

Shenzhen Nanshan Power Co., Ltd.

Semi-annual Report 2022

【Disclosure Date】

August 19, 2022

Section I. Important Notice, Contents and Interpretation

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

Principal of the Company- Li Xinwei (Mr. Li Xinwei has resigned as the director and chairman of the Company on July 25, 2022), person in charge of accounting works- Chen Yuhui, CFO Zhang Xiaoyin and person in charge of accounting organ (chief accountants)-Lin Xiaojia guarantee that the Financial Report of the semi-annual report disclosed is truthful, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

The Company plans to pay no cash dividends, send no bonus shares and not to increase share capital by converting from public reserves.

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

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Document Available for Reference

- I. Original Semi-Annual Report of 2022 carrying the signature of the legal representative of the Company
- II. Financial statement with signature and seal of legal person, person in charge of accounting works (General manager), CFO and person in charge of accounting organ(chief accountant);
- III. Text of notice and original draft that public on *Securities Times*, *China Securities Journal* and *Hong Kong Commercial Daily* during the reporting period.
- IV. The place where the document placed: Shenzhen Stock Exchange, Office of Board of Directors of the Company.

Interpretation

Items	Refers to	Contents
Company, the Company, Shen Nan Dian, The listed company	Refers to	Shenzhen Nanshan Power Co., Ltd.
Shen Nan Dian Zhongshan Company	Refers to	Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.
Shen Nan Dian Engineering Company	Refers to	Shenzhen Shennandian Turbine Engineering Technology Co., Ltd
Shen Nan Dian Environment Protection Company	Refers to	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.
Server Company	Refers to	Shenzhen Server Petrochemical Supplying Co., Ltd
New Power Company	Refers to	Shenzhen New Power Industrial Co., Ltd.
Singapore Company	Refers to	Shen Nan Energy (Singapore) Co., Ltd.
Nanshan Power Factory	Refers to	Nanshan Power Factory of Shenzhen Nanshan Power Co., Ltd.
Zhongshan Nanlang Power Plant	Refers to	Zhongshan Nanlang Power Plant of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.
<i>Articles of Association</i>	Refers to	<i>Article of Association of Shenzhen Nanshan Power Co., Ltd.</i>
Yuan, ten thousand Yuan, one hundred million	Refers to	Except the special description of the monetary unit, the rest of the monetary unit is RMB Yuan, ten thousand Yuan, one hundred million Yuan
Reporting period	Refers to	1 January 2022 to 30 June 2022

Section II. Company Profile and Main Financial Indexes

I. Company profile

Short form of the stock	Shen Nan Dian A , Shen Nan Dian B	Stock code	000037, 200037
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	深圳南山热电股份有限公司		
Short form of the Company (in Chinese) (if applicable)	深南电		
Foreign name of the Company (if applicable)	Shenzhen Nanshan Power Co., Ltd.		
Legal representative	Li Xinwei		

II. Person/Way to contact

	Secretary to the BOD	Rep. of security affairs
Name	Zou Yi	
Contact add.	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province	
Tel.	0755-26003611	
Fax.	0755-26003684	
E-mail	investor@nspower.com.cn	

III. Others

1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

Applicable Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2021.

2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

Applicable Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2021.

3. Other relevant information

Whether other relevant information has changed during the reporting period

Applicable Not applicable

IV. Main accounting data and financial indexes

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

Yes No

	Current period	Same period last year	Changes in the current reporting period compared with the same period of the previous year (+,-)
Operating revenue (RMB)	229,243,542.07	376,602,393.38	-39.13%
Net profit attributable to shareholders of the listed Company (RMB)	-94,098,149.09	1,456,269.68	-6,561.59%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	-127,505,554.48	-19,517,615.51	-553.28%
Net cash flow arising from operating activities (RMB)	200,588,083.30	68,920,712.99	191.04%
Basic earnings per share (RMB/Share)	-0.1561	0.0024	-6,604.17%
Diluted earnings per share (RMB/Share)	-0.1561	0.0024	-6,604.17%
Weighted average ROE	-6.00%	0.07%	6.07 percentage points down
	End of current period	End of last year	Changes at the end of the reporting period compared with the end of the previous year (+,-)
Total assets (RMB)	2,998,519,336.41	2,790,002,824.41	7.47%
Net assets attributable to shareholder of listed Company (RMB)	1,521,194,986.42	1,615,293,135.51	-5.83%

V. 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.

VI. Items and amounts of non-recurring (extraordinary) profit (gains)/loss

Applicable Not applicable

In RMB/CNY

Item	Amount	Note
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, the government subsidy that accord with the provision of national policies and are continuously enjoyed in line with a certain standard quota or quantity are excluded)	4,440,645.78	The government subsidy related to assets are being amortized
Gains/losses of fair value changes arising from holding of the trading financial asset, trading financial liability and investment earnings obtained from disposing the trading financial asset, trading financial liability, and financial assets available for sale, except for the effective hedging business related to normal operation of the Company	29,212,829.84	Income from wealth management
Other non-operating income and expenditure except for the aforementioned items	-228,495.85	
Less: Impact on minority shareholders' equity (post-tax)	17,574.38	
Total	33,407,405.39	

Details of other gains/losses items that meets the definition of non-recurring gains/losses:

Applicable Not applicable

There are no other gains/losses items that meet the definition of non-recurring gains/losses in the Company.

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

Applicable Not applicable

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

Section III Management Discussion and Analysis

I. Main businesses of the Company in the reporting period

In the first half of 2022, the national electricity consumption of the whole society was 4,100 billion kWh, a year-on-year increase of 2.9%. In the first and second quarters, the total electricity consumption of the whole society increased by 5.0% and 0.8% on a year-on-year basis respectively. In the second quarter, the growth rate dropped significantly mainly due to the influence of the pandemic situation in some areas in April and May, and the total electricity consumption of the whole society recorded negative growth for two consecutive months. In June, as the pandemic eased, the effects of economic stabilization policies were gradually implemented, and with the addition of high-temperature weather factors in many places, the electricity consumption of the whole society in the month increased by 4.7% on a year-on-year basis, 6.0 percentage points higher than the growth rate in May. The apparent rebound in the growth rate of electricity consumption in June reflected to a certain extent that the current resumption of work and production and the resumption of business and markets have achieved positive results. According to the main statistical indicators of Guangdong in the first half of 2022 released by the Guangdong Provincial Bureau of Statistics, the total electricity consumption in Guangdong Province in the first half of the year was 355.608 billion kWh, a year-on-year decrease of 2.4%; the industrial electricity consumption was 212.082 billion kWh, a year-on-year decrease of 3.4%; the electricity consumption of the manufacturing industry was 174.914 billion kWh, a year-on-year decrease of 4.3%. It is expected that during the peak summer period, the national power supply and demand will be in a tight balance overall. The power supply and demand in some provinces in East China, Central China, and South China will be tight during peak hours, and the power supply and demand in North China, Northeast China, and Northwest China will be basically balanced. During the peak winter period, the national power supply and demand shall be generally in a tight balance. The power supply and demand in some provinces in East China, Central China, South China, and Northwest China shall be tight during peak hours, and the power supply and demand in North China and Northeast China shall be basically balanced.

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

In the first half of 2022, domestic pandemics had frequent and sporadic outbreaks, and the international environment became more complex and severe. In the face of extremely complex and difficult situations, the

company conscientiously implemented the relevant requirements of competent government departments at all levels on the security and supply of energy and electricity, took strong and effective measures, and went all out to ensure the safety and reliability of electricity production, provided a strong power guarantee for pandemic prevention and control and economic and social development. From January to June 2022, two subordinate power generation enterprises of the company completed a total of 275 million kWh of actual grid electricity and 634 million kWh of financial settlement electricity. The completion of electricity of each subsidiary of the company was as follows: Nanshan Power Factory completed the actual grid electricity of 264.5 million kWh and the financial settlement electricity of 412 million kWh. Zhongshan Nanlang Power Plant completed the actual grid electricity of 10.5 million kWh and the financial settlement electricity of 223 million kWh. While the overall electricity consumption of the whole province declined, due to the fact that the price of natural gas remained high, the company's actual on-grid electricity dropped significantly on a year-on-year basis.

During the reporting period, the domestic and foreign pandemics, macro economy, fuel supply, temperature, as well as continuous large-scale losses of coal and power companies were intertwined and superimposed, the company's main power business faced many challenges, such as repeated COVID-19 pandemics, persistently high fuel prices, trial operation of the spot market settlement of electric power, and the continued shortage of electricity supply and demand in the southern region where it locates. The company not only had to fulfill the social responsibility of ensuring electricity supply, but bear the huge operating pressure caused by the sharp rise in fuel prices, facing extremely severe business situation. In order to minimize the negative impact of the external environment on the company's business performance, the company implemented a series of business layout and management changes with innovative thinking and tenacity, clarified the annual business goals and guidelines, and took targeted major measures. While focusing on safe production, strengthening internal management, and continuously improving the operation and management level and management efficiency of the company's stock assets, actively promoted the withdrawal of backward production capacity, we went all out to promote the demonstration and implementation of new production capacity and new projects. While striving to adapt to the accelerating trend of the reform process of electricity marketization in Guangdong Province, we strived to achieve transformation and development as soon as possible.

II. Core Competitiveness Analysis

In recent years, due to the impact of the macroeconomic situation and the common problems of gas turbine generating industry, the Company's main business has been facing increasing difficulties and challenges. However, the basic core competitiveness formed by the operation and development for more than three decades and thanks to the strong support from major shareholders, and the management innovations adopted by the Board and leading group, it has laid a necessary foundation for the Company to survive and seeking transformation and development. During the reporting period, the company's core competitiveness has been further consolidated and improved, and there have been no major changes that may affect the company's future operations. (core competitiveness analysis found more in the Annual Report 2021)

III. Main business analysis

Overview

Found more in "I. Main businesses of the Company in the reporting period"

Y-o-y changes of main financial data

In RMB/CNY

	Current period	Same period of last year	Y-o-y increase/decrease (+,-)	Reasons for changes
Operating revenue	229,243,542.07	376,602,393.38	-39.13%	The revenue from electricity settlement declined for the dropping of generating capacity
Operating costs	282,486,432.21	351,210,223.91	-19.57%	Cost of natural gas reduced for the dropping of generating capacity
Sales expenses		696,436.80	-100.00%	Affected by macro economy policy, Shen Nan Dian Environment Protection Company need to carry out transformation and eliminating on the sludge drying facilities, the sales expenses was 0 yuan
Administrative expenses	43,777,644.68	40,014,168.55	9.41%	
Finance expenses	16,729,716.11	2,835,034.71	490.11%	The volume of credit increased
R&D investment	17,072,589.13	3,360,629.60	408.02%	New expenses of R&D increased from parent company
Net cash flow arising from operating activities	200,588,083.30	68,920,712.99	191.04%	The VAT credit refund received
Net cash flow arising from investment activities	-730,434,844.43	-442,542,660.44	-65.05%	More expenses on procurement of wealth management products
Net cash flow arising from financing activities	309,964,533.04	60,903,494.60	408.94%	Soaring in bank loans
Net increase of cash and cash equivalent	-219,586,524.40	-312,778,014.74	-29.79%	On a y-o-y basis, the net increase in cash from operating and financing activities was greater than the net

				decrease in cash from investment activities
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No changes on profit composition or profit resources in reporting period

Constitution of operating revenue

In RMB/CNY

	Current period		Same period of last year		Y-o-y changes (+,-)
	Amount	Ratio in operating revenue	Amount	Ratio in operating revenue	
Total operating revenue	229,243,542.07	100%	376,602,393.38	100%	-39.13%
According to industries					
Energy industry	205,738,094.27	89.75%	356,995,223.97	94.79%	-42.37%
Engineering labor	22,901,068.56	9.99%	15,650,905.64	4.16%	46.32%
Sludge drying			3,388,263.75	0.90%	-100.00%
Other	604,379.24	0.26%	568,000.02	0.15%	6.40%
According to products					
Electricity sales	205,738,094.27	89.75%	356,995,223.97	94.79%	-42.37%
Engineering labor	22,901,068.56	9.99%	15,650,905.64	4.16%	46.32%
Sludge drying			3,388,263.75	0.90%	-100.00%
Other	604,379.24	0.26%	568,000.02	0.15%	6.40%
According to region					
Shenzhen	212,734,667.53	92.80%	306,547,992.61	81.40%	-30.60%
Zhongshan	16,508,874.54	7.20%	70,054,400.77	18.60%	-76.43%

The industries, products, or regions accounting for over 10% of the Company's operating revenue or operating profit

√Applicable □ Not applicable

In RMB/CNY

	Operating revenue	Operating costs	Gross profit ratio	(+,-)Increase/decrease of operating revenue y-o-y	(+,-)Increase/decrease of operating cost y-o-y	(+,-)Increase/decrease of gross profit ratio y-o-y
According to industries						
Energy industry	205,738,094.27	268,797,532.96	-30.65%	-42.37%	-19.60%	-37.00%
Engineering labor	22,901,068.56	13,594,750.26	40.64%	46.32%	49.02%	-1.07%
According to products						
Electricity sales	205,738,094.27	268,797,532.96	-30.65%	-42.37%	-19.60%	-37.00%
Engineering labor	22,901,068.56	13,594,750.26	40.64%	46.32%	49.02%	-1.07%
According to region						
Shenzhen	212,130,288.29	254,638,845.99	-20.04%	-30.67%	-9.03%	-28.56%
Zhongshan	16,508,874.54	27,756,267.42	-68.13%	-76.43%	-61.01%	-66.52%

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

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

Applicable Not applicable

1. Revenue from electricity sales drops 42.37% from a year earlier, mainly because the revenue from electricity settlement declined for the dropping of generating capacity; gross profit ratio reduced on a y-o-y basis mainly due to the soaring costs of natural gas.

2. Revenue from engineering labor rose 46.32% from a year earlier, mainly due to the increase in revenue settlement of engineering labor from aboard; operating costs increased 49.02% on a y-o-y basis, mainly because the business of engineering labor growth leads to a corresponding growth in costs.

3. Revenue from sludge drying decreases 100% from a year earlier, mainly because affected by macro economy policy, Shen Nan Dian Environment Protection Company need to carry out transformation and eliminating on the sludge drying facilities

IV. Analysis of the non-main business

Applicable Not applicable

In RMB/CNY

	Amount	Ratio in total profit	Note	Whether be sustainable (Y/N)
Investment income	27,741,227.07	-27.26%	The income from wealth management	N
Non-operating expenditure	228,495.85	-0.22%		N

V. Analysis of assets and liability

1. Major changes of assets composition

In RMB/CNY

	End of the current Period		End of last year		Ratio changes (+,-)	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	470,018,109.19	15.68%	689,604,633.59	24.72%	-9.04%	Purchasing more wealth management products
Account receivable	136,622,627.23	4.56%	73,610,161.02	2.64%	1.92%	
Contractual assets	0.00	0.00%	1,040,000.00	0.04%	-0.04%	
Inventory	86,153,552.73	2.87%	88,500,991.13	3.17%	-0.30%	

Investment real estate	1,917,733.00	0.06%	2,009,051.80	0.07%	-0.01%	
Long-term equity investment	5,515,052.42	0.18%	6,986,655.19	0.25%	-0.07%	
Fixed assets	616,207,380.43	20.55%	643,256,398.30	23.06%	-2.51%	
Construction in process	5,609,774.20	0.19%	6,088,768.51	0.22%	-0.03%	
Short-term loans	1,334,338,596.65	44.50%	858,444,163.25	30.77%	13.73%	Increase in bank loans
Trading financial assets	1,280,776,513.22	42.71%	632,874,406.39	22.68%	20.03%	Increase in wealth management products
Other current assets	8,925,003.96	0.30%	331,868,661.62	11.89%	-11.59%	The VAT credit refund received
Note payable			135,025,883.27	4.84%	-4.84%	Return of the payable bank notes on maturity

2. Main foreign assets

Applicable Not applicable

3. Assets and liability measured by fair value

Applicable Not applicable

In RMB/CNY

Item	Opening amount	Gain/loss of fair value changes in the Period	Cumulative change of fair value recorded into equity	Impairment accrual in the Period	Amount purchased in the Period	Amount sold in the Period	Other changes	Ending amount
Financial assets								
Trading financial assets (derivative financial assets excluded)	632,874,406.39				647,902,106.83			1,280,776,513.22
Other equity instrument investment	200,615,000.00				100,000,000.00			300,615,000.00
Subtotal of financial assets	833,489,406.39				747,902,106.83			1,581,391,513.22

Other changes

N/A

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

Yes No

4. Assets right restriction till end of reporting period

N/A

VI. Investment analysis

1. Overall situation

Applicable Not applicable

Investment amount in the Period (RMB)	Investment amount at same period last year (RMB)	Changes (+,-)
100,000,000.00	118,957,517.00	-15.94%

2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The Company had no securities investment in the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company had no derivatives investment in the reporting period.

