangdong Economy and Information Committee, and Guangdong Finance Bureau* (YFGWNo. [2015]565), and approved by the people's government of Guangdong Province, *the Notification on Temporarily Collecting Processing Charges of Fuel Gas and Petrol* (YFNo. [2008]31) came into invalidation. China Southern Power Grid and Guangzhou Electricity Power Supply stopped collecting processing charges of fuel and petrol from large industry clients in Guangzhou, Zhuhai, Foshan, Dongguan and Zhongshan in terms of actual power consumption. On Oct. 28, 2015, Shen Nan Dian Dongguan Company, the shareholding subsidiary of the Company, received the *Reply on Temporary Power Price Settlement of Zhuhai Hongwan Power Plant and Other Power Plants with China Southern Power Grid* (YFGWGHNo. [2015]4462) issued by Guangdong Development and Reform Commission. By referring to the on-grid power price of similar type of natural gas Power Plants in Guangdong Province, since Oct. 1, 2015, the temporary power settlement price of five Power Plant of the Company, including Gaobu Power Plant of Shen Nan Dian Dongguan Company, with China Southern Power Grid will be adjusted to RMB0.745/KWH(tax inclusive), against the previous temporary power settlement price of Gaob Power Plant at RMB0.597/KWH(tax inclusive) (for further information, refer to the *Announcement on the Receiving of the Notification on Stopping Charging Gas and Fuel Processing Fee by the Shareholding Subsidiary, Shen Nan Dian(Zhongshan) Electric Power Co. Ltd, and the Adjustment of Temporary Power Settlement Price of Shen Nan Dian(Dongguan) Weimei Electric Power Co., Ltd*(No. 2015-076) published by the Company on *China Securities News, Securities Times, Hong Kong Commercial Daily* and Juchao website_on Oct. 30, 2015). On Oct. 29, 2015, the Company received the *Notification of Economy, Trade and Information Commission of Shenzhen Municipality on Issuing 4Q15 Power Generation Plan of 110KV Power Plants in Shenzhen Municipality* (SHJMXXDZNo. [2015]205). According to such notification, Guangdong Province has cancelled the subsidy for processing charges of fuel gas and petrol since Oct. 1, 2015 and Shenzhen will also stop collecting subsidy for processing charges of fuel gas and petrol and will not provide subsidies for peak power of local gas turbine Power Plants any longer. As a result, Nanshan Power Factory hasn't been granted with subsidy for processing charges of fuel gas and petrol since Oct. 1, 2015(for detailed information, refer to the *Announcement on Nanshan Power Factory Not Granted With Gas and Fuel Subsidies Any Longer* (2015-077) published by the Company on *China Securities News, Securities Times, Hong Kong Commercial Daily* and Juchao website_on Oct. 31, 2015). During the reporting period, the subsidy for processing charges of fuel gas and petrol received by the Company amounted to RMB285, 153,258.02. Among of it, the subsidy for fuel oil granted by Shenzhen Municipality was RMB150, 184,748.00, which was the subsidy income of power generation of Nanshan Power Factory in 2015 calculated in terms of the

methods regulated in the *Temporary Management Method of Power Generation Subsidy of Gas Power Generation Units in Shenzhen* (SHFBNo.[2015]14) issued by the general office of the people's government of Shenzhen and the subsidy for fuel oil granted by Guangdong Province was RMB134,968,510.02, which was the settled 14 subsidy income of power generation for Zhongshan Nan Lang Power Plant and Dongguan Gaobu Power Plant and the pre-allocated subsidy in the first half year of 2015 in accordance with the *Notification on the Related Matters on Settling 2014 and Arranging 1H15 Subsidy for Processing Charges of Fuel Gas and Petrol*(YFGJGHNo. [2015]629) promulgated by Guangdong Development and Reform Commission.

5. In consideration that the taxabale cost of 346 Mu lands of Zhongshan Shenzhong Real Estate Development Co., Ltd, shareholding subsidiary of the Company, is excessively low, and 133 Mu in the 346 Mu lands have been covered into arable land to be cleared up and reclaimed from the land used for urban construction, the development conditions of such lands are not satisfied in the short term. In accordance with the analysis and proposals of the law consultant on issues influencing the development of such 346 Mu lands, in combination of the spirit of *Implementation Program of Purchase and Reservation of Stock Lands for Construction of Zhongshan City* promulgated by Zhongshan Land and Resource Bureau and other documents, the Company communicated the related issues on changing the 346 Mu lands into government land purchase and reservation with the people's government of Zhongshan City. The mayor office meeting minutes of Zhongshan people's government on Jun. 4, 2015 expressed its agreement on the opinions of land purchase and reserve. Thereafter, the Company negotiated with the related functional departments on the government purchase and reservation of the 346 Mu lands for many times. On Dec. 9, 2015 and Dec. 28, 2015, the sixth temporary meeting of the seventh session of the board of directors and the fifth extraordinary shareholders' meeting respectively deliberated and approved the *Resolution on the Government Purchase and Reservation of 346 Mu Lands of Zhongshan Shenzhong Real Estate Development Co., Ltd.* (For detailed information, refer to the related 2015-080 and 2015-086 Announcements published by the Company on *China Securities News, Securities Times, Hong Kong Commercial Daily* and Juchao website on Dec. 10, 2015 and Dec. 29, 2015). In accordance with the resolution of the shareholders' meeting and the board of directors, and in terms of the principles and opinions on the land purchasing and reservation defined in the mayor office meeting minutes of the people's government of Zhongshan City on Jun. 4, 2015, Zhongshan Shenzhong Real Estate Development Co., Ltd, actively communicated with the related departments of the people's government of Zhongshan City so as to make agreement on land purchase and reservation as quick as possible, which will be submitted to the board of directors and shareholders' meeting for approval so as to accelerate the purchase and reservation of 346 Mu lands. However, as of the disclosure date of the report, the Company failed to reach consensus with the people's government of Zhongshan on the purchase and reservation of 346 Mu lands. Within the reporting period, in accordance with related financial management regulation and based on the existing documents and progress of land purchase and reservation, the Company withdrew provision for impairment of obsolete stock at RMB576, 291,300. (for further information, refer to the *Announcement on the assets provision for impairment of the Company and its subsidiaries in 2105* (No. 2016-016) published by the Company on *China Securities News, Securities Times, Hong Kong Commercial Daily* and Juchao website on Apr. 1, 2016).

6. The 2×460MW(9F) natural gas combined heat and power generation expansion construction project of the shareholding subsidiary of the Company, Shen Nan Dian Zhongshan Company, has been listed in the *Development Plan of Centralized Heat Supply of Industry Park and Industrial Agglomeration Region of Zhongshan City(2013-2020)* in 2014 and the *Application for Carrying Out of Prophase Work to Newly Construct 2×460MW(9F) Natural Gas Combined Heat and Power Generation Project* has been submitted to Guangdong Province Development and Reform Commission. Within the reporting period, there was no further progress of the project.

7. During the reporting period, in order to improve relevant procedures, achieve industrial upgrading, and create conditions for power generation and realize sustainable operation, Shen Nan Dian Zhongshan Company, a shareholding subsidiary of the Company, actively made preparation for the phase 1 heat distribution network engineering of combined heat and power project. On Jan. 22, 2016, the eighth temporary meeting of the seventh board of directors of the Company deliberated and approved the *Resolutions on the Phase 1 Heat Distribution Network Engineering of Combined Heat and Power Project of Shen Nan Dian Zhongshan Company, A Shareholding Subsidiary of the Company*, which reached the following decisions: (1) to agree Shen Nan Dian Zhongshan Company

to invest and construct the phase 1 heat distribution network engineering of combined heat and power project with the total investment amount of RMB60.00 million; (2) to agree on the authorization the chairman of board of Shen Nan Dian Zhongshan Company to sign related contracts and documents within the total investment scope of the project. According to the *Management Method of Dispatching of Energy-Saving Power Generation of Cogeneration Unit in Guangdong Province(Trail)* (YFGNDNo. [2015]242) issued by Guangdong Development and Reform Commission and Guangdong Economy and Information Committee in May 2015, the smooth operation of phase 1 heat distribution network will help to increase the rank of Shen Nan Dian Zhongshan Company in the power generation dispatching and improve economic efficiency of enterprises(for details, refer to the *Announcement on Phase 1 Heat Distribution Network Engineering of Combined Heat and Power Project of Shen Nan Dian Zhongshan Company, A Shareholding Subsidiary of the Company* (2016-004) published by the Company on *China Securities News, Securities Times, Hong Kong Commercial Daily* and Juchao website_on Jan. 13, 2016). Until the disclosure of this report, the project is being implemented.

8. Since Aug. 2016, Server Company, an affiliate of the Company, carried out oil trading business with China Shipping & SINOPEC Supplies Co., Ltd. During the period from Aug. 2015 to the end of Sep. 2015, Server Company signed two pieces of fuel oil purchase agreements with China Shipping & SINOPEC Supplies Co., Ltd and the total contract amount reached RMB72.35 million. Server Company delivered fuel oil to China Shipping & SINOPEC Supplies Co., Ltd in accordance with agreement. However, China Shipping & SINOPEC Supplies Co., Ltd didn't pay full contract amount in accordance with agreement after it issued Delivery Confirmation to Server Company. Up to now, the owned money is RMB51, 128,173.60. Following the occurrence of arrears, China Shipping & SINOPEC Supplies Co., Ltd issued Notification to Server Company and thought that Server Company failed to execute delivery obligation in accordance with contract because the delivery oil depot and fuel oil were pledged and it was unable to take delivery of goods. In order to speed up arrears from China Shipping & SINOPEC Supplies Co., Ltd and safeguard the interests of all shareholders and the legal interest of Server Company, Server Company initiated legal proceedings and submitted to Guangzhou Huangpu District People's Court Civil Complaint and other relevant filing materials. The court has decided to initiate proceedings. (For details, refer to *Announcement on Lawsuits Initiating by the Affiliate of the Company, Shenzhen Server Petrochemical Supplying Co., Ltd(No.2016-007)* published by the Company on *China Securities News, Securities Times, Hong Kong Commercial Daily* and Juchao website_on Mar. 1, 2016). As before this report is disclosed, the hearing hasn't been held by the court. The company will pay close attention to the progress of the proceedings and implement disclosure obligations in accordance with regulations.

XX. Social responsibility

Applicable Not applicable

In the difficult business situation, the company still attached great importance to and conscientiously fulfilled their social responsibility. The Company made efforts in governance by law, standardized operation, production safety, environmental protection, employee care and other aspects of pay sincere efforts, and was committed to the smooth and harmonious development of enterprises and employees, businesses and society, enterprise and environment.

1. Governance by law: in compliance with the relevant laws and regulations, governance norms of listed company as well as the company's Articles of Association, the Company established a sound modern enterprise management system and corporate governance mechanism, strove to achieve the well-defined power and responsibility, the performing of its own functions, effective checks and balances, and the coordinated operation among the general meeting of shareholders, board of supervisors, board of supervision and manager office, respected for the fair and lawful rights of shareholders and the legal interests of stakeholders, and maintained the image of a listed company.

2. Standardized operation: the company rearranged and improved various rules and regulations, and optimized related business processes according to the revised and updated system, continued to strengthen the overall budget management, risk management and internal control, intensified internal audit and special audit and took timely and effective measures for problems identified to enhance the company's decision-making efficiency and standardized management.

3. Security Management: The company strictly followed *Production Safety Law* and other laws and regulations, established and perfected comprehensive safety management organization network and safety management system, constantly revised, improved, and earnestly implemented safety practices and emergency plans, strengthened comprehensive security management concepts and safety awareness at all levels, increased safety education, supervision and reward to effectively prevent the occurrence of major accidents.

4. Environment protection: The Company strictly complied with national and local environment protection regulations, and always adhered to clean power generation and recycling economic development philosophy. It has invested heavily in the implementation of low NOX transformation and other technology innovation and reform projects to fully meet with newest requirements for environment protection and discharging. In the daily course of business, the Company seriously implemented environmental responsibility, monitored environmental indicators, and made great efforts to fulfill tasks of pollutant emission reduction. Shen Nan Dian Environment Protection Company wholly owned subsidiary of the Company, used the residual heat of Nanshan Power Factory for the drying process of sewage sludge, with the annual processing of 139,200 tons of wet sludge. It played a positive role in the reduction and harmless treatment of sewage sludge and the improving of the urban environment.

5. Employee Care: The Company strictly followed the *Labor Law*, *Labor Contract Law* and other laws and regulations, and constantly improved the human resources management system, protected the legitimate rights and vital interests of the employees according to laws, and prevented the occurrence of labor disputes. At the same time to strengthened job training of employees, management and evaluation, by taking the advantages of trade unions and workers' congresses, strengthened communication with staff, organization of cultural and sports activities beneficial, health care staff, and actively built a harmonious labor relations.

XXI. Issuance of corporate bonds

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not fully cashed on the approval date of annual report

No

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

In Share

	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	20,020	0.0033%				-7,027	-7,027	12,993	0.0022%
3. Other domestic shareholding	20,020	0.0033%				-7,027	-7,027	12,993	0.0022%
Domestic nature person shares	20,020	0.0033%				-7,027	-7,027	12,993	0.0022%
II. Unrestricted shares	602,742,576	99.9967%				7,027	7,027	602,749,603	99.9978%
1. RMB Ordinary shares	338,893,630	56.2253%				1,527	1,527	338,895,157	56.2249%
2. Domestically listed foreign shares	263,848,946	43.7747%				5,500	5,500	263,854,446	43.7751%
III. Total shares	602,762,596	100.00%						602,762,596	100.00%

Reasons for share changed

 Applicable Not applicable

Approval of share changed

 Applicable Not applicable

Ownership transfer of share changes

 Applicable Not applicable

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

 Applicable Not applicable

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

 Applicable Not applicable

2. Changes of restricted shares

 Applicable Not applicable

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	1,527	1,527	0	0	The releasing of conditional shares after the lock-up period of shares from the resignation of employee supervisors expires	2015-5-11
Li Huiwen	5,500	5,500	0	0	The releasing of conditional shares after the lock-up period of shares from the resignation of employee supervisors expires	2015-5-11
Total	7,027	7,027	0	0	--	--

II. Securities issuance and listing

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

Applicable Not applicable

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

Applicable Not applicable

3. Existing internal staff shares

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

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

In Share

Total common stock shareholders in reporting period-end	41,810	Total common stock shareholders at end of last month before annual	44,666	Total preference shareholders with voting rights recovered at end of reporting period (if	0	Total preference shareholders with voting rights recovered at end of last	0
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		report disclosed (Note)		applicable)		month before annual report disclosed (if applicable)		
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
HONG KONG NAM HOI (INTERNATIONAL) LTD.	Overseas legal person	15.28%	92,123,248			92,123,248		
Shenzhen Guangju Industrial Co., Ltd.	State-owned legal person	12.02%	72,451,123	-28,318,589		72,451,123		
SHENZHEN ENERGY (GROUP) CO., LTD.	State-owned legal person	10.80%	65,106,130			65,106,130		
Haitong International Securities Company Limited-Account Client	Overseas legal person	1.59%	9,613,876			9,613,876		
BOCI SECURITIES LIMITED	Overseas legal person	1.36%	8,192,698			8,192,698		
National Social Security Fund-604	Other	1.25%	7,544,057			7,544,057		
Zeng Ying	Domestic nature person	0.70%	4,208,970			4,208,970		
YAO XIU GUANG	Overseas nature person	0.65%	3,935,600			3,935,600		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	0.63%	3,826,609			3,826,609		
Penghua asset -	Other	0.61%	3,648,653			3,648,653		

Shanghai Pudong Development Bank - Penghua asset Jinrun No. 21asset management plan								
Strategy investors or general corporation comes top 10 shareholders due to rights issue (if applicable)	N/A							
Explanation on associated relationship among the aforesaid shareholders	<p>1. 100% equity of HONG KONG NAM HOI (INTERNATIONAL) LIMITED 100% held by SHENZHEN ENERGY (GROUP) CO., LTD</p> <p>2. The Company is unknown whether there exists associated relationship or belongs to the consistent actor among the other shareholders.</p>							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restrict shares held at Period-end	Type of shares						
		Type	Amount					
HONG KONG NAM HOI (INTERNATIONAL) LTD.	92,123,248	Domestically listed foreign shares	92,123,248					
Shenzhen Guangju Industrial Co., Ltd.	72,451,123	RMB common shares	72,451,123					
SHENZHEN ENERGY (GROUP) CO., LTD.	65,106,130	RMB common shares	65,106,130					
Haitong International Securities Company Limited-Account Client	9,613,876	Domestically listed foreign shares	9,613,876					
BOCI SECURITIES LIMITED	8,192,698	Domestically listed foreign shares	8,192,698					
National Social Security Fund-604	7,544,057	RMB common shares	7,544,057					
Zeng Ying	4,208,970	RMB common shares	4,208,970					
YAO XIU GUANG	3,935,600	Domestically listed foreign shares	3,935,600					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	3,826,609	Domestically listed foreign shares	3,826,609					
Penghua asset - Shanghai Pudong Development Bank - Penghua asset	3,648,653	RMB common shares	3,648,653					

Jinrun No. 21 asset management plan			
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	<p>1. 100% equity of HONG KONG NAM HOI (INTERNATIONAL) LIMITED was held by SHENZHEN ENERGY (GROUP) CO., LTD</p> <p>2. Among other social public shareholders, the Company did not know whether there were associated relationships or belonging to consistent actors.</p>		
Explanation on top 10 shareholders involving margin business (if applicable)	N/A		

Note: Since when the Company is required to submit the report and summary before Mar. 31, the company has not inquired the total amount of B shareholders of Shen Nan Dian from China Securities Depository and Clearing Co., Ltd and consequently, it is impossible for the Company to disclose the total number of B ordinary shareholders as of the end of the month before the annual report is disclosed. The total number of shareholders disclosed in the annual report is the total number of ordinary shareholders in the month before the disclosure date of the annual report (namely, in the mid-March 2016). The total number of ordinary shareholders in the month before the disclosure date of the annual report (the total number of shareholders as of the end of March 2016) will be disclosed in the 1Q16 Report.

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

Yes No

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

2. Controlling shareholder of the Company

According to the “stock listing rules” definition of controlling shareholders, no controlling shareholder of the Company and no changes for the aforesaid condition in reporting period.

