

Shenzhen Nanshan Power Co., Ltd.
Annual Report 2022

April 2023

Annual Report 2022

Section I Important Notice, Contents and Interpretation

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

Chairman Kong Guoliang, person in charge of accounting and GM Chen Yuhui, CFO Zhang Xiaoyin and head of accounting department (chief accountants) Lin Xiaojia guarantee that the Financial Report of the annual report disclosed is truthful, accurate and complete.

Except independent director Mr. Chen Zetong was unable to personally attend the Board Meeting to review annual report due to work reasons, authorized independent director Mr. Du Wei to attend the meeting and exercise voting rights on his behalf. All other directors attended the Board Meeting for annual report deliberation.

The Company plans not to pay cash dividends, issue bonus shares and increase share capital by converting from public reserves this year.

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

The Report has been prepared in both Chinese and English. If there are any discrepancies, the Chinese version shall prevail. Investors are advised to read the full text of the Report carefully.

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List of Reference Documents

- I. Original Annual Report of 2022 carrying the signature of the legal representative of the Company.
- II. Financial statements with signature and seal of Person in charge of the Company, person in charge of accounting works、 CFO and person in charge of accounting organ(accountant in charge).
- III. Original audit report with seal of accounting firms and signature and seal of CPA.
- IV. The originals of all company documents and announcements which are publicly disclosed on designated media during the reporting period.
- V. Place of reference: Shenzhen Stock Exchange, the office of the Company's Board of Directors.

Interpretation

Items	Refers to	Contents
Company, the Company, Shen Nan Dian, the listed company	Refers to	Shenzhen Nanshan Power Co., Ltd.
China Securities Regulatory Commission	Refers to	China Securities Regulatory Commission
SASAC of Shenzhen	Refers to	State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen
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 Thermal Power Station	Refers to	Nanshan Thermal Power Station 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.
Audit institution, LIXINZHONGLIAN, accounting organ	Refers to	LIXINZHONGLIAN CPAS (Special General Partnership)
Company Law	Refers to	<i>Company Law of the People's Republic of China</i>
Securities Act	Refers to	<i>Securities Law of the People's Republic of China</i>
Stock Listing Rules	Refers to	Rules Governing the Listing of Stocks on Shenzhen Stock Exchange
Articles of Association	Refers to	<i>Articles of Association of Shenzhen Nanshan Power Co., Ltd.</i>
Yuan, ten thousand Yuan, one hundred million Yuan	Refers to	Except the special description of the monetary unit, the rest of the monetary unit is Yuan, ten thousand Yuan, one hundred million Yuan
Reporting period	Refers to	January 1, 2022 to December 31, 2022

Section II Company Profile and Main Financial Indexes

I. Company information

Stock abbreviation	000037, 200037	Stock code	Shen Nan Dian A, Shen Nan Dian B
Stock exchange	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	Shenzhen Nanshan Power Co., Ltd.		
Short form of the Company (in Chinese)	Shen Nan Dian		
Foreign name of the Company (if any)	Shenzhen Nanshan Power Co., Ltd.		
Legal representative	Kong Guoliang		
Registered address	No. 2097, Yueliangwan Avenue, Nanshan District, Shenzhen, Guangdong Province		
Postal code	518054		
Historical changes of registered address	No		
Office address	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province		
Postal code	518053		
Website	http://www.nsr.com.cn		
Email	public@nspower.com.cn;investor@nspower.com.cn		

II. Contact person and contact information

	Secretary of the Board of Directors	Securities affairs representative
Name	Zou Yi	
Address	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province	
Tel.	0755-26003611	
Fax	0755-26003684	
Email	investor@nspower.com.cn	

III. Information disclosure and place of preparation

Website of the stock exchange on which the Company discloses its annual report	Shenzhen Stock Exchange: http://www.szse.cn/
Name and website of the media on which the Company discloses the annual report	Securities Times: http://www.stcn.com/ ; CNINF: http://www.cninfo.com.cn/
Preparation place for annual report	Office of the Board of Directors, 17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province

IV. Registration changes of the Company

Uniform social credit code	91440300618815121H
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Changes of main business since listing (if applicable)	N/A
Previous changes in controlling shareholders (if any)	No controlling shareholder

V. Other relevant information

CPA engaged by the Company

Name of CPA	LIXINZHONGLIAN CPAS (Special General Partnership)
Office address of CPA	1-1-2205-11, North Zone, Financial and Trade Center, No. 6865, Asia Road, Pilot Free Trade Zones (Dongjiang Free Trade Port Zone), Tianjin
Signing accountants	Cao Wei, Liu Xinfa