5. Use of proceeds

Applicable Not applicable

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

VII. 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

VIII. Analysis of main Holding Company and stock-jointly companies

Applicable Not applicable

Particular about main subsidiaries and stock-jointly companies with an impact of 10% or more on the Company's net profit

In RMB/CNY

Name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen New Power Industrial Co., Ltd.	Subsidiary	Technology development regarding to application of remaining heat (excluding restricted items) and power generation with remaining heat. Add: power generation through burning machines.	RMB 113.85 million	826,794,329.21	51,079,176.21	92,783,779.73	-44,309,214.37	-44,309,214.37
Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Subsidiary	Sludge drying; the design and operations management of sludge treatment and disposal facilities and engineering; the technology development, technology transfer, technical advice, technical services of	RMB 79 million	64,627,630.43	47,389,061.75	24,000.00	-4,678,870.83	-4,678,870.83

		environmental pollution control and comprehensive utilization domain; (Except for the projects required to be approved before registration by laws, administrative regulations, or decisions and stipulation of the State Council, the restricted items must be approved before operating)						
Shenzhen Shennandi an Turbine Engineering Technology Co., Ltd	Subsidiary	Engage in the technical advisory service for the construction projects of gas-steam combined cycle power plant (station), and undertake the maintenance and overhaul of the operation equipment of gas-steam combined cycle power plant (station). Import and export of goods and technologies (excluding distribution and state monopoly commodities)	RMB 10 million	70,151,088.10	41,065,930.65	22,901,068.56	2,077,549.45	2,077,549.45

Shenzhen Server Petrochemical Supplying Co., Ltd	Subsidiary	Self-supporting or import agent business of fuel oil; trade (excluding production and storage and transportation) in diesel, lubricating oil, liquefied petroleum gas, natural gas, compressed gas and liquefied gas, chemical products (excluding dangerous chemicals); investment, construction and technical supports in liquefied petroleum gas, natural gas and related facilities; import and export businesses and domestic trade of goods and technologies (excluding franchise, exclusive control, and monopoly products); leasing business. Licensed projects: fuel oil warehousing business (except for refined oil); general freight transport, special transportation of	RMB 53.3 million	97,796,694.06	80,270,360.16	546,857.12	-3,205,367.11	-3,205,367.11
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		goods (containers), special transportation of goods (tank)						
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Subsidiary	Gas turbine power generation, waste heat power generation, power supply and heating(heating pipe network excluded), leasing of wharf, oil depots and power equipment facilities (excluding refined oil, dangerous chemicals, or flammable and explosive goods); leasing of land-use right; non-residential real estate leasing	RMB 746.8 million	267,788,122.94	-419,728,685.71	16,508,874.54	-30,314,465.11	-30,324,465.11
Shen Nan Energy (Singapore) Co., Ltd.	Subsidiary	Agent for oils trade and spare parts of gas turbine	US \$ 0.9 million	103,704,281.62	101,163,025.70	0	931,993.18	931,993.18
Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership)	Subsidiary	Equity investment, venture capital	RMB 140,918,000	140,279,612.23	140,279,612.23	0	-10,538.00	-10,538.00

Subsidiary disposes and acquired in the period

Applicable Not applicable

Statement of main holding company and stock-jointly companies

Not applicable

IX. Structured vehicle controlled by the Company

Applicable Not applicable

X. Risks and countermeasures

1. In terms of main business: In 2022, the Guangdong power market starts the continuous trial operation of spot electricity. With the natural gas prices remaining high, the company's two power plants have to fulfill the social responsibility of ensuring power supply, and confront with great operating pressure. In the face of the above-mentioned unfavorable policy and industry situation, in order to minimize the loss of the main business of electric power, the company mainly relies on industry associations such as the Gas Turbine Special Committee, the Natural Gas Power Generation Supply Chain Special Committee, etc., actively appeals to the relevant government departments to implement the gas-electricity price linkage mechanism according to the relevant documents and the actual operation status, and promotes the implementation of policies such as capacity compensation, long-term subsidies, and two-part electricity price. At the same time, the subordinate power plants continue to strengthen the coordination work of equipment management and economic operation, and strive to increase revenue from power generation and ancillary services.

2. Safety management: In the face of the unfavorable external environment of the normalization of COVID-19 pandemic prevention and control and the continuous and sporadic outbreaks of the pandemic in many places, the company has continuously strengthened safety production management, consolidated the main responsibility for pandemic prevention and control and safety production, and actively carried out safety production supervision and management, continued to promote system safety construction, and earnestly supervised the implementation of annual overhaul technical transformation and daily maintenance work of units through key safety inspections, practical emergency drills, promotion of standardized overhaul management, and equipment status assessments. We make efforts to overcome unfavorable situations such as the continued high natural gas price and the repeated pandemic, so as to ensure a stable and orderly production safety situation.

3. In terms of fuel procurement: In the first half of 2022, due to the expected supply shortage caused by the Russian-Ukrainian war, the supply reduction of Beixi-1, low inventories in Europe, and high temperature weather in some countries, the international natural gas prices rose sharply, which drove up domestic gas prices, and the company's natural gas purchase price has risen sharply compared with the same period in 2021. It is expected that the natural gas purchase cost in the second half of 2022 will not be optimistic. Since the natural gas procurement contract must be signed in advance, the contract gas has been basically determined when signing, due to the characteristics of the electric power market, it is difficult to match the expected electricity generation with the actual electricity generation, and the planned purchase quantity of natural gas is difficult to match the actual pickup quantity. If the natural gas cannot be picked up according to the contract due to the influence of electricity transaction marketization and other factors in the later period, which may cause related risks of insufficient pickup of contractual gas quantity and fluctuations in prices of increased gas. The company will continue to optimize the

upstream and downstream cooperation, give full play to the advantages of large-scale procurement and the regulating function of multiple gas sources, and try its best to reduce the cost of natural gas procurement while ensuring the gas demand for power production.

4. In terms of lands of Nanshan Power Factory, during the reporting period, the company actively used every opportunity to express its own demands and suggestions, but by the end of the reporting period, there was still little effect. The company will keep close communication and contact with the relevant functional departments of Shenzhen and Qianhai Authority, actively follow up the implementation of the government-related planning progress, and seriously study the land related situation of Nanshan Power Factory with legal advisers, formulate coping strategies and work plans so as to ensure the legitimate rights and interests of the listed company and all shareholders.

Section IV. Corporate Governance

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

1. Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Opening date	Date of disclosure	Resolution
Annual General Meeting (AGM) of 2021	AGM	38.45%	2022-04-15	2022-04-15	Deliberated and approved proposals including: Report on the Work of BOD for year of 2021; Report on the Work of BOS for year of 2021; Financial Report for year of 2021; Profit Distribution Plan for year of 2021; Annual Report of 2021 (full-text) and its Summary; Remuneration of the Chairman for year of 2022; Appointment of Auditing Institution for year of 2022 and Remuneration Determination;

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

Applicable Not applicable

II. Change of the Directors, Supervisors and Senior Executive

Applicable Not applicable

Name	Title	Type	Date	Causes
Zhang Xiaoyin	CFO	Appointments	2022-06-13	

III. 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 semi-annual year.

IV. Implementation of the equity incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

The Company has no implementation of the equity incentive plan, employee stock ownership plan or other employee incentives in the Period.

Section V. Environmental and Social Responsibility

I. Major environmental protection

The listed Company and its subsidiary whether belong to the key sewage units released from environmental protection department

Yes No

Enterprise or subsidiary	Main pollutant and features	Way of discharge	Number of discharge outlet	Distribution of the discharge outlet	Emission concentration	Pollutant discharge standard implemented	Total discharge	Total approved emissions	Excessive emission
Shenzhen Nanshan Power Co., Ltd.	Nitrogen oxides	Organized emissions	2	In plant area of Nanshan Power Factory	<15 mg/m ³	Implementation of "Shenzhen Blue" emission standard < 15mg/m ³	20.34 tons	457.5 tons	0
Shenzhen New Power Industrial Co., Ltd.	Nitrogen oxides	Organized emissions	1	In plant area of Nanshan Power Factory	<15 mg/m ³	Implementation of "Shenzhen Blue" emission standard < 15mg/m ³	11.45 tons	228.75 tons	0
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Nitrogen oxides	Organized emissions	2	In plant area of Zhongshan Nanlang Power Plant	<25 mg/m ³	Emission standards for air pollutants from thermal power plants GB13223-2011	0.32 tons	324.50 tons	0

Construction and operation of the pollution controlling instruments

All pollution prevention and control facilities are operating normally, and all pollutant discharges are stable and up to standard. Shenzhen Nanshan Power Co., Ltd and the gas units under Shenzhen New Power Industrial Co., Ltd are strictly control the pollutant emissions in line with the relevant requirement of "The Sustainability Action Plan of "Shenzhen Blue" for 2018"(Shen Fu Ban Gui (2018) No.6).

Environmental impact assessment of construction projects and other environmental protection administrative licenses

All the above three legal entities have passed the environmental impact assessment and have been filed in Guangdong Environmental Protection Department. All of them have obtained the pollution discharge permits, and conduct routine environmental management in strictly accordance with the requirement of pollution discharge permits.

Emergency plan for sudden environmental incident:

The emergency plan for sudden environmental incidents has been filed in Guangdong Environmental Protection Department and the corresponding Municipal Environmental Protection Bureau.

Environmental self-monitoring program

The environmental self-monitoring program has been prepared and reviewed by the environmental protection department; the information on the monitoring data is disclosed on the website of the environmental protection department on time.

Administrative penalties imposed for environmental issues during the reporting period

N/A

Other environmental information that should be disclosed

N/A

Measures taken to reducing the carbon emissions during the reporting period and their effectiveness

Applicable Not applicable

Other environmental protection related information

N/A

The Company shall comply with the relevant disclosure requirement for electricity-related industries of Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.3 - Disclosure of Industry Information

II. Social Responsibility

The Company has not carried out targeted poverty alleviation work during the reporting period.

Section VI. Important Event

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

Applicable Not applicable

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

II. 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.

III. External guarantee out of the regulations

Applicable Not applicable

No external guarantee out of the regulations occurred in the period.

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

Whether the financial report of semi-annual report has been audited

Yes No

The semi-annual report of the Company is unaudited.

V. Explanation from Board of Directors and Supervisory Committee for “Non-standard audit report” that issued by CPA

Applicable Not applicable

VI. Explanation from the BOD on the previous year’s “non-standard audit report”

Applicable Not applicable

VII. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period.

VIII. Litigation

Major litigation and arbitration

Applicable Not applicable

No major litigation and arbitration occurred in the Period.

Other litigation

Applicable Not applicable

IX. Penalty and rectification

Applicable Not applicable

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

Applicable Not applicable

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

XI. Major related party transaction

1. Related party transaction with routine operation concerned

Applicable Not applicable

The Company has no related party transaction with routine operation concerned occurred during the reporting period.

2. Related party transactions by assets acquisition and sold

Applicable Not applicable

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

3. Main related transactions of mutual investment outside

Applicable Not applicable

Co-investors	Affiliations	Investee company	Main business of the investee company	Registered capital of the investee company	Total assets of the investee company (10 thousand yuan)	Net assets of the investee company (10 thousand yuan)	Net profit of the investee company (10 thousand yuan)
Shenzhen Capital Holdings Co., Ltd. , Shenzhen Yuanzhi Ruixin	Affiliated corporations	Shenzhen Yuanzhi Ruixin New Generation Information Technology Private	Investment funds	100,000.00	50,127.38	50,127.38	127.38

Equity Investment Management Co., Ltd.		Equity Investment Fund Partnership (Limited Partnership)					
Progress of major on-going projects of the investee company (if applicable)	N/A						

4. Contact of related credit and debt

Applicable Not applicable

No contact of related credit and debt occurred in the Period

5. Contact with the related finance companies

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the Company, the related finance companies and related parties.

6. Transactions between the finance company controlled by the Company and related parties

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies controlled by the Company and related parties

7. Other major related party transactions

Applicable Not applicable

There are no other major related party transactions occurred in the period

XII. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

Explanation on trust

In accordance with the “Assets (Generator Sets) Custody Operation Contract of Shenzhen New Power Industrial Co., Ltd.” signed with the New Power Company, the Company entrusted with management for the generator assets owned by New Power Company (wholly-owned subsidiary of the Company). During the reporting period, the Company received an assets custody services of 10.0855 million Yuan

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

Applicable Not applicable

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

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period.

2. Major guarantees

Applicable Not applicable

No major guarantees occurred in the Period

3. Trust financing

Applicable Not applicable

In 10 thousand Yuan

Type	Capital sources	Amount occurred	Outstanding balance	Overdue amount	Amount with impairment accrual for the overdue financial products which has not been recovered
Bank financial products	Own funds	146,656.28	120,790.28	0	0
Total		146,656.28	120,790.28	0	0

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

Applicable Not applicable

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

Applicable Not applicable

4. Other material contracts

Applicable Not applicable

The name	The name	Con	The date	The book	The asses	Name of	The base	Pricing princip	Ba	W	In	The perfo	T	Th
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The Com pany, New Powe r Com pany	Shen zhen Gas Grou p Co., Ltd.	Pi pe lin e na tur al gas	2018- 05-14			N/A		The contrac t is a frame work agreed ment, price of the NG will decide throug h consult ation by supple mental agreed ment betwee n the two parties	N	Not ap pli ca ble	In progr ess		Fail ure to meet speci fic disc los ure re quire ment s	

XIII. Other important events

√Applicable □Not applicable

1.The company has been recognized as a high-tech enterprise: On January 17, 2022, the company received the "Announcement on the Filing of the Second Batch of High-tech Enterprises Recognized by Shenzhen in 2021" issued by the Office of the Leading Group for Recognition and Management of National High-tech Enterprises, the company was recognized as a high-tech enterprise according to the "Filing of the Second batch of High-tech Enterprises Recognized by Shenzhen in 2021". (For details, please refer to the Notice

of the Company Recognized as a High-Tech Enterprise disclosed by the company in China Securities Journal, Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn, Notice No. : 2022-001)

2. Start on the shutdown and withdrawal of two sets of 9E gas-fired units of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.: On February 21, 2022, upon consideration and approval at the fifth extraordinary meeting of the ninth board of directors of the company, the company launched the shutdown and withdrawal of two sets of 9E gas-fired units in Shen Nan Dian (Zhongshan) Power Co., Ltd. (For details, please refer to the Resolution of the fifth extraordinary meeting of the ninth BOD disclosed by the company in China Securities Journal, Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn, Notice No. : 2022-003)

3. Assets disposal of units 7# and 9# of Nanshan Power Factory: On March 23, 2022, the company held the 3rd session of the 9th board of directors, reviewed and approved the "Proposal on the Assets Disposal of Units 7# and 9# of Nanshan Power Factory", agreed to carry out the assets disposal of units 7# and 9# of Nanshan Power Factory, and agreed to publicly list and transfer on Shenzhen United Property and Equity Exchange (hereinafter referred to as "Shenzhen Stock Exchange") at the valuation of gas turbine 7# , boiler 7# and steam turbine 9# carried out by Shenzhen Pengxin Assets Appraisal Land Real Estate Appraisal Co., Ltd. by referring to the relevant provisions of the "Measures for the Supervision and Administration of State-owned Assets Transactions of Enterprise". In May, the company received the "Transferee Qualification Confirmation Letter" and "Online Bidding Transaction Confirmation Letter" from the Shenzhen Stock Exchange. According to the above documents, Shanghai Qingjie New Energy Technology Co., Ltd. became the transferee of the transfer project including 9E gas turbine units, and the transfer price was 10,505,930 yuan; Shaanxi Jinhui Renewable Resources Co., Ltd. successfully acquired a batch of equipment such as waste heat boiler 7# and steam turbine 9# through open bidding at the online bidding meeting, and the transaction price was 6,336,014 yuan. (For details, please refer to the Resolution of 3rd Session of 9th BOD disclosed by the company in China Securities Journal, Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn, Notice No. : 2022-004; and Voluntary Disclosure of the Progress of Assets Disposal on Units 7# and 9# of Nanshan Power Factory, Notice No. : 2022-016)

4. Resignation of Independent Director: On May 13, 2022, the board of directors of the company received a written resignation report submitted by Mr. Mo Jianmin, an independent director of the company. Due to the resignation of Mr. Mo Jianmin, the number of independent directors of the company will be less than one-third of the members of the board of directors. According to relevant regulations, his resignation report will take effect after the election of new independent directors at the company's general meeting of shareholders. Prior to this, Mr. Mo Jianmin will continue to perform his duties in accordance with relevant laws, administrative regulations, departmental rules and normative documents. On August 2, 2022, the first extraordinary general meeting of shareholders in 2022 deliberated and passed the proposal on by election of independent directors. Mr. Mo Jianmin's resignation took effect after Ms. Huang Xiqin was elected as an independent director of the ninth board of directors of the company. (For details, please refer to the Notice on Resignation of Independent Director disclosed by the company in China Securities Journal, Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn, Notice No. : 2022-017, 2022-031)

5. Investment in Yuanzhi Ruixin New Generation Information Technology Equity Investment Fund: On May 25, 2022, the company received a notice from the fund manager, Shenzhen Yuanzhi Ruixin Equity Investment Management Co., Ltd., that Shenzhen Yuanzhi Ruixin New Generation Information Technology Private Equity Investment Fund Partnership (Limited Partnership) had completed the fund filing procedures at the Asset Management Association of China in accordance with the requirements of the Securities Investment Fund Law and the Interim Measures for the Supervision and Administration of Private Investment Funds and other laws and regulations. (For details, please refer to the Notice on Completion of the Private Investment Funding Filing of Shenzhen Yuanzhi Ruixin New Generation Information Technology Private Equity Investment Fund Partnership (Limited Partnership) disclosed by the company in China Securities Journal, Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn, Notice No. : 2022-018)

6. The independent energy storage project of the company and its holding subsidiary Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.: In June 2022, the company and its holding subsidiary Shen Nan Dian (Zhongshan) Electric Power Co., Ltd. respectively obtained the "Shenzhen Social Investment Project Record Certificate" issued by Shenzhen Nanshan District Development and Reform Bureau and the "Guangdong Provincial Enterprise Investment Project Record Certificate" issued by Zhongshan Development and Reform Bureau, approving the filing of the independent energy storage demonstration project phase I of the technical transformation and upgrading of the decommissioned equipment of Shennandian Nanshan Power Factory and the filing of the 300MW/600MWh independent energy storage power station (the first-phase project) in Cuiheng New District, Zhongshan City. (For details, please refer to the Notice on Obtaining a Record of the Independent Energy Storage Project of the company and its holding subsidiary Shen Nan Dian (Zhongshan) Electric Power Co., Ltd. disclosed by the company in China Securities Journal, Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn, Notice No. : 2022-020)

7. Receipt of the VAT withholding Tax Refund at Period-end: On June 10, 2022, the Company received a tax refund of 317,249,405.40 yuan. (For details, please refer to the Notice on Receipt of VAT Retained Tax Refund at Period-end disclosed by the company in China Securities Journal, Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn, Notice No. : 2022-021)

8. Abnormal fluctuations in stock trading: On June 17, June 20, and June 21, 2022, the trading price of the company's A-share stock (stock abbreviation: Shennandian A, stock code: 000037) had the closing price rise with a cumulative deviation value rate of more than 20% for three consecutive trading days; while the cumulative deviation value rate of closing price decline reached more than 20% for three consecutive trading days on June 24, June 27, and June 28, 2022. According to relevant regulations of the "Trading Rules of Shenzhen Stock Exchange", the above two stock trading fluctuations are abnormal fluctuations in stock trading, and the company has separately disclosed the "Announcement on Abnormal Fluctuations in Stock Trading". (For details, please refer to the Notice on Abnormal Fluctuations in Stock Trading disclosed by the company in China Securities Journal, Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn, Notice No. : 2022-022, 2022-023)

In addition to the above matters, the company actively promoted the investment in Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership), and there was no progress or change in meeting the disclosure standards during the reporting period. There was no progress or change in the refund of the company's "Project Technical Improvement Benefit Fund" or in the Xinjiang aid project of Guangdong Province in which the company participated in 2013 during the reporting period.