3. Actual controller of the Company

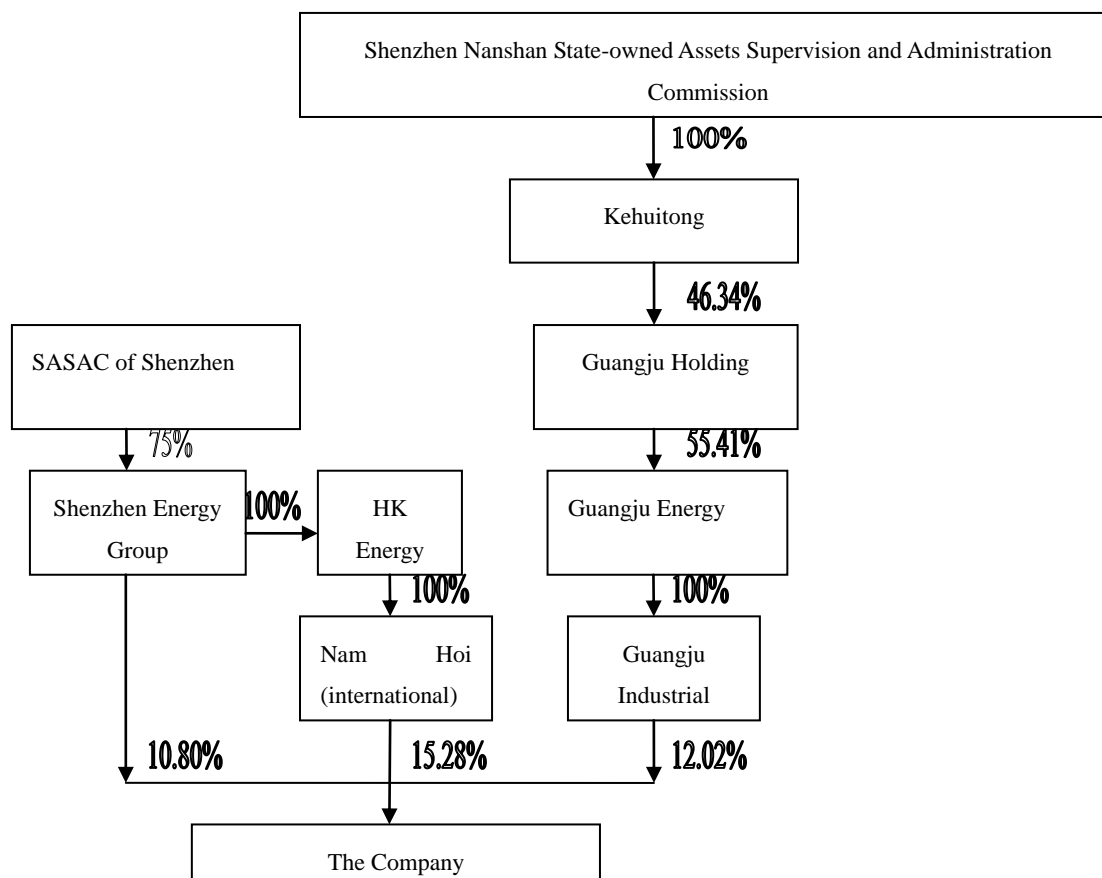
According to the “stock listing rules” definition of actual controlling, no actual controlling of the Company and no changes for the aforesaid condition in reporting period

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:



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

Applicable Not applicable

Legal person shareholders	Legal rep./person in charge of unit	Date established	Register capital	Main business or management activity
Shenzhen Guangju Industrial Co., Ltd.	Du Wenjun	1989-05-31	RMB 111.11million	Industrial projects, electricity investment (specific project will be further declared)
HONG KONG NAM HOI (INTERNATIONAL) LTD.	Yu Chunling	1985-05-15	HKD \$15.33 million	Investment

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section VIII. Particulars about Directors, Supervisors, 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-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Yang Haixian	Chairman	Currently in office	M	59	2008-9-23	2017-11-12	0	0	0	0	
Li Hongsheng	Vice chairman	Currently in office	M	52	2011-01-13	2017-11-12	0	0	0	0	
Yang Wenhua	Vice chairman	Leave the post	M	54	2014-11-13	2015-03-26	0	0	0	0	
Wang Difei	Vice chairman	Leave the post	M	47	2012-11-17	2014-08-08	0	0	0	0	
Wu Xiangdong	Director, GM	Currently in office	M	51	2015-04-20, 2015-04-03	2017-11-12, 2018-04-03	0	0	0	0	
Fu Bo	Director, GM	Leave the post	M	53	2005-01-19	2015-04-02	0	0	0	0	
Yu Chunling	Director	Currently in office	F	50	1998-08-01	2017-11-12	0	0	0	0	
Zhou Qun	Director	Currently in office	M	51	2011-05-25	2017-11-12	0	0	0	0	
Qiang Wenqiao	Director	Currently in office	M	46	2014-11-12	2017-11-12	0	0	0	0	
Chen Lihong	Director	Currently in office	F	52	2011-05-25	2017-11-12	0	0	0	0	
Ji Ming	Director, Standing deputy	Currently in office	M	59	2015-04-20, 2015-04-	2016-03-30	0	0	0	0	

	GM				03						
Lin Qing	Director, Deputy GM	Currently in office	F	51	2015-04- 20, 2003-10- 17	2017-11- 12, 2018-04- 03	0	0	0	0	
Sun Jianxin	Director	Leave the post	M	52	2012-11- 17	2015-03- 26					
Li Zheng	Independ ent director	Currently in office	M	58	2011-05- 25	2017-11- 12	0	0	0	0	
Wang Xiaodong	Independ ent director	Currently in office	M	55	2011-05- 25	2017-11- 12	0	0	0	0	
Wang Junsheng	Independ ent director	Currently in office	M	55	2011-05- 25	2017-11- 12	0	0	0	0	
Tang Tianyun	Independ ent director	Currently in office	M	55	2011-05- 25	2017-11- 12	0	0	0	0	
Pan Chengwei	Independ ent director	Currently in office	M	69	2011-05- 25	2017-11- 12	0	0	0	0	
Liao Nangang	Independ ent director	Currently in office	M	45	2013-11- 15-	2017-11- 12	0	0	0	0	
Zhao Xiangzhi	Chief superviso r	Currently in office	M	57	2011-05- 25	2017-11- 12	0	0	0	0	
Ma Fengming	Superviso r	Currently in office	F	53	2011-05- 25	2017-11- 12	0	0	0	0	
Ji Yuanhong	Superviso r	Currently in office	F	48	2011-05- 25	2017-11- 12	0	0	0	0	
Peng Siqu	Superviso r	Currently in office	M	33	2015-04- 20	2017-11- 12					
Huang Zhihong	Superviso r	Leave the post	M	50	2014-08- 29	2015-03- 26	0	0	0	0	
Ding Weili	Staff superviso r	Currently in office	M	55	2014-11- 12	2017-11- 12	0	0	0	0	
Yan Ping	Staff	Currently	M	49	2014-11-	2017-11-	0	0	0	0	

	supervisor	in office			12	12					
Zhang Yunlong	Staff supervisor	Currently in office	M	51	2014-11-12	2017-11-12	0	0	0	0	
Liang Jianqiang	Staff supervisor	Currently in office	M	47	2014-11-12	2017-11-12	0	0	0	0	
Zhang Jie	Deputy GM, Secretary of the Board	Currently in office	F	47	2006-12-30, 2015-12-23	2018-04-03	17,325	0	0	0	17,325
Zhu Wei	Deputy GM	Currently in office	M	58	2003-08-22	2018-04-03	0	0	0	0	
Wang Rendong	Chief engineer	Currently in office	M	54	2006-12-30	2018-04-03	0	0	0	0	
Huang Jian	CFO	Currently in office	M	45	2015-04-03	2018-04-03	0	0	0	0	
Lv Xiaoping	CFO	Leave the post	M	53	2003-08-22	2015-04-03	0	0	0	0	
Hu Qin	Secretary of the Board	Currently in office	F	48	2005-03-01	2015-09-24	0	0	0	0	
Total	--	--	--	--	--	--	17,325	0	0	0	17,325

II. Changes of directors, supervisors and senior executives

Name	Title	Type	Date	Reasons
Wu Xiangdong	Director, GM	Be elected, Appointment	2015-04-20, 2015-04-03	Change of directors and change of management team
Ji Ming	Director ,Standing deputy GM	Be elected, Appointment	2015-04-20, 2015-04-03	As a director for the work reason, and change of management team
Lin Qing	Director,	Be elected	2015-04-20	Change of directors
Zhang Jie	Secretary of the Board	Appointment	2015-12-23	Serve as secretary of the Board for Work reasons
Huang Jian	CFO	Appointment	2015-04-03	Change of management team
Yang Wenhua	Vice chairman	Leave the post	2015-03-27	Work reasons
Fu Bo	Director, GM	Leave the post	2015-04-02	resigned for personal reasons

Huang Zhihong	Supervisor	Leave the post	2015-03-27	Work reasons
Sun Jianxin	Director	Leave the post	2015-03-27	Work reasons
Lu Xiaoping	CFO	leave the post when office terms expires	2015-04-03	Change of management team
Hu qin	Secretary of the Board	Leave the post	2015-09-24	resigned for personal reasons

III. Post-holding

Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior executive at the present in latest five years

Members of the Board of Directors:

Mr. Yang Haixian, born in 1956, was Industrial and commercial enterprise management engineering graduate students, 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 electric Co., Ltd.; Director of Huizhou City Gas Development Co., Ltd; Chairman of Dongguan Zhangyang electric power company; Chairman of Huizhou Fengda electric power Co., Ltd; Chairman of Inner Mongolia manchuria electric power company; and now he serves as Chairman of the Company; Chairman of Shen Nan Energy (Singapore) Co., Ltd. director of Shenzhen Energy Environment Protection Company.

Mr. Li Hongsheng, born in 1963, was Communist party member, a master of Tianjin University, an economist. 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; and now he serves as vice president of the company.

Mr. Wu Dongxiang, born in 1964, graduated from Shanghai Fiance Collegae in 1987, major in accounting, bachelor degree, Senior Accountant. He worked in China Construction Fifth Engineering Division Corp., Ltd from 1987 to 1992. He successively served as infrastructure treasurer of the financial department of Mawan Power Plant Co., Ltd., deputy director of the financial department of branch of Energy Group, Finance Minister and vice general accountant of Tongling Shenneng Power Co., Ltd., Finance Minister and deputy GM of Eastern Power Plan; deputy director of financial management department of Shenzhen Energy Group Co., Ltd. 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., party branch secretary of the financial management department of Shenzhen Energy Group Co., Ltd. He serves as director and GM of the Company, Chairman of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd; Chairman of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd since April 2015.

Ms. Yu Chunling, was born in 1965, 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; Chairman of HONG KONG NAM HOI (INTERNATIONAL) LTD; Director of the company.

Mr. Zhou Qun, was born in 1964, 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; Director of the company.

Mr. Qiang Wenqiao, was born in 1969, master, graduated from Xi'an Jiaotong University, major in electric, an engineer. 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; Director of the company.

Ms. Chen Lihong, was born in 1963, member of CPC, an accountant, university graduated. She worked in Shenzhen Guangju Energy Co., Ltd. since 1999; served as Deputy GM of Shenzhen Guangju Energy Co., Ltd. since January 2002; and serves as director of the Guangju Energy (H.K.) Co., Ltd. since December 2007; took director of Shenzhen Mawan Power Co., Ltd. since November 2010. She now serves as director of the company.

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 company from December 2006 to April 2015; He serves as director and Deputy General Manager from April 2015 to 29 March 2016, 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, was 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.. 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. since 2003. She serves deputy GM of the company since October 2003; serves as director of the company since April 2014.

Mr. Li Zheng, was born in 1957, 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 1991, 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; hold the post of independent director of the company since 25 May 2011.

Mr. Wang Xiaodong, was born in 1960, bachelor degree, a lawyer, 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. He hold the post of independent director of the company since 25 May 2011.

Mr. Wang Junsheng, was born in 1960, 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, hold the post of independent director of the company since 25 May 2011.

Mr. Tang Tianyun, was born in 1960, bachelor degree, a senior accountant, an associate professor of accountancy. 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. from 2007 to 2009, 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 an associate professor of accountancy in School of Accounting and Finance of Beijing Institute of Technology, Zhuhai since 2015.

Mr. Pan Chengwei, was born in 1946, an accountant, 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. He serves as independent non-executive director of the China Merchants Bank Co., Ltd. and independent director of CIMC since 2012, hold the post of independent director of the company since 25 May 2011.

Mr. Liao Nangang, was born in 1970, bachelor of East China Political Science and Law in law major, a lawyer. 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 August 2013; he also act as arbitrator in Shenzhen Arbitration Commission. He had offered systemic legal services for listed companies as China Merchants Property Development Co., Ltd. and China Merchants Bank Co., Ltd. (HQ). He holds the post of independent director of the company since 15 November 2013.

Members of supervisory board:

Mr. Zhao Xiangzhi, was born in 1958, bachelor degree, graduated from Nanjing University of Science and Technology, 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. since 2007 to 2011; and serves as chief accountant of Shenzhen Energy Group since May of 2011. He holds the post of supervisory of the company since 25 May 2011.

Ms. Ma Fengming, was born in 1962, 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. She holds the post of supervisory of the company since 25 May 2011.

Ms. Ji Yuanhong, was born in 1967, bachelor degree, an economist. 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 from March of 2012 to May 2015. She serves as vice president of Shenzhen SanDing oil trade co., Ltd from April 2013 to January 2014, and vice president of Shenzhen Guangju Yida chemicals storage co., Ltd. since January 2014. She holds the post of supervisory of the company since 25 May 2011.

Mr. Peng Siqi, born in 1982, a Communist Party members and a graduate of university, has served in Shekou Zhongjian Construction, Nanshan Court, and Nantou Sub-district Office. He took post in the Secretary Department of the Board of Directors of Shenzhen Guangju Energy Co., Ltd. Besides, he served as the supervisor of Shenzhen Nanshan Petroleum Ltd., Shenzhen Guangju Industry Co., Ltd., Shenzhen Guangju Property Development Co., Ltd., Shenzhen Guangju Yisheng Oil & Chemical Logistics Co Ltd, Shenzhen Guangjuyida Hazardous Chemicals Warehousing Co.Ltd, Shenzhen Shennan Gas Co., Ltd., and Shenzhen Mawan Power Co., Ltd. Mr. Peng has taken the post of supervisor of the Company Since April 20, 2015.

Mr. Ding Weili, born in 1960, a senior 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. He worked in the Jiangxi Medical Company from 1981 to 1987. worked in Jiangxi Petroleum Corporation Company from 1987 to 1998. He served as deputy GM of the Shenzhen Server Energy Co., Ltd. from 1998 to 2006, sented 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. He serves as director and standing deputy GM of Shenzhen Server Energy Co., Ltd. from January 2014 to December 2014, the subordinate enterprise; serves as director and GM of Shenzhen Server Energy Co., Ltd since January 2015. He serves as staff supervisor of the company since 12 November 2014.

Mr. Yan Ping, born in 1966, a senior engineeer, 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 specicic responsibility in water of the opeartaion department. He Served as secretary of the baord and

comprehensive director of the Shen Na 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. He serves as staff supervisor of the company since 12 November 2014.

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. He serves as staff supervisor of the company since 12 November 2014.

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. He serves as staff supervisor of the company since 12 November 2014.

Senior managers of the company:

The resumes of managing director Wu Dongxiang, director and executive deputy GM Ji Ming, director and deputy GM Lin Qing were mentioned above.

Ms. Zhang Jie, born in 1968, CHRM, Master of Psychology of Beijing University, Bachelor of Arts of Zhengzhou University; she was successively study with specialty of British and American Literature in the Foreign Language Department of Zhengzhou University and specialty of applied psychology in the Psychology Department, Beijing University. She used to work in Henan Provincial Seismological Bureau as a translator in 1990, worked in the financial department and office of Shenzhen Nanshan Power Co., Ltd. since October 1990; she successively held the posts of secretary, office director, general manager assistant and employee supervisor of the company since 1993. and holds the posts of deputy GM of the Company since December 2006. She serves as secretary of the board since December 2015. Now she 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 joined the company in 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. He serves as Chairman of Shenzhen Server Energy Co., Ltd since 2015

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 joined the company in 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, was born in 1970, a senior accountant, bachelor degree, graduated from Changsha Hydraulic and Electric Engineering Teachers College, major 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 from January 2008 to April 2015. He serves as CFO of the company since April 2015, and now serves as chairman of the subordinate enterprise Shenzhen New Power Industrial Co., Ltd, director of Hong Kong Syndisome Co., Ltd., Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd, Zhongshan Shenzhong Real Estate Development Co., Ltd and Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd.