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

Applicable Not applicable

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

Applicable Not applicable

VI. Main accounting data and financial indexes

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

Yes No

	2022	2021	Changes in the current year over the previous year (+,-)	2020
Operating income (RMB)	694,227,657.28	757,175,743.41	-8.31%	985,253,831.58
Net profit attributable to shareholders of the listed company (RMB)	-160,163,240.67	-439,448,712.13	63.55%	64,024,291.32
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	-225,967,573.71	-514,142,213.75	56.05%	7,601,038.59
Net cash flows from operating activities (RMB)	207,168,402.26	-39,258,302.07	627.71%	260,725,409.02
Basic earnings per share (RMB/share)	-0.2657	-0.7291	63.56%	0.1062
Diluted earnings per share (RMB/share)	-0.2657	-0.7291	63.56%	0.1062
Return on weighted average net assets	-10.43%	-23.95%	Up 13.52 percentage points	3.15%
	End of 2022	Year end of 2021	Increase/decrease y-	Year end of 2020

			o-y	
Total assets (RMB)	2,606,216,345.99	2,790,002,824.41	-6.59%	3,020,830,930.06
Net assets attributable to shareholders of the listed company (RMB)	1,455,129,894.84	1,615,293,135.51	-9.92%	2,054,741,847.64

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

Yes No

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

Yes No

Item	2022	2021	Note
Operating income (RMB)	694,227,657.28	757,175,743.41	Mainly the income from power generation
Amount deducted from operating income (RMB)	1,611,967.02	1,218,981.05	Mainly income from housing lease
Amount after deduction of operating income (RMB)	692,615,690.26	755,956,762.36	Other operating income after deducting the rental income

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Quarterly main financial indexes

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	75,090,604.86	154,152,937.21	296,803,666.77	168,180,448.44
Net profit attributable to shareholders of the listed company	-38,834,600.08	-55,263,549.01	-48,481,519.82	-17,583,571.76
Net profit attributable to shareholders of the listed Company after deducting non-	-53,403,178.00	-74,102,376.48	-65,686,340.91	-32,775,678.32

recurring gains and losses				
Net cash flows from operating activities	-34,049,453.61	234,637,536.91	18,368,492.90	-11,788,173.94

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

Yes No

IX. Non-recurring profit and loss items and amounts

Applicable Not applicable

Unit: RMB

Item	2022	2021	2020	Description
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-1,171,953.71	974,699.74	-1,144,118.91	
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)	9,333,093.72	23,396,336.60	13,833,445.53	Amortization of government subsidy related to assets
Gains/losses on debt restructuring			7,593,783.90	
Gains/losses arising from contingency that is not related to the normal operation business of the Company		5,000,000.00	6,584,816.78	
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	58,227,971.21	47,887,839.11		Mainly income from wealth management

Other non-operating income and expenses other than those mentioned above	-635,065.42	13,652.99	-118,229.62	
Other gains/losses items that meet the definition of non-recurring gains/losses			33,534,881.55	
Less: impact on income tax			152,683.61	
Impact on minority shareholders' equity (after-tax)	-50,287.24	2,579,026.82	3,708,642.89	
Total	65,804,333.04	74,693,501.62	56,423,252.73	--

Details of other gains/losses items that meet 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. Industry of the Company during the reporting period

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*.

The electricity consumption of the entire society in the country was 8.64 trillion kWh in 2022, up 3.6% year-on-year, according to the *Analysis and Forecast Report on the National Power Supply and Demand Situation in 2023* released by the China Electricity Council. In the first, second, third and fourth quarters, the electricity consumption increased by 5.0%, 0.8%, 6.0% and 2.5%, respectively. Affected by the epidemic and other factors, the electricity consumption growth slowed down in the second and fourth quarters. From the perspective of industry, the electricity consumption of the primary industry was 114.6 billion kWh, up 10.4% year on year; The electricity consumption of the secondary industry was 5.70 trillion kWh, up 1.2% year on year; The electricity consumption of the tertiary industry was 1.49 trillion kWh, up 4.4% year on year; Urban and rural residents' domestic electricity consumption was 1.34 trillion kWh, up 13.8% year on year. A total of 27 provinces in the country were experiencing positive growth in electricity consumption, and the central region led the growth rate. The energy output of industrial enterprises above designated size in the country was 8.39 trillion kWh, up 2.2% year-on-year, of which the thermal power, hydropower and nuclear power generation of industrial enterprises above designated size increased by 0.9%, 1.0% and 2.5% respectively year-on-year. In 2022, full-caliber grid-connected wind power and solar energy output increased by 16.3% and 30.8% year-on-year respectively. Full-caliber non-fossil energy output increased by 8.7% year-on-year, accounting for 36.2% of total energy output, up 1.7 percentage points year-on-year. Full-caliber coal energy output increased by 0.7% year-on-year, accounting for 58.4% of total full-caliber energy output, down 1.7 percentage points year-on-year. Coal-based power is still the most important source of electricity supply in China. In the third quarter, when the water supply was obviously short, the full-caliber coal power energy output increased by 9.2% YOY, which better compensated for the decline in hydropower output and gave full play to the role of coal power in guaranteeing supply.