XIV. Significant event of subsidiary of the Company

Applicable Not applicable

Section VII. Changes Unit: shares and Particulars about Shareholders

I. Changes Unit: share Capital

1. Changes Unit: share Capital

Unit: share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Other	Subtotal	Amount	Proportion
I. Restricted shares	12,994	0.0022%						12,994	0.0022%
1. State-owned shares									
2. State-owned legal person's shares									
3. Other domestic shares	12,994	0.0022%						12,994	0.0022%
Including: Domestic legal person's shares									
Domestic natural person's shares	12,994	0.0022%						12,994	0.0022%
4. Foreign shares									
Including: Foreign legal person's shares									
Foreign natural person's shares									
II. Unrestricted shares	602,749,602	99.9978%						602,749,602	99.9978%
1. RMB Ordinary shares	338,895,156	56.2236%						338,895,156	56.2236%
2. Domestically listed foreign shares	263,854,446	43.7742%						263,854,446	43.7742%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	602,762,596	100.00%						602,762,596	100.00%

Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changes

Applicable Not applicable

Progress of shares buy-back (repurchase)

Applicable Not applicable

Implementation progress of reducing holdings of shares buy-back by centralized bidding

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

II. Securities issuance and listing

Applicable Not applicable

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

Unit: share

Total number of ordinary shareholders at end of the reporting period	47,808			Total number of preferred shareholders whose voting rights were restored at end of the reporting period (if applicable) (see note 8)	0			
Particulars about common shares held above 5% by shareholders or top ten common shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of common shares held at the end of	Changes in report period	Amount of restricted common shares held	Amount of common shares held without	Information of shares pledged, tagged or frozen	
							State	Amount

			reporting period			restriction	of share	
HONG KONG NAM HOI (INTERNATIONAL) LTD.	Overseas legal person	15.28%	92,123,248			92,123,248		
Shenzhen Guangju Industrial Co., Ltd	State-owned legal person	12.22%	73,666,824			73,666,824		
Shenzhen Energy Group Co., Ltd.	State-owned legal person	10.80%	65,106,130			65,106,130		
BOCI SECURITIES LIMITED	Overseas legal person	2.37%	14,267,038	-343,824		14,267,038		
Zeng Ying	Domestic nature person	1.19%	7,159,600			7,159,600		
China Merchants Securities H.K. Co., Ltd.	Overseas legal person	0.91%	5,480,428	-137,800		5,480,428		
Meiyi Investment Property Co., Ltd.	Domestic non state-owned legal person	0.87%	5,218,100	100		5,218,100		
LISHERYNZH ANMING	Overseas natural person	0.65%	3,922,328	385,828		3,922,328		
Haitong International Securities Company Limited-Account Client	Overseas legal person	0.65%	3,908,357	-1,000		3,908,357		
Guosen Securities (HK) Brokerage Limited	Overseas legal person	0.61%	3,651,901			3,651,901		
Strategy investors or general corporation comes top 10 shareholders due to rights issue (if applicable) (see note 3)	Not applicable							
Explanation on associated relationship among the aforesaid shareholders	1. 100% equity of HONG KONG NAM HOI (INTERNATIONAL) LIMITED 100% held by Shenzhen Energy Group Co., Ltd.; 2. The Company is unknown whether there exists associated relationship or belongs to the consistent actor among the other shareholders.							
Description of the above shareholders in relation to	N/A							

delegate/entrusted voting rights and abstention from voting rights.			
Special note on the repurchase account among the top 10 shareholders (if applicable) (see note 11)	N/A		
Particular about top ten shareholders with un-lock up common stocks held			
Shareholders' name	Amount of common shares held without restriction at Period-end	Type of shares	
		Type	Amount
HONG KONG NAM HOI (INTERNATIONAL) LTD.	92,123,248	Domestically listed foreign shares	92,123,248
Shenzhen Guangju Industrial Co., Ltd	73,666,824	RMB common shares	73,666,824
Shenzhen Energy Group Co., Ltd.	65,106,130	RMB common shares	65,106,130
BOCI SECURITIES LIMITED	14,267,038	Domestically listed foreign shares	14,267,038
Zeng Ying	7,159,600	Domestically listed foreign shares	7,159,600
China Merchants Securities H.K. Co., Ltd.	5,480,428	Domestically listed foreign shares	5,480,428
Meiyi Investment Property Co., Ltd.	5,218,100	RMB common shares	5,218,100
LISHERYNZHANMING	3,922,328	Domestically listed foreign shares	3,922,328
Haitong International Securities Company Limited-Account Client	3,908,357	Domestically listed foreign shares	3,908,357
Guosen Securities (HK) Brokerage Limited	3,651,901	Domestically listed foreign shares	3,651,901
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	<ol style="list-style-type: none"> 1. 100% equity of HONG KONG NAM HOI (INTERNATIONAL) LIMITED 100% held by Shenzhen Energy Group Co., Ltd.; 2. The Company is unknown whether there exists associated relationship or belongs to the consistent actor among the other shareholders. 		
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	N/A		

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.

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

Applicable Not applicable

Shares held by directors, supervisors and senior officers have no changes in reporting period, found more details in Annual Report 2021.

V. Changes in controlling shareholders or actual controllers

Change of controlling shareholder during the reporting period

Applicable Not applicable

The Company had no change of controlling shareholder during the reporting period

Change of actual controller during the reporting period

Applicable Not applicable

The Company had no change of actual controller during the reporting period

Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section IX. Corporate Bonds

Applicable Not applicable

Section X. Financial Report

I. Audit report

Whether the semi annual report is audited

Yes No

The company's semi annual financial report has not been audited

II. Financial Statement

Units of the annotations of Financial Statement are CNY/RMB

1. Consolidated balance sheet

Item	June 30, 2022	December 31, 2021
Current assets:		
Monetary fund	470,018,109.19	689,604,633.59
Trading financial assets	1,280,776,513.22	632,874,406.39
Derivative financial assets		
Note receivable		
Account receivable	136,622,627.23	73,610,161.02
Receivable financing		
Accounts paid in advance	35,570,753.71	64,415,236.66
Other account receivable	27,889,289.20	25,841,206.66
Including: Interest receivable		
Dividend receivable		
Inventory	86,153,552.73	88,500,991.13
Contractual assets		1,040,000.00
Assets held for sale		
Non-current asset due within one year		
Other current assets	8,925,003.96	331,868,661.62
Total current assets	2,045,955,849.24	1,907,755,297.07
Non-current assets:		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	5,515,052.42	6,986,655.19
Other equity instrument investment	300,615,000.00	200,615,000.00
Other non-current financial assets		
Investment real estate	1,917,733.00	2,009,051.80
Fixed assets	616,207,380.43	643,256,398.30
Construction in process	5,609,774.20	6,088,768.51
Productive biological asset		

Oil and gas asset		
Right-of-use assets		
Intangible assets	20,121,466.00	20,465,906.86
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	1,467,794.74	1,716,460.30
Deferred income tax asset	1,109,286.38	1,109,286.38
Other non-current asset		
Total non-current asset	952,563,487.17	882,247,527.34
Total assets	2,998,519,336.41	2,790,002,824.41
Current liabilities:		
Short-term loans	1,334,338,596.65	858,444,163.25
Trading financial liability		
Derivative financial liability		
Note payable		135,025,883.27
Account payable	15,615,185.36	6,703,466.71
Accounts received in advance		
Contractual liability		
Wage payable	43,789,015.63	41,533,020.96
Taxes payable	5,501,289.25	4,145,839.89
Other account payable	22,717,231.20	62,678,254.02
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,421,961,318.09	1,108,530,628.10
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long-term wages payable		
Accrual liability	15,000,000.00	15,000,000.00
Deferred income	84,931,517.77	88,079,970.09
Deferred income tax liabilities		
Other non-current liabilities	50,310.78	50,310.78
Total non-current liabilities	99,981,828.55	103,130,280.87
Total liabilities	1,521,943,146.64	1,211,660,908.97
Shareholders' equity:		
Share capital	602,762,596.00	602,762,596.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		

Capital public reserve	362,770,922.10	362,770,922.10
Less: Inventory shares		
Other comprehensive income	-2,500,000.00	-2,500,000.00
Reasonable reserve		
Surplus public reserve	332,908,397.60	332,908,397.60
Retained profit	225,253,070.72	319,351,219.81
Total equity attributable to shareholders of the parent company	1,521,194,986.42	1,615,293,135.51
Minority interests	-44,618,796.65	-36,951,220.07
Total shareholders' equity	1,476,576,189.77	1,578,341,915.44
Total liabilities and shareholders' equity	2,998,519,336.41	2,790,002,824.41

Legal Representative: Li Xinwei

Person in charge of accounting works: Chen Yuhui

Chief Financial Officer: Zhang Xiaoyin

Person in charge of accounting institute: Lin Xiaojia

2. Balance Sheet of Parent Company

Item	June 30, 2022	December 31, 2021
Current assets:		
Monetary fund	445,197,216.30	592,751,213.88
Trading financial assets	1,270,776,513.22	622,874,406.39
Derivative financial assets		
Note receivable	180,000,000.00	
Account receivable	71,242,570.68	35,966,056.15
Receivable financing		
Accounts paid in advance	8,619,927.25	60,381,018.05
Other account receivable	560,100,745.56	618,436,063.60
Including: Interest receivable		
Dividend receivable		
Inventory	79,205,383.71	79,904,055.96
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets		321,673,866.15
Total current assets	2,615,142,356.72	2,331,986,680.18
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	287,301,269.81	287,301,269.81
Other equity instrument investment	160,615,000.00	60,615,000.00

Other non-current financial assets		
Investment real estate		
Fixed assets	291,918,670.25	314,308,562.41
Construction in process	1,156,738.42	1,399,062.85
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	219,783.25	247,959.31
Research and development costs		
Goodwill		
Long-term deferred expenses	1,309,953.07	1,513,521.01
Deferred income tax assets		
Other non-current assets		
Total non-current assets	742,521,414.80	665,385,375.39
Total assets	3,357,663,771.52	2,997,372,055.57
Current liabilities		
Short-term loans	634,338,596.65	458,444,163.25
Trading financial liability		
Derivative financial liability		
Note payable	700,000,000.00	535,025,883.27
Account payable	9,768,358.22	1,280,357.11
Accounts received in advance		
Contractual liability		
Wage payable	31,876,666.22	29,251,444.37
Taxes payable	2,019,199.96	562,233.61
Other accounts payable	162,958,997.99	132,397,663.39
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,540,961,819.04	1,156,961,745.00
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrual liabilities		
Deferred income	50,316,898.18	52,036,600.90
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	50,316,898.18	52,036,600.90
Total liabilities	1,591,278,717.22	1,208,998,345.90

Shareholders' equity:		
Share capital	602,762,596.00	602,762,596.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	289,963,039.70	289,963,039.70
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	332,908,397.60	332,908,397.60
Retained profit	540,751,021.00	562,739,676.37
Total shareholders' equity	1,766,385,054.30	1,788,373,709.67
Total liabilities and shareholders' equity	3,357,663,771.52	2,997,372,055.57

Legal Representative: Li Xinwei

Person in charge of accounting works: Chen Yuhui

Chief Financial Officer: Zhang Xiaoyin

Person in charge of accounting institute: Lin Xiaojia

3. Consolidated Profit Statement

Item	January-June 2022	January-June 2021
I. Total operating income	229,243,542.07	376,602,393.38
Including: Operating income	229,243,542.07	376,602,393.38
II. Total operating cost	362,962,644.74	399,762,506.97
Including: Operating cost	282,486,432.21	351,210,223.91
Tax and extras	2,896,262.61	1,646,013.40
Sales expense		696,436.80
Administrative expense	43,777,644.68	40,014,168.55
R&D expense	17,072,589.13	3,360,629.60
Financial expense	16,729,716.11	2,835,034.71
Including: Interest expenses	20,539,845.79	13,028,372.76
Interest income	3,594,848.74	10,344,030.33
Add: other income	4,440,645.78	3,368,979.50
Investment income (Loss is listed with "-")	27,741,227.07	12,828,359.95
Including: Investment income on affiliated company and joint venture	-1,471,602.77	-1,148,715.33
The termination of income recognition for financial assets measured by amortized cost		
Net exposure hedging income (Loss is listed with "-")		
Income from change of fair value (Loss is listed with "-")		
Loss of credit impairment (Loss is listed with "-")		
Losses of devaluation of asset (Loss is listed with "-")		
Income from assets disposal (Loss is listed with "-")		974,699.74

III. Operating profit (Loss is listed with “-”)	-101,537,229.82	-5,988,074.40
Add: Non-operating income		5,261,868.55
Less: Non-operating expense	228,495.85	35,388.00
IV. Total profit (Loss is listed with “-”)	-101,765,725.67	-761,593.85
Less: Income tax expense		
V. Net profit (Net loss is listed with “-”)	-101,765,725.67	-761,593.85
(i) Classify by business continuity	-101,765,725.67	-761,593.85
1.continuous operating net profit (net loss listed with “-”)	-101,765,725.67	-761,593.85
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership	-101,765,725.67	-761,593.85
1.Net profit attributable to owner’s of parent company	-94,098,149.09	1,456,269.68
2.Minority shareholders’ gains and losses	-7,667,576.58	-2,217,863.53
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve(The effective portion of the gain/loss from cash flow hedge)		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-101,765,725.67	-761,593.85
Total comprehensive income attributable to owners of parent Company	-94,098,149.09	1,456,269.68
Total comprehensive income attributable to minority shareholders	-7,667,576.58	-2,217,863.53
VIII. Earnings per share:		
(i) Basic earnings per share (yuan/share)	-0.1561	0.0024
(ii) Diluted earnings per share (yuan/share)	-0.1561	0.0024

Legal Representative: Li Xinwei

Person in charge of accounting works: Chen Yuhui

Chief Financial Officer: Zhang Xiaoyin

Person in charge of accounting institute: Lin Xiaojia

4. Profit Statement of Parent Company

Item	January-June 2022	January-June 2021
I. Operating income	129,074,352.66	184,931,162.25
Less: Operating cost	153,243,699.14	171,383,039.58
Taxes and surcharge	1,561,901.55	182,295.14
Sales expenses	-	-
Administration expenses	14,624,528.90	18,205,121.93
R&D expenses	11,637,676.90	-
Financial expenses	1,145,966.46	-8,003,413.78
Including: interest expenses	18,356,302.31	13,876,981.75
Interest income	17,449,061.98	21,956,978.18
Add: other income	2,453,965.18	1,894,186.55
Investment income (Loss is listed with "-")	28,915,295.59	13,977,075.28
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost		
Net exposure hedging income (Loss is listed with "-")		
Changing income of fair value (Loss is listed with "-")		
Loss of credit impairment (Loss is listed with "-")		
Losses of devaluation of asset (Loss is listed with "-")		
Income on disposal of assets (Loss is listed with "-")		944,667.70
II. Operating profit (Loss is listed with "-")	-21,770,159.52	19,980,048.91
Add: Non-operating income		
Less: Non-operating expense	218,495.85	
III. Total Profit (Loss is listed with "-")	-21,988,655.37	19,980,048.91
Less: Income tax		
IV. Net profit (Net loss is listed with "-")	-21,988,655.37	19,980,048.91
(i) continuous operating net profit (net loss listed with "-")	-21,988,655.37	19,980,048.91
(ii) termination of net profit (net loss listed with "-")		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		