Post-holding in shareholder's unit

Applicable Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit n	End date of office term	Received remuneration from shareholder's unit (Y/N)
Yu Chunling	HONG KONG NAM HOI (INTERNATIONAL) LTD.	Director	2008	N
Ma Fengming	SHENZHEN ENERGY (GROUP) CO., LTD.	supervisor	2011	N

Post-holding in other unit

Applicable Not applicable

Name	Name of other units	Position in other unit n	End date of office term	Received remuneration from other unit (Y/N)
Yang Haixian	Shen Nan Energy (Singapore) Co., Ltd.	Chairman	2008	N
	Hong Kong Syndisome Co., Ltd.	Director	2015	N
Li Hongsheng	Shenzhen Guangju Energy Co., Ltd.	Managing director	2007	Y
Wu Dongxiang	Shen Nan Dian (Zhongshan) Electric Power	Chairman	2015	N

	Co., Ltd.			
	Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Chairman	2015	N
Yu Chunling	Shenzhen Energy (H.K) International Co., Ltd.	Director GM	2013	Y
Zhou Qun	Shenzhen Energy Financial Company	Chairman	2010	Y
Qiang Wenqiao	SHENZHEN ENERGY (GROUP) CO., LTD.	GM of property rights and Legal department	2008	Y
Chen Lihong	Shenzhen Guangju Energy Co., Ltd.	Deputy GM	2005	Y
Ji Ming	Zhongshan Shenzhong Real Estate Development Co., Ltd	Chairman	2007	N
	Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd	Chairman	2007	N
	Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Vice Chairman	2007	N
	Hong Kong Syndisome Co., Ltd.	Director	2015	N
	Shen Nan Energy (Singapore) Co., Ltd.	Director	2008	N
	CPI Jiangxi Nuclear Power Co.,Ltd.	Director	2010	N
Zhao Xiangzhi	SHENZHEN ENERGY (GROUP) CO., LTD.	Chief accountant	2009	Y
Ma Fengming	SHENZHEN ENERGY (GROUP) CO., LTD.	Staff supervisor, Audit Department GM	2011	Y
Ji Yuanhong	Shenzhen Guangju Energy Co., Ltd.	Deputy GM, Secretary of the Board	1999	Y
Peng Siqi	Shenzhen Guangju Energy Co., Ltd.	Director of property right laws affairs	2015	Y
Li Zheng	Guangdong ShenTiancheng Laws Firm	Attorney, Partner	2013	Y
Wang Xiaodong	Grandall Law Firm (Shenzhen) Office	Attorney, Partner	2013	Y
Wang Junsheng	Chinese Economic Technology Research & Consulting Co., Ltd,	Researcher	2010	Y
Tang Tianyun	School Of Accounting and Finance in Beijing Institute of Technology,Zhuhai)	Associate Professor	2015	Y
Pan Chengwei	China Merchants Bank Co., Ltd., CIMC	Independent director	2012	Y
Liao Nangang	Guangdong Haohui Law Firm	Attorney, Partner	2013	Y
Zhanf Jie	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Chairman	2014	N
	Shen Nan Energy (Singapore) Co., Ltd.	Director	2008	N

Zhu Wei	Shenzhen Server Energy Co., Ltd	Chairman	2015	N
Wang Rendong	Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Chairman	2007	N
	Shen Nan Energy (Singapore) Co., Ltd.	Director	2008	N
Huang Jian	Shenzhen New Power Industrial Co., Ltd.	Chairman	2015	N
	Hong Kong Syndisome Co., Ltd.	Director	2015	N
	Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd	Director	2015	N
	Zhongshan Shenzhong Real Estate Development Co., Ltd	Director	2014	N
	Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd	Director	2014	N
Ding Weili	Shenzhen Server Energy Co., Ltd	Director, GM	2015	Y
Yan Ping	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Director, GM	2011	Y
Zhang Yunlong	Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.	Director, GM	2013	Y

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

Applicable Not applicable

IV. Remuneration for directors, supervisors and senior executives

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

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

3. Actual payment: the Company is strictly paying the remuneration to directors in line with the decision-making process and determining basis on remuneration for directors, supervisors and senior 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	Whether remuneration
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					Company (before taxes)	obtained from related party of the Company
Yang Haixian	Chairman	M	59	Currently in office	74.34	N
Li Hongsheng	Deputy Chairman	M	52	Currently in office		Y
Yang Wenhua	Vice chairman	M	54	Leave the post		N
Wang Difei	Deputy Chairman	M	47	Leave the post		N
Wu Xiangdong	Managing director	M	51	Currently in office	50.30	N
Fu Bo	Managing director	M	53	Leave the post	33.45	N
Yu Chunling	Director	F	50	Currently in office		Y
Zhou Qun	Director	M	51	Currently in office		Y
Qiang Wenqiao	Director	M	46	Currently in office		Y
Chen Lihong	Director	F	52	Currently in office		Y
Ji Ming	Director, Standing deputy GM	M	59	Currently in office	62.78	N
Lin Qing	Director, Deputy GM	F	51	Currently in office	62.28	N
Sun Jianxin	Director	M	52	Leave the post		N
Li Zheng	Independent Director	M	58	Currently in office	11.9	N
Wang Xiaodong	Independent Director	M	55	Currently in office	11.9	N
Wang Junsheng	Independent Director	M	55	Currently in office	11.9	N
Tang Tianyun	Independent Director	M	55	Currently in office	11.9	N
Pan Chengwei	Independent Director	M	69	Currently in office	11.9	N
Liao Nangang	Independent Director	M	45	Currently in office	11.9	N
Zhao Xiangzhi	Chief supervisor	M	57	Currently in		Y

				office		
Ma Fengming	Supervisor	F	53	Currently in office		Y
Ji Yuanhong	Supervisor	F	48	Currently in office		Y
Peng Siqi	Supervisor	M	33	Currently in office		Y
Huang Zhihong	Supervisor	M	50	Leave the post		N
Ding Weili	Staff supervisor	M	55	Currently in office	35.49	N
Yan Ping	Staff supervisor	M	49	Currently in office	38.24	N
Zhang Yunlong	Staff supervisor	M	51	Currently in office	38.08	N
Liang Jianqiang	Staff supervisor	M	47	Currently in office	37.23	N
Zhang Jie	Deputy GM, Secretary of the Board	F	47	Currently in office	60.54	N
Zhu Wei	Deputy GM	M	58	Currently in office	60.54	N
Wang Rendong	Chief engineer	M	54	Currently in office	60.54	N
Huang Jian	CFO	M	45	Currently in office	56.54	N
Lu Xiaoping	CFO	M	53	Leave the post	15.14	N
Hu Qin	Secretary of the Board	F	48	Leave the post	45.7	N
Total	--	--	--	--	802.59	--

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

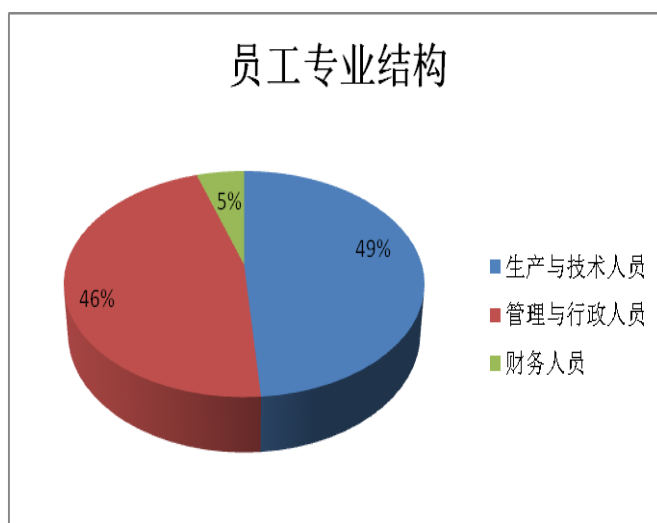
Applicable Not applicable

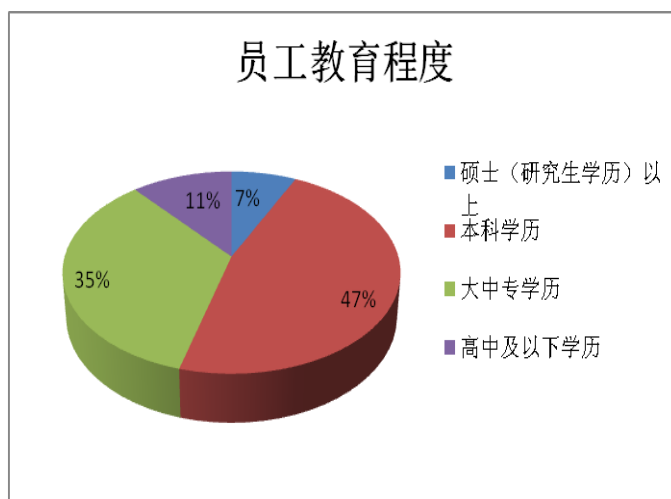
V. Particulars of workforce

1. Number of Employees, Professional categories, Education background

Employee in-post of the parent Company (people)	293
Employee in-post of main Subsidiaries (people)	304
The total number of current employees (people)	597

The total number of current employees to receive pay (people)	652
Retired employee's expenses borne by the parent Company and main Subsidiaries (people)	0
Professional categories	
Types of professional category	Numbers of professional category
Production staff and Technician	291
Financial staff	30
Management and Administration staff	276
Total	597
Education background	
Type of education background	Numbers (people)
High school and below	115
3-years regular college graduate and Polytechnic school graduate	279
Bachelor degree	176
Master and above	27
Total	597





2. Remuneration Policy

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

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

3. Training programs

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

- (1) Training of management level: expand training coverage scope by the way of "walking out and inviting in", and improve the leadership skills and overall quality of management at all levels
- (2) Safety Training: According to the Production Safety Law, other laws and regulations and the Safety Training Regulations of the

Company, organize the safety certificate training and following training for the safety principal, principal and security officer of the company headquarters and affiliated companies in order to meet legal regulatory requirements for security training, carry out emergency drills and safety management procedures training, and improve the safety awareness and accident prevention capacity of management at all levels and employee;

(3) Legal knowledge popularization training: by issuing textbook of laws and regulations, posting publicity materials of legal knowledge, organizing lectures and studies of laws and regulations, and carrying out integration and training of company system, enhance the legal awareness of staff at all levels and promote the company to operate in accordance with law and Regulation.

(4) Business development training: by business training of supply chain management, financial management and so on, expand the business field of staff, solidify business foundation and further improve the overall quality of staff.

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

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

4. Labor outsourcing

Applicable Not applicable

Section IX. Corporate Governance

I. Corporate governance of the Company

During the reporting period, in accordance with guideline of Company Law, Securities Law, Corporate Governance Guidelines, Stock Listing Rules and other regulatory documents, and requirements of Articles of Associations and rules of procedures, constantly optimized the corporate governance structure, constantly maintained sound modern enterprise management system, and further improved the right balancing mechanism of the general meeting of shareholders, board of directors and supervisory board, standardized the operations and decision-making procedures of the general meeting of shareholders, board of directors and supervisory board and the manager office, fulfilled important information confidentiality and information disclosure obligations, strengthened the internal audit and risk control, made great efforts to improve governance and standardization meticulous management, and effectively protected the interests and legitimate rights of listed companies, investors and employees.

1. Shareholders' meeting: During the reporting period, the Company held one regular shareholders' meeting and five extraordinary shareholders' meetings to carefully deliberate and decide on issues which were submitted to the general shareholders' meeting for approval. The convening of the shareholders' meeting was legal and all decision-making processes were open, fair and just. The site voting and online voting were orderly organized and witnessed by lawyers and the regulation where connected shareholders should be excluded from voting was strictly implemented. Resolutions passed in shareholders' meeting were timely disclosed to ensure the information right and voting right of all shareholders, especially minority shareholder related to major events of the company. The operation and management of the company's shareholders' meeting complied with laws and regulations. Shareholders of the Company earnestly fulfilled their responsibilities under the Company Law and Articles of Association to regulate operations in all aspects. There were no large shareholders and related parties who occupied or transferred the company's funds, assets and other resources with various forms. The fair rights of all shareholders were protected legally.

2. Board of Directors: In the report period, the Board of Directors of the Company held four regular meetings and six extraordinary meeting to carefully research, deliberate and make decisions on significant matters within the rights of board of directors. The convening of the meetings of the board was legal and all decision-making processes were open, fair and just. Four special committees under the Board of Directors, the Strategy and Investment Committee, Nomination Committee, Audit Committee, as well as Remuneration and Appraisal Committee set down their respective work details. Within the report period, the Strategy and Investment Committee, Nomination Committee, Audit Committee, as well as Remuneration and Appraisal Committee respectively convened three, three, four and two conferences, deliberating the related resolutions on the strategic investment, asset disposal, significant personnel appointment and removal, remuneration and examination, audit and risk proposals and giving opinions and proposals to provide reference and support for the efficient operation and scientific decision of the board of directors. The composition of the board of directors and its performance of duties complied with laws and regulations. Within the reporting period, there were 15 directors, including 6 independent directors. The number of directors, the proportion of independent directors and the qualifications of all directors were in line with the Company Law, other laws and regulations, and Articles of Association. All directors were in a serious and responsible attitude to actively attend the Board meeting, made prudent decision on all resolutions and issued a clear opinion, earnestly fulfilled their obligations of diligence, good faith and impartiality, and made efforts to safeguard the interests of the Company and its shareholders. Independent directors played their professional advantages, upheld the objective and independent principle and conscientiously performed their duties. They issued independent opinions on resolutions and brought forward constructive comments and suggestions on the company's standardized operation and risk prevention, and paid attention to the interests of the company as a whole and those the shareholders of the company, especially the legitimate interests of minority shareholders.

3. Supervisory Board: During the reporting period, the Supervisory Board of the Company held four regular meetings and four

extraordinary meeting, to carefully research, deliberate and make decisions on important matters within the scope of its rights. The convening of the meeting of supervisory board was legal and all decision-making processes were open, fair and just. The Supervisory Board also attended the shareholders' meeting and board's meeting as a nonvoting delegate and organized the spot visit to the affiliates of the Company so as to comprehensively and deeply understand the company's operations, management of, and better carry out its oversight responsibilities. The composition of Supervisory Board and its performance of duties were legal. During the reporting period, the Company has 8 supervisors, including 4 employee supervisors. The number of supervisors, proportion of employee supervisors and the qualification of all supervisors were in line with the Company Law, other laws and regulations, and Articles of Association. All supervisors of the Company actively attended all meetings of Supervisory Board and took part in meetings of shareholders and the board of directors as nonvoting delegates, seriously considered the resolutions of the Supervisory Board and then issued proposals on significant decisions made by shareholders' meeting and board of directors, efficiently supervised the legality of company operation and management as well as the normative performance directors, and senior management. They did perform their duties on the diligent, objective and independent basis so as to safeguard the interests of the Company, shareholders and employees.

4. Manager Office: During the reporting period, the company completed the election of the Manager Office after the term of last session of manager office matured, appointed the new general manager, deputy general manager and other senior management. The Manager Office of the company performed their duties in strict accordance with the Company Law, other relevant laws and regulations, the Articles of Association and other regulatory documents, established and continuously improved the office system and internal control system, continuously optimized the workflow and decision-making procedures, followed the working principle of rational division of labor and strengthening cooperation, and the tent to make collectively decisions on major issues, and tried to improve the standardization of the management level. Based on the spirit of law, integrity, loyalty and diligence, carefully organized the production, operation and management of the company, made great efforts to create a positive, harmonious and aggressive corporate culture, respected and safeguarded the legitimate rights and interests of shareholders, employees and relevant stakeholders. For the matter to be submitted to the board of directors and the shareholders' meeting, carefully organized research, demonstration and documentation, and strictly implemented the resolutions of the Board of Directors and the general meeting of shareholders to ensure the effective implementation of resolutions.

5. Information disclosure and major information confidentiality system: the Company executed the major information confidentiality system in accordance with the relevant provisions of the Company Law, Securities Law, Stock Listing Rules and other major information security system, fulfilled its obligation of information disclosure, designated Securities Times, China Securities News, Hong Kong Commercial Daily and www.cninfo.com to disclose information, and carefully disclosed information with the reporting period and sought to improve the quality of information disclosure. During the reporting period, the company did not provide undisclosed information to large shareholders and actual controllers in violation of information disclosure requirements. To strengthen the management of non-public information, the Company strictly controlled the scope of insiders, standardized information transfer process, strictly implemented the relevant provisions of the Insiders Registration System, reported regularly insider information and kindly reminded the insider information to strictly comply with the related regulations on insider information confidentiality and stocks trading of the Company before the convening of the meetings of general shareholders, board of directors and supervisory board. There were no significant information disclosures within the reporting period.

6. Investor relations management: the Company regularly counted and analyzed status of shareholders, dynamically tracked changes in investors, carefully interviewed the visit and consultation of investors, and timely replied investor inquiries via telephone and network. In receiving the visiting investors and replied to inquiries, the Company strictly complied with Stock Listing Rules and the requirements for the confidentiality of other insider information, adhered to the fair, just and open principle, respected the legitimate rights and interests of investors under the premise of not violating laws and carefully fulfilled its responsibilities of investor relations management.

7. Internal control system and standardized management: During the reporting period, the company carried out a self-evaluation of internal control, internal audit and compensation management on a regular basis, the special audit on the standardized business of affiliates, and took positive and effective measures to improve existing problems and shortcomings. Strengthened ideological education and training of directors, supervisors and senior management and middle management staff at all levels, emphasized the performance of their duties legally, regulated behaviors, combated corruption and advocated probity. Through continuous improvement of internal control system, increased evaluation and reward to further enhance the standardized management level and prevent management risks.

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

Yes No

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

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

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

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

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

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

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

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

III. Horizontal competition

Applicable Not applicable

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

1. Annual Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
Annual General Meeting of 2014	Annual General Meeting	0.01%	2015-05-19	2015-05-20	"Resolution Notice of Annual General Meeting 2014" No.:2015-043, published on "China Securities Journal" "Securities Times" "Hong Kong Commercial Daily" and Juchao Website
First extraordinary general meeting of 2015	extraordinary general meeting	0.02%	2015-04-20	2015-04-21	"Resolution Notice of First extraordinary general meeting of 2015" No.:2015-023, published on "China Securities Journal" "Securities Times" "Hong Kong Commercial Daily" and Juchao Website
Second extraordinary general meeting of 2015	extraordinary general meeting	0.01%	2015-04-27	2015-04-28	"Resolution Notice of Second extraordinary general meeting of 2015" No.:2015-040, published on "China Securities Journal" "Securities Times" "Hong Kong Commercial Daily" and Juchao Website
Third extraordinary general meeting of 2015	extraordinary general meeting	0.00%	2015-06-25	2015-06-26	"Resolution Notice of Third extraordinary general meeting of 2015" No.:2015-050, published on "China Securities Journal" "Securities Times" "Hong Kong Commercial Daily" and Juchao Website
Fourth extraordinary general meeting of 2015	extraordinary general meeting	0.00%	2015-09-10	2015-09-11	"Resolution Notice of Fourth extraordinary general meeting of 2015" No.:2015-066, published on "China Securities Journal" "Securities Times" "Hong Kong Commercial Daily" and Juchao Website
Fifth extraordinary general meeting of 2015	extraordinary general meeting	0.01%	2015-12-28	2015-12-29	"Resolution Notice of Fifth extraordinary general meeting of 2015" No.:2015-086, published on "China Securities Journal" "Securities Times" "Hong Kong Commercial Daily" and Juchao Website

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

Applicable Not applicable

V. Responsibility performance of independent directors**1. The attending of independent directors to Board meetings and general meeting**

The attending of independent directors to Board Meeting						
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	10	6	3	1	0	N
Wang Xiaodong	10	6	3	1	0	N
Wang Junsheng	10	6	3	1	0	N
Tang Tianyun	10	6	3	1	0	N
Pan Chengwei	10	6	3	1	0	N
Liao Nangang	10	6	3	1	0	N
Times for attending general meeting from independent directors	6					

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

Not applicable

2. Objection for relevant events from independent directors

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

Yes No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

The opinions from independent directors have been adopted

Yes No

Explanation on advice that accepted/not accepted from independent directors

Within the reporting period, in accordance with the Company Law, the Corporate Governance Guidelines, Guideline on the Establishment of Independent Directors in Listed Companies, the Working System of Independent Directors, the Articles of Association and other requirements of normative documents, and based on the spirit of independence, objectivity and the principle of prudence, all independent directors of the Company conscientiously performed their duties, understood and paid attention to the company's business development, and deliberated and voted all resolutions submitted by the board of directors. Besides, by means of their professional advantages in their respective fields, all independent directors deeply and prudently judged significant matters for which the opinions of independent directors were necessary, delivered a written independent opinions and made recommendations to safeguard the legitimate interests of the company and all shareholders. The Board of Directors fully respected the performance of duties by independent directors, attached great importance to and carefully accepted the views and recommendations of the

independent director. And there were no recommendations of independent directors not adopted.