In 2022, Guangdong Province comprehensively carried out the trial operation of the southern (starting from Guangdong) electricity spot market settlement, and the “medium and long-term+spot” market fully shifted to the absolute price mode. According to the *Southern (starting with Guangdong) Electricity Spot Market 2023 Annual Report*, Guangdong Province's maximum regulated load was 142 million kW (July 25), up 5% year on year; The electricity generated and received by unified dispatching was 761.6 billion kWh, basically flat year on year. The maximum transmission electricity from the western provinces of China is 43.29 million kW, an increase of about 4.4 million kW compared with the annual plan and a total of 181.5 billion kWh from the western provinces of China. The electricity supply met the demand throughout the year, and there was no peak load shifting and power limiting. The installed capacity of unified dispatching is 171 million kW, including 134.5 million kW for provincial dispatching and 36.53 million kW for local regulation. In terms of unit production, the newly installed backbone power units in Guangdong Province amount to 21 (sets) with a total capacity of 6.14 million kW. In terms of unit utilization hours, they are 4,720 hours for coal-fired generator units, down 353 hours year-on-year; 2,587 hours for gas-fire generator units, down 468 hours year-on-year; 7,117 hours for nuclear power generator units, down 385 hours year-on-year (8,039 hours after deducting that of the Jindao nuclear power plant, up 46 hours year-on-year); 2,479 hours for hydroelectric generator units, up 826 hours year-on-year; 1,125 hours for PV generator units, down 89 hours year-on-year; 2,347 hours for wind power generator units, up 464 hours year-on-year; 3,501 hours for biomass, down 2,944 hours year-on-year. The accumulated net energy output of wind power, PV power, hydropower and biomass power is 80.7 billion kWh, up 48% year-on-year. The accumulated net energy output nuclear power is 96.12 billion kWh, down 4.9% year-on-year.

China's natural gas production in 2022 is 217.84 billion cubic meters, up 6.3% year-on-year, according to third-party data from the natural gas industry; The import volume of natural gas is 153.48 billion cubic meters, down 9.7% YoY; The export volume of natural gas is 5.92 billion cubic meters, up 5.7% YoY; The apparent consumption of natural gas was 365.39 billion cubic meters, down 1.0% YoY. In terms of LNG supply and demand, the apparent consumption of LNG in China in 2022 is 28.726 million tons, down 23.81% YoY. Among them, domestic LNG supply is 20.60.14 million tons, up 16.17% YoY, while imported LNG tanker supply is 8.1213 million tons, down 59.33% YoY. In terms of LNG prices, the average ex-factory price of LNG in China in 2022 was RMB 6,784/ton, up 38.12% YoY. Among them, the average ex-factory price of domestic LNG was RMB 6,527/ton, up 29.48% YoY. The average ex-station price of imported LNG was RMB 7,196/ton, up 31.77% YoY and the average delivery price of LNG in China was RMB 7,037/ton, up 36.17% YoY. Generally, in 2022, international geopolitical turmoil led to an expected increase in energy supply shortages and rose international

energy prices. The international LNG spot price once hit a record high, and continued to run at a high level, while the international crude oil price as a whole rose, and the price of China's natural gas imports based on a long term also followed suit. Under the pressure of increasing costs, domestic natural gas supply enterprises basically sell natural gas in accordance with the principle of favorable prices, coupled with tight supply, domestic pipeline gas and LNG prices have been pushing up, and the average price of natural gas purchases of the Company has increased by about 32% compared with the same period last year in 2021, which directly leads to the Company facing the situation of inverted power generation costs and electricity sales prices, and serious losses in power generation. On the other hand, the government issued a series of measures to encourage power generation companies to implement electricity guarantee, including an annual contract cost facilitation compensation of 0.064 yuan/kWh for market-oriented gas unit from April 2022 to December 2022. According to the Guangdong Province Power Exchange's Circular on the Settlement and Trial Operation of Southern (Guangdong) Electricity Spot Market (GDJY [2022] No. 205) in October 2022, from August 2022 to March 2023, an compensation of 0.064 yuan/kWh in addition to original compensation for changes in gas-fired turbine generators was given. The above subsidies mechanism alleviated the operating difficulties faced by Guangdong Province Power Exchange to a certain extent, but still could not reverse the loss.

II. Main business engaged by the Company during the reporting period

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*.

The main business of the Company is production and operation of power supply and heating, as well as technical consulting and service related to power station (plants). At the end of the reporting period, the Company had two gas turbine power plants, with a total of five 9E gas-steam combined cycle power generator units, with a total installed capacity of 900,000 kW (including Nanshan Thermal Power Plant 3 × 180,000kW, Zhongshan Nanlang Power Plant 2 × 180,000 kW). Both gas turbine power plants are located in the power load center area of the Pearl River Delta, which are the main peak shaving power sources in the region, and are currently in normal production and operation.