3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve(The effective portion of the gain/loss from cash flow hedge)		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	-21,988,655.37	19,980,048.91
VII. Earnings per share:		
(i) Basic earnings per share (yuan/share)		
(ii) Diluted earnings per share (yuan/share)		

Legal Representative: Li Xinwei

Person in charge of accounting works: Chen Yuhui

Chief Financial Officer: Zhang Xiaoyin

Person in charge of accounting institute: Lin Xiaojia

5. Consolidated Cash Flow Statement

Item	January-June 2022	January-June 2021
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	210,746,338.10	455,910,102.76
Write-back of tax received	321,785,326.40	188,709.78
Other cash received concerning operating activities	45,493,756.61	15,878,060.82
Subtotal of cash inflow arising from operating activities	578,025,421.11	471,976,873.36
Cash paid for purchasing commodities and receiving labor service	283,749,702.63	287,613,597.56
Cash paid to/for staff and workers	64,322,418.53	79,004,549.15
Taxes paid	7,023,037.32	11,130,068.18
Other cash paid concerning operating activities	22,342,179.33	25,307,945.48
Subtotal of cash outflow arising from operating activities	377,437,337.81	403,056,160.37
Net cash flows arising from operating activities	200,588,083.30	68,920,712.99
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	19,707,290.27	13,595,677.64
Net cash received from disposal of fixed, intangible and other long-term assets		1,812,386.50
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		5,000,000.00
Subtotal of cash inflow from investing activities	19,707,290.27	20,408,064.14

Cash paid for purchasing fixed, intangible and other long-term assets	2,242,860.09	28,044,760.20
Cash paid for investment	747,899,274.61	434,905,964.38
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	750,142,134.70	462,950,724.58
Net cash flows arising from investing activities	-730,434,844.43	-442,542,660.44
III. Cash flows arising from financing activities		
Cash received from absorbing investment		42,483.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	1,021,949,358.06	514,022,740.80
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	1,021,949,358.06	514,065,223.80
Cash paid for settling debts	706,518,623.08	438,233,285.00
Cash paid for dividend and profit distributing or interest paying	5,466,201.94	14,928,444.20
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	711,984,825.02	453,161,729.20
Net cash flows arising from financing activities	309,964,533.04	60,903,494.60
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	295,703.69	-59,561.89
V. Net increase of cash and cash equivalents	-219,586,524.40	-312,778,014.74
Add: Balance of cash and cash equivalents at the period -begin	689,604,633.59	764,601,272.21
VI. Balance of cash and cash equivalents at the period -end	470,018,109.19	451,823,257.47

Legal Representative: Li Xinwei

Person in charge of accounting works: Chen Yuhui

Chief Financial Officer: Zhang Xiaoyin

Person in charge of accounting institute: Lin Xiaojia

6. Cash Flow Statement of Parent Company

Item	January-June 2022	January-June 2021
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	195,459,447.73	339,874,588.88
Write-back of tax received	317,508,755.71	181,606.65
Other cash received concerning operating activities	882,162,936.47	81,393,879.95

Subtotal of cash inflow arising from operating activities	1,395,131,139.91	421,450,075.48
Cash paid for purchasing commodities and receiving labor service	139,104,100.10	115,934,173.38
Cash paid to/for staff and workers	42,760,321.94	56,654,760.87
Taxes paid	366,550.16	909,616.90
Other cash paid concerning operating activities	358,690,786.29	149,731,282.02
Subtotal of cash outflow arising from operating activities	540,921,758.49	323,229,833.17
Net cash flows arising from operating activities	854,209,381.42	98,220,242.31
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	19,707,290.27	13,595,677.64
Net cash received from disposal of fixed, intangible and other long-term assets	-	1,756,774.50
Net cash received from disposal of subsidiaries and other units	-	-
Other cash received concerning investing activities	-	-
Subtotal of cash inflow from investing activities	19,707,290.27	15,352,452.14
Cash paid for purchasing fixed, intangible and other long-term assets	780,194.99	26,800,456.86
Cash paid for investment	747,899,274.61	315,905,964.38
Net cash received from subsidiaries and other units obtained	-	118,957,517.00
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	748,679,469.60	461,663,938.24
Net cash flows arising from investing activities	-728,972,179.33	-446,311,486.10
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	439,191,858.06	514,022,740.80
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	439,191,858.06	514,022,740.80
Cash paid for settling debts	706,518,623.08	438,233,285.00
Cash paid for dividend and profit distributing or interest paying	5,466,201.94	14,928,444.20
Other cash paid concerning financing activities	-	-
Subtotal of cash outflow from financing activities	711,984,825.02	453,161,729.20
Net cash flows arising from financing activities	-272,792,966.96	60,861,011.60
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	1,767.29	-785.91
V. Net increase of cash and cash equivalents	-147,553,997.58	-287,231,018.10
Add: Balance of cash and cash equivalents at the period -begin	592,751,213.88	656,244,294.18

VI. Balance of cash and cash equivalents at the period -end	445,197,216.30	369,013,276.08
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Legal Representative: Li Xinwei

Person in charge of accounting works: Chen Yuhui

Chief Financial Officer: Zhang Xiaoyin

Person in charge of accounting institute: Lin Xiaojia

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

Current Period

Item	January-June 2022														
	Owners' equity attributable to the parent Company												Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses reserve	Provision of general risk	Retained profit	Other			Subtotal
Prefereed stock	Perpetual capital securities	Other													
I. Balance at the end of the last year	602,762,596.00				362,770,922.10		-2,500,000.00		332,908,397.60		319,351,219.81		1,615,293,135.51	-36,951,220.07	1,578,341,915.44
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at year-begin	602,762,596.00				362,770,922.10		-2,500,000.00		332,908,397.60		319,351,219.81		1,615,293,135.51	-36,951,220.07	1,578,341,915.44
III. Increase/Decrease in this year (Decrease is listed with "-")											-94,098,149.09		-94,098,149.09	-7,667,576.58	-101,765,725.67
(i) Total comprehensive income											-94,098,149.09		-94,098,149.09	-7,667,576.58	-101,765,725.67
(ii) Owners' devoted and decreased capital															
1. Common shares invested by shareholders															
2. Capital invested by holders of other equity instruments															

	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses reserve	Provision of general risk	Retained profit	Other	Subtotal	Minority interests	Owners' equity
		Preferred stock	Perpetual capital securities	Other											
I. Balance at the end of the last year	602,762,596.00				362,770,922.10		-2,500,000.00		332,908,397.60		758,799,931.94		2,054,741,847.64	33,000,673.95	2,087,742,521.59
Add:															
Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at year-begin	602,762,596.00				362,770,922.10		-2,500,000.00		332,908,397.60		758,799,931.94		2,054,741,847.64	33,000,673.95	2,087,742,521.59
III. Increase/Decrease in this year (Decrease is listed with "-")											1,456,269.68		1,456,269.68	-2,217,863.53	-761,593.85
(i) Total comprehensive income											1,456,269.68		1,456,269.68	-2,217,863.53	-761,593.85
(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															

			es								
I. Balance at the end of the last year	602,762,596.00				289,963,039.70				332,908,397.60	562,739,676.37	1,788,373,709.67
Add:											
Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at year-begin	602,762,596.00				289,963,039.70				332,908,397.60	562,739,676.37	1,788,373,709.67
III. Increase/Decrease in this year (Decrease is listed with “-”)										-21,988,655.37	-21,988,655.37
(i) Total comprehensive income										-21,988,655.37	-21,988,655.37
(ii) Owners' devoted and decreased capital											
1. Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Distribution for owners (or shareholders)											
3. Other											
(IV) Carrying forward internal owners' equity											
1. Capital reserves converted to capital (share capital)											
2. Surplus reserves converted to capital (share capital)											
3. Remedying loss with surplus reserve											
4. Carry-over retained earnings											

from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI) Others												
IV. Balance at the end of the report period	602,762,596.00				289,963,039.70				332,908,397.60	540,751,021.00		1,766,385,054.30

Last period

Item	January-June 2021											Total owners' equity
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	
		Preferr ed stock	Perpet ual capital securit ies	Other								
I. Balance at the end of the last year	602,762,596.00				289,963,039.70				332,908,397.60	685,077,973.07		1,910,712,006.37
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at year-begin	602,762,596.00				289,963,039.70				332,908,397.60	685,077,973.07		1,910,712,006.37
III. Increase/Decrease in this year (Decrease is listed with "-")										19,980,048.91		19,980,048.91
(i) Total comprehensive income										19,980,048.91		19,980,048.91
(ii) Owners' devoted and decreased capital												
1. Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into												

owners equity with share-based payment												
4. Other												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI) Others												
IV. Balance at the end of the report period	602,762,596.00				289,963,039.70				332,908,397.60	705,058,021.98		1,930,692,055.28

Legal Representative: Li Xinwei

Person in charge of accounting works: Chen Yuhui

Chief Financial Officer: Zhang Xiaoyin

Person in charge of accounting institute: Lin Xiaojia

Shenzhen Nanshan Power Co., Ltd.
Annotations to the semi-annual financial statement of 2022
(Unless otherwise stated, the amount of unit is RMB/CNY)

I. Company Profile

(1) Profile

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

After approved by Document Shen Zhu Ban Fu [1993] No.179 issued by Shenzhen Securities Regulatory Office, on 3 January 1994, the Company offered 40,000,000 RMB common shares and 37,000,000 domestically listed foreign shares in and out of China. And the RMB common shares (A-stock) and domestically listed foreign listed shares (B-stock) were listed in Shenzhen Stock Exchange successively on July 1, 1994 and Nov. 28, 1994.

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

The financial statement has approved for report by the Board on August 17, 2022.

(2) Scope of financial statement

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

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

	Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership) (“Zhuhai Hengqin”)	99.96
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e of the consolidate financial statement and its changes found more in the VI. Change of Consolidate Scope and VII. Equity in other entity carry in the Note

II. Preparation basis of Financial statement

(1) Preparation basis

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

(2)Going concern

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

III. Major Accounting Policies and Estimation

The Company together with its subsidiaries is mainly engaged in businesses as production of power and heat, power plant construction, fuel trading, engineering consulting and sludge drying. According to the actual production and operation characteristics, the Company and its subsidiaries establish certain specific accounting policies and accounting estimates in respect of their transactions and matters such as sales revenue recognition pursuant to relevant business accounting principles. Details are set out in (24) Revenue under Note III.

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

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

(2) Accounting period

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

(3) Operating cycle

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

(4) Book-keeping standard currency

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

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

Enterprise combination under the same control: The assets and liabilities obtained by the combining party in enterprise combination are measured at the book value of the consolidated financial statements of the ultimate controlling party in accordance with the assets and liabilities of the combined party on the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate nominal value of shares issued as consideration) is charged to the share capital premium in capital reserve. If the share capital premium in capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

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

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

(6) Preparation methods for consolidated statement

6.1. Consolidate scope

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

6.2.Consolidate procedures

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

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

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

(1) Increase subsidiaries or businesses

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

Where it is possible to exercise control over an investee under the same control due to additional

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

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

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

(2) Disposal of subsidiaries or businesses

General treatment method

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

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

calculated since purchased date (or combination date) and sum of consideration obtained by equity disposal and fair value of remain equity, reckoned into the current investment income of control rights loss. Other comprehensive income related to the original subsidiary's equity investment or other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution will be converted to current investment income when the control is lost, except for other comprehensive income arising from the remeasurement of the net liabilities or changes in net assets of the defined benefit plan of the investee.

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

□ Dispose subsidiary step-by-step

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

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

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

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

(3) Purchase of minority shares in subsidiaries

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

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

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

(7) Classification of joint venture and accounting treatment

Joint arrangement is divided into joint operation and joint venture.

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

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

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

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

(8) Determination criteria of cash and cash equivalent

While preparing the cash flow statement, the stock cash and savings available for payment at any time are recognized as cash. The investments meets the follow four conditions at the same time are

recognized as cash equivalent, that is short-term (normally fall due within three months from the date of acquisition) and highly liquid investments held the Group which are readily convertible into known amounts of cash and which are subject to insignificant risk of value change.

(9) Foreign currency business and foreign currency statement translation

9.1. Foreign currency business

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

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

9.2. Foreign currency statement translation

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

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

(10) Financial instrument

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

10.1. Classification of financial instrument

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

Business model to collect the contractual cash flow, and the contractual cash flow is only the payment of the principal and the interest based on the outstanding principal amount, is classified as a financial asset measured at amortized cost; business model to collect the contractual cash flow

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

For a non-tradable equity instrument investment, the Company determines at the time of initial recognition whether to designate it as a financial asset (equity instrument) measured at fair value and whose changes are included in other comprehensive income.

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

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

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

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

10.2 Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

gains/losses

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

Upon termination of the recognition, the difference between its book value and the consideration paid is included in the current gains/losses.

(6) Financial liability measured at amortized cost

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

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

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

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

In the event of financial asset transfer, the Company shall assess the degree of risk and reward of retaining the ownership of the financial asset and deal with the following circumstances respectively:

(1) Where almost all risks and rewards on the ownership of a financial asset are transferred, the recognition of the financial asset shall be terminated, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities.

(2) Where almost all risks and rewards on the ownership of a financial asset are retained, the financial asset shall continue to be recognized.

(3) Where virtually all risks and rewards on the ownership of a financial asset are neither transferred nor retained (that is, other conditions except for (1) and (2) of this Article), depending on whether it retains control of the financial asset, deal with the following circumstances

respectively:

1) Where the control of such financial asset is not retained, the recognition of the financial asset is terminated, and the rights and obligations generated or reserved in the transfer are identified as an asset or liability.

2) Where the control of such financial asset is retained, the relevant financial assets shall continue to be recognized according to the extent of its continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The extent of continued involvement in the transferred financial assets refers to the extent of the risk or reward of changes in the value of the transferred financial asset assumed by the Company.

When judging whether the financial asset transfer meets the termination of recognition of the said financial asset, adopt the principle of substance over form. The company divides the financial asset transfer into overall transfer and partial transfer of financial asset.

(1) Where the overall transfer of financial assets meets the conditions for recognizing the termination, the difference between the following two amounts shall be recorded into the profits and losses of the current period:

1) The carrying amount of the transferred financial asset on the date of the termination of recognition.

2) The sum of the consideration received by the transfer of financial assets and the amount corresponding to the portion of which the recognition is terminated of the accumulated amount of changes in fair value originally included in other comprehensive income (The financial assets involved in transfer are measured at fair value and their changes are included in other comprehensive income).

(2) Where the financial asset is partially transferred and the transferred portion overall meets the conditions for recognizing the termination, the carrying amount of overall financial asset before transfer shall be apportioned between the portion to be terminated from recognition and the portion continued to be recognized (In such circumstances, the retained service assets shall be regarded as a portion of the financial assets continuing to be recognized) in accordance with their relative fair value on the transfer date, and the difference between the following two amounts shall be recorded into the profits and losses of current period.

1) The carrying amount of the portion on the date of the termination of recognition.

2) The sum of the consideration received from the portion of which the recognition is terminated and the amount corresponding to the portion of which the recognition is terminated of the accumulated amount of changes in fair value originally and directly included in other comprehensive income (The financial assets involved in transfer are measured at fair value and their changes are included in other comprehensive income).

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

10.4. Termination recognition of financial liability

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

As for substantive changes made to the contract terms (in whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be terminated for recognition, and the financial liabilities after term revision will be recognized as a new financial liability.

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

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

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

For financial instruments that have an active market, their fair values are determined by using quotes in the active market. For financial instruments that do not have an active market, valuation techniques are used to determine their fair values. In the valuation, the Company adopts valuation

techniques that are applicable under the current circumstances and have sufficient available data and other information support, chooses the input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of related assets or liabilities, and prioritizes the relevant observable input values. The Company uses unobservable input values only if the relevant observable input values cannot be obtained or are not practicable.

10.6. Test methods and accounting treatment methods for impairment of financial assets

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

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

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

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

Regarding the note receivable, account receivables and receivables financing, whether or not it contains a significant financing component, the Company always measures its loss provisions at an amount equivalent to the expected credit loss throughout the duration.

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

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

(1) Note receivables

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

(2) Account receivable

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

(3) Other account receivable

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

(4) Receivable financing

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

(11) Inventory

11.1. Categories of inventory

Inventory consists of fuels and raw materials etc.

11.2. Valuation method of delivered inventory

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

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

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

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

11.4. Inventory system

Perpetual inventory system required

11.5. Amortization method of low-value consumables and packaging

(1) Low-value consumables-one pass method

(2) Packaging- one pass method

(12) Contractual assets

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

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

(13) Long-term equity investment

13.1 Criteria judgement for joint control and significant influence

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

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

13.2 Determination of initial investment cost

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

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

on the merger date and the sum of the book value of the long-term equity investment before the merger plus the book value of the new share payment consideration obtained on the merger date adjusts the equity premium. If the equity premium is insufficient to be offset, the retained earnings shall be offset.