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

(I) Audit Committee

1. By participating into meetings of the Board of Directors, the shareholders' meeting and other meetings and carefully reviewing the relevant documents of the company, strengthened the understanding of production, operation and development.

In 2015, the members of the Audit Committee attended 10 Board meeting and 6 shareholders' meeting, carefully reviewed the *Report of the General Manager, Comprehensive Plan*, other comprehensive documents and the audit report of the Company, internal control system and other relevant resolutions and reports, conscientiously fulfilled responsibilities and created conditions of performing duties and providing recommendations to the Board.

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

(1) On April 3, 2015, the Audit Committee held its second meeting, heard the communication of Ruihua Certified Public Accountants Firm with the management in the course of annual audit, respectively discussed major matters brought forward by certified public accountants during the course of audit, determined the views of important matters, and required the Company to cooperated with the audit firm in strict accordance with the requirements of regulatory in defining the final 2014 audit report.

(2) On April 22, 2015, the Audit Committee held its third meeting, communicated with Ruihua Certified Public Accountants Firm before the finalization of 2014 annual audit report, heard suggestions of the accounting firm on annual audit, reviewed 2014 Internal Control Self-Assessment Report, 2015 Work Plan for Internal Audit and Internal Control, and agreed to submit 2014 Annual Internal Control Self-Assessment Report and 2015 Work Plan of Internal Audit and Internal Control to the second meeting of the seventh session of the Board of Directors for consideration.

(3) On August 18, 2015, the Audit Committee of the Board of Directors held its fourth meeting, which deliberated the Resolution on the Reappointment of 2015 Annual Audit Agency and Determining Its Remuneration, agreed to re-appoint Ruihua Certified Public Accountants Firm as its 2015 annual audit firm, and agreed to submit the proposal to the fourth meeting of the seventh session of Board of Directors for consideration.

(4) On October 22, 2015, the Audit Committee of the Board of Directors held its fifth meeting, which deliberated the *Resolution on Amending the Economic Responsibility Auditing Regulations*, and the *Resolution on Establishing the Regulation for Tracking Auditing during the Whole Course of Construction Engineering*, and agreed to submit the two resolutions to the fifth meeting of the seventh session of board of director for deliberation.

(II) Nomination Committee

1. By participating into meetings of the Board of Directors, the shareholders' meeting and other meetings and carefully reviewing the relevant documents of the company, strengthened the understanding of production, operation and development.

In 2015, the members of the Nomination Committee attended 10 Board meeting and 6 shareholders' meetings, carefully reviewed the *Report of the General Manager, Comprehensive Plan*, other comprehensive documents and resolutions concerned with replacement of directors, and changes in senior management and other related personnel, created conditions for performance obligations, and pre-examined the qualification of related personnel and provide recommendations to the Board.

2. Convened meeting of Nomination Committee deliberated the resolution on the replacement of directors and the appointment of senior management and made recommendations to the Board of Directors.

(1) On April 3, 2015, the Nominating Committee held its first meeting, which deliberated and approved the *Resolution on the Replacement of Directors*, agreed to nominate Mr. Wu Xiangdong, Mr. Ji Ming, and Ms. Lin Qing as the candidates of directors for

the seventh session of the Board of Directors, and agreed to submit the resolution to the second temporary meeting of the seventh session of the Board of Directors, which will be subject to the deliberation of the general shareholders' meeting for deliberation; deliberated and approved *Resolution of the Appointment of the General Manager of the Company* as well as the *Resolution on the Appointment of the Company's Other Senior Management*, and agreed to nominate Mr. Wu Dong as the candidate for the general manager of the company, Mr. Ji Ming as the candidate for the deputy general manager, Ms. Lin Qing, Ms. Zhang Jie and Mr. Lin Wei as the candidates for the deputy general manager of the company, Mr. Wang Rendong as candidate for the chief engineer and Mr. Huang Jian as a candidate for chief financial officer and agreed to submit the resolution to the second extraordinary meeting of the seventh session of the Board of Directors for consideration.

(2) On April 20, 2015, the Nominating Committee held its second meeting, which deliberated and approved *2014 Annual Performance Report of the Nomination Committee* and agreed to submit the report to the second meeting of the seventh session of the Board of Directors for consideration.

(3) On December 23, 2015, the Nomination Committee held its third meeting, which deliberated and approved the *Resolution on Employing the Secretary of the Board of the Company*, agreed to nominate Ms. Zhang Jie as a candidate for secretary of the seventh session of the Board of Directors and submit such resolution to the seventh temporary meeting of the seventh session of the board of directors for consideration.

(III) Remuneration and Appraisal Committee

1. By participating into meetings of the Board of Directors, the shareholders' meeting and other meetings and carefully reviewing the relevant documents of the company, strengthened the understanding of production, operation and development.

In 2015, the members of Remuneration and Appraisal Committee attended 10 meetings of the Board of Directors and 6 general shareholders' meeting, carefully reviewed the *Report of the General Manager, Comprehensive Plan*, other comprehensive documents and resolutions related to the remuneration and distribution plan of the Company, supervised the implementation of the company's remuneration and made recommendations. The Remuneration and Appraisal Committee effectively fulfilled its obligation of diligence and ensured that the Board of Directors of the Company would effectively control and supervise the company's management and supervisory board.

2. Held meeting of Remuneration and Appraisal Committee, deliberated the resolution on the provision and examination of annual remuneration, incentive distribution plan and make recommendations for the Board of Directors

(1) On March 16, 2015, the Remuneration and Appraisal Committee held its second meeting, which considered and adopted the *Resolution on 2013 Incentive Distribution Plan on Changing Loss to Profit*.

(2) On April 22, 2015, the Remuneration and Appraisal Committee held its third meeting, which heard the *Report on the Implementation of 2014 Compensation Provision and Assessment Program*, deliberated and passed the *Resolution on 2015 Compensation Provision and Assessment Program* and *2014 Performance Report of Remuneration and Appraisal Committee*, the actually granted remuneration of the Company in 2014 was in consistent with remuneration scheme deliberated and passed by the Board of Directors, and agreed to submit the *Resolution on 2015 Annual Remuneration Provision and Assessment* and *2014 Performance Report of Remuneration and Evaluation Committee* to the second meeting of the seventh session of the Board of Directors for consideration.

(IV) Strategy and Investment Management Committee

1. By participating into meetings of the Board of Directors, the shareholders' meeting and other meetings and carefully reviewing the relevant documents of the company, strengthened the understanding of production, operation and development.

By 2015, the members of Strategy and Investment Management Committee attended 10 meetings of the Board of Directors and 6

general shareholders' meeting, carefully reviewed the *Report of the General Manager, Comprehensive Plan*, other comprehensive document and resolutions related to asset disposal, investment and development and other strategic issues, and created conditions of performing duties and providing recommendations to the Board.

2. Held meetings of Strategy and Investment Management Committee, deliberated asset disposal and investment and made recommendations to the Board of Directors

(1) On April 10, 2015, the Strategy and Investment Management Committee held its first meeting, which deliberated and passed *Resolution on Accelerating the Development of 53.82Mu Lands of Zhongshan Shenzhong Real Estate Real Estate Investment Properties Co., Ltd and Investment and Development Plan from Jan. 2015 to Aug. 2016*, and agreed to submit the resolution to the second extraordinary meeting of the seventh session of the board of directors for consideration. To ensure the development and construction funds of the phase 1 of 53.82 Mu lands of Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd and the smooth implementation of the project, approved the following funds financing scheme brought forward by Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd: Zhongshan Shenzhong Real Estate Development Co., Ltd provided RMB14.71 million of its own funds to Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd in the manner of financial assistance for project development; As far as the funding gap of RMB181.07 million of project development and construction is concerned, social financing will be available through a variety of means and channels. The Company will provide appropriate support as the case may be. The meeting called for strengthening the supervisory, monitoring and control during the course of project development to ensure the smooth progress of project development, and protect the interests of shareholders.

(2) On April 20, 2015, the Strategy and Investment Committee held its second meeting, which deliberated and passed *2014 Performance Report of the Strategy and Investment Management Committee* and agreed to submit the resolution to the second meeting of the seventh session of the Board of directors for consideration.

(3) On December 9, 2015, the Strategy and Investment Committee held its third meeting, which reviewed and approved the *Resolution on Carrying out Government Purchase and Reservation of 346 Mu lands of Zhongshan Shenzhong Real Estate Development Co., Ltd*, and agreed to submit the resolution to the sixth extraordinary meeting of the seventh session of the board of directors for consideration.

VII. Works from Supervisory Committee

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

Yes No

Supervisory committee has no objection about supervision events in reporting period

VIII. Examination and incentives of senior management

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

IX. Internal Control

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

Yes No

2. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	2016-04-01	
Disclosure index of full internal control evaluation report	“Audit report of internal control for year of 2015” published on Juchao Website (www.cninfo.com.cn)	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	100.00%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	100.00%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>Major defects: under major operational activities, there are major defects in several companies which are consolidated into the preparation of financial statements, or there are major defects in few of companies which are consolidated into the preparation of financial statements but the company with major defect are the main one participating into such major operation activities;</p> <p>Substantial defects: under major operational activities, there are substantial defects in few of companies which are consolidated into the preparation of financial statements, or there are moderate defects in several companies which are consolidated into the preparation of financial statements but the company with major defect are the main on participating into such major operation activities; or there are moderate defects in few of companies which are consolidated into the preparation of financial statements but the company with moderate defect are the main one participating into such major operation activities;</p> <p>General defects: under major operational activities, there are moderate defects in few of companies which are consolidated into the preparation of financial</p>	<p>Major defects: under major operational activities, there are major defects in several companies which are consolidated into the preparation of financial statements, or there are major defects in few of companies which are consolidated into the preparation of financial statements but the company with major defect are the main one participating into such major operation activities;</p> <p>Substantial defects: under major operational activities, there are substantial defects in few of companies which are consolidated into the preparation of financial statements, or there are moderate defects in several companies which are consolidated into the preparation of financial statements but the company with major defect are the main on participating into such major operation activities; or there are moderate defects in few of companies which are consolidated into the preparation of financial statements but the company with moderate defect are the main one participating into such major operation</p>

	statements, and the company with moderate defects is not the main one participating into the major operational activities; or there are only general defects in companies which are consolidated into the preparation of financial statements; there are no internal control defects in major operational activities and there are only internal control defects in minor operational activities.	activities; General defects: under major operational activities, there are moderate defects in few of companies which are consolidated into the preparation of financial statements, and the company with moderate defects is not the main one participating into the major operational activities; or there are only general defects in companies which are consolidated into the preparation of financial statements; there are no internal control defects in major operational activities and there are only internal control defects in minor operational activities.
Quantitative standard	<p>Major defects: mistaken amount \geq total assets in consolidated financial statement $\times 0.5\%$</p> <p>Substantial defects: total assets in consolidated financial statement $\times 0.2\% \leq$ mistaken amount $<$ total assets in consolidated financial statement $\times 0.5\%$</p> <p>General defect: mistaken amount $<$ total assets in consolidated financial statement $\times 0.2\%$</p>	<p>Major defects: amount of direct loss \geq total assets in consolidated financial statement $\times 0.5\%$</p> <p>Substantial defects: total assets in consolidated financial statement $\times 0.2\% \leq$ amount of direct loss $<$ total assets in consolidated financial statement $\times 0.5\%$</p> <p>General defect: amount of direct loss $<$ total assets in consolidated financial statement $\times 0.2\%$</p>
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		1

Defects of internal control and rectification

During the reporting period, the affiliated enterprises, Server Company, are unable to receive accounts receivable timely due to poor management of client's credit. At present, Server Company is initiating lawsuits and uses legal means to recover the money. Besides, the company has taken the appropriate corrective measures, which has been implemented by relevant departments continuously.

X. Auditing report of internal control

Applicable Not applicable

Deliberations in Internal Control Audit Report	
The accountant firm thinks Shenzhen Nanshan Power Co., Ltd. maintains effective internal control of financial report in all significant aspects in accordance with <i>the Basic Regulation of Enterprise Internal Control</i>	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2016-04-01
Index of audit report of internal control (full-text)	“Audit report of internal control for year of 2015” published on Juchao Website (www.cninfo.com.cn)
Opinion type of auditing report of IC	Standard unqualified
whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

Yes No

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

Yes No

Section X. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	2016-03-30
Name of audit institute	Ruihua Certified Public Accountants Co., Ltd. (LLP)
Name of CPA	Ou Changxian, Li Fengxia

Text of Report (Attached)

Section XI. Documents available for Reference

- (I) Original Annual Report of 2015 carrying the signature of the legal representative of the Company.
- (II) Financial statement with signature and seal of Person in charge of the company (legal person), person in charge of accounting works (General manager and chief financial officer) and person in charge of accounting organ(accountant in charge);
- (III) Original audit report seal with accounting firms and signature and seal from CPA;
- (IV) Text of notice and original draft that public on Securities Times, China Securities Journal and Hong Kong Commercial Daily that appointed by CSRC within report period.
- (V) The place where the document placed: Office of Secretariat of the Board of Directors of the company.



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Auditor' s Report

Ruihua Zi [2016] No. 48440003

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, 2015, 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 2015 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, 2015, as well as annual consolidated and operating results of the Company and cash flow of the Company in 2015.

Ruihua CPA(LLP)

Beijing • China

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

30 March 2016

Consolidated Balance Sheet

2015-12-31

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	1,026,626,480.06	578,584,447.02
Financial liability measured by fair value			
Derivative financial liability			
Notes receivable	VI.2	1,200,000.00	0.00
Accounts receivable	VI.3	405,391,442.85	502,772,509.41
Accounts paid in advance	VI.4	254,557.09	6,233,357.49
Interest receivable			
Dividend receivable			
Other receivables	VI.5	30,685,319.69	30,150,229.08
Inventories	VI.6	672,683,049.42	1,284,712,150.88
Divided into assets held for sale			
Non-current asset due within one year			
Other current assets	VI.7	604,426,110.04	613,644,525.13
Total current assets		2,741,266,959.15	3,016,097,219.01
Non-current assets:			
Finance asset available for sales	VI.8	57,315,000.00	57,315,000.00
Held-to-maturity investment			
Long-term account receivable			
Long-term equity investment	VI.9	22,520,274.78	24,597,397.33
Investment property	VI.10	3,194,715.51	3,543,988.51
Fixed assets	VI.11	1,667,494,083.42	1,839,739,944.19
Construction in progress	VI.12	8,473,276.90	32,826,131.18
Engineering material			
Disposal of fixed asset			
Productive biological asset			
Oil and gas asset			
Intangible assets	VI.13	53,801,475.81	56,524,171.28
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned			
Deferred income tax asset	VI.14	2,905,768.69	2,889,791.86
Other non-current asset	VI.15	22,882,181.78	22,882,181.78
Total non-current asset		1,838,586,776.89	2,040,318,606.13
Total assets		4,579,853,736.04	5,056,415,825.14

(Carry down)

(Brought forward)

Consolidated Balance Sheet (Cont.)