On February 21, 2022, after deliberation and approval at the 5th extraordinary meeting of the 9th Board of Directors of the Company, the Company started the shutdown and decommissioning of two 9E gas turbines of Shen Nan Dian Zhongshan Company, and submitted its application for shutdown and decommissioning to the Guangdong Province Energy Bureau on November 24, 2022. Shen Nan Dian Zhongshan Company will continue its power generation business before obtaining the approval, which will not have a significant impact on the current production and operation of the Company and Shen Nan Dian Zhongshan Company.

During the reporting period, the electricity business faced many challenges, such as repeated Covid-19 epidemic, fierce electric power market competition and high fuel prices. In order to minimize the negative impact of the external environment on the Company's operating performance, the Company has implemented a series of business layout and management changes with innovative thinking and tenacious perseverance, defined annual business objectives and policies, and adopted targeted major measures. On the basis of paying close attention to work safety management, the Company has continuously increased economic operation management efforts in line with the trend of the accelerating process of reform of electricity market in Guangdong Province, organized two subordinate power stations to actively participate in the electric power marketing competition and achieved good results, contributing to reducing losses.

During the reporting period, the Company's non-electricity business also faced tremendous pressures and challenges. The Shen Nan Dian Engineering Company continues to develop technical consulting and technical services for domestic gas turbine power plant construction while resisting the pressure of epidemic control and prevention and promoting overseas projects. The Shen Nan Dian Environment Protection Company has shifted its focus to exploring the path of business transformation and upgrading due to the environmental protection pressure and the adjustment of Shenzhen municipal sludge disposal route.

Information of the main production and operation

Item	Current Period	Same Period Last Year
Total installed capacity (10,000 KW)	90	90
Installed capacity of newly commissioned unit (10,000 KW)	0	0

Planned installed capacity of approved projects (10,000 KW)	0	0
Planned installed capacity of construction in progress (10,000 KW)	0	0
Energy output (100 million kWh)	8.60	11.48
Net energy output or sales of electricity (100 million kWh)	8.58	11.44
Average power consumption rate of power station (%)	3.50%	3.25%
Utilization hours of power station (hours)	946	1,263

The Company's power sales business

Applicable Not applicable

In 2022, the Company's two power stations achieved a total net energy output of 858 million kWh, a year-on-year decline of 25%. The annual purchase, market electricity and other medium and long-term contract electricity totaled 1.441 billion kWh. The electricity completion of each subsidiary power station of the Company is as follows: Nanshan Thermal Power Station completed net energy output of 800 million KWH, and the annual purchasing, market electricity and other medium and long-term contract electricity totalled 928 million KWH; Zhongshan Nanlang Power Plant completed net energy output of 58 million kWh, and the annual procurement, market electricity and other medium and long-term contract electricity totaled 513 million kWh.

Reasons for significant changes in relevant data

Applicable Not applicable

III. Analysis of core competitiveness

In recent years, the epidemic situation of Covid-19 epidemic has been repeated constantly. Influenced by the macro-economic situation and the common problems in the gas turbine power generation industry, the main business of the Company is facing increasing difficulties and challenges. However, the basic core competitiveness formed by more than 30 years of operation and development, the strong support of the Company's main shareholders, and the innovative measures taken by the Company's Board of Directors and the management team in operation and management, it has laid a necessary foundation for the Company to continuing operation and seek transformation and development. During the reports period, the Company did all the work steadily, and made every effort to promote the high-quality development of the Company, and the core competitiveness of the Company was further consolidated and improved, with the aim of “revitalizing stock, introducing increment and transforming development” and the principle of scientific, pragmatic, efficient, fair and equitable management.

1. Management culture of hard work and innovation. The Company has a group of management talents with innovation consciousness and hard work spirit. Through deepening the reform of human resources and establishing a performance-oriented performance assessment and incentive mechanism, the Company advocates and creates a management culture of unity, hard work, innovation and enterprising within the Company. At the same time, the Company attaches great importance to and vigorously promote the system, management system and compliance system construction, adhere to the rule of law, scientific and rigorous, efficient and orderly standardized management, and through fine, standardized management guidance, for the Company to tap the internal potential and actively seek external opportunities to lay a good foundation.