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

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

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

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

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

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

13.3 Follow-up measurement and gain/loss recognition

(1) Long-term equity investment measured at cost

The long-term equity investment in subsidiaries shall be measured at cost. In addition to the actual prices or the announced but yet undistributed cash dividend or profit in consideration valuation,

the current investment return is recognized by the announced cash dividend or profit by the invested units.

(2) Long-term equity investment measured at equity

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

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

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

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

(3) Disposal of long-term equity investment

When disposing of a long-term equity investment, the difference between its book value and the

actual purchase price is included in the current profit and loss.

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

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

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

The disposed equity is obtained through business combination due to additional investment and other reasons, when preparing individual financial statements, if the remaining equity after disposal uses cost method or equity method for accounting, the equity investments held before the acquisition date shall be carried forward in proportion to other comprehensive income and other

owner's equity recognized through equity method accounting; For the remaining equity interest after disposal accounted for using the recognition and measurement standard of financial instruments, other comprehensive income and other owners' equity shall be fully transferred.

(14) Investment real estate

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights and the land use rights which are held and prepared for transfer after appreciation, the rented buildings. (Including buildings for lease after self-construction or development activities completed and buildings under construction or development for lease in the future)

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

(15) Fixed assets

15.1 Recognition conditions for the fixed assets

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

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

15.2 Depreciation method

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

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

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

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

Name of the Company	Fixed assets	Depreciation amount (RMB/Hour)
The Company	Generating unit 1#	538.33
	Generating unit 3#	601.20
New Power	Generating unit 10#	520.61
Zhongshan Electric Power	Generating unit 1#	989.98
	Generating unit 3#	862.43

(16) Construction in process

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

(17) Borrowing expenses

17.1 Recognition principle of the capitalization of borrowing expenses

Borrowing expenses include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange

differences arising from foreign currency borrowings.

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

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

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

- (1) Asset expenditures have occurred, including expenditures in the form of paying cash, transferring non-cash assets, or assuming interest-bearing debts for the acquisition, construction or production of assets that meet the conditions for capitalization;
- (2) borrowing expenses have incurred;
- (3) The acquisition, construction or production activities necessary for the assets to reach the intended usable or saleable state have begun.

17.2 Period of capitalization of borrowing expenses

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

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

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

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

17.3 The period of suspension of capitalization

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

17.4 Calculation method of capitalization rate and capitalization amount of borrowing expenses

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

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

(18) Intangible assets

18.1 Valuation methods of intangible assets

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

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

For intangible assets used by the debtor to repay the debt through debt restructuring, the entry

value is determined by the fair value of the waived creditor's rights and other costs that can be directly attributable to the tax incurred to make the asset reach its intended use, and the difference between the fair value and the book value of the waived creditor's rights is included in the current profit and loss.

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

(2) Follow-up measurement

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

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

18.2 Estimated service life of intangible assets with limited service life

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

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

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

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

18.4 Specific criteria for dividing the research phase and the development phase

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

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

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

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

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

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

(19) Impairment of long-term assets

Long-term equity investments, investment real estate measured by the cost model, fixed assets, construction in progress, intangible assets with limited service life and other long-term assets that show signs of impairment on the balance sheet date shall be tested for impairment. If the impairment test result shows that the recoverable amount of an asset is less than its carrying amount, the impairment provision will be made according to the difference and recognized as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. Provisions for assets impairment shall be made and recognized for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. The asset group is the smallest group of assets capable of generating cash flows independently.

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

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

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

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

(20) Long-term deferred expenses

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

(21) Contractual liabilities

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

(22) Staff remuneration

22.1 Accounting treatment of a short-term compensation

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

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

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

22.2 Accounting treatment methods for post-employment benefits

(1) Defined contribution plans

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

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

(2) Defined benefit plans

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

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

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

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

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

22.3 Accounting treatment methods for dismissal benefits

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

(23) Accrual liability

23.1 Recognition criteria

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

- (1) the liability is the current liability that undertaken by the Company;

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- (2) the liability has the probability of result in financial benefit outflow; and
 - (3) the responsibility can be measured reliably for its value.

23.2 Measurement on vary accrual liability

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

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

The best estimates are handled separately in the following situations:

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

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

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

(24) Revenue

General principles

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

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

Variable consideration

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

Significant financing component

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

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

Non-cash consideration

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

Consideration payable to customers

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

Sales with sales return clauses

For sales with a sales return clause, when the customer obtains control of the relevant product, our company recognizes the revenue in accordance with the amount of consideration expected to be entitled to be collected due to transfer of goods to customers (that is, does not include the amount expected to be refunded due to sales returns), and recognizes liabilities in accordance with the amount expected to be refunded due to sales returns. At the same time, according to the expected book value of the returned goods at the time of transfer, the balance after deducting the estimated cost of recovering the goods (including the value impairment of the returned goods) is recognized as an asset, and the net carry-over cost of the above asset cost is deducted according to the book value of the transferred commodity at the time of transfer. On each balance sheet date, re-estimate the future sales return situation, and if there is any change, it will be treated as a change in accounting estimates.

Sales with quality assurance clauses

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

Principal and agent

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

Sales with additional purchase options for customers

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

Grant intellectual property licenses to customers

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

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

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

After-sales repurchase transaction

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

- (1) If there is a repurchase obligation due to the existence of a long-term arrangement with the customer or the Company enjoys the repurchase right, the Company shall conduct the corresponding accounting treatment as a lease transaction or financing transaction. Among them, if the repurchase price is lower than the original selling price, it shall be regarded as a lease transaction, and shall be accounted for in accordance with the relevant provisions of the standards; if the repurchase price is not lower than the original selling price, it shall be regarded as a financing transaction, and the financial liabilities shall be confirmed when receiving the client's

payment, and the difference between the payment and the repurchase price is recognized as interest expenses during the repurchase period. If the Company fails to exercise the repurchase right upon maturity, when the repurchase right expires, the financial liabilities is derecognized, and the revenue is recognized at the same time.

(2) If the Company is obliged to repurchase commodities at the request of the customer, it shall assess whether the customer has a major economic motivation to exercise the right of claim on the commencement date of contract. If the customer has a major economic motivation to exercise the right of claim, the enterprise shall treat the after-sale repurchase as a lease transaction or financing transaction, and conduct accounting treatment in accordance with the provisions of present article (1); otherwise, the Company will treat it as a sales transaction with a sales return clause, and perform accounting treatments in accordance with relevant regulations of the standards.

Customer's unexercised rights

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

Initial fee no need to be refunded

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

If the Company has collected an initial fee that does not need to be refunded and should carry out

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

Specific principles

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

(1) Commodity sales revenue

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

Electricity sales revenue

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

(2) Income from rendering of labor services

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

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

- (1) The customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company's performance;
- (2) Customers can control the products under construction during the performance of the Company;

(3) The goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance part that has been completed so far during the entire contract period. Otherwise, the Company recognizes revenue at the time point when the customer obtains control of the relevant goods or services.

④ Recognition standards of income from labor services provided by Environment Protection Company:

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

⑤ Specific standards for revenue recognition of Engineering Company:

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

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

(25) Contractual costs

The cost of obtaining the contract

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

The cost of fulfilling the contract

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

Contract cost impairment

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

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

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The cost of obtaining the contract

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

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

(26) Government subsidy

26.1 Type

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

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

26.2 Time point of recognition

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

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

26.3 Accounting treatment

Government subsidies related to assets are used to offset the book value of related assets or be recognized as deferred income, those recognized as deferred income shall be included in the

current profit and loss (those related to the Company's daily activities shall be included in other income; those not related to the Company's daily activities shall be included in the non-operating income) in a reasonable and systematic way within the useful life of the relevant assets;

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

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

- (1) The finance allocates interest subsidy to the lending bank, if the lending bank provides loans to the Company at a preferential policy interest rate, the Company uses the amount of borrowing actually received as the entry value of the loan, and calculates the related borrowing costs according to the loan principal and the policy preferential interest rates.
- (2) If the finance directly allocates interest subsidy funds to the Company, the Company will offset the corresponding interest discount against the relevant borrowing costs.

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

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

For taxable temporary differences, except for special circumstances, deferred income tax liabilities are recognized.

Special circumstances that do not recognize deferred income tax assets or deferred income tax liabilities include initial recognition of goodwill; Other transactions or matters that do not affect accounting profits or taxable income (or deductible losses) when they occur except for a business

combination.

When having the statutory right to settle on a net basis, and intending to settle on a net basis or obtain assets and pay off liabilities at the same time, the current income tax assets and current income tax liabilities are presented as the net amount after offsetting.

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

(28) Leasing

A leasing is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period of time in return for consideration.

28.1 The Company acts as the lessee

The Company recognizes the right-of-use assets on the commencement date of the lease term and recognizes the lease liabilities at the present value of the outstanding lease payments. The lease payments include fixed payments, as well as payments where there is reasonable certainty that a purchase option will be exercised or a lease option will be terminated. The variable rent determined based on a certain percentage of sales is not included in the lease payment, and is included in the current profit and loss when it actually occurs.

The Company's right-of-use assets include leased houses and buildings, machinery and equipment, means of transport, computers and electronic equipment, etc.

For short-term leases with a lease term of less than 12 months and low-value asset leases with a low value when a single asset is brand-new, the Company chooses not to recognize the right-of-use assets and lease liabilities, and includes the relevant rental expenses into current profits and losses or the relevant assets cost in each period of the lease term according to the straight-line method.

28.2 The Company acts as the lessor

A lease that transfers substantially all the risks and rewards associated with the ownership of the leased asset is a finance lease. Other leases are operating leases.

(1) Operating lease

When the Company operates leased buildings, machinery and equipment, and means of transport, the rental income from operating leases shall be recognized in accordance with the straight-line method during the lease term. The Company will include variable rent determined based on a percentage of sales in rental income when it actually incurs.

(2) Finance lease

On the beginning date of the lease term, the Company recognizes the finance lease receivables for finance leases and derecognizes related assets. The Company presents the finance lease receivables as long-term receivables, and the finance lease receivables received within one year (including one year) from the balance sheet date are presented as non-current assets due within one year.

(29) Changes of major accounting policy and accounting estimation

29.1 Change of major accounting policies

No changes of major accounting policy during the reporting period

29.2 Change of major accounting estimation

No change of major accounting estimation during the reporting period

IV. Taxes

(1) Main taxation and rates

Taxation items	Taxation basis	Tax rate
VAT	Calculate the output tax based on the sales of goods and taxable service income calculated according to the tax law, after deducting the input tax allowable for deduction in the current period, the difference is the VAT payable.	13%, 9%, 6%, 5%, 3%
City maintenance tax	According to the actual payment of VAT and consumption tax	7%
Education surtax	According to the actual payment of VAT and consumption tax	3%
Local education surtax	According to the actual payment of VAT and consumption tax	2%
Enterprise income tax	According to the taxable income amount	25%, 17%, 16.5%, 15%
Land-use tax of town	2 Yuan ~ 8Yuan per square meter of the actual occupied are for the industrial land located in Nanshan District, Shenzhen City; 1Yuan per square meter of the actual occupied are for the industrial land located in Zhongshan City	

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

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

(3) Preferential tax policies and basis

1. Preferential corporate income tax policy:

(1) According to the Record List of the Second Batch of High-tech Enterprises recognized by Shenzhen in 2021, Shenzhen Nanshan Power Co., Ltd. has obtained the National High-tech Enterprise Certification no. GR202144204080, which is valid for 3 years. From 2021 to 2023, the company enjoys the preferential corporate income tax of high-tech enterprises, the corporate income tax is paid at the rate of 15.00%.

(2) According to the Document GKHZ (2020) No. 46, Shenzhen Shennandian Turbine Engineering Technology Co., Ltd. has obtained the National High-tech Enterprise Certification no. GR202044200352, which is valid for 3 years. From 2020 to 2022, the company enjoys the preferential corporate income tax of high-tech enterprises, the corporate income tax is paid at the rate of 15.00%.

(3) According to the Document GKHZ (2020) No. 46, Shenzhen Shen Nan Dian Environment Protection Co., Ltd has obtained the National High-tech Enterprise Certification no. GR202044200405, which is valid for 3 years. From 2020 to 2022, the company enjoys the preferential corporate income tax of high-tech enterprises, the corporate income tax is paid at the rate of 15.00%.

2. Value-added tax preferential policies:

Tax	Name of the company	Relevant regulation and policies basis	Approval institution	Approval documents	Exemption range	Period of validity
VAT	Environment	Notice on "contents of products with	Shenzhen Provincial	SQSST[2018]N o.: 18302	Resource comprehensi	31 Aug. 2018 to 31

Tax	Name of the company	Relevant regulation and policies basis	Approval institution	Approval documents	Exemption range	Period of validity
	Protection Company	comprehensive utilization of resources and value-added tax privilege of labor service" (CS No. [2015] 78)	Office, SAT (Qianhai SAT)		ve utilization of VAT refund	July 2022
VAT	Engineering Company	Administrative Measures on VAT Exemption for Cross-boarder Taxable Acts with VAT Replaced by Business Tax	Shenzhen Provincial Office, SAT (Qianhai SAT)		VAT Exemption for Cross-boarder Taxable Acts	

V. Annotation of the items in consolidate financial statement

(1) Monetary fund

Item	Ending balance	Balance at the end of last year
Cash on hand	36,401.40	35,963.95
Bank savings	420,081,707.79	456,715,650.80
Other monetary fund	49,900,000.00	232,853,018.84
Total	470,018,109.19	689,604,633.59
Including: total amount saving aboard	5,829,122.75	51,205,621.70

No monetary funds that are restricted to use due to mortgage, pledge or freezing, and are placed overseas and the repatriation of funds are restricted.

(2) Trading financial assets

Item	Ending balance	Balance at the end of last year
Financial assets measured by fair value and with variation reckoned into current gains/losses	1,207,902,833.22	560,000,726.39
Including: Debt instrument investment		
Equity instrument investment		
Other	1,207,902,833.22	560,000,726.39
Designated as financial assets measured by fair value and with variation reckoned into current gains/losses	72,873,680.00	72,873,680.00
Including: Debt instrument investment		
Equity instrument investment	72,873,680.00	72,873,680.00
Total	1,280,776,513.22	632,874,406.39

(3) Account receivable

1. Age analysis

Account age	Ending balance	Balance at the end of last year
Within one year	81,916,225.11	73,610,161.02
1-2 years	54,706,402.12	
Over 3 years	5,558,673.67	5,558,673.67
Subtotal	142,181,300.90	79,168,834.69
Less: Bad debt provision	5,558,673.67	5,558,673.67
Total	136,622,627.23	73,610,161.02

2. According to accrual method for bad debts

Category	Ending balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Accounts receivable with single provision for bad debts	5,558,673.67	3.91	5,558,673.67	100.00	-
Provision for bad debts by combination of risk characteristics	136,622,627.23	96.09			136,622,627.23
Including: risk-free portfolio	136,622,627.23	96.09	-	-	136,622,627.23
Total	142,181,300.90	100.00	5,558,673.67	3.91	136,622,627.23

Category	Balance at the end of last year				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Accounts receivable with single provision for bad debts	5,558,673.67	7.02	5,558,673.67	100.00	
Provision for bad debts by combination of risk characteristics	73,610,161.02	92.98			73,610,161.02
Including: risk-free portfolio	73,610,161.02	92.98			73,610,161.02
Total	79,168,834.69	100.00	5,558,673.67	7.02	73,610,161.02

With single provision for bad debts

Name	Ending balance			
	Book balance	Bad debt provision	Accrual proportion (%)	Causes
Shenzhen Petrochemical Products Bonded Trading Co., Ltd.	3,474,613.06	3,474,613.06	100.00	Uncollectible in excepted
Zhongji Construction Development Co., Ltd.	1,137,145.51	1,137,145.51	100.00	Uncollectible in excepted
Shenzhen Fuhuade Power Co., Ltd	800,000.00	800,000.00	100.00	Uncollectible in excepted
Other	146,915.10	146,915.10	100.00	Uncollectible in excepted
Total	5,558,673.67	5,558,673.67	100.00	

3. Bad debt provision accrual, collected or switch back

Category	Balance at the end of last year	Current amount changed			Ending balance
		Accrual	Collected or switch back	Other	
Accounts receivable with single provision for bad debts	5,558,673.67				5,558,673.67
Total	5,558,673.67				5,558,673.67

4. Top 5 receivables at Ending balance by arrears party

Total period-end balance of top five receivables by arrears party amounting to 140,097,189.39 Yuan, takes 98.53% of the total account receivable at period-end, bad debt provision accrual correspondingly at period-end amounting as 3,474,613.06 Yuan

(4) Account paid in advance

1. Account paid in advance classified according to age

Account age	Ending balance		Balance at the end of last year	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within one year	34,913,117.53	98.15	63,880,339.98	99.17
1-2 years	596,049.24	1.68	441,309.74	0.69
Over 3 years	61,586.94	0.17	93,586.94	0.14
Total	35,570,753.71	100.00	64,415,236.66	100.00

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

The aggregate amount of the top five Ending balance of account paid in advance collected by the arrears is 33,083,457.32 Yuan, accounting for 93.01% of the total number of account in Ending balance of paid in advance