2015-12-31

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.16	2,385,300,000.00	2,617,890,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses			
Derivative financial liability			
Notes payable	VI.17	340,000,000.00	260,000,000.00
Accounts payable	VI.18	38,014,729.22	139,165,440.83
Accounts received in advance	VI.19	58,575.45	
Wage payable	VI.20	47,521,710.84	47,122,426.07
Taxes payable	VI.21	13,444,485.85	7,344,990.85
Interest payable	VI.22	63,142,049.81	42,162,535.84
Dividend payable			
Other accounts payable	VI.23	371,926,173.24	340,400,926.04
Divided into liability held for sale			
Non-current liabilities due within 1 year			
Other current liabilities			
Total current liabilities		3,259,407,724.41	3,454,086,319.63
Non-current liabilities:			
Long-term loans	VI.24	696,000,000.00	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	VI.25	27,100,000.00	27,100,000.00
Deferred income	VI.26	48,435,206.35	47,082,314.96
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		771,535,206.35	224,182,314.96
Total liabilities		4,030,942,930.76	3,678,268,634.59
Shareholders' equity:			
Share capital	VI.27	602,762,596.00	602,762,596.00
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital public reserve	VI.28	362,758,554.21	362,670,442.46
Less: Inventory shares			
Other comprehensive income			
Reasonable reserve			
Surplus public reserve	VI.29	332,908,397.60	332,908,397.60
Provision of general risk			
Retained profit	VI.30	-662,422,848.24	-27,799,181.18
Total owner's equity attributable to parent company		636,006,699.57	1,270,542,254.88
Minority interests		-87,095,894.29	107,604,935.67
Total shareholders' equity		548,910,805.28	1,378,147,190.55
Total liabilities and shareholders' equity		4,579,853,736.04	5,056,415,825.14

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of Accounting Institution:

Consolidated Profit Statement

2015

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount in this year	Amount at last year
I. Total operation income		1,345,018,210.71	1,234,101,547.84
Including: operation income	VI.31	1,345,018,210.71	1,234,101,547.84
II. Total operation cost		2,572,505,108.03	2,161,437,445.59
Including: operation cost	VI.31	1,492,814,812.50	1,740,905,277.37
Operation tax and surcharge	VI.32	7,806,014.41	7,132,351.18
Sales expense		4,040,925.95	3,144,077.93
Management expense	VI.33	152,448,251.49	94,273,391.92
Financial expense	VI.34	230,684,786.65	244,562,310.79
Loss of assets impairment	VI.35	684,710,317.03	71,420,036.40
Add: Changing income of fair value(Loss is listed with “-”)			
Investment income (Loss is listed with “-”)	VI.36	-2,077,122.55	-1,730,276.62
Including: Investment income on affiliated company and joint venture			
III. Operating profit (Loss is listed with “-”)		-1,229,564,019.87	-929,066,174.37
Add: Non-operating income	VI.37	401,866,238.19	513,595,490.23
Including: Disposal gains of non-current asset		40,417.41	70,116.84
Less: Non-operating expense	VI.38	448,678.66	2,819,069.79
Including: Disposal loss of non-current asset		338,447.94	967,450.29
IV. Total Profit (Loss is listed with “-”)		-828,146,460.34	-418,289,753.93
Less: Income tax	VI.39	1,178,036.68	3,342,608.35
V. Net profit (Net loss is listed with “-”)		-829,324,497.02	-421,632,362.28
Net profit attributable to owner’s equity of parent company		-634,623,667.06	-330,513,284.99
Minority shareholders’ gains and losses		-194,700,829.96	-91,119,077.29

VI. Net after-tax of other comprehensive income			
VII. Total consolidated income		-829,324,497.02	-421,632,362.28
Total consolidated income attributable to owners of parent company		-634,623,667.06	-330,513,284.99
Total consolidated income attributable to minority shareholders		-194,700,829.96	-91,119,077.29
VIII. Earnings per share			
(I) Basic earnings per share		-1.05	-0.55
(II) Diluted earnings per share		-1.05	-0.55

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of Accounting Institution:

Consolidated Cash Flow Statement

2015

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		1,498,895,407.20	1,474,312,544.61
Write-back of tax received		43,717,420.50	1,502,897.41
Other cash received concerning operating activities	VI.40 (1)	600,854,428.86	887,473,944.98
Subtotal of cash inflow arising from operating activities		2,143,467,256.56	2,363,289,387.00
Cash paid for purchasing commodities and receiving labor service		1,550,985,388.98	1,546,082,918.50
Cash paid to/for staff and workers		128,849,876.08	118,039,661.86
Taxes paid		13,155,414.96	31,450,749.54
Other cash paid concerning operating activities	VI.40 (2)	64,024,870.45	96,452,074.97
Subtotal of cash outflow arising from operating activities		1,757,015,550.47	1,792,025,404.87
Net cash flows arising from operating activities		386,451,706.09	571,263,982.13
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		168,095.41	70,116.84

Net cash received from disposal of subsidiaries and other units			
Other cash received concerning investing activities			
Subtotal of cash inflow from investing activities		168,095.41	70,116.84
Cash paid for purchasing fixed, intangible and other long-term assets		34,810,055.92	85,549,920.49
Cash paid for investment			
Net cash received from subsidiaries and other units			
Other cash paid concerning investing activities			
Subtotal of cash outflow from investing activities		34,810,055.92	85,549,920.49
Net cash flows arising from investing activities		-34,641,960.51	-85,479,803.65
III. Cash flows arising from financing activities			
Cash received from absorbing investment			
Including: Cash received from absorbing minority shareholders' investment by subsidiaries			
Cash received from loans		3,591,160,000.00	3,342,703,209.20
Cash received from issuing bonds			
Other cash received concerning financing activities			
Subtotal of cash inflow from financing activities		3,591,160,000.00	3,342,703,209.20
Cash paid for settling debts		3,277,750,000.00	3,579,775,127.09
Cash paid for dividend and profit distributing or interest paying		212,442,578.29	218,351,972.16
Including: Dividend and profit of minority shareholder paid by subsidiaries			

Other cash paid concerning financing activities	VI.40 (3)	5,300,000.00	
Subtotal of cash outflow from financing activities		3,495,492,578.29	3,798,127,099.25
Net cash flows arising from financing activities		95,667,421.71	-455,423,890.05
IV. Influence on cash due to fluctuation in exchange rate		354,355.75	79,839.07
V. Net increase of cash and cash equivalents		447,831,523.04	30,440,127.50
Add: Balance of cash and cash equivalents at the period -begin		568,494,957.02	538,054,829.52
VI. Balance of cash and cash equivalents at the period -end		1,016,326,480.06	568,494,957.02

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of Accounting Institution:

Consolidated Statement of Changes in Shareholders' Equity
2015

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	This Period						
	Equity attributable to Shareholder of parent company					Minority' s equity	Total owners' equity
	Paid-up capital	Capital reserve	Surplus reserves	General risk preparation	Retained profit		
I. Balance at the end of the last year	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
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		-27,799,181.18	107,604,935.67	1,378,147,190.55
III. Increase/ Decrease in this year (Decrease is listed with “-”)		88,111.75			-634,623,667.06	-194,700,829.96	-829,236,385.27
(i) Total comprehensive income					-634,623,667.06	-194,700,829.96	-829,324,497.02
(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		88,111.75					88,111.75

IV. Balance at the end of the year	602,762,596.00	362,758,554.21	332,908,397.60		-662,422,848.24	-87,095,894.29	548,910,805.28
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Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of Accounting Institution:

Consolidated Statement of Changes in Shareholders' Equity (Cont.)
2015

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Last Period						
	Equity attributable to Shareholder of parent company					Minority' s equity	Total owners' equity
	Paid-up capital	Capital reserve	Surplus reserves	General risk preparation	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
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
III. Increase/ Decrease in this year (Decrease is listed with “-”)					-330,513,284.99	-91,119,077.29	-421,632,362.28
(i) Total comprehensive income					-330,513,284.99	-91,119,077.29	-421,632,362.28
(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							
IV. Balance at the end of the year	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

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of Accounting Institution:

Balance Sheet

2015-12-31

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount at year-end	Amount at year-begin
Current assets:			
Monetary funds		685,708,711.65	332,803,493.04
Financial liability measured by fair value and with variation reckoned into current gains/losses			
Derivative financial liability			
Notes receivable			
Accounts receivable	XIV.1	309,114,888.65	348,412,708.95
Accounts paid in advance		215,431.80	1,508,422.20
Interest receivable			
Dividend receivable		79,495,331.17	79,495,331.17
Other receivables	XIV.2	1,260,619,190.09	1,716,877,162.13
Inventories		73,381,539.62	83,913,536.01
Divided into assets held for sale			
Non-current asset due within one year			
Other current assets		460,714,889.70	436,292,055.11
Total current assets		2,869,249,982.68	2,999,302,708.61

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		240,657,379.95	266,027,993.11
Construction in progress		744,725.65	22,436,936.91
Engineering material			
Disposal of fixed asset			
Productive biological asset			
Oil and gas asset			
Intangible assets		5,469,452.93	6,909,693.29
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned			
Deferred income tax asset			
Other non-current asset			
Total non-current asset		996,169,408.29	1,044,672,473.07
Total assets		3,865,419,390.97	4,043,975,181.68

(Carry down)

(brought forward)

Balance Sheet

2015-12-31

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount at year-end	Amount at year-begin
Current liabilities:			
Short-term loans		2,024,000,000.00	1,689,000,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses			
Derivative financial liability			
Notes payable		340,000,000.00	260,000,000.00
Accounts payable		24,793,826.11	136,675,432.37
Accounts received in advance			
Wage payable		25,958,401.01	26,498,739.18
Taxes payable		2,488,252.98	1,277,289.10
Interest payable		4,072,366.54	3,885,184.72
Dividend payable			
Other accounts payable		167,136,669.31	154,070,351.82
Divided into liability held for sale			
Non-current liabilities due within 1 year			

Other current liabilities			
Total current liabilities		2,588,449,515.95	2,271,406,997.19
Non-current liabilities:			
Long-term loans		250,000,000.00	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		28,425,205.59	31,040,366.91
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		278,425,205.59	181,040,366.91
Total liabilities		2,866,874,721.54	2,452,447,364.10
Shareholders' equity:			
Share capital		602,762,596.00	602,762,596.00
Other equity instrument			
Including: preferred stock			

Perpetual capital securities			
Capital public reserve		288,857,244.22	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		-225,983,568.39	367,087,691.51
Total shareholders' equity		998,544,669.43	1,591,527,817.58
Total liabilities and shareholders' equity		3,865,419,390.97	4,043,975,181.68

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of Accounting Institution:

Profit Statement

2015

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Note	Amount in this year	Amount at last year
I. Operating income	XIV.4	306,988,310.18	403,348,591.53
Less: Operating cost	XIV.4	413,239,268.98	660,952,197.73
Operating tax and extras		6,307,806.46	5,725,678.29
Sales expenses			
Administration expenses		33,261,594.73	43,909,146.04
Financial expenses		59,049,878.84	73,606,755.47
Losses of devaluation of asset		609,856,337.51	4,620,955.59
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 joint venture			
II. Operating profit (Loss is listed with “-”)		-814,726,576.34	-362,235,772.59
Add: Non-operating income		221,694,796.44	276,865,161.32
Including: Disposal gains of non-current asset		27,053.47	
Less: Non-operating expense		39,480.00	2,058,860.80
Including: Disposal loss of non-current asset		39,480.00	

III. Total Profit (Loss is listed with “-”)		-593,071,259.90	-87,429,472.07
Less: Income tax expense			
IV. Net profit (Net loss is listed with “-”)		-593,071,259.90	-87,429,472.07
V. Net after-tax of other comprehensive income			
VI. Total comprehensive income		-593,071,259.90	-87,429,472.07

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of Accounting Institution:

Cash flow statement

2015

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		367,499,760.29	512,047,063.02
Write-back of tax received			
Other cash received concerning operating activities		391,268,697.57	584,502,173.96
Subtotal of cash inflow arising from operating activities		758,768,457.86	1,096,549,236.98
Cash paid for purchasing commodities and receiving labor service		496,864,894.73	508,511,811.30
Cash paid to/for staff and workers		67,647,677.08	61,257,736.33
Taxes paid		6,415,159.20	17,482,709.37
Other cash paid concerning operating activities		118,115,257.09	14,649,052.15
Subtotal of cash outflow arising from operating activities		689,042,988.10	601,901,309.15
Net cash flows arising from operating activities		69,725,469.76	494,647,927.83
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		79,570.39	25,510.00

Net cash received from the disposal of subsidiaries and other business units			
Other cash received concerning investing activities			
Subtotal of cash inflow from investing activities		79,570.39	25,510.00
Cash paid for purchasing fixed, intangible and other long-term assets		5,536,109.45	6,128,241.88
Cash paid for investment			
Other cash paid concerning investing activities			113,936,379.78
Subtotal of cash outflow from investing activities		5,536,109.45	120,064,621.66
Net cash flows arising from investing activities		-5,456,539.06	-120,039,111.66
III. Cash flows arising from financing activities			
Cash received from absorbing investment			
Cash received from loans		2,424,000,000.00	2,039,000,000.00
Cash received from issuing bonds			
Other cash received concerning financing activities			
Subtotal of cash inflow from financing activities		2,424,000,000.00	2,039,000,000.00
Cash paid for settling debts		1,989,000,000.00	2,129,000,000.00
Cash paid for dividend and profit distributing or interest paying		151,363,712.09	156,614,673.44
Other cash paid concerning financing activities		5,300,000.00	59,755,366.76
Subtotal of cash outflow from financing activities		2,145,663,712.09	2,345,370,040.20
Net cash flows arising from financing activities		278,336,287.91	-306,370,040.20

IV. Influence on cash and cash equivalents due to fluctuation in exchange rate			7,033.39
V. Net increase of cash and cash equivalents		342,605,218.61	68,245,809.36
Add: Balance of cash and cash equivalents at the period -begin		332,803,493.04	264,557,683.68
VI. Balance of cash and cash equivalents at the period -end		675,408,711.65	332,803,493.04

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of Accounting Institution:

Changes of Shareholders Equity

2015

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	This Period					
	Share capital	Capital reserve	Surplus reserve	General risk preparation	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		367,087,691.51	1,591,527,817.58
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		367,087,691.51	1,591,527,817.58
III. Increase/ Decrease in this year (Decrease is listed with “-”)		88,111.75			-593,071,259.90	-592,983,148.15
(I) Total comprehensive income					-593,071,259.90	-593,071,259.90
(II) Owners' devoted and decreased capital						
1.Common shares invested by shareholders						
2. Capital invested by holders of other equity instruments						
3. Amount reckoned into owners equity with share-based payment						

4. Other						
(III) Profit distribution						
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		88,111.75				88,111.75
IV. Balance at the end of the year	602,762,596.00	288,857,244.22	332,908,397.60		-225,983,568.39	998,544,669.43

Legal Representative:

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

Changes of Shareholders Equity (Cont.)

2015

Prepared by Shenzhen Nanshan Power Co.,Ltd.

In RMB

Item	Last Period					
	Share capital	Capital reserve	Surplus reserve	General risk preparation	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
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
III. Increase/ Decrease in this year (Decrease is listed with “-”)					-87,429,472.07	-87,429,472.07
(I) Total comprehensive income					-87,429,472.07	-87,429,472.07
(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						
IV. Balance at the end of the year	602,762,596.00	288,769,132.47	332,908,397.60		367,087,691.51	1,591,527,817.58

Legal Representative:

Person in charge of Accounting Works:

CFO:

Person in charge of Accounting Institution:

Shenzhen Nanshan Power Co., Ltd.

Notes to financial statement 2015

(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 30 March 2016.

Totally 11 subsidiaries included in consolidate scope for year of 2014, the consolidated scope of the company in this year has not changed compared with the last year. Found more in Note 8.- “equity in other body” .

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

1. Preparation basis

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, 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 2015, and the Company together with its operation results, and cash flow for the year of 2015. 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 24 Description of revenue items under section IV. For explanation on material accounting judgment and estimate issued by the management, please refer to note 30 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 be 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

①Recognition 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

②Determination 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, development cost and inactive land 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:

① for 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.

② If 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) Real estate sales revenue

① Developed products

Completed and passed the acceptance inspection, signed the sales contract and performed the contractual obligations, namely the main risks and rewards of ownership of developed products are transferred to the buyer; the company no longer reserves the continuous management right usually associated with the ownership, nor implements any effective control over the sold goods; the amount of revenue can be measured reliably; relevant economic benefits are likely to inflow; and when the cost incurred or to be incurred of the project can be measured reliably, confirm the realization of sales revenue.

② Installment sales

The developed products have been completed and passed the acceptance inspection, signed the installment sales contract and performed the contractual obligations, relevant economic benefits are likely to inflow, and when the cost of this developed product can be measured reliably, confirm the amount of revenue in accordance with the receivable contract or the fair value of agreement cost; the balance between the receivable contract or agreement cost and its fair value is amortized and reckoned in the current profit and loss by effective interest method during the contract or agreement period.

(3) 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), in 2014, the Company has calculated the receivable fuel subsidy income and affirmed as governmental subsidy revenue in accordance with the calculation method specified by "Interim measures for managing electricity generation subsidy of gas generating unit in Shenzhen" (SFB No. [2015] 14) of Shenzhen Municipal People's Government Office.

In 2015, the Company has calculated the receivable fuel subsidy income and affirmed as governmental subsidy revenue in accordance with the calculation method specified by "Interim measures for managing electricity generation subsidy of gas generating unit in Shenzhen" (SFB No. [2015] 14) of Shenzhen Municipal People's Government Office.

According to the notice of "Notice on transmitting 'power generation plans of Shenzhen 110 kilovolt power plants in the fourth quarter of 2015' issued by Economy, Trade and Information Commission of Shenzhen Municipality" (SJMXXDZZ No. [2015] 205), Guangdong Province has cancelled the fuel oil and fuel gas processing fees since October 1, 2015, and Shenzhen would follow and stop collecting the fuel oil and fuel gas processing fees, and Shenzhen would stop giving subsidies to the peak electricity of local power plants since October 1, 2015.

(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.

In 2015, Zhongshan Power and Weimei Power have calculated the receivable fuel subsidy income and affirmed as governmental subsidy revenue in accordance with the regulations of relevant documents of “Notice about the subsidy liquidation in 2014 and subsidy arrangement in the first half year of 2015 of fuel oil and fuel gas processing fees” YFGJGH No. [2015] 629.

According to "Notice about stop collecting the fuel oil and fuel gas processing fees transmitted by Zhongshan Development and Reform Bureau, Zhongshan Economic and Information Technology Bureau, and Zhongshan Finance Bureau" (ZFGJG No. [2015] 512) and "Notice about stop collecting the fuel oil and fuel gas processing fees of Guangdong Development and Reform Commission, Economic & Information Commission of Guangdong Province, and Department of Finance of Guangdong Province "(YFGJG No. [2015] 565), and approved by People's Government of Guangdong Province, the "Notice about temporarily collecting the fuel oil and fuel gas processing fees" (YF No. [2008] 31) has been stopped executing since October 1, 2015, and would stop giving subsidies to the peak electricity of local power plants since October 1, 2015.

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

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

(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 in not likely to be recovered.

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

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

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

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

(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 6%, 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)
Real estate tax	As for the taxed by residual value, paid with the 1.2% of the residual value after original value deducted 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
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

(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%
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., ”)	12.5%
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%

Taxpaying body	Rate of income tax
Zhongshan Shennandian Storage Co., Ltd. ("Shen Storage ")	25%
HONG KONG SYNDISOME CO., LIMITED("SYNDISOME")	16.5%

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
VAT	Environment Protection Co.,	Notice on "contents of products with comprehensive utilization of resources and value-added tax privilege of labour service" (CS No. [2015] 78)	Shenzhen Provincial Office, SAT (Qianhai SAT)	SGSQHBA No.[2015]0002	Resource comprehensive utilization of VAT refund	2015-8-1 to 2018-7-31
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
Enterprise income tax	SYNDISOME	' Enterprise Income Tax Law of People' s Republic of China"	State Tax Bureau of Nanshan Distict 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

Note: 1. "Notice about adjusting and improving the products with comprehensive utilization of resources and value-added tax policy of labour service" (CS No. [2011] 115) has been abolished since July 1, 2015, the preferential policy of exempting environmental companies

from added-value tax of labour services for sludge treatment has been abolished since August 2015, and environmental companies enjoy the drawback policy of added-value tax for comprehensive utilization of resources in accordance with the notice about printing and distributing "contents of products with comprehensive utilization of resources and value-added tax privilege of labour service" (CS No. [2015] 78).

2. In accordance with the tax preference notification SGSSJMBA No. [2013]128 of Shenzhen Provincial Office, State Administration of Taxation, environmental companies enjoy the preferential tax policy of two exemptions and three halve, i.e. exempting the corporate income tax from 2012 to 2013, and halving the corporate income tax from 2014 to 2016.