2. Professional and enterprising technical personnel. With more than 30 years of hard work and influence in the gas turbine power generation industry, the Company have recruited and trained a number of technical experts and professionals in the gas turbine power generation industry and accumulated rich experience in the field of gas turbine power station construction and operation management. In order to meet the market situation of further promoting the reform of electricity market in Guangdong Province, the Company has set up a professional electricity marketing team to study electricity trading strategies and build mathematical model of electricity

marketing. The rich experience accumulated in the aspect of electricity marketing has laid a solid foundation for the Company to participate in developing new electric power market and integrate in the tide of reform of electricity market. In addition, the Shen Nan Dian Engineering Company has provided technical advice, commissioning, and operation assurance for dozens of domestic and overseas gas turbine power stations. The company's training center has successively undertaken the technical personnel training business for dozens of domestic and foreign power stations. It has become a well-known professional talent training base in the domestic gas turbine industry and establish a good reputation and professional brand image in the same industry.

3. Professional and technical level that keeps pace with the times. The company has a number of independent utility model patents and software copyrights, jointly drafted a national standard, and a number of invention patents are under review by the China National Intellectual Property Administration. On December 23, 2021, the Company was recognized by the Shenzhen Municipal Accreditation Administration as the second batch of high-tech enterprises in 2021, and the Company's scientific research and innovation work was unanimously recognized by the society. During the reporting period, the Company has applied to the State Intellectual Property Office for 14 utility model patents in total, of which 12 have been authorized. The total number of authorized patents of the Company has reached 38 (including 4 invention patents) with 8 software copyrights, which greatly improved the Company's brand image and industry competitiveness.

4. Rich experience in industrial exploration. The Company gives full play to its own advantages, accumulates experience in the construction and operation of new energy industries such as electrochemical energy storage and PV, and actively explores scientific and technological projects such as virtual power station platforms. Nanshan Thermal Power Station, a subsidiary of the Company, has filled the domestic gap in the application of energy storage system in the field of "black start" for 9E-class unit after technical transformation. Through the successful operation of black-start projects, the preliminary work of independent energy storage power plants and the construction and operation of PV projects, the Company has accumulated certain experience in the preliminary preparation, construction, commissioning, operation and maintenance of energy storage projects, and trained a number of professionals. In addition, with the talent accumulation and technical advantages of traditional electricity industry, the Company will continue to rely on the electric power market and technical strength to tap the stock potential. To enter the new energy service field reserves the technology and talent, has laid a solid foundation.

5. Leading environmental protection. The generator units of our power stations are all gas-fired units, which use natural gas as the fuel. The CO₂ emission in flue gas is about 42% of that of coal-fired power stations, which provides strong support for the goal of CO₂ emissions peaking and carbon neutrality of China. In accordance with the "Shenzhen Blue" Sustainable Action Plan for 2018 of the People's Government of Shenzhen, the Company has fully completed the "Shenzhen Blue" renovation of the #3, #10 and #1 combustion engines of Nanshan Thermal Power Station, after which the nitrogen oxides emissions of each unit were reduced to below 15 mg/m³, reaching the world's most advanced level. After the renovation, the nitrogen oxides emission of each unit has been reduced to below 15 mg/m³, reaching the most advanced level in the world, and Nanshan Thermal Power Station has been selected as the best power station by *Power Magazine*, the most authoritative magazine in the global electricity industry since 1882.

IV. Analysis of main businesses

I. Overview

In 2022, the 20th National Congress of the Communist Party of China was held, and it is also an extraordinary year in the development of Shen Nan Dian. In the face of complex and severe external situations such as the repeated Covid-19 epidemic, fierce competition in the electric power market, high fuel prices, and serious inversion of power generation cost and selling price, the Company actively implemented the power supply guarantee decision deployment, faithfully fulfilled the social responsibilities of power supply from a high political position, ensured that unit should be fully developed, and has made outstanding contributions to the successful convening of the "the 20th National Congress of the Communist Party of China" and to alleviating the electricity shortage in Shenzhen, Guangdong Province. During the reporting period, the Company's Nanshan Thermal Power Station and Zhongshan Nanlang Power Plant actually completed 858 million kWh of net energy output, with an average annual utilization rate of 946 hours and an average annual plant electricity consumption rate of 3.5% for the generating units of the two power stations. Medium and long-term contract electricity of Nanshan Thermal Power Plant and Zhongshan Nanlang Power Plant in 2022, such as annual purchasing and market electricity, totalled 1.441 billion kWh.

During the reporting period, the main work carried out by the Company is as follows:

1. Safety and environmental protection met the standard, and won the gold medal for generator units. In 2022, the Company paid close attention to the implementation of the main responsibility of work safety, promoted risk grading and control and team safety construction, promoted the continuous improvement of standardization of work safety, three-year action of special rectification of safety production, safety culture construction and other special work, made every effort to solve all kinds of risks and hidden dangers, continuously strengthened the foundation of work safety, fully completed the safety assessment indicators and the tasks of pollution reduction, and continued to maintain a stable work safety situation and the “five-free” safety target. By December 31, 2022, the Company had achieved 6,818 days of work safety accumulatively, without any environmental pollution accident or any work safety liability accident. The Company's Nanshan Thermal Power Station has completed 800 million kWh of net energy output throughout the year without any unplanned outage caused by the unit. In the annual selection of 47 power stations directly transferred by Shenzhen Power Grid, Nanshan Thermal Power Station has won the honorary title of “Shenzhen Power Grid Advanced Power Generation Collective in 2022” with excellent performance. The #10 and #11 units of the power station won the honorary title of “Shenzhen Power Grid 2022 Annual Gold Generating Unit”.