(5) Other account receivable

Item	Ending balance	Balance at the end of last year
Interest receivable		
Dividends receivable		
Other account receivable	27,889,289.20	25,841,206.66
Total	27,889,289.20	25,841,206.66

1. Other account receivable

(1) Age analysis

Account age	Ending balance	Balance at the end of last year
Within one year	4,647,856.81	3,823,549.28
1-2 years	450,539.90	553,190.98
2-3 years	1,288,672.21	1,765,816.10
Over 3 years	53,542,607.89	51,739,037.91
Subtotal	59,929,676.81	57,881,594.27
Less: Bad debt provision	32,040,387.61	32,040,387.61
Total	27,889,289.20	25,841,206.66

(2) By category

Category	Ending balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Accounts receivable with single provision for bad debts	32,676,165.92	54.52	32,040,387.61	98.05	635,778.31
Provision for bad debts by	27,253,510.89	45.48	-	-	27,253,510.89

Category	Ending balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
portfolio of credit risk					
Including: risk-free portfolio	27,253,510.89	45.48			
Total	59,929,676.81	100.00	32,040,387.61	53.46	27,889,289.20

Category	Balance at the end of last year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Accounts receivable with single provision for bad debts	32,676,135.85	56.45	32,040,387.61	98.05	635,748.24
Provision for bad debts by portfolio of credit risk	25,205,458.42	43.55			25,205,458.42
Including: risk-free portfolio	25,205,458.42	43.55			25,205,458.42
Total	57,881,594.27	100.00	32,040,387.61	55.36	25,841,206.66

With single provision for bad debts:

Name	Ending balance			
	Book balance	Bad debt provision	Accrual proportion (%)	Causes
Huiyang Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00	Unable to recover
Individual income tax	2,470,039.76	2,470,039.76	100.00	Unable to recover
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31	Unable to recover
Deposit receivable	1,601,059.26	1,312,974.95	82.01	Unable to recover
Personal receivables	7,498,997.87	7,498,997.87	100.00	Unable to recover
Shandong Jinan Generation Equipment Plant	3,560,000.00	3,560,000.00	100.00	Unable to recover
Zuohao Clothing (Shenzhen) Co., Ltd.	43,068.31	43,068.31	100.00	Unable to recover
Shenzhen Guanhua Printing and Dyeing Co., Ltd.	53,591.75	53,591.75	100.00	Unable to recover
Shenzhen Nanhua Printing and Dyeing Co., Ltd.	41,407.01	41,407.01	100.00	Unable to recover

Name	Ending balance			Causes
	Book balance	Bad debt provision	Accrual proportion (%)	
Huizhou Bangde Agricultural Ecological Organic Fertilizer Co., Ltd.	25,788.00	25,788.00	100.00	Unable to recover
Huizhou Lvhuan Fertilizer Co., Ltd.	44,112.1	44,112.1	100.00	Unable to recover
Other	942,777.00	942,777.00	100.00	Unable to recover
Total	32,676,165.92	32,040,387.61	98.05	

(3) Accrual of bad debt provision

Bad debt provision	Phases I	Phases II	Phases III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance at year-begin			32,040,387.61	32,040,387.61
Balance at year-begin of the period				
—Turn to phase II				
—Turn to phase III				
—Return to Phase II				
—Return to Phase I				
Current accrual				
Current switch back				
Rewrite in the period				
Write-off in the period				
Other changes				
Ending balance			32,040,387.61	32,040,387.61

(3) By nature

Nature	Ending book balance	Book balance at last year-end
Deposit and security deposit	7,729,415.18	8,213,574.51
Reserve fund	1,062,821.06	610,723.06
Withholding payment	4,423,719.97	9,182,463.86

Nature	Ending book balance	Book balance at last year-end
Current payment	30,752,297.03	24,404,083.76
Accounts receivable of Huidong Server	15,961,423.57	14,740,501.44
Other	-	730,247.64
Subtotal	59,929,676.81	57,881,594.27
Less: Bad debt provision	32,040,387.61	32,040,387.61
Total	27,889,289.20	25,841,206.66

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

The total amount of the top five other receivables at the end of the period aggregated by the owing party was 40,697,322.19 Yuan, accounting for 67.91% of the total balance of other receivables at the end of the period.

(6) Inventory

1. Classification

Item	Ending balance			Balance at the end of last year		
	Book balance	Inventory falling price reserves	Book value	Book balance	Inventory falling price reserves	Book value
Raw materials	144,898,465.30	58,744,912.57	86,153,552.73	149,489,121.27	61,358,046.54	88,131,074.73
Low-value consumables	-	-	-	369,916.40		369,916.40
Total	144,898,465.30	58,744,912.57	86,153,552.73	149,859,037.67	61,358,046.54	88,500,991.13

2. Inventory falling price reserves

Item	Balance at the end of last year	Current increased		Current decreased		Ending balance
		Accrual	Other	Switch-back or write-off	Other	
Raw materials	61,358,046.54			2,613,133.97		58,744,912.57
Total	61,358,046.54			2,613,133.97		58,744,912.57

(7) Contract assets

Item	Ending balance	Balance at the end of last year
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Item	Ending balance	Balance at the end of last year
Operation and maintenance project settlement accounts receivable		1,040,000.00
Subtotal		1,040,000.00
Provision for impairment of contract assets		
Total		1,040,000.00

(8) Other current assets

Item	Ending balance	Balance at the end of last year
VAT input tax deductible	2,292,514.98	324,040,257.98
Income tax paid in advance	6,583,089.98	6,583,089.98
Accrual interest of time deposit	-	1,195,914.66
Other	49,399.00	49,399.00
Total	8,925,003.96	331,868,661.62

(9) Long-term equity investment

The invested entity	Balance at the end of last year	Changes +,-								Ending balance	Period-end balance of depreciation reserves
		Additional investment	Disinvestment	Investment gains/losses recognized by equity method	Other comprehensive income adjustment	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other		
1. Joint venture											
Huidong Server Harbor Comprehensive Development Company	6,986,655.19			-1,471,602.77						5,515,052.42	
Total	6,986,655.19			-1,471,602.77						5,515,052.42	

(10) Other equity instrument investment

1. Other equity instrument investment

Item	Ending balance	Balance at the end of last year
CPI Jiangxi Nuclear Power Company	60,615,000.00	60,615,000.00
Zhongsheng Technology (Jiangsu) Co., Ltd.	140,000,000.00	140,000,000.00
Yuanzhi Credit Suisse New Generation Information Technology Equity Investment Fund	100,000,000.00	
Shenzhen Petrochemical Products Bonded Trading Co., Ltd. - investment cost	2,500,000.00	2,500,000.00
Shenzhen Petrochemical Products Bonded Trading Co., Ltd. - change in fair value	-2,500,000.00	-2,500,000.00
Total	300,615,000.00	200,615,000.00

2. Non trading equity instrument investment

Item	Dividend income recognized in the current period	Accumulated gain	Accumulated loss	Retained earnings transferred from other comprehensive income	Designated as the investment measured at fair value and whose changes reckoned into other comprehensive income (explain reasons)	Reasons of retained earnings transferred from other comprehensive income
CPI Jiangxi Nuclear Power Company					Intents to holding for a long-term	
Zhongsheng Technology (Jiangsu) Co., Ltd.					Intents to holding for a long-term	
Yuanzhi Ruixin New Generation Information Technology Equity Investment Fund					Intents to holding for a long-term	
Shenzhen Petrochemical Products Bonded Trading Co., Ltd.			-2,500,000.00		Intents to holding for a long-term	
Total			-2,500,000.00			

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

Item	House and building	Total
1. Original book value		
(1) Balance at the end of last year	9,708,014.96	9,708,014.96
(2) Current increased		
(3) Current decreased		
(4) Ending Balance	9,708,014.96	9,708,014.96
2. Accumulated depreciation and accumulated amortization		
(1) Balance at the end of last year	7,698,963.16	7,698,963.16
(2) Current increased	91,318.80	91,318.80
(3) Current decreased		
(4) Ending Balance	7,790,281.96	7,790,281.96
3. Depreciation provision		
(1) Balance at the end of last year		
(2) Current increased		
(3) Current decreased		
(4) Ending Balance		
4. Book value		
(1) Ending book value	1,917,733.00	1,917,733.00
(2) Book value of end of last year	2,009,051.80	2,009,051.80

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

Item	Ending balance	Balance at the end of last year
Fixed assets	616,039,027.88	643,256,398.30
Disposal of fixed assets	168,352.55	
Total	616,207,380.43	643,256,398.30

2. Fixed assets

Item	House and buildings	Machinery equipment	Transportation tools	Other	Total
1. Original book value					
(1) Balance at the end of last year	426,009,822.97	3,191,370,467.04	14,881,705.15	61,313,836.82	3,693,575,831.98
(2) Current increased	-	2,290,055.69	-	245,646.63	2,535,702.32
—Purchase	-	-	-	245,646.63	245,646.63
Construction in progress transfer-in	-	2,290,055.69	-	-	2,290,055.69
(3) Current decreased	-	460,447,110.57	-	34,335.56	460,481,446.13
—Disposal or scrapping	-	460,447,110.57	-	34,335.56	460,481,446.13
---Decrease in disposal of subsidiaries					
(4) Ending Balance	426,009,822.97	2,733,213,412.16	14,881,705.15	61,525,147.89	3,235,630,088.17
2. Accumulated depreciation					
(1) Balance at the end of last year	286,391,266.26	2,308,965,299.56	8,678,482.02	46,874,270.77	2,650,909,318.61
(2) Current increased	5,064,242.49	7,543,455.65	881,933.91	1,428,063.14	14,917,695.19
—Accrual	5,064,242.49	7,543,455.65	881,933.91	1,428,063.14	14,917,695.19
(3) Current decreased	-	404,662,174.15	-	30,902.01	404,693,076.16
—Disposal or scrapping	-	404,662,174.15	-	30,902.01	404,693,076.16
—Decrease in disposal of subsidiaries					
(4) Ending Balance	291,455,508.75	1,911,846,581.06	9,560,415.93	48,271,431.90	2,261,133,937.64

Item	House and buildings	Machinery equipment	Transportation tools	Other	Total
3. Depreciation provision					
(1) Balance at the end of last year	22,469,672.10	376,720,124.57	56,300.08	164,018.32	399,410,115.07
(2) Current increased	-	-	-	-	-
—Accrual	-	-	-	-	-
—Other	-	-	-	-	-
(3) Current decreased	-	40,952,992.42	-	-	40,952,992.42
—Disposal or scrapping	-	40,952,992.42	-	-	40,952,992.42
—Decrease in disposal of subsidiaries					
—Other					
(4) Ending Balance	22,469,672.10	335,767,132.15	56,300.08	164,018.32	358,457,122.65
4. Book value					
(1) Ending book value	112,084,642.12	485,599,698.95	5,264,989.14	13,089,697.67	616,039,027.88
(2) Book value of end of last year	121,297,084.35	501,536,843.17	6,146,923.05	14,275,547.73	643,256,398.30

3. Idle fixed assets temporary

Item	Original book value	Accumulated depreciation	Depreciation provision	Book value	Note
Housing & buildings	127,893,412.10	99,084,318.83	19,801,856.52	9,007,236.75	
Machinery equipment	108,281,079.11	78,046,419.35	28,514,659.76	1,720,000.00	
Total	236,174,491.21	177,130,738.18	48,316,516.28	10,727,236.75	

4. Fixed assets without property rights certificate

Item	Book value	Reasons for failing to complete the property rights certificate
Circulating Water Pump House	1,009,125.92	Procedures uncompleted
Cooling Tower	673,259.25	Procedures uncompleted
Complex Building	443,246.19	Procedures uncompleted
Comprehensive building canteen	237,602.25	Procedures uncompleted
Chemical water treatment workshop	232,960.00	Procedures uncompleted
Main entrance mail room	69,418.02	Procedures uncompleted
Total	2,665,611.63	

(13) Construction in progress

1. Construction in progress and Engineering materials

Item	Ending balance	Balance at the end of last year
Construction in process	5,609,774.20	6,088,768.51
Engineering materials		
Total	5,609,774.20	6,088,768.51

2. Construction in progress

Item	Ending balance			Balance at the end of last year		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Cogeneration	60,307,712.44	58,610,372.06	1,697,340.38	60,307,712.44	58,610,372.06	1,697,340.38
Oil to Gas Works	13,230,574.53	13,230,574.53	-	13,230,574.53	13,230,574.53	-
Technical innovation	5,383,683.82	1,471,250.00	3,912,433.82	5,862,678.13	1,471,250.00	4,391,428.13
Total	78,921,970.79	73,312,196.59	5,609,774.20	79,400,965.10	73,312,196.59	6,088,768.51

3. Changes of significant projects in construction in the period

Item	Budget	Balance at the end of last year	Current increased	Transferred fixed assets in this period	Other decrease in the period	Ending Balance	Proportion of accumulative project investment in budget (%)	Project progress (%)	Accumulative amount of capitalization of interest	Including: capitalization of interest	Rate of interest capitalization (%)	Capital sources
Cogeneration	60,000,000.00	60,307,712.44				60,307,712.44	100.51	100.00	6,476,185.46			Self-raised and borrowing
Oil to Gas Works	74,000,000.00	13,230,574.53				13,230,574.53	17.88	17.88				Self-raised
Technical innovation		5,862,678.13	1,811,061.38	2,290,055.69		5,383,683.82	Not applicable	Not applicable				Self-raised
Total	134,000,000.00	79,400,965.10	1,811,061.38	2,290,055.69		78,921,970.79			6,476,185.46			

(14) Intangible assets

1. Intangible assets

Item	Land use right	Software	Patent technology	Total
I. Original book value				
1. Opening balance	60,813,994.76	3,886,757.08		64,700,751.84
2. Current increased	-	-	103,773.59	103,773.59
(1) Purchase	-			-
(2) Other			103,773.59	
3. Current decreased		103,773.59		103,773.59
(1) Purchase		-		-
(2) Other		103,773.59		
4. Ending balance	60,813,994.76	3,782,983.49	103,773.59	64,700,751.84
II. Accumulated amortization				-
1. Opening balance	40,643,255.55	3,591,589.43		44,234,844.98
2. Current increased	311,314.80	27,937.32	12,107.06	351,359.18
(1) Accrual	311,314.80	27,937.32	5,188.74	344,440.86
(2) Other			6,918.32	6,918.32
3. Current decreased		6,918.32		6,918.32
(1) Purchase		-		-
(2) Other		6,918.32		6,918.32
4. Ending balance	40,954,570.35	3,612,608.43	12,107.06	44,579,285.84
III. Depreciation provision				-
1. Opening balance	-	-		-
2. Current increased				-
(1) Accrual	-	-		-
3. Current decreased				-
(1) Disposal	-	-		-
4. Ending balance	-	-		-
IV. Book value				-
1. Ending book value	19,859,424.41	170,375.06	91,666.53	20,121,466.00
2. Opening book value	20,170,739.21	295,167.65	-	20,465,906.86

2. Land use rights without property rights certificate

Item	Book value	Reasons for failing to complete the property rights certificate
Land use right of the wharf and pipe gallery	496,082.05	Property rights certificate is undergoing
Total	496,082.05	

(15) Long-term deferred expenses

Item	Balance at the end of last year	Current increased	Amortized in the Period	Other decrease	Ending balance
Decoration amount	1,716,460.30		248,665.56		1,467,794.74
Total	1,716,460.30		248,665.56		1,467,794.74

(16) Deferred income tax assets and deferred income tax liabilities**Deferred income tax assets without offsetting**

Item	Ending balance		Balance at the end of last year	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Bad debt provision	1,937,145.52	484,286.38	1,937,145.52	484,286.38
Changes in fair value of other equity instrument investments	2,500,000.00	625,000.00	2,500,000.00	625,000.00
Total	4,437,145.52	1,109,286.38	4,437,145.52	1,109,286.38

(17) Short-term loans**1. Classification**

Item	Ending balance	Balance at the end of last year
Credit loans	1,330,598,458.05	856,861,840.80
Accrued interest	3,740,138.60	1,582,322.45
Total	1,334,338,596.65	858,444,163.25

(18) Note payable

Species	Ending balance	Balance at the end of last year
Bank acceptance		135,025,883.27
Total		135,025,883.27

(19) Account payable

1. Account payable

Item	Ending balance	Balance at the end of last year
Materials	8,386,783.92	2,325,920.64
Electricity	1,496,861.44	1,078,066.07
Labor	5,731,540.00	3,299,480.00
Total	15,615,185.36	6,703,466.71

(20) Wages payable

1. Wages payable

Item	Balance at the end of last year	Current increased	Current Decreased	Ending balance
Short-term remuneration	40,963,433.02	54,391,066.00	53,680,371.33	41,674,127.69
Post-employment welfare-defined contribution plans	569,587.94	8,192,164.72	6,646,864.72	2,114,887.94
Severance Pay	-	-	-	-
Other welfare due within one year	-	-	-	-
Total	41,533,020.96	62,583,230.72	60,327,236.05	43,789,015.63

2. Short-term remuneration

Item	Balance at the end of last year	Current increased	Current Decreased	Ending balance
(1) Wages, bonuses, allowances and subsidies	40,511,401.25	44,939,801.21	44,253,012.74	41,198,189.72
(2) Welfare for workers and staff	62,077.00	489,000.00	460,200.00	90,877.00
(3) Social insurance		2,839,953.36	2,839,953.36	-
Including: Medical insurance		2,719,017.40	2,719,017.40	-
Work injury insurance		65,475.30	65,475.30	-
Maternity insurance		55,460.66	55,460.66	-
(4) Housing accumulation fund		5,232,609.76	5,232,609.76	-
(5) Labor union expenditure and personnel education expense	389,954.77	889,701.67	894,595.47	385,060.97
(6) Short-term paid absence				
(7) Short-term profit sharing plan				

Item	Balance at the end of last year	Current increased	Current Decreased	Ending balance
(8) Other				
Total	40,963,433.02	54,391,066.00	53,680,371.33	41,674,127.69

3. Defined contribution plans (DCP)

Item	Balance at the end of last year	Current increased	Current Decreased	Ending balance
Basic endowment insurance		6,009,613.72	6,009,613.72	-
Unemployment insurance		67,651.00	67,651.00	-
Enterprise annuity	569,587.94	2,114,900.00	569,600.00	2,114,887.94
Total	569,587.94	8,192,164.72	6,646,864.72	2,114,887.94

(21) Taxes payable

Item	Ending balance	Balance at the end of last year
VAT	1,281,618.67	706,615.96
Environmental tax		62,437.77
Personal Income Tax	1,497,246.21	1,402,165.48
Urban maintenance and construction tax	44,798.79	43,868.84
Local education surcharge	17,270.44	16,902.90
Education surcharge	25,905.66	25,354.34
Property tax	2,139,073.51	1,524,487.98
Stamp duty		63,247.50
Other	495,375.97	300,759.12
Total	5,501,289.25	4,145,839.89

(22) Other account payable

Item	Ending balance	Balance at the end of last year
Interest payable		
Other account payable	22,717,231.20	62,678,254.02
Total	22,717,231.20	62,678,254.02

1. Other account payable

(1) Other payable by nature

Item	Ending balance	Balance at the end of last year
Engineering funds	9,655,703.14	4,991,246.36
Quality assurance	6,558,306.04	6,308,254.95
Accrued expenses	3,506,506.84	8,537,422.41
Material payment	-	30,721,390.14
Other	2,996,715.18	12,119,940.16
Total	22,717,231.20	62,678,254.02

(2) Top five other payable

The ending balance of the top five other payable aggregated by the arrears party is 5,659,038.21 Yuan, accounting for 24.91% of the total ending balance of other payable.