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, 2015, "year-end" refers to Dec. 31, 2015.

1. Monetary fund

Item	Year-end balance	Year-beginning balance
Cash on hand	190,537.37	231,215.44
Bank savings	1,014,404,258.41	567,604,064.37
Other monetary fund	12,031,684.28	10,749,167.21
Total	1,026,626,480.06	578,584,447.02
Including: total amount saving aboard	6,182,638.41	5,889,894.82

Note: among the above other monetary capital, there are 5,000,000.00 Yuan guarantee draft margin, 5,300,000.00 Yuan guarantee loan interest margin(on 31 December 2014: 10,089,490.00 Yuan).

2. Note receivable

(1) Classified of note receivable

Item	Year-end balance	Year-beginning balance
Bank acceptance	1,200,000.00	0.00

(2) No note receivable pledged at year-end

(3) No notes receivable that has been endorsed or discounted but not yet due on the balance sheet date at the end of the year

3. 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	54,602,786.66	13.24	6,031,021.74	11.05	48,571,764.92
Account receivable withdrawal bad debt provision by group of credit risk characteristics	355,717,289.70	86.24	0.00	0.00	355,717,289.70
Account receivable with single minor amount but withdrawal bad debt provision for single item	2,153,960.71	0.52	1,051,572.48	48.82	1,102,388.23
Total	412,474,037.07	100.00	7,082,594.22	1.72	405,391,442.85

(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	0.69	3,474,613.06	100.00	0.00
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

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

Sinopec Shipping Fuel Supply Co., Ltd.	51,128,173.60	2,556,408.68	5.00	Litigation acceptance stage, caring provision
Total	54,602,786.60	6,031,021.74	11.05	

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	1,937,145.51	834,757.28	43.09
Amount of oil sales receivable	146,915.10	146,915.10	100.00
Amount of dry mud sales receivable	69,900.10	69,900.10	100.00
Total	2,153,960.71	1,051,572.48	61.43

(2) Age analysis of account receivable

Item	Year-end		Year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1year	275,368,307.23	66.76	428,409,117.24	84.47
1 to 2years	132,473,345.51	32.12	74,138,200.00	14.62
2 to 3years	0.00	0.00	43,068.31	0.01
Over 3 years	4,632,384.33	1.12	4,603,652.02	0.90
Total	412,474,037.07	100.00	507,194,037.57	100.00

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

Amount of bad debt provision accrual was 2,661,066.06 Yuan in the year.

(4) No accounts receivable that had actually written off in the year

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

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

The total amount of the Company's top 5 year end balance of receivables in this year collected by debtors is 392,916,730.25 Yuan, accounting for 95.26% of the total amount of

year end balance of receivables; the total amount of year end balance of the corresponding provision for bad debts is 2,556,408.68 Yuan.

4. 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	168,131.80	66.05	6,165,853.29	98.92
1 to 2years	37,225.29	14.62	0.00	0.00
2 to 3years	0.00	0.00	0.00	0.00
Over 3 years	49,200.00	19.33	67,504.20	1.08
Total	254,557.09	100.00	6,233,357.49	100.00

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

The total amount of the Company' s top 5 year end balance of prepayments in this year collected by prepaying objects is 167,560.34 yuan, accounting for 65.82% of the total amount of year end balance of prepayments.

5. 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	36.95	20,341,666.46	100.00	0.00
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	30,246,625.69	54.95	0.00	0.00	30,246,625.69
Other account receivable with individual minor amount but withdrawal bad debt provision independently	4,460,450.11	8.10	4,021,756.11	90.16	438,694.00
Total	55,048,742.26	100.00	24,363,422.57	44.26	30,685,319.69

(Continued)

Type	Year-beginning balance				Book value
	Book Balance		Bad debt provision		
	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

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

Other account receivable (by unit)	Year-end balance			Accrual reason
	Other account receivable	Bad debt provision	Accruing proportion (%)	
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
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	219,192.00	100.00
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	4,021,756.11	90.16

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

Amount of bad debt provision accrual was 197,272.80 Yuan in the year.

(3) No other accounts receivable that had actually written off in the year

(4) Other account receivable classified according to age

Item	Year-end		Year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1year	5,941,853.01	10.80	3,865,742.55	7.12
1 to 2years	756,215.01	1.37	25,706,927.23	47.33
2 to 3years	23,754,125.80	43.15	272,688.31	0.50
Over 3 years	24,596,548.44	44.68	24,471,020.76	45.05
Total	55,048,742.26	100.00	54,316,378.85	100.00

(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 related 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
Managed account of Huidong Server	Related party	12,739,493.82	1-3 years	23.14	0.00

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. (hereinafter referred to as "Huidong Server")	Related party	11,822,401.44	1-3 years	21.48	0.00
Shandong Jinan Power Equipment Factory	Non-related party	3,560,000.00	Over 3 years	6.47	3,560,000.00
Asset insurance fee	Non-related party	621,242.52	Within 1 year	1.13	0.00
Bureau of Finance of Zhongshan Municipality	Non-related party	219,192.00	Over 3 years	0.40	219,192.00
Total		28,962,329.78	—	52.62	3,779,192.00

6. Inventory

(1) Classification of inventory

Item	Year-end balance		
	Book Balance	Depreciation provision	Book value
Fuels	9,785,383.29	9,190,295.09	595,088.20
Raw materials	131,377,979.93	42,417,645.34	88,960,334.59
Development cost	234,664,841.89	4,690,455.68	229,974,386.21
Land Space Needed to Development (Note)	1,030,478,670.36	677,325,429.94	353,153,240.42
Total	1,406,306,875.47	733,623,826.05	672,683,049.42

(Continued)

Item	Year-beginning 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
Development cost	214,921,803.83	4,690,455.68	210,231,348.15

Land Space Needed to Development (Note)	1,026,879,338.14	101,034,176.17	925,845,161.97
Total	1,438,779,052.81	154,066,901.93	1,284,712,150.88

Note: 1) The land cost for development of Shenzhong Development.

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 2014: RMB 168,902,319.91). The capitalizing loan expense of this year was 0 Yuan.

3) The inactive land possessed by Shen Kaifa is not provided with development condition in the short term, the company has terminated the independent development of land, and Zhongshan Municipal Land Reserve Center shall implement the land purchasing and storage policies, the land purchasing and storage work has not yet been completed and the contract of land purchasing and storage has not yet signed as of the balance sheet date, the management of the Group has estimated the net realizable value of the projects according to the standards of "Land purchasing and storage plan for stock construction land of Zhongshan City", provision for inventory falling price reserves is 576,291,253.77 Yuan.

(2) Development cost

Item	Year-end amount			
	Book Balance	Including: the capitalizing loan expenses	Depreciation provision of inventory	Book value
Development cost	234,664,841.89	2,828,615.72	4,690,455.68	229,974,386.21

(Continued)

Item	Year-beginning amount			
	Book Balance	Including: the capitalizing loan expenses	Depreciation provision of inventory	Book value
Development cost	214,921,803.83	0.00	4,690,455.68	210,231,348.15

(3) Details of development cost

Item	Start time	Estimated time of completion	Estimated total investment	Year-beginning amount	Year-end amount
Project of "Shuimu Nianhua Garden"	2015/9/21	2018/9/10	670,000,000.00	210,231,348.15	229,974,386.21

(4) Depreciation provision of inventory

Item	Year-beginning balance	Current increased		Current decreased		Year-end balance
		Accrual	Other	Switch-back or write-off	Other	
Fuels	7,705,116.29	1,485,178.80	0.00	0.00	0.00	9,190,295.09
Raw materials	40,637,153.79	1,796,579.73	0.00	16,088.18	0.00	42,417,645.34
Development cost	4,690,455.68	0.00	0.00	0.00	0.00	4,690,455.68
Land Space Needed to Development (Note)	101,034,176.17	576,291,253.77	0.00	0.00	0.00	677,325,429.94
Total	154,066,901.93	579,573,012.30	0.00	16,088.18	0.00	733,623,826.05

(5) 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	Raw materials have been taken and used
Development cost	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

7. Other current assets

Item	Year-end balance	Year-beginning balance
VAT input tax deductible	597,813,020.06	607,031,435.15
Enterprise income tax deductible	6,583,089.98	6,583,089.98
Other	30,000.00	30,000.00
Total	604,426,110.04	613,644,525.13

8. 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 Co., Ltd.	2,500,000.00	0.00	2,500,000.00	2,500,000.00	0.00	2,500,000.00
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

9. Long-term equity investment

Investee company	Year-beginning balance	Additional investment	Disinvestment	+, -		
				Investment gains/losses recognized by equity method	Other comprehensive income adjustment	Other changes in equity
I. Joint venture						
Huidong Server	24,597,397.33	0.00	0.00	-2,077,122.55	0.00	0.00

Investee company	Year-beginning balance	+,-				
		Additional investment	Disinvestment	Investment gains/losses recognized by equity method	Other comprehensive income adjustment	Other changes in equity
(note)						
Total	24,597,397.33	0.00	0.00	-2,077,122.55	0.00	0.00

(Continued)

The invested unit	+,-			Year-end balance	Year-end balance of depreciation reserves
	Declaration of cash dividends or profits	Provision for impairment	Other		
II. Joint venture					
Huidong Server (note)	0.00	0.00	0.00	22,520,274.78	0.00
Total	0.00	0.00	0.00	22,520,274.78	0.00

Note: Up to December 31, 2015, Huidong Xiefu has pledged 20% of stock right to Jiahua Building Products (Shenzhen) Co., Ltd., and pledge duration was two years, on December 31, 2015, the stock right has not been reopened because the problems left over from the past have not been unresolved. Found more in Note VI-25. Accrual liability.

10. 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				
1. Year-beginning balance	6,164,026.45	0.00	0.00	6,164,026.45
2. Current increased	349,273.00	0.00	0.00	349,273.00

Item	House, buildings	Land use right	Construction in process	Total
(1) accrual or amortization	349,273.00	0.00	0.00	349,273.00
3. Current decreased	0.00	0.00	0.00	0.00
4. Year-end balance	6,513,299.45	0.00	0.00	6,513,299.45
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
(1) accrual	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	3,194,715.51	0.00	0.00	3,194,715.51
2. Year-begin book value	3,543,988.51	0.00	0.00	3,543,988.51

11. 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	451,404,394.88	3,992,092,394.30	28,666,775.37	48,513,270.05	4,520,676,834.60
2. Current increased	0.00	32,964,430.51	1,672,702.44	1,858,861.97	36,495,994.92
(1) Purchase	0.00	680,050.94	1,672,702.44	1,858,861.97	4,211,615.35
(2) Construction in process transfer-in	0.00	32,284,379.57	0.00	0.00	32,284,379.57
3. Current decreased	0.00	321,521.00	3,240,610.22	46,846.37	3,608,977.59
(1) Disposal or scrap	0.00	321,521.00	3,240,610.22	46,846.37	3,608,977.59
4. Year-end balance	451,404,394.88	4,024,735,303.81	27,098,867.59	50,325,285.65	4,553,563,851.93
II. Accumulated depreciation					

Item	House and buildings	Machinery equipment	Transportation tools	Other equipment	Total
1. Year-beginning balance	242,483,549.15	2,315,021,450.48	24,885,288.31	40,032,512.04	2,622,422,799.98
2. Current increased	14,114,168.34	108,287,564.03	492,025.37	1,131,701.63	124,025,459.37
(1) accrual	14,114,168.34	108,287,564.03	492,025.37	1,131,701.63	124,025,459.37
3. Current decreased	0.00	156,931.78	2,916,549.20	42,161.73	3,115,642.71
(1) Disposal or scrap	0.00	156,931.78	2,916,549.20	42,161.73	3,115,642.71
4. Year-end balance	256,597,717.49	2,423,152,082.73	22,460,764.48	41,122,051.94	2,743,332,616.64
III. impairment provision					
1. Year-beginning balance	15,902,481.55	42,249,087.34	236,722.13	125,799.41	58,514,090.43
2. Current increased	0.00	84,223,061.44	0.00	0.00	84,223,061.44
(1) accrual	0.00	84,223,061.44	0.00	0.00	84,223,061.44
3. Current decreased	0.00	0.00	0.00	0.00	0.00
(1) Disposal or scrap	0.00	0.00	0.00	0.00	0.00
4. Year-end balance	15,902,481.55	126,472,148.78	236,722.13	125,799.41	142,737,151.87
IV. Book value					
1. Year-end book value	178,904,195.84	1,475,111,072.30	4,401,380.98	9,077,434.30	1,667,494,083.42
2. Year-begin book value	193,018,364.18	1,634,821,856.48	3,544,764.93	8,354,958.60	1,839,739,944.19

(2) Idle fixed assets temporary

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
Houses and buildings	31,597,904.77	14,131,556.37	5,059,785.83	12,406,562.57	Wharf, processing workshop of heavy oil
Equipment	652,812,119.46	548,477,378.53	52,860,652.43	51,474,088.50	Processing equipment of heavy oil and generation unit
Total	684,410,024.23	562,608,934.90	57,920,438.26	63,880,651.07	

(3) Fixed assets without property license obtained

Item	Book value	Reasons

Item	Book value	Reasons
Booster station	5,784,006.20	Procedures uncompleted
Steam turbine workshop	2,207,294.92	Procedures uncompleted
Chemical water tower	3,649,163.86	Procedures uncompleted
Treatment shop for heavy oil	712,045.25	Procedures uncompleted
Start-up boiler house	160,069.63	Procedures uncompleted
Fire pump room	371,726.49	Procedures uncompleted
Circulating water pump house	2,339,223.26	Procedures uncompleted
Comprehensive building	3,879,967.79	Procedures uncompleted
Production and inspection building	6,194,954.61	Procedures uncompleted
Administrative building	6,369,405.49	Procedures uncompleted
Mail room of the main entrance	258,134.57	Procedures uncompleted
Turbine building and annex building	13,569,167.05	Procedures uncompleted
Plant's ventilating system	705,153.91	Procedures uncompleted
Office building	6,700,029.12	Procedures uncompleted
Comprehensive building	1,506,438.32	Procedures uncompleted
Draft cooling tower	4,359,699.62	Procedures uncompleted
Chemical water workshop and foundation of water tank	2,072,029.33	Procedures uncompleted
Industry pool and industry pump house	909,373.92	Procedures uncompleted
Start-up boiler house	151,949.17	Procedures uncompleted
Oil treatment room and oil un-loading platform	2,156,874.19	Procedures uncompleted
Wharf land use rights and pipe gallery land use rights	586,175.02	Procedures uncompleted
Comprehensive building canteen	362,691.63	Procedures uncompleted
Total	65,005,573.35	

12. Construction in process

(1) Construction in process

Item	Year-end balance			Year-begin balance		
	Book Balance	Impairment provision	Book value	Book Balance	Impairment provision	Book value
Oil to Gas Works	32,871,600.26	32,871,600.26	0.00	35,535,308.57	14,815,695.83	20,719,612.74
Cogeneration of heat and electricity Project	7,272,947.48	0.00	7,272,947.48	11,243,129.01	0.00	11,243,129.01
Others	1,200,329.42	0.00	1,200,329.42	863,389.43	0.00	863,389.43
Total	41,344,877.16	32,871,600.26	8,473,276.90	47,641,827.01	14,815,695.83	32,826,131.18

(2) Changes of significant projects in construction in the year

Projects	Budget	year-begin	Increase of this year	Transferred fixed assets in this year	Other decrease in the year	year-end
Oil to Gas Works	74,400,000.00	35,535,308.57	924,642.46	3,588,350.77	0.00	32,871,600.26
Cogeneration of heat and electricity Project	70,000,000.00	11,243,129.01	0.00	0.00	3,970,181.53	7,272,947.48
Technological transformation project		0.00	26,957,920.89	26,957,920.89	0.00	0.00
Others		863,389.43	2,503,932.67	1,738,107.91	428,884.77	1,200,329.42
Total	144,400,000.00	47,641,827.01	30,386,496.02	32,284,379.57	4,399,066.30	41,344,877.16

(Continued)

Projects	Proportion of accumulative project investment in budget (%)	Project progress (%)	Accumulative amount of capitalization of interest	Including: capitalization of interest	Rate of interest capitalization (%)	Capital resources
Oil to Gas Works	63.76	63.76	0.00	0.00	0.00	Self-raised
Cogeneration of heat and electricity	10.84	10.84	862,167.64	0.00	0.00	Self-raised and borrowing

Projects	Proportion of accumulative project investment in budget (%)	Project progress (%)	Accumulative amount of capitalization of interest	Including: capitalization of interest	Rate of interest capitalization (%)	Capital resources
Project						
Technological transformation project	0.00	100.00	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	14,815,695.83	18,055,904.43	0.00	32,871,600.26	In idle condition
Total	14,815,695.83	18,055,904.43	0.00	32,871,600.26	

(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	32,871,600.26	32,871,600.26	0.00	35,535,308.57	14,815,695.83	20,719,612.74

13. Intangible assets

Item	Land use right	Software	Total
I. Original book value			
1. Year-beginning balance	91,253,625.27	3,727,409.85	94,981,035.12
2. Current increased		17,600.00	17,600.00
(1) purchase		17,600.00	17,600.00
3. Current decreased		0.00	0.00
(1) disposal		0.00	0.00
4. Year-end balance	91,253,625.27	3,745,009.85	94,998,635.12

Item	Land use right	Software	Total
II. Accumulated amortization			
1. Year-beginning balance	35,695,518.37	2,761,345.47	38,456,863.84
2. Current increased	2,317,579.68	422,715.79	2,740,295.47
(1) accrual	2,317,579.68	422,715.79	2,740,295.47
3. Current decreased	0.00	0.00	0.00
(1) disposal	0.00	0.00	0.00
4. Year-end balance	38,013,098.05	3,184,061.26	41,197,159.31
III. Impairment provision			
1. Year-beginning balance	0.00	0.00	0.00
2. Current increased	0.00	0.00	0.00
(1) accrual	0.00	0.00	0.00
3. Current decreased	0.00	0.00	0.00
(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	53,240,527.22	560,948.59	53,801,475.81
2. Year-begin book value	55,558,106.90	966,064.38	56,524,171.28

Note 1: assets amortized RMB 2,740,295.47 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 551,503.02 (on 31 December 2014: RMB 565,363.38)

14. Deferred income tax assets

(1) Details of deferred income tax assets without offset

Item	Year-end balance		Year-begin balance	
	Deductable temporary difference	Deferred income tax assets	Deductable temporary difference	Deferred income tax assets
Bad debt provision of account receivable	4,526,185.54	1,122,808.87	3,621,528.16	905,382.04
Other provision for bad	741,585.00	185,396.25	741,585.00	185,396.25

debts of accounts receivable				
Staff salary payable	3,322,484.00	830,621.00	3,322,484.00	830,621.00
Provision for devaluation of long-term equity investment	2,500,000.00	625,000.00	2,500,000.00	625,000.00
Others	567,770.27	141,942.57	1,373,570.28	343,392.57
Total	11,658,024.81	2,905,768.69	11,559,167.44	2,889,791.86

(2) Unconfirmed deferred income tax assets

Item	Year-end balance	Year-begin balance
Deductable temporary difference	950,264,220.11	258,528,597.33
Deductable losses	611,167,955.96	614,900,014.19
Total	1,561,432,176.07	873,428,611.52

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

Year	Year-end balance	Year-begin balance	Note
2015	0.00	147,447,640.64	
2016	58,409,890.90	58,409,890.90	
2017	78,307,920.37	78,307,920.37	
2018	35,884,868.88	35,884,868.88	
2019	294,849,693.40	294,849,693.40	
2020	143,715,582.41	0.00	
Total	611,167,955.96	614,900,014.19	

15. Other non-current assets

Item	Year-end balance	Year-beginning balance
PROJECT OF LNG(Note)	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” .