2. Improve quality, reduce costs and increase the operating efficiency of power generation assets. Despite the extremely unfavorable external environment, the Company tried its best to take effective measures to improve economic efficiency. First, electricity marketing for efficiency. The Company observed the requirements of the new spot trading model in the electric power market, dynamically adjusted its power marketing strategy, and scientifically and reasonably implemented power trading. Nanshan Thermal Power Station has always been at the leading level of similar power stations in the Shenzhen region in terms of annual average settlement of on-grid electricity prices. Secondly, state-owned enterprises coordinate to reduce costs. The Company took the initiative to strengthen the communication with upstream suppliers, strengthen the synergy of state-owned enterprises and state-owned assets, broaden the fuel procurement channels, bring the advantages of group procurement into full play, guarantee the matching of electricity generation gas and electricity, and reduce the fuel procurement cost. Third, the implementation of compensation to reduce losses. Through channels such as the Guangdong Province Electricity Industry Association's Special Committee on Combustion Engines, the Company actively reflected its reasonable demands to the relevant government departments and made every effort to promote the introduction of relevant policies. During the reporting period, the Company obtained annual contract cost relief compensation and variable cost compensation, which reduced its main business losses. Fourthly, the Company closely tracked the VAT retention tax refund policy and applied for a full refund of RMB 330 million of retained VAT credits, which greatly eased the pressure on the Company's liquidity. Fifthly, the Company adjusted the financing and liquidity management strategies at the right time to prevent investment and liquidity risks and optimize debt structure.

3. Optimize asset allocation, and explore the expansion and upgrading of stock business. Start the systematic sorting of stock assets and comprehensive analysis of stock business, optimize asset allocation and carry out business integration. Firstly, start the shutdown and decommissioning of two 9E gas turbines of Shen Nan Dian Zhongshan Company, in order to revitalize assets, reduce losses and relieve financial pressure. Secondly, concentrate the advantages of the Company's electricity technical talents, build an efficient maintenance business integration platform, utilize the project development and management experience of Shen Nan Dian Engineering Company to cultivate new profit growth points while striving to reduce the cost and increase the efficiency of the stock business. Thirdly, we will speed up efforts to explore and make plans for virtual power stations, smart PV and other frontiers. We will sign the *Cooperation Agreement on Virtual Power Station Construction* with the Shenzhen Virtual Power Station Management Center, and establish cooperative relations in deepening the development of the Shenzhen virtual power station comprehensive demonstration projects to seek opportunities in the virtual power station business. The fourth is to rely on the strong support of shareholders, actively conduct investment and merger, seek project opportunities, and explore new paths of transformation and development.

4. Improve the management mechanism and enhance the Company's internal development momentum. With the goal of improving the Company's standardized and refined management level and strengthening the Company's internal management, the first is to vigorously promote the construction of institutional systems, optimize management processes, and improve the standardization level of investment, procurement, finance, human resources and administrative logistics management. Meanwhile, the compliance system construction will be launched in an all-round way, and the foundation of normative development of the Company will be consolidated through the compliance system construction. Secondly, optimize the organizational structure, strengthen the construction of talent team, and strengthen cadre management and assessment. At the same time, the work of determining posts and staffing will be started, and a system of division of duties will be formed in which

personnel and posts will be matched, and each will assume its own responsibilities and fulfill its own duties through a comprehensive review of organizational structure, post responsibilities and staffing. Thirdly, construct the concept of performance-oriented assessment, and explore the market-oriented incentive mechanism. Optimize the salary distribution principle based on the assessment, improve schemes and measures for the performance assessment, and establish a results-oriented performance assessment and incentive mechanism. At the same time, explore the employee co-investment mechanism to stimulate the team's innovation vitality and combat effectiveness through benefit sharing and risk sharing.

5. Anchor the transformation route and accelerate the transformation and upgrade of business. During the reporting period, the Company initiated the preparation of the “14th Five-Year Plan” based on the latest national industrial policy guidance and the actual situation of the Company, and clarified the strategic direction and path of the Company. We have clearly defined the strategic direction and path of focusing on the new energy industry, stimulating the vitality of stock assets through technological innovation and industrial upgrading, and seeking the driving force for sustained development through high-quality projects in the new energy field. Strive to promote the transformation and upgrading of the Company in the wave of reform of electricity market, new energy and energy storage industry development.