(23) Accrual liability

Item	Balance at the end of last year	Current increased	Current Decreased	Ending balance	Reason
Pending litigation	15,000,000.00			15,000,000.00	
Total	15,000,000.00			15,000,000.00	

Note: On 29 November 2013, Shenzhen Server and Jiahua Building Products (Shenzhen) Co., Ltd. (Jiahua Building) signed a supplementary term aiming at equity transfer over equity attribution and division of Yapojiao Dock, which belongs to Shenzhen Server, Huidong Server, and Huidong Nianshan Town Government as well as its subordinate Nianshan Group. In order to solve this remaining historic problem, Shenzhen Server saved 12,500,000.00 Yuan in condominium deposit account as guarantee. In addition, Server pledged its 20% of equity holding from Huidong Server to Jiahua Architecture with pledge duration of 2 years. The amount of collateral on loans could not exceed 15,000,000.00 Yuan. Relevant losses with the event concerned predicted amounting to 27,500,000.00 Yuan by the Group, the balance at the end of 2019 was 26,646,056.28 Yuan.

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

On November 12, 2020, Huizhou Commercial Construction and Development Corporation and Huidong Server

Harbor Comprehensive Development Company signed the "Creditor's Rights Assignment Agreement", and the reconciliation record was executed by the People's Court of Huidong County, which partially solved the issues of ownership and division of rights and interests of Yapojiao Wharf. On January 20, 2021, Shenzhen Server received 5,000,000.00Yuan returned from the joint account. Accordingly, Shenzhen Server reverted its estimated liabilities of 4,573,508.28Yuan. In 2021, Shenzhen Server bore the lawyer and other expenses of 350,000 Yuan for the issues in accordance with the agreed proportion, the estimated liabilities totally reduced by 4,923,508.28 Yuan in current period. The balance of 15,000,000.00 Yuan is a repayment obligation likely to occur before the completion of the above matters.

(24) Deferred income

Item	Balance at the end of last year	Current increased	Current Decreased	Ending balance	Reason
Government subsidy	88,079,970.09		3,148,452.32	84,931,517.77	
Total	88,079,970.09		3,148,452.32	84,931,517.77	

Items with government subsidy involved:

Liability	Balance at the end of last year	Subsidy amount newly increased in the current period	Amount included in current profit and loss	Other change	Ending Balance	Assets related/income related
Government subsidies for low-nitrogen equipment renovation	24,104,286.46		286,402.74		23,817,883.72	Assets related
Subsidies for the Motor Energy Efficiency Improvement Funding Scheme	332,640.00		17,280.00		315,360.00	Assets related
Support fund of recycling economy for sludge drying	6,157,268.11		323,501.46		5,833,766.65	Assets related
Treasury subsidies for sludge drying	2,316,250.00		127,500.00		2,188,750.00	Assets related
Special funds for energy conservation and emission reduction	456,148.66		5,525.72		450,622.94	Assets related
Subsidy for quality promotion of the air environment in Shenzhen	54,061,987.96		2,365,909.08		51,696,078.88	Assets related
2021 Technical Transformation	651,388.90		22,333.32		629,055.58	Assets related

Project					
Total	88,079,970.09		3,148,452.32	-	84,931,517.77

(25) Other non-current liabilities

Item	Ending balance	Balance at the end of last year
Amounts payable to other shareholders	50,310.78	50,310.78
Total	50,310.78	50,310.78

(26) Share capital

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

(27) Capital reserve

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

(28) Other comprehensive income

Item	Balance at the end of last year	Balance at year-begin	Current period						Ending balance
			Account before income tax in the year	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: written in other comprehensive income in previous period and carried forward to retained earnings in current period	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	
1. Other comprehensive income items which will not be reclassified subsequently to profit of loss									
Including: changes of the defined benefit plans that re-measured									
Other comprehensive income under equity method that cannot be transfer to gain/loss									
Change of fair value of investment in other equity instrument	-2,500,000.00								-2,500,000.00
Total other comprehensive income	-2,500,000.00								-2,500,000.00

(29) Surplus reserve

Item	Balance at the end of last year	Current increased	Current Decreased	Ending balance
Legal surplus reserve	310,158,957.87			310,158,957.87
Discretionary surplus reserve	22,749,439.73			22,749,439.73
Total	332,908,397.60			332,908,397.60

(30) Retained profit

Item	Current amount	Last-period amount
Retained profit of last year before adjusted	319,351,219.81	758,799,931.94
Total retained profit adjusted (increased with +, decreased with -)		
Retained profit at beginning of the year after adjusted	319,351,219.81	758,799,931.94
Add: net profit attributable to shareholders of parent company	-94,098,149.09	1,456,269.68
Less: withdrawal of statutory surplus reserve		
Common Stock dividend payable		
Retained profit at period-end	225,253,070.72	760,256,201.62

(31) Operating income and operating cost

Item	Current amount		Last-period amount	
	Income	Cost	Income	Cost
Main business	228,639,162.83	282,392,283.22	376,034,393.36	351,092,415.61
Other business	604,379.24	94,148.99	568,000.02	117,808.30
Total	229,243,542.07	282,486,432.21	376,602,393.38	351,210,223.91

(32) Tax and surcharge

Item	Current amount	Last-period amount
Property tax	1,521,117.59	324,101.18
Stamp duty	335,629.10	266,520.80
Environmental protection tax	12,569.90	15,666.44
Land holding tax	452,503.02	150,379.56

Item	Current amount	Last-period amount
Urban maintenance and construction tax	335,501.06	472,057.07
Education surcharge	142,789.14	250,372.97
Local education surcharge	96,152.80	166,915.38
Total	2,896,262.61	1,646,013.40

(33) Sales expense

Item	Current amount	Last-period amount
Sludge treatment costs		192,016.41
Salary, welfare and social insurance		349,797.37
Communication expenses		6,500.00
Social expenses		47,432.90
Fleet cost		7,000.00
Inspection charges		2,358.49
Labor insurance fee		9,137.32
Rental fee		3,600.00
Property insurance		48,684.42
Agency engagement fee		6,152.26
Other		23,757.63
Total		696,436.80

(34) Administration expense

Item	Current amount	Last-period amount
Wages	20,381,559.27	16,794,177.76
Rental fee	3,046,301.79	3,313,168.39
Social expenses	913,815.31	1,256,510.86
Agency fee	697,476.86	674,252.82
Fleet cost	1,220,827.30	1,627,388.66
Board charges	313,528.29	549,111.22
Depreciation	3,949,187.75	3,487,075.49
Amortization of intangible assets	36,421.38	112,174.94

Item	Current amount	Last-period amount
Eco fee	87,602.71	70,012.09
Food expenses	1,434,218.09	1,538,651.55
Corporate culture fee	184,358.80	145,089.00
Property management fee	493,842.17	485,464.34
Office fee	200,798.79	169,218.09
Communication expenses	521,423.22	551,184.44
Business travel expenses	53,447.95	189,323.48
Fee for stock certificate	238,083.50	238,018.32
Union funds	439,523.97	367,422.85
Employee education expenses	19,839.00	20,380.94
Other	9,545,388.53	8,425,543.31
Total	43,777,644.68	40,014,168.55

(35) R&D expenses

Item	Current amount	Last-period amount
Employee's salary	15,356,997.69	3,236,384.22
Depreciation	1,306,880.89	106,285.00
Patent fee	34,283.02	17,960.38
Repair fee	374,427.53	
Total	17,072,589.13	3,360,629.60

(36) Financial expense

Item	Current amount	Last-period amount
Interest expenses	20,539,845.79	13,028,372.76
Less: capitalized interest		
Expenses interest	20,539,845.79	13,028,372.76
Less: interest income	3,594,848.74	10,344,030.33
Exchange loss (gains is listed with "-")	-273,651.02	11,161.84
Other	58,370.08	139,530.44
Total	16,729,716.11	2,835,034.71

(37) Other income

Item	Current amount	Last-period amount
Government subsidies	4,440,645.78	3,368,979.50
Total	4,440,645.78	3,368,979.50

Government subsidies included in other income

Item	Current amount	Last-period amount	Asset related / income related
Special fund subsidy of the improvement of Shenzhen air environment quality	2,365,909.08	2,365,909.08	Asset related
Subsidy for low-nitrogen transformation	234,909.80	276,757.74	Asset related
Support of the enterprise informatization construction		25,490.12	Asset related
Subsidy for energy-saving technology renovation	57,018.66	57,018.66	Asset related
Treasury subsidies for sludge drying	127,500.00	127,500.00	Asset related
Support fund of recycling economy for sludge drying	323,501.46	323,501.46	Asset related
Funded of energy efficiency improvement for electric machine	17,280.00	17,280.00	Asset related
2021 Technical Transformation Subsidy	22,333.32		Asset related
Personal tax handing fee refund	243,753.86	175,522.44	Income related
Job stabilization subsidy	76,639.60		Income related
Funding subsidy of the industrial "carbon peaking" pilot demonstration	200,000.00		Income related
Retained worker training subsidy	128,000.00		Income related
Subsidy for the high-tech enterprise multiplier support	643,800.00		Income related
Total	4,440,645.78	3,368,979.50	

(38) Investment income

Item	Current amount	Last-period amount
Long-term equity investment income by equity	-1,471,602.77	-1,148,715.33
Investment income during the holding period of Trading financial assets	29,212,829.84	13,977,075.28
Total	27,741,227.07	12,828,359.95

(39) Income from disposal of assets

Item	Current amount	Last-period amount	Amount reckoned into non-recurring gains/losses of the Period
Profit and loss on disposal of fixed assets		974,699.74	
Total		974,699.74	

(40) Non-operating revenue

Item	Current amount	Last-period amount	Amount reckoned into non-recurring gains/losses of the Period
Reversal of accrual liabilities		5,000,000.00	
Other		261,868.55	
Total		5,261,868.55	

(41) Non-operating expenditure

Item	Current amount	Last-period amount	Amount reckoned into non-recurring gains/losses of the Period
External donation	10,000.00	10,000.00	10,000.00
Loss of scrap from non-current assets	880.34	25,388.00	880.34
Other	217,615.51		217,615.51
Total	228,495.85	35,388.00	228,495.85

(42) Earnings per share

1. Basic earnings per share

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

Item	Current amount	Last-period amount
Consolidated net profit attributable to ordinary shareholders of the parent company	-94,098,149.09	1,456,269.68
Weighted average number of common shares issued by the company	602,762,596.00	602,762,596.00
Basic earnings per share	-0.1561	0.0024

2. Diluted earnings per share

Item	Current amount	Last-period amount
Consolidated net profit attributable to ordinary shareholders of the parent company (diluted)	-94,098,149.09	1,456,269.68
Weighted average number of common shares issued by the company (diluted)	602,762,596.00	602,762,596.00
Diluted earnings per share	-0.1561	0.0024

(43) Cash flow statement

1. Cash received with other operating activities concerned

Item	Current amount	Last-period amount
Interest income	4,800,937.34	12,142,721.92
Government subsidy	1,048,439.60	679,508.93
Intercourse funds	38,142,088.17	
Other	1,502,291.50	3,055,829.97
Total	45,493,756.61	15,878,060.82

2. Other cash paid in relation to operation activities

Item	Current amount	Last-period amount
Fee payment	21,958,179.33	24,840,140.78
Other	384,000.00	467,804.70
Total	22,342,179.33	25,307,945.48

3. Other cash received in relation to investment activities

Item	Current amount	Last-period amount
Debt repayment received from Huidong Server		5,000,000.00
Total		5,000,000.00

(44) Supplementary information to statement of cash flow

1. Supplementary information to statement of cash flow

Supplementary information	Current amount	Last-period amount
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Supplementary information	Current amount	Last-period amount
1. Net profit adjusted to cash flow of operation activities		
Net profit	-101,765,725.67	-761,593.85
Add: assets depreciation provision		
Depreciation of fixed assets	15,009,013.99	24,944,215.60
Amortization of intangible assets	344,440.86	420,194.42
Amortization of long-term deferred expenses	248,665.56	-683,491.47
Loss from disposing fixed assets, intangible assets and other long-term assets (income listed with “-“)	-	-974,699.74
Loss on retirement of fixed assets (gain is listed with “-“)	880.34	25,388.00
Loss from changes of fair value (income listed with “-“)		
Financial expense (gain listed with “-“)	20,539,845.79	13,028,372.76
Investment loss (gain listed with “-“)	-27,741,227.07	-12,828,359.95
Decrease of deferred income tax asset((increase is listed with “-“)	2,347,438.40	-962,540.21
Decrease of inventory (increase is listed with “-“)	314,198,626.07	-37,938,391.09
Decrease of inventory (increase is listed with “-“)	-22,593,874.97	84,651,618.52
Net cash flow arising from operating activities	200,588,083.30	68,920,712.99
2. Material investment and financing not involved in cash flow		
Debt capitalization		
Convertible company bond due within one year		
Fixed assets acquired under finance leases		
3. Net change of cash and cash equivalents:		
Ending Balance of cash	420,118,109.19	436,470,238.63
Less: Opening Balance of cash	456,751,614.75	397,101,272.21
Add: Ending Balance of cash equivalent	49,900,000.00	15,353,018.84
Less: Opening Balance of cash equivalent	232,853,018.84	367,500,000.00
Net increasing of cash and cash equivalents	-219,586,524.40	-312,778,014.74

2. Composition of cash and cash equivalent

Item	Ending balance	Balance at the end of last year
I. Cash	420,118,109.19	456,751,614.75
Including: Cash on hand	36,401.40	35,963.95
Bank savings available for payment needed	420,081,707.79	456,715,650.80

Item	Ending balance	Balance at the end of last year
Other monetary capital available for payment needed		
II. Cash equivalent	49,900,000.00	232,853,018.84
including: bond investment due within three months		
III. Balance of cash and cash equivalent at period-end	470,018,109.19	689,604,633.59
Including: Cash and cash equivalent of the parent company or subsidiaries with use restricted		

(45) Assets of ownership or use right restricted

No assets of ownership or use right restricted in the period.