16. Short-term loans

(1) Classification of short-term loans

Item	Year-end balance	Year-beginning balance
Guarantee loans	361,300,000.00	928,890,000.00
Credit loans	2,024,000,000.00	1,689,000,000.00
Total	2,385,300,000.00	2,617,890,000.00

Note: The Company has provided loan guarantee of total RMB 361,300,000.00 Yuan for the each subsidiary.

(2) Overdue and outstanding short-term borrowings

The overdue and outstanding short-term borrowings at the end of the year

17. Note payable

Classification	Year-end balance	Year-beginning balance
Trade acceptance	290,000,000.00	260,000,000.00
Bank acceptance	50,000,000.00	0.00
Total	340,000,000.00	260,000,000.00

18. Account payable

(1) Details of account payable

Item	Year-end balance	Year-beginning balance
Natural gas	21,979,035.90	130,301,138.50
Materials	7,969,367.98	6,984,596.90
Electricity	782,677.40	593,050.41
Engineering funds	7,051,271.55	0.00
Others	232,376.39	1,286,655.02
Total	38,014,729.22	139,165,440.83

(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

19. Account received in advance

(1) Account received in advance

Item	Year-end balance	Year-beginning balance
Loan	58,575.45	0.00
Total	58,575.45	0.00

(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.

20. Wages payable

(1) Wages payable

Item	Year-beginning balance	Increase this year	Decrease this year	Year-end balance
I. Short-term remuneration	40,911,377.50	119,172,469.41	116,150,684.68	43,933,162.23
II. Post-employment welfare-defined contribution plans	5,650,423.21	9,413,289.20	11,475,163.80	3,588,548.61
III. Severance Pay	0.00	0.00	0.00	0.00
IV. Other welfare due within one year	560,625.36	364,000.04	924,625.40	0.00
Total	47,122,426.07	128,949,758.65	128,550,473.88	47,521,710.84

(2) Short-term remuneration

Item	Year-beginning balance	Increase this year	Decrease this year	Year-end balance
1. Wages, bonuses, allowances and subsidies	38,147,542.11	105,024,529.49	101,078,466.14	42,093,605.46
2. Welfare for employee	0.00	977,425.91	977,425.91	0.00
3. Social insurance	377,103.46	4,326,509.93	4,573,021.75	130,591.64
Including: Medical insurance	173,545.23	3,767,229.34	3,835,576.45	105,198.12
Work injury insurance	171,791.67	312,011.22	473,008.10	10,794.79

Item	Year-beginning balance	Increase this year	Decrease this year	Year-end balance
Maternity insurance	31,766.56	247,269.37	264,437.20	14,598.73
4. Housing provident fund	439,655.72	7,580,559.46	7,652,187.50	368,027.68
5. Union funds and staff education expenses	1,947,076.21	1,263,444.62	1,869,583.38	1,340,937.45
Total	40,911,377.50	119,172,469.41	116,150,684.68	43,933,162.23

(3) Defined contribution plans

Item	Year-beginning balance	Increase this year	Decrease this year	Year-end balance
1. Basic Endowment insurance	305,271.43	9,164,228.44	9,210,449.54	259,050.33
2. Unemployment insurance	37,349.78	249,060.76	279,354.26	7,056.28
3. Enterprise annuities	5,307,802.00	0.00	1,985,360.00	3,322,442.00
Total	5,650,423.21	9,413,289.20	11,475,163.80	3,588,548.61

The Company participates in the endowment insurance, unemployment insurance plans established by government agencies by rule, and the Company respectively pays the expenses and costs for those plans according to the location of the company. Except for above-mentioned monthly expenses and costs, the Company no longer assumes other further payment obligations. The corresponding expenses are reckoned in the current profit and loss or the costs of related assets when occur.

21. Taxes payable

Item	Year-end balance	Year-beginning balance
VAT	4,017,606.83	183,956.37
Business tax	1,524,768.70	641,838.11
Enterprise income tax	1,158,352.34	524,140.78
Individual income tax	1,437,961.50	1,737,363.70
Land-use tax of town	2,476,219.87	2,250,981.97
Real estate tax	2,148,885.14	1,788,550.92
Others	680,691.47	218,159.00

Item	Year-end balance	Year-beginning balance
Total	13,444,485.85	7,344,990.85

22. Interest payable

Item	Year-end balance	Year-beginning balance
Long-term loan interest of installment and interest charges	321,979.17	1,091,270.14
Interest payable of short-term loan	41,840,556.67	62,050,779.67
Total	42,162,535.84	63,142,049.81

23. Other account payable

(1) Other account payable listed by nature

Item	Year-end balance	Year-beginning balance
Loan (note)	280,495,875.99	280,495,875.99
Project expense	31,054,000.75	21,694,921.95
Quality guarantee deposit	6,226,638.33	3,880,132.74
Equipment amount	6,178,674.04	5,576,129.00
Materials	1,159,289.75	1,336,667.66
Land use right charge	1,065,676.50	1,065,676.50
Fund of the Board	567,770.27	1,399,096.78
Other	45,178,247.61	24,952,425.42
Total	371,926,173.24	340,400,926.04

Note: represented the amounts borrowed by Shenzhong Development Company from Xingzhong Group and 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 X

(4) Other account payable of more than one year is of RMB 329,306,284.62 (December 31, 2014: RMB 238,345,782.67), which is mainly the money borrowed and engineering equipment fund by Shenzhong Development Company from Xingzhong Group and Zhongshan Financial Bureau.

24. Long-term loans

Item	Year-end balance	Year-beginning balance
Mortgage loans	91,000,000.00	0.00

Item	Year-end balance	Year-beginning balance
Guarantee loans	250,000,000.00	0.00
Credit loans	355,000,000.00	150,000,000.00
Less: Long-term loans due within one year	0.00	0.00
Total	696,000,000.00	150,000,000.00

Mortgage asset classification and amount of mortgage loans can be seen in Note. VI-42

25. Accrued liabilities

Item	Year-end balance	Year-beginning balance	Reasons resulted
Guarantee offering outside	27,100,000.00	27,100,000.00	Note

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 RMB 27, 500,000.00 by the Group. Lawyer assessment costs was RMB 400,000.00 in 2014, balance at year-end was RMB 27,100,000.00.

26. Deferred income

Item	Year-beginning balance	Increased in the Year	Decreased in the Year	Year-end balance	Reasons resulted
Government grants	47,082,314.96	5,000,000.00	3,647,108.61	48,435,206.35	

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	1,254,409.90	5,000,000.00	129,944.37	0.00	6,124,465.53	Assets related

technology reform							
Treasury subsidies for sludge drying	4,101,250.00	0.00	255,000.00	0.00	3,846,250.00	Assets related	
Support fund of recycling economy for sludge drying	10,686,288.15	0.00	647,002.92	0.00	10,039,285.23	Assets related	
Subsidy for project of low-nitrogen transformation for welcoming the Universidad	30,647,817.91	0.00	2,553,984.84	0.00	28,093,833.07	Assets related	
Support fund of enterprise informationalization	392,549.00	0.00	61,176.48	0.00	331,372.52	Assets related	
Total	47,082,314.96	5,000,000.00	3,647,108.61	0.00	48,435,206.35		

27. 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

28. 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 reserve	129,635,002.84	88,111.75	0.00	129,723,114.59
Other	362,670,442.46	88,111.75	0.00	362,758,554.21

The capital surplus changes of the current year are the relevant funds received from inventory retail stock that the Company entrusts China Securities Depository and Clearing Corporation Limited Shenzhen Branch to sell.

29. 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.

30. Retained profit

Item	Amount in this year	Amount in last year
Retained profit of last year before adjusted	-27,799,181.18	302,714,103.81
Total retained profit adjusted (increased with +, decreased with -)	0.00	0.00
Retained profit at beginning of the year after adjusted	-27,799,181.18	302,714,103.81
Add: net profit attributable to shareholders of parent company	-634,623,667.06	-330,513,284.99
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	-662,422,848.24	-27,799,181.18

31. Operating income and operating cost

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

Item	Amount in this year		Amount at last year	
	Income	Cost	Income	Cost
Main business	1,343,220,037.26	1,492,321,818.63	1,231,419,698.53	1,730,385,503.65
Other business	1,798,173.45	492,993.87	2,681,849.31	10,519,773.72
Total	1,345,018,210.71	1,492,814,812.50	1,234,101,547.84	1,740,905,277.37

32. Operating tax and surcharge

Item	Amount in this year	Amount at last year
Consumption tax	6,398,883.89	6,310,515.31
Business tax	818,783.58	456,848.67
City maintenance tax	585,322.95	326,672.24
Educational surcharge	3,023.99	38,314.96
Total	7,806,014.41	7,132,351.18

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

33. Management expenses

Item	Amount in this year	Amount at last year
Salary	60,433,385.08	47,845,820.68
Taxes	6,787,370.22	4,848,831.64
Leasing expenses	6,457,585.22	5,725,077.54
Entertainment expense	3,319,398.84	3,304,474.03
Vehicles expenses	5,331,273.17	4,866,914.39
Expenses for agency appointment	2,981,517.76	2,320,181.61
Depreciation expense	27,312,435.50	2,697,872.91
Expenses from the Board	2,154,416.42	2,492,794.51
Amortization of intangible assets	1,993,161.96	2,082,622.41
Sundry expenses	3,092,777.31	2,658,520.23
Environmental expense	2,711,607.97	1,988,513.09
Communication charge	1,438,875.70	1,482,207.41
Property expense	1,553,306.34	1,085,672.24

Item	Amount in this year	Amount at last year
Stock charge	1,011,728.35	1,309,918.09
Business traveling charge	1,113,579.61	810,220.04
Expenses for enterprise culture	384,943.74	204,267.00
Office expenses	3,248,796.07	1,104,469.44
Verification fee for projects	220,938.47	2,961,154.72
Repair expenses	10,841,809.24	0.00
Others	10,059,344.52	4,483,859.94
Total	152,448,251.49	94,273,391.92

Note: Due to Shenzhen Nanshan Power (Dongguan) Weimei Power Co., Ltd. has not generated power in the current year, the occurrence of other various expenses of 57,168,421.51 yuan has been included in the administrative expenses.

34. Financial expenses

Item	Amount in this year	Amount at last year
Interest expenditure	235,515,149.17	241,651,873.01
Less : interest income	6,906,164.58	4,402,436.83
Exchange gains/losses	-685,309.30	77,010.28
Others	2,761,111.36	7,235,864.33
Total	230,684,786.65	244,562,310.79

35. Impairment of Assets

Item	Amount in this year	Amount at last year
Loss on bad debt	2,858,338.86	0.00
Inventory loss	579,573,012.30	61,347,785.04
Impairment loss of fixed assets	84,223,061.44	10,072,251.36

Item	Amount in this year	Amount at last year
Impairment loss of construction in process	18,055,904.43	0.00
Total	684,710,317.03	71,420,036.40

36. Investment income

Item	Amount in this year	Amount at last year
Income of long-term equity investment measured by equity method	-2,077,122.55	-1,768,602.67
Investment income arising from disposal of long-term equity investment	0.00	38,326.05
Total	-2,077,122.55	-1,730,276.62

37. 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	40,417.41	70,116.84	40,417.41
Including: Profit of disposal of fixed assets	40,417.41	70,116.84	40,417.41
Government subsidy(see: Particulars about governmental subsidies)	357,865,200.28	511,637,613.20	72,711,942.26
VAT return on import & export of natural gas	43,717,420.50	0.00	43,717,420.50
Others	243,200.00	1,887,760.19	243,200.00
Total	401,866,238.19	513,595,490.23	116,712,980.17

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)	150,184,748.00	274,250,000.00	Income related
Subsidies income of fuel processing fee (note 2)	134,968,510.02	233,746,411.66	Income related
Fuel consumption tax subsidies	68,867,833.65	0.00	Income related

Item	Amount in this year	Amount at last year	Assets related/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	647,002.92	Assets related
Subsidy for project of low-nitrogen transformation for welcoming the Universidad	2,553,984.84	2,553,984.84	Assets related
Support fund of enterprise informatization	61,176.48	61,176.48	Assets related
Subsidy for energy-saving technology reform	280,944.37	114,037.30	Assets related
Reward from social insurance fund management bureau	10,000.00	10,000.00	Income related
Shenzhen yellow car scrap subsidies	36,000.00	0.00	Income related
Total	357,865,200.28	511,637,613.20	

Note 1: The achieved electricity generation subsidy of gas generating unit that the Company has calculated in accordance with the calculation method specified by "Interim measures for managing the electricity generation subsidy of gas generating unit in Shenzhen" (SFB No. [2015] 14) of Shenzhen Municipal People's Government Office.

Note 2: The subsidy liquidation plan for fuel oil and fuel gas processing fees of Guangdong Province has not been confirmed yet in this year, Weimei Power and Zhongshan Power have achieved the subsidy for fuel oil and fuel gas processing fees in accordance with the regulations of relevant documents of "Notice about the subsidy liquidation in 2014 and subsidy arrangement in the first half year of 2015 of fuel oil and fuel gas processing fees" YFGJGH No. [2015] 629.

38. 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	338,447.94	967,450.29	338,447.94
Including: Gains and loss of disposal of fixed assets	338,447.94	967,450.29	338,447.94
Expenses from external donation	110,000.00	10,000.00	110,000.00

Item	Amount in this year	Amount at last year	Amount reckoned into non-recurring gains/losses
Other	230.72	1,841,619.50	230.72
Total	448,678.66	2,819,069.79	448,678.66

39. Income tax expenses

(1) Statement of income tax expenses

Item	Amount in this year	Amount at last year
Current income tax expenses	1,194,013.51	3,443,606.10
Deferred income tax expenses	-15,976.83	-100,997.75
Total	1,178,036.68	3,342,608.35

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

Item	Amount in this year
Total profit	-828,146,460.34
Income tax measured by statutory/applicable tax rate	-207,036,615.09
Effect of different tax rates applicable to subsidiaries	949,901.51
Impact on deductible temporary difference or deductible loss of the deferred income tax assets unrecognized in the Period	170,951,414.91
Effect of non-deductible costs, expenses and losses	565,294.62
Effect of non-taxable income	-164,878.04
Effect of deductible losses of deferred tax assets unconfirmed at the earlier stage of use	35,928,895.60
Impact on deductible temporary difference or deductible loss of the deferred income tax assets unrecognized in the Period	-15,976.83
Income tax expenses	1,178,036.68

40. Item of cash flow statement

(1) Cash received with other operating activities concerned

Item	Amount in this year	Amount at last year
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Item	Amount in this year	Amount at last year
Fuels subsidy income	547,665,240.99	841,409,366.38
Government grants received	197,000.00	10,000.00
Interest income	6,866,721.42	4,402,436.83
Open credit received	29,439,992.40	10,538,141.77
Others	16,685,474.05	31,114,000.00
Total	600,854,428.86	887,473,944.98

(2) Cash paid for other operating activities

Item	Amount in this year	Amount at last year
Leasing expense	6,457,585.22	5,725,077.54
Entertainment expense	3,319,398.84	3,304,474.03
Vehicles expense	5,331,273.17	4,866,914.39
Expense on agency appointment	2,981,517.76	2,320,181.61
Note margin paid	5,000,000.00	36,203,490.00
Others	40,935,095.46	44,031,937.40
Total	64,024,870.45	96,452,074.97

(3) Other investment -related cash payment

Item	Amount in this year	Amount at last year
Loan interest margin	5,300,000.00	0.00
Total	5,300,000.00	0.00

41. 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	-829,324,497.02	-421,632,362.28
Add: Asset impairment provision	684,710,317.03	71,420,036.40
Depreciation of fixed assets, oil & gas assets and productive biological assets	124,374,732.37	140,875,871.34

Supplementary information	Amount in this year	Amount at last year
Amortization of intangible assets	2,740,295.47	2,826,823.60
Amortization of long-term deferred expenses	0.00	0.00
Loss from disposing fixed assets, intangible assets and other long-term assets (income listed with “- “)	298,030.53	-70,116.84
Abandonment loss from fixed assets (income listed with “- “)	0.00	967,450.29
Loss from changes of fair value (income listed with “- “)	0.00	0.00
Financial expenses(income listed with “- “)	235,515,149.17	241,651,873.01
Investment loss(income listed with “- “)	2,077,122.55	1,730,276.62
Decrease of deferred income tax assets(increased listed with “- “)	-15,976.83	-100,997.75
Increase of deferred income tax liability (decreased listed with “- “)	0.00	0.00
Decrease of inventory(increased listed with “- “)	32,472,177.34	-57,245,849.62
Decrease of receivable operating items(increased listed with “- “)	106,101,158.19	342,349,196.52
Increase of payable operating items(decreased listed with “- “)	27,503,197.29	248,491,780.84
Other	0.00	0.00
Net cash flow from operation activities	386,451,706.09	571,263,982.13
2. Major investment and financing activities not involving cash income and expenditure:		
Debt capitalization	0.00	0.00
Convertible company bond due within one year	0.00	0.00
Fixed assets acquired under finance leases	0.00	0.00
.3. Net change of cash and cash equivalents:		
Balance of cash at period-end	1,016,326,480.06	568,494,957.02
Less: Balance of cash at period-begin	568,494,957.02	538,054,829.52
Add: Closing balance of cash equivalent	0.00	0.00
Less: Opening balance of cash equivalent	0.00	0.00
Net increase of cash and cash equivalents	447,831,523.04	30,440,127.50

(2) Composition of cash and cash equivalent

Item	Year-end balance	Year-beginning balance
I. Cash	1,016,326,480.06	568,494,957.02
Including: Cash on hand	190,537.37	231,215.44
Bank savings available for payment needed	1,014,404,258.41	567,604,064.37
Other monetary capital available for payment needed	1,731,684.28	659,677.21
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	0.00	0.00
including: bond investment due within three months	0.00	0.00
III. Balance of cash and cash equivalent at year-end	1,016,326,480.06	568,494,957.02
Including: Cash and cash equivalent of the parent company or subsidiaries with use restricted	0.00	0.00

Note: Cash and cash equivalents exclude the restricted cash and cash equivalents used by the parent company or the subsidiaries in the group.