In 2022, the operating income of the Company was RMB 694 million. The net profit attributable to shareholders of the listed company was RMB -160 million and the basic earnings per share was RMB -0.2657.

II. Income and cost

(1) Composition of the operating income

Unit: RMB

	2022		2021		Increase/decrease YoY
	Amount	Ratio in operating income	Amount	Ratio in operating income	
Total operating income	694,227,657.28	100%	757,175,743.41	100%	-8.31%
By industry					
Energy industry	650,670,587.61	93.73%	708,883,313.18	93.62%	-8.21%
Engineering service	41,945,102.65	6.04%	43,685,185.43	5.77%	-3.98%
Sludge drying	0.00	0.00%	3,388,263.75	0.45%	-100.00%
Others	1,611,967.02	0.23%	1,218,981.05	0.16%	32.24%
By product					
Sales of electricity	650,670,587.61	93.73%	708,883,313.18	93.62%	-8.21%
Engineering service	41,945,102.65	6.04%	43,685,185.43	5.77%	-3.98%
Sludge drying	0.00	0.00%	3,388,263.75	0.45%	-100.00%
Others	1,611,967.02	0.23%	1,218,981.05	0.16%	32.24%
By region					
Domestic	694,227,657.28	100.00%	757,175,743.41	100.00%	-8.31%
Sales model					
Direct sales	694,227,657.28	100.00%	757,175,743.41	100.00%	-8.31%

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

Applicable Not applicable

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*.

Unit: RMB

	Operating income	Operating costs	Gross margin	Increase or decrease in operating income year-on-year	Increase or decrease in operating costs year-on-year	Increase or decrease in gross profit margin year-on-year
By product						
Sales of electricity	650,670,587.61	779,733,245.77	-19.84%	-8.21%	-4.48%	-4.69%
By region						
Domestic	694,227,657.28	804,679,323.48	-15.91%	-8.31%	-5.36%	-3.62%

Reasons for great changes in relevant financial indicators

Applicable Not applicable

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

Yes No

Industry classification	Item	Unit	2022	2021	Increase/decrease YoY
Electricity	Sales volume	100 million kWh	8.58	11.44	-25.00%
	Output	100 million kWh	8.60	11.48	-25.09%
	Inventory	100 million kWh	0.00	0.00	0.00%

Reasons for a y-o-y changes of 30% or more in relevant data

Applicable Not applicable

(4) Performance of major sales contracts and major procurement contracts signed by the Company up to the reporting period

Applicable Not applicable

(5) Composition of operating costs

Industry and product classification

Unit: RMB

Industry classification	Item	2022		2021		Increase/decrease YoY
		Amount	Shared percentage of operating costs	Amount	Shared percentage of operating costs	
Energy	Electricity	779,733,245.77	96.90%	816,273,176.20	96.00%	-4.48%

industry						
Engineering service	Engineering cost	24,687,143.61	3.07%	28,002,979.56	3.29%	-11.84%
Sludge drying	Sludge treatment			5,414,557.67	0.64%	-100.00%
Other	Depreciation of investment property	258,934.10	0.03%	569,945.97	0.07%	-54.47%

Unit: RMB

Product category	Item	2022		2021		Increase/decrease YoY
		Amount	Shared percentage of operating costs	Amount	Shared percentage of operating costs	
Sales of electricity	Power supply	779,733,245.77	96.90%	816,273,176.20	96.00%	-4.48%
Engineering service	Engineering cost	24,687,143.61	3.07%	28,002,979.56	3.29%	-11.84%
Sludge drying	Sludge treatment			5,414,557.67	0.64%	-100.00%

Description

The main component of the Company's operating cost is natural gas, and the Company's natural gas cost will account for 82.17% of the operating cost in 2022; In 2021, the Company's natural gas costs accounted for 77.37% of the operating costs.

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

Yes No

(7) Major changes or adjustment in business, product or service of the Company in Reporting Period

Applicable Not applicable

(8) Main sales clients and main suppliers

Main sales clients of the Company

Total top five clients in sales (RMB)	692,413,282.42
Proportion in total annual sales volume for top five clients	99.74%
Ratio of sales from related parties to total annual sales among the top five customers	0.00%

Information of top five clients of the Company

No.	Name	Sales (RMB)	Proportion in total annual sales
1	Shenzhen Power Supply Bureau Co., Ltd.	632,065,666.91	91.05%

2	China Machinery Engineering Corporation	35,820,448.07	5.16%
3	Guangdong Power Grid Co., Ltd.	18,619,522.44	2.68%
4	Sinohydro Engineering Bureau 8 Co., Ltd.	3,030,645.00	0.44%
5	POWERCHINA Hubei Electric Power Construction Co., Ltd.	2,877,000.00	0.41%
Total	--	692,413,282.42	99.74%