(46) Foreign currency

1. Foreign currency

Item	Balance of foreign currency at period-end	Conversion rate	Balance of RMB converted at period-end
Monetary fund			
Including: USD	834,327.52	6.71140	5,599,505.72
Euro	1,017.87	7.00840	7,133.64
HKD	323,613.10	0.85519	276,750.69
SGD	4,078.03	4.81700	19,643.87

(47) Government subsidies

1. Government subsidies related to assets

Type	Amount	Balance sheet	The amount included in current gain/loss or loss resulting from related costs off-setting		Item of the amount included in current gain/loss or loss resulting from related costs off-setting
			Current amount	Last-period amount	
Subsidy for low-nitrogen transformation	43,032,780.00	Deferred income	234,909.80	276,757.74	Other income
of informatization construction	520,000.00	Deferred income		25,490.12	Other income
Support fund of recycling economy for sludge drying	11,750,000.00	Deferred income	323,501.46	323,501.46	Other income
Treasury subsidies for sludge drying	5,100,000.00	Deferred income	127,500.00	127,500.00	Other income
Special funds for energy conservation and	1,530,000.00	Deferred income	57,018.66	57,018.66	Other income

Type	Amount	Balance sheet	The amount included in current gain/loss or loss resulting from related costs off-setting		Item of the amount included in current gain/loss or loss resulting from related costs off-setting
			Current amount	Last-period amount	
emission reduction					
Motor engery efficiency improment subsidy	518,400.00	Deferred income	17,280.00	17,280.00	Other income
Subsidy for quality promotion of the air environment in Shenzhen	70,977,273.00	Deferred income	2,365,909.08	2,365,909.08	Other income
2021 Technical Transformation Project	670,000.00	Deferred income	22,333.32		Other income
Total	134,098,453.00		3,148,452.32	3,193,457.06	

2. Government subsidies related to income

Type	Amount	The amount included in current gain/loss or loss resulting from related costs off-setting		Item of the amount included in current gain/loss or loss resulting from related costs off-setting
		Current amount	Last-period amount	
VAT refund	243,753.86	243,753.86	175,522.44	Other income
Job stabilization subsidy	76,639.60	76,639.60		Other income
Funding subsidy of the industrial "carbon peaking" pilot demonstration	200,000.00	200,000.00		Other income
Retained worker training subsidy	128,000.00	128,000.00		Other income
Subsidy for the high-tech enterprise mltiplier support	643,800.00	643,800.00		Other income
Total	1,292,193.46	1,292,193.46	175,522.44	

VI. Change of consolidate scope

No change in the company included in the consolidated statement scope during the reporting period.

VII. Equity in other entity

(1) Equity in subsidiaries

1. Composition of the Group

Subsidiary	Main	Shareholding ratio (%)	Acquired way
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	operation place	Directly	Indirectly	
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Zhongshan	55.00	25.00	Establishment
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd	Shenzhen	60.00	40.00	Establishment
Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Shenzhen	70.00	30.00	Establishment
Shenzhen Server Petrochemical Supplying Co., Ltd	Shenzhen	50.00		Establishment
Shenzhen New Power Industrial Co., Ltd.	Shenzhen	75.00	25.00	Establishment
Shen Nan Energy (Singapore) Co., Ltd.	Singapore	100.00		Establishment
Hong Kong Syndisome Co., Ltd.	Hong Kong		100.00	Establishment
Zhongshan Shennandian Storage Co., Ltd.	Zhongshan		80.00	Establishment
Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership)	Zhuhai	99.96		Establishment

2. Important non-wholly-owned subsidiary

Subsidiary	Share-holding ratio of minority (%)	Gains/losses attributable to minority in the Period	Ending equity of minority
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	20.00	-6,064,893.02	-83,945,737.14

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

Subsidiary	Ending Balance /Yuan						Balance at the end of last year/Yuan					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Shennandian (Zhongshan) Power Co., Ltd. (“Zhongshan Power”)	40,743,627.77	227,044,495.17	267,788,122.94	682,313,062.17	5,203,746.48	687,516,808.65	32,544,636.55	231,154,252.88	263,698,889.43	647,836,819.17	5,266,290.86	653,103,110.03

Subsidiary	Current amount/Yuan				Last-period amount/Yuan			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Shennandian (Zhongshan) Power Co., Ltd. (“Zhongshan Power”)	16,508,874.54	-30,324,465.11	-30,324,465.11	-53,373,996.76	70,054,400.77	-18,254,913.13	-18,254,913.13	-3,240,430.86

(2) Equity in joint venture and cooperative enterprise

1. Major joint venture and cooperative enterprise

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

2. Main financial information of significant joint ventures or associates

	Ending balance /Current amount	Opening Balance/Last-period amount
Total book value of investment	5,515,052.42	6,986,655.19
Total numbers measured by share-holding ratio		
Net profit	-1,471,602.77	-1,148,715.33
Other comprehensive income		
Total comprehensive income	-1,471,602.77	-1,148,715.33

VIII. Risks relating to financial instruments

The Company's main financial instruments include equity investment, notes receivable, long-term and short-term loans, accounts receivable, accounts payable, other payable, etc., see details of each financial instrument in related items of this annotation III (10). The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks are described as below. The management of the Company manages and monitors these risk exposures to ensure that the above risks are controlled within the limit range.

The Company uses the sensitivity analysis technique to analyze the possible impact of the risk variable on the current profit and loss or the shareholders' equity. Since any risk variable rarely changes in isolation, and the correlation existing among the variables shall have a significant effect on the final amount of changes about a certain risk variable, therefore, the following proceeds by assuming that the change in each variable is independent.

(1) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations,

causing the other party to suffer financial losses. The Company is mainly faced with customer credit risk caused by credit sales. Before signing a new contract, the Company will evaluate the credit risk of the new customer, including the external credit rating and, in some cases, the bank credit certificate (when this information is available). The company has set a credit limit for each customer, which is the maximum amount without additional approval.

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

(2) Market risk

Market risks of financial instruments refers to the risks that the fair value or future cash flow of such financial instruments will fluctuate due to the changes in market prices, including FX risks, interest rate risks and other price risks.

(1) Interest rate risk

The Company's cash flow change risk of financial instruments arising from interest rate change is mainly related to the floating interest rate bank loans.

Interest rate risk sensitivity analysis:

The interest rate risk sensitivity analysis is based on the following assumptions:

Changes in market interest rates affect the interest income or expense of financial instruments with variable interest rate; For financial instruments with fixed rate by fair value measurement, the changes in market interest rates only affect their interest income or expense; For derivative financial instruments designated as hedging instruments, the changes in market interest rates affect their fair value, and all interest rate hedging prediction is highly effective; Calculate the changes in fair value of derivative financial instruments and other financial assets and liabilities by using the cash flow discount method at the market interest rate at the balance sheet date.

As of 30 June 2022, interest on bank loans at floating interest rate totalled 3,772,950.38 Yuan. Based on the above assumptions and with other variables unchanged, the pre-tax impact of a 5% changes in interest rate on current gain/loss and shareholders' equity is as follows:

Rate changes	Current year		Last year	
	Impact on profit	Impact on shareholders' equity	Impact on profit	Impact on shareholders' equity
5% increased	-188,647.52	-188,647.52	-651,409.17	-643,610.18
5% decreased	188,647.52	188,647.52	651,409.17	643,610.18

(2) FX risks

Foreign exchange risk refers to the risk of losses due to exchange rate changes. The Company's foreign exchange risk is mainly related to the US dollar. On 30 June 2022, except for the balance of foreign currency monetary items of (46), foreign currency monetary in Note V, the assets and liabilities of the Company are RMB balance. The foreign exchange risk arising from the assets and liabilities of such foreign currency balances may have an impact on the Company's operating results.

(3) Liquidity risk

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

IX. Related party and related party transactions

(1) Parent company of the Group

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

(2) Subsidiaries of the Company

See details in Note VII. (1) Equity in other entity

(3) Joint venture and affiliated enterprise of the Group

See details in Note VII. (2) Interest in joint venture arrangements or associates

(4) Other related party

Other related party	Relationship with the Company
Shenzhen Energy Group Co., Ltd.	Legal person holding more than 5% of the company's shares
Shenzhen Guangju Industrial Co., Ltd.	Legal person holding more than 5% of the company's shares
HONG KONG NAM HOI (INTERNATIONAL) LTD.	Legal person holding more than 5% of the company's shares
Shenzhen Capital Holdings Co., Ltd.	Legal person indirectly holding more than 5% of the company's shares through Shenzhen Energy

Other related party	Relationship with the Company
	Group
Directors, supervisors and senior management of the company	Key managers

(5) Receivable/payable items of related parties

1. Receivable

Item	Related party	Ending book balance	Book balance at last year-end
Other account receivable			
	Huidong Server	14,911,484.45	14,740,501.44
	Huidong Server managed account	1,049,939.12	1,014,945.19
	Total	15,961,423.57	15,755,446.63

X. Commitment and Contingency

(1) Major Commitment

As of 30 June 2022, the company has no commitments that need to be disclosed.

(2) Contingency

As of 30 June 2022, the company has no commitments that need to be disclosed.

XI. Events Occurring after the Balance Sheet Date

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

XII. Other important matters

(1) Segment information

1. Determining basis and accounting policies of the report divisions

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

Divisional reporting information is disclosed in accordance with the accounting policies and measurement standards adopted when each division reports to the management. These

measurement bases are consistent with the accounting and measurement bases used when preparing financial statements.

2. Financial information of the reportable segment

Item	Power supply & heating	Fuel trading	Other	Fuel trading	Total
Operation income	238,367,006.93	546,857.12	22,925,068.56	32,595,390.54	229,243,542.07
Operation cost	301,428,093.71	91,318.80	13,594,750.26	32,627,730.56	282,486,432.21
Total assets	4,452,246,223.67	97,796,694.06	378,762,612.38	1,930,286,193.70	2,998,519,336.41
Total liabilities	3,054,510,678.87	17,526,333.90	48,864,982.05	1,598,958,848.18	1,521,943,146.64

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

(1) Account receivable

1. Age analysis

Account age	Ending balance	Balance at the end of last year
Within one year	71,242,570.68	35,966,056.15
Over 3 years		
Subtotal	71,242,570.68	35,966,056.15
Less: Bad debt provision		
Total	71,242,570.68	35,966,056.15

2. According to accrual method for bad debts

Category	Ending balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
With single provision for bad debts					
Provision for bad debts by combination of risk characteristics	71,242,570.68	100.00			71,242,570.68
Including: risk-free portfolio	71,242,570.68	100.00			71,242,570.68
Total	71,242,570.68	100.00			71,242,570.68

Category	Balance at the end of last year				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
With single provision for bad debts					
Provision for bad debts by combination of risk characteristics	35,966,056.15	100.00			35,966,056.15
Including: risk-free portfolio	35,966,056.15	100.00			35,966,056.15
Total	35,966,056.15	100.00			35,966,056.15

Provision for bad debts by portfolio:

Name	Ending balance		
	Account receivable	Bad debt provision	Accrual proportion (%)
Grid accounts receivable	71,242,570.68		
Total	71,242,570.68		

3. Top 5 receivables at ending balance by arrears party

Total period-end balance of top five receivables by arrears party amounting to 71,242,570.68 Yuan, takes 100.00% of the total account receivable at period-end, bad debt provision accrual correspondingly at period-end amounting as 0.00 Yuan

(2) Other account receivable

Item	Ending balance	Balance at the end of last year
Interest receivable		
Dividends receivable		
Other account receivable	560,100,745.56	618,436,063.60
Total	560,100,745.56	618,436,063.60

1. Other account receivable

(1) Age analysis

Account age	Ending balance	Balance at the end of last year
Within one year	207,443,387.57	98,550,452.19
1-2 years	26,562,799.10	64,095.20
2-3 years	21,857,481.00	35,844,839.81
Over 3 years	331,566,721.33	511,306,319.84
Subtotal	587,430,389.00	645,765,707.04
Less: Bad debt provision	27,329,643.44	27,329,643.44
Total	560,100,745.56	618,436,063.60

(2) By category

Category	Ending balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
With single provision for bad debts	27,965,421.75	4.76	27,329,643.44	97.73	635,778.31
Provision for bad debts by combination of risk characteristics	559,464,967.25	95.24	-	-	559,464,967.25
Including: risk-free portfolio	559,464,967.25	95.24	-	-	559,464,967.25
Total	587,430,389.00	100.00	27,329,643.44	4.65	560,100,745.56

Category	Balance at the end of last year				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
With single provision for bad debts	27,965,391.68	4.33	27,329,643.44	97.73	635,748.24
Provision for bad debts by combination of risk characteristics	617,800,315.36	95.67	-	-	617,800,315.36
Including: risk-free	617,800,315.36	95.67	-	-	617,800,315.36

Category	Balance at the end of last year				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
portfolio					
Total	645,765,707.04	100.00	27,329,643.44	4.23	618,436,063.60

With single provision for bad debts:

Name	Ending balance			
	Book balance	Bad debt provision	Accrual proportion (%)	Causes
Individual income tax	2,470,039.76	2,470,039.76	100.00	Unable to recover
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31	Unable to recover
Huiyang Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00	Unable to recover
Beneficiary fund dividends (personal receivables)	7,498,997.87	7,498,997.87	100.00	Unable to recover
Deposit receivable	1,601,059.26	1,312,974.95	82.01	Unable to recover
Total	27,965,421.75	27,329,643.44	97.73	

(3) Accrual of bad debt provision

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

Bad debt provision	Phases I	Phases II	Phases III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Rewrite in the period				
Write-off in the period				
Other changes				
Ending balance			27,329,643.44	27,329,643.44

(5) By nature

Nature	Ending book balance	Book balance at last year-end
Related party transactions	557,692,420.65	616,401,741.49
Dormitory receivable	2,083,698.16	2,083,698.16
Deposit receivable	1,601,059.26	1,750,498.58
Personal money	8,931,302.60	8,567,330.57
Other	17,121,908.33	16,962,438.24
Subtotal	587,430,389.00	645,765,707.04
Less: Bad debt provision	27,329,643.44	27,329,643.44
Total	560,100,745.56	618,436,063.60

(3) Long-term equity investment

Item	Ending balance			Balance at the end of last year		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Investment in subsidiary	716,893,717.00	429,592,447.19	287,301,269.81	716,893,717.00	429,592,447.19	287,301,269.81
Total	716,893,717.00	429,592,447.19	287,301,269.81	716,893,717.00	429,592,447.19	287,301,269.81

1. Investment to subsidiary

The invested entity	Balance at the end of last year	Current increased	Current Decreased	Ending balance	Impairment provision accrual in the Period	Period-end balance of depreciation reserves
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The invested entity	Balance at the end of last year	Current increased	Current Decreased	Ending balance	Impairment provision accrual in the Period	Period-end balance of depreciation reserves
Shenzhen Xie fu Oil Supply Company	26,650,000.00			26,650,000.00		
Shennan Energy Singapore Company	6,703,800.00			6,703,800.00		
Shenzhen New Power Industrial Co., Ltd.	71,270,000.00			71,270,000.00		
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	410,740,000.00			410,740,000.00		410,740,000.00
Shenzhen Shennandian Turbine Engineering Technology Co., Ltd	6,000,000.00			6,000,000.00		
Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	55,300,000.00			55,300,000.00		18,852,447.19
Zhuhai Hengqin Zhuozhi Investment Partnership (Limited Partnership)	140,229,917.00			140,229,917.00		
Total	716,893,717.00			716,893,717.00		429,592,447.19

(4) Operation revenue and operation cost

Item	Current amount		Last-period amount	
	Revenue	Cost	Revenue	Cost
Main business	96,445,440.00	153,240,868.95	149,153,876.16	170,891,694.03
Other business	32,628,912.66	2,830.19	35,777,286.09	491,345.55
Total	129,074,352.66	153,243,699.14	184,931,162.25	171,383,039.58

(5) Investment income

Item	Current amount	Last-period amount
Investment income from trading financial assets during the holding period	28,915,295.59	13,977,075.28
Total	28,915,295.59	13,977,075.28

XIV. Supplementary information

(1) Statement of non-recurring gains/losses

Item	Amount	Note
Gains and losses from disposal of non-current assets		
Tax refund or mitigate due to examination-and-approval beyond power or without official approval document		
Governmental subsidy reckoned into current gains/losses(not including the subsidy enjoyed in quota or ration, which are closely relevant to enterprise's normal business	4,440,645.78	
Capital occupancy expense, collected from non-financial enterprises and recorded in current gains and losses		
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries, associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment		
Gains and losses from exchange of non-monetary assets		
Gains and losses from assets under trusted investment or management		
Various provision for impairment of assets withdrew due to act of God, such as natural disaster		
Gains and losses from debt restructuring		
Enterprise restructuring costs, such as expenses for staff placement, integration costs, etc		
Gains and losses of the part arising from transaction in which price is not fair and exceeding fair value		
Current net gains and losses occurred from period-begin to combination day by subsidiaries resulting from business combination under common control		
Gains and losses arising from contingent proceedings irrelevant to normal operation of the Company		
Except for effective hedge business relevant to normal operation of the Company, gains and losses arising from fair value change of Trading financial assets and tradable financial liabilities, and investment income from disposal of Trading financial assets, tradable financial liabilities and financial assets available for sale	29,212,829.84	
Switch-back of provision of impairment of account receivable which are treated with separate depreciation test		
Gains and losses obtained from external trusted loans		
Gains and losses arising from change of fair value of investment real estate whose follow-up measurement are conducted according to fair value pattern		
Affect on current gains and losses after an one-time adjustment according to requirements of laws and regulations regarding to taxation and accounting		
Trust fee obtained from trust operation		

Item	Amount	Note
Other non-operating income and expenditure except for the aforementioned items	-228,495.85	
Other gains and losses items complying with definition for non-recurring gains and losses		
Subtotal	33,424,979.77	
Less: impact on income tax		
Less: impact on minority equity	17,574.38	
Total	33,407,405.39	

(2) ROE and EPS

Profit in the Period	Weighted average ROE (%)	EPS (Yuan)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of the listed company	-6.00%	-0.1561	-0.1561
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-8.13%	-0.2115	-0.2115