42. Assets of ownership or use right restricted

Item	Book value at year-end	Restricted reason
Monetary Fund	10,300,000.00	Loan interest and note margin
Inventory (Shuimunianhua garden project)	229,974,386.21	Loan mortgage
Land to be developed	353,153,240.42	Note
Total	593,427,626.63	

Note: Shenzhen Development Company and the ownership of land use rights as collateral to the loan form Xingzhong Group and Shen Niandian Power Company.

43. Foreign currency

Item	Balance of foreign currency at year-end	Conversion rate	Balance of RMB converted at year-end
Monetary fund			
Including: USD	882,713.58	6.4936	5,731,988.90

Item	Balance of foreign currency at year-end	Conversion rate	Balance of RMB converted at year-end
Euro	1,017.86	7.0952	7,221.92
HKD	804,671.61	0.83778	674,137.78
SGD	8,879.81	4.5875	40,736.13

VII. Change of consolidate scope

No change of consolidate scope in the year.

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
				Directly	Indirectly	
Shenzhen Server(note 1)	Shenzhen	Shenzhen	Trading	50.00	0.00	Establishment
New Power Company	Shenzhen	Shenzhen	Power generation	100.00	0.00	Establishment
Zhongshan Power Company	Zhongshan	Zhongshan	Power generation	80.00	0.00	Establishment
Engineering Co	Shenzhen	Shenzhen	Engineering consulting	100.00	0.00	Establishment
Weimei Power Company	Dongguan	Dongguan	Power generation	70.00	0.00	Establishment
Environment Protection Co.,	Shenzhen	Shenzhen	Engineering	100.00	0.00	Establishment
Singapore company	Singapore	Singapore	Trading	100.00	0.00	Establishment
Shen Development	Zhongshan	Zhongshan	Real estate development	75.00	0.00	Not under the same control
Shen Investment Property	Zhongshan	Zhongshan	Real estate development	75.00	0.00	Not under the same control

Subsidiary	Main operation place	Registration place	Business nature	Shareholding ratio (%)		Acquired way
				Directly	Indirectly	
Shen Storage	Zhongshan	Zhongshan	Storage	80.00	0.00	Establishment
SYNDISOME	Hong Kong	Hong Kong	Import & export trading	100.00	0.00	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.

(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	-15,623,177.29	0.00	962,936.47
Weimei Power Company	30.00	-10,138,559.67	0.00	49,550,267.50

(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	195,618,374.80	656,561,380.44	852,179,755.24	686,240,607.34	161,124,465.53	847,365,072.87
Weimei Power Company	182,373,312.38	595,759,815.19	778,133,127.57	412,965,569.24	200,000,000.00	612,965,569.24

(Continued)

Subsidiary	Year-beginning 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)

	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongshan Power Company	307,354,989.75	-78,115,886.46	-78,115,886.46	-7,650,456.18
Weimei Power Company	3,470,323.10	-33,795,198.89	-33,795,198.89	224,115,504.10

(Continued)

Subsidiary	Amount at last 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

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/Amount at the year	Year-beginning balance/Amount at last year
Joint venture:		
Total book value of the investment	22,520,274.78	24,597,397.33
Total numbers measured by share-holding ratio		
—Net profit	-2,077,122.55	-1,768,602.67
—Other comprehensive income	0.00	0.00
—Total comprehensive income	-2,077,122.55	-1,768,602.67

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. On 31 December 2015, except for note 43 foreign currency balances 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 16 and note 24 under section VI).

2. Credit risk

On 31 December 2015, 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

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 party

Other related party	Relationship with the Company
Shenzhen Energy Group Co., Ltd. (“Energy Group ”)	Shareholders have major influence on the Company

Dongguan Weimei Ceramics Industrial Park Co., Ltd. (“ Weimei Ceramics”)	Minority shareholders of the subsidiaries
Zhongshan Xingzhong Group Co., Ltd.(“ XINGZHONG GROUP”)	Minority shareholders of the subsidiaries
Shenzhen Mawan Powr Co., Ltd. (“Mawan Power Company”)	Subsidiary of ultimate controller of Energy Group
Shenzhen Moon Bay Oil Harbour Co., Ltd. (“Moon Bay Oil Company”)	Subsidiary of ultimate controller of Energy Group
Shenzhen Energy Group Holding Co., Ltd. (“ Energy Holding”)	Subsidiary of ultimate controller of Energy Group
Shenzhen Pipe Energy Technology Development Co., ltd. (“Pipe Technology”)	Others Related party
Director of the Company and other senior executives	Key management staff

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	2015.01.01	2015.12.31	Renewal
Xingzhong Group	14,335,291.80	2015.01.01	2015.12.31	Renewal
Xingzhong Group	2,500,000.00	2015.01.01	2015.12.31	Renewal
Xingzhong Group	16,250,000.00	2015.01.01	2015.12.31	Renewal
Xingzhong Group	23,750,000.00	2015.01.01	2015.12.31	Renewal
Xingzhong Group	74,022,567.34	2015.07.01	2016.07.01	Renewal

Last 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

Related party	Amount of lending money	Commencement date	Maturity Date	Note
Xingzhong Group	23,750,000.00	2014.01.01	2014.12.31	Renewal
Xingzhong Group	74,022,567.34	2014.07.01	2015.07.01	Turn to loans from interest

(2) Remuneration for key management staffs In 10 thousand Yuan

Item	Amount in this year	Amount at last year
Remuneration for key management staffs	802.59	935.37

(3) 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	18,181,286.00	100.00	15,398,090.31	100.00

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

(1) Account payable

Item	Year - end balance		Year-begin balance	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Other account receivable:				
Huidong Server	11,822,401.44	0.00	13,060,361.44	0.00
Huidong Server managed account	12,739,493.82	0.00	12,448,671.43	0.00
Total	24,561,895.26	0.00	25,509,032.87	0.00

(2) Payable receivable

Item	Year - end balance	Year-begin balance
Other account payable:		
Xingzhong Group	256,174,675.99	256,174,675.99

Item	Year - end balance	Year-begin balance
Interest payable:		
Xingzhong Group	27,241,899.66	9,060,613.66

XI. Commitment and Contingency

1. Major commitment

(1) Commitment on operating lease

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

Item	Year - end balance	Year-begin balance
Minimum lease payments of irrevocable operating lease:		
The first year after balance sheet day	3,728,646.50	6,736,681.50
The second year after balance sheet day	1,504,396.50	3,728,646.50
The third year after balance sheet day	1,504,396.50	1,504,396.50
Subsequent years	61,299,783.00	62,804,179.50
Total	68,037,222.50	74,773,904.00

2. Contingency

As of December 31, 2015, the Company has no pending litigation, external security and other contingencies that should be disclosed.

XII. Events Occurring after the Balance Sheet Date

From August 2015 to September 2015, Shenzhen Xiefu has signed two Fuel Oil Procurement Contracts (The contract numbers are GRG150804002X and GRG150907004X) with China Shipping & SINOPEC Suppliers Co., Ltd., and the total contract amount is 72,350,000.00 yuan (RMB, similarly hereinafter), but China Shipping & SINOPEC Suppliers Co., Ltd. has not paid the full amount of payment for goods after issuing "Receipt Confirmation Letter" to Shenzhen Xiefu, and the total default payment for goods is 51,128,173.60 yuan. On February 15, 2016, China Shipping & SINOPEC Suppliers Co., Ltd. sent a "Notification Letter" to Shenzhen Xiefu that Sinopec China Shipping Company thinks Shenzhen Xiefu has failed to fulfill its obligation of delivery of goods in the contract and withholds the payment for goods because the delivery depot and fuel oil are pledged and cannot extract the corresponding goods.

On February 24, 2016, Shenzhen Xiefu has submitted the "Civil Complaint" about the fuel

oil sales contract disputes with China Shipping & SINOPEC Suppliers Co., Ltd. to People's Court of Huangpu District of Guangzhou. The lawsuit requires China Shipping & SINOPEC Suppliers Co., Ltd. to make the overdue payments of 51,128,173.60 yuan, and pay the interests of overdue payment of 1,139,728.5 yuan, a total amount of 52,267,902.17 yuan, and bear all legal costs of the case.

On February 24, 2016, People's Court of Huangpu District of Guangzhou has accepted this case, but the lawsuit has not held hearings.

Up to the audit reporting date, the Company has no other events after the balance sheet date that needs to be disclosed.

XIII. Other important events

1. Segment information

(1) Determining basis and accounting policies of reportable segments

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

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

(2) Financial information of reportable segment

Item	Power supply and heat supply	Fuel oil trade	Real estate development	Other	Offset between segments	Total
Main business income	814,675,667.29	464,006,494.03	0.00	64,537,875.94	0.00	1,343,220,037.26
Main business cost	990,416,781.33	460,662,704.08	0.00	49,679,348.35	8,437,015.13	1,492,321,818.63
Total assets	5,591,283,460.09	150,706,088.16	690,426,539.59	599,639,533.99	2,449,645,477.11	4,582,410,144.72

Item	Power supply and heat supply	Fuel oil trade	Real estate development	Other	Offset between segments	Total
Total liabilities	4,385,755,440.10	39,175,805.07	1,458,942,910.40	139,767,329.53	1,992,698,554.34	4,030,942,930.76

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

1. Account receivable

(1) Classification of accounts receivable

Category	Year-end balance					Book value
	Book Balance		Bad debt provision		Accruing proportion (%)	
	Amount	Proportion (%)	Amount	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	0.00
Account receivable withdrawal bad debt provision by group of credit risk characteristics	309,114,888.65	100.00	0.00	0.00	0.00	309,114,888.65
Account receivable with single minor amount but withdrawal bad debt provision for single item	0.00	0.00	0.00	0.00	0.00	0.00
Total	309,114,888.65	100.00	0.00	0.00	0.00	309,114,888.65

(Continued)

Category	Year-beginning balance					Book value
	Book Balance		Bad debt provision		Accruing proportion (%)	
	Amount	Proportion (%)	Amount	Proportion (%)		
Account receivable with single major amount and withdrawal bad debt	0.00	0.00	0.00	0.00	0.00	0.00

Category	Year-beginning balance				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accruing proportion (%)	
provision for single item					
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

(2) Age analysis of account receivable

Item	Year-end		Year-begin	
	Amount	Proportion (%)	Amount	Accruing proportion (%)
Within 1year	177,333,799.65	57.37	274,271,619.95	78.72
1 to 2years	131,778,200.00	42.63	74,138,200.00	21.28
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	309,114,888.65	100.00	348,412,708.95	100.00

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

(4) No accounts receivable that had actually written off in the year

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

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

The total amount of the Company's top 5 year end balance of receivables in this year collected by debtors is 309,114,888.65 yuan, accounting for 100% of the total amount of year end balance of receivables; the total amount of year end balance of the corresponding provision for bad debts is 0.00 yuan.

2. Other account receivable

(1) Other account receivable classified

Category	Year-end balance				Book value
	Book Balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accruing proportion (%)	
Other account receivable with individual major amount and withdrawal bad debt provision independently	921,478,861.10	49.72	589,863,195.84	64.01	331,615,665.26
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	928,655,830.83	50.10	0.00	0.00	928,655,830.83
Other account receivable with individual minor amount but withdrawal bad debt provision independently	3,396,673.11	0.18	3,048,979.11	89.76	347,694.00
Total	1,853,531,365.04	100.00	592,912,174.95	31.99	1,260,619,190.09

(Continued)

Category	Year-beginning balance				Book value
	Book Balance		Bad debt provision		
	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	100.00	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	3,396,673.11	0.20	3,048,979.11	89.76	347,694.00

Category	Year-beginning balance				Book value
	Book Balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accruing proportion	
				(%)	
provision independently					
Total	1,736,707,807.70	100.00	19,830,645.57	1.14	1,716,877,162.13

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

Other account receivable (By unit)	Year-end balance			Accrual reason
	Other account receivable	Bad debt provision	Accruing proportion (%)	
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
Shen Development Company (Note)	904,697,194.64	573,081,529.38	63.35	Un-recover the total amount
Total	921,478,861.10	589,863,195.84	64.01	

Note: As the amount of withdrawing inventory falling price reserves of Shen Kaifa is large, the future available assets may not be able to repay the Company in full amount, count and draw the bad-debt reserves in accordance with the future recoverable amount and the carrying amount.

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

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

(3) No other accounts receivable that had actually written off in the year

(4) Other account receivable classified according to age

Item	Year-end		Year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1year	1,103,554,538.35	59.54	435,603,391.14	25.08
1 to 2years	295,858,143.53	15.96	819,306,622.62	47.18
2 to 3years	172,621,681.78	9.31	348,237,109.48	20.05
Over 3 years	281,497,001.38	15.19	133,560,684.46	7.69
Total	1,853,531,365.04	100.00	1,736,707,807.70	100.00

(5) Receivable from related parties

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	904,697,194.64	Within 2 years	48.81
Zhongshan Power Company	Subsidiary	547,174,264.12	Within 1 year to over 3 years	29.52
Weimei Power Company	Subsidiary	193,885,689.01	Within 3 years	10.46
Shen Investment Property	Subsidiary	104,970,359.19	Within 3 years	5.66
New Power Company	Subsidiary	77,028,007.59	Within 2 years	4.16
Environment Protection Co.,	Subsidiary	4,447,425.59	Within 3 years	0.24
Singapore company	Subsidiary	212,337.56	Over 3 years	0.01
HONG KONG SYNDISOME	Subsidiary	85,514.64	Within 1 year to over 3 years	0
Total		1,832,500,792.34		98.86

(6) 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 (%)	Balance year-end of bad debts provision
Shen Development	Related party	904,697,194.64	Within 2 years	48.81	573,081,529.38
Zhongshan Power Company	Related party	547,174,264.12	Within 1 year to over 3 years	29.52	0.00
Weimei Power Company	Related party	193,885,689.01	Within 3 years	10.46	0.00
Shen Investment Property	Related party	104,970,359.19	Within 3 years	5.66	0.00
New Power Company	Related party	77,028,007.59	Within 2 years	4.16	0.00
Total		1,827,755,514.55		98.61	573,081,529.38

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	691,982,84 9.76	0.00	691,982,84 9.76	691,982,84 9.76	0.00	691,982,84 9.76
Investment to joint venture and affiliate enterprise	0.00	0.00	0.00	0.00	0.00	0.00
Total	691,982,84 9.76	0.00	691,982,84 9.76	691,982,84 9.76	0.00	691,982,84 9.76

(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
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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
Main business	281,316,937.98	404,308,762.71	382,084,350.02	651,981,757.99
Other business	25,671,372.20	8,930,506.27	21,264,241.51	8,970,439.74
Total	306,988,310.18	413,239,268.98	403,348,591.53	660,952,197.73

5. Supplement of cash flow statement

Item	This Year	Last Year
(1) Net profit adjusted as cash flow from operation activities:		

Net profit	-593,071,259. 90	-87,429,472. 07
Add: Assets for impairment	609,856,337. 51	4,620,955.59
Depreciation of fixed assets, oil & gas assets and productive biological assets	12,650,004.6 9	19,336,969.4 4
Amortization of intangible assets	1,440,240.36	1,491,941.61
Amortization of long-term expenses to be amortized	0.00	0.00
Loss from disposal of fixed assets, intangible assets and other long-term assets (income listed with “- “)	12,426.53	217,425.80
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 “- “)	151,550,893. 91	166,601,504. 92
Investment losses (income listed with “- “)	0.00	-23,230,369. 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 “- “)	10,531,996.3 9	482,991.40
Decrease of operational receivable (increased listed with “- “)	-75,692,575.7 0	230,409,260. 59
Increase of operational payable (decreased listed with “- “)	-47,552,594.0 3	182,146,719. 55
Other	0.00	0.00
Net cash flow from operation activities	69,725,469.7 6	494,647,927. 83
(2) Major investment and financing activities not involved with cash income and expenses:		
Debt transfer to assets	0.00	0.00

Convertible bonds due within one year	0.00	0.00
Financing rent-in fixed assets	0.00	0.00
(3) Net changes of cash and cash equivalent:		
Balance of cash at year-end	675,408,711. 65	332,803,493. 04
Less: balance of cash at year-beginning	332,803,493. 04	264,557,683. 68
Add: Year-end balance of cash equivalent	0.00	0.00
Less: Year-beginning balance of cash equivalent	0.00	0.00
Net increase of cash and cash equivalent	342,605,218. 61	68,245,809.3 6

XV. Supplementary information

1. Statement of non-recurring gains/losses

Item	This Year	Last Year
Gains/losses from the disposal of non-current asset	-298,030.53	-3,391,027.70
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)	72,711,942.26	3,641,201.54
Import VAT refunds for natural gas	43,717,420.50	0.00
Other non-operating income and expenditure except for the aforementioned items	132,969.28	-1,851,619.50
Subtotal	116,264,301.51	-1,601,445.66
Impact on income tax	108,009.54	121,393.78
Impact on minority shareholders' equity (post-tax)	13,164,989.22	-917,818.17
Total	102,991,302.75	-805,021.27

The Group confirms the non-recurring profit and loss projects in accordance with the provisions of "Information disclosure explanatory announcement of the company with public offering of securities No. 1 - non-recurring gains and losses" (CSRC Announcement No. [2008] 43)

2. ROE and EPS

Profit in the Period	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of the listed company	-66.58%	-1.05	-1.05
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-77.38%	-1.22	-1.22