Other information of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	740,818,393.99
Proportion in total annual purchase amount for top five suppliers	95.97%
Ratio of related party purchases among the top five suppliers' purchases to total annual purchases	0.00%

Information of top 5 suppliers of the Company

No.	Name	Purchase amount (RMB)	Proportion in total annual purchases
1	Shenzhen Gas Group Co., Ltd.	603,204,670.45	78.14%
2	Guangdong Branch of CNOOC Gas Power Group Co., Ltd.	107,758,470.83	13.96%
3	Shenzhen Power Supply Bureau Co., Ltd.	18,388,325.37	2.38%
4	Shenyang LSE Power Service Co., Ltd.	6,090,561.29	0.79%
5	Shenzhen Water (Group) Co., Ltd.	5,376,366.05	0.70%
Total	--	740,818,393.99	95.97%

Other information of main suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	2022	2021	Increase/decrease YoY	Notes to significant changes
Selling and distribution expenses	375,055.78	928,661.79	-59.61%	The decrease was mainly due to the decrease in sales development demand due to the re-routing of municipal sludge treatment environmental protection business.

G&A expenses	79,099,350.54	103,286,926.69	-23.42%	Mainly due to decrease in labor costs and intermediary fees
Financial expenses	32,142,802.50	15,212,737.67	111.29%	Mainly due to the increase in the average annual financing scale
R&D expenses	25,647,534.39	20,933,712.98	22.52%	Mainly due to the increase in R&D expenses of Shen Nan Dian Engineering Company

4. R&D input

Applicable Not applicable

Projects	Purpose	Progress	Goals to be achieved	Expected impact on the future development of the Company
Research and development of AGC control technology for combined cycle unit of PG9171E gas turbine	AGC control strategy of existing gas-steam combined cycle units generally adopt power control mode. Power closed-loop control is used in the control system of the units. When the units are put into primary frequency modulation and AGC function, the direction of load command change of AGC is inconsistent with that of load command change required by primary frequency modulation. Through research and development, we can solve the above problems and improve the timeliness and accuracy of the unit's response to the load change.	Completed		Improve the timeliness and accuracy of power generation, effectively enhance safety productivity, and improve the technological content and core competitiveness of the Company's products and services.
Research and Development on Operation Reliability of Gas Turbine Main Lubricating Tank Fan	By adding a set of standby fan, upgrading the control program and HMI screen, the fan has the functions of pre-selection, manual switchover and on-line automatic switchover.	Completed		Improve the performance, safety and reliability of the equipment, and improve the technological content and core competitiveness of the Company's products and services.
Research and Development of Domestic Technology for Hot Air System of Gas Turbine Enclosed Busbar	Domestic technology research on hot air system of gas turbine seal bus is carried out to eliminate system defects and faults, improve equipment operation reliability, concurrently reduce personnel inspection, operation and	Completed		Optimize and improve the performance, safety reliability and economy of the equipment, and enhance the technological content

	maintenance workload, and save costs.			and core competitiveness of the Company's products and services.
Research and development on technical upgrading of excitation devices for steam combined cycle power generation units	With the upgrading of power generation equipment, the State Grid has increasingly raised technical requirements for the performance of power generation equipment, and the relevant parameters of the original excitation equipment cannot meet the requirements of the current State Grid. Through technological upgrading research and development, improve the performance of the excitation device and meet the requirements of the national grid.	Completed		Deeply study and improve the performance of the equipment, improve the efficiency of the operation, and improve the technological content and core competitiveness of the Company's products and services.
Research and development of cooling air stability of PG9171E gas engine cylinder block	Through the stable balance adjustment of the cooling air of the gas turbine cylinder block, the improvement and modification of the control program and the reasonable adjustment of the wind direction measurement position and measurement method, the stability of the cooling air of the gas turbine cylinder block is improved.	Completed		Deeply study the operating mechanism, optimize and improve the control mode, improve the operation safety and reliability, and improve the technological content and core competitiveness of the Company's products and services.
Research and development of the reliability of drain flash tank for steam turbine of combined circulator unit	The long running time of drain flash tank of steam turbine unit leads to failure to completely deal with the gas etching and flashing and other defects in the system, which also leads to obvious noise pollution from the flash tank during startup and stop of the unit. In order to eliminate the above undesirable effect, research and development of the reliability of drain flash tank has been conducted, which effectively reduces noise, as well as adverse effect made on environment by equipment running.	Completed		Develop new technologies actively to reduce the adverse impact of operation and improve the core competitiveness and technology content of the Company product and service.

<p>Research and Development of Demand Side Response Technology for Black Start Energy Storage System</p>	<p>The black start energy storage system, as the power supply point of a power plant during black start, is usually in a standby state. By adding new devices and technical modifications, it adjusts the structure of auxiliary power, achieves the function of grid demand side response, improves economic efficiency, and assists in the "dual carbon" goal.</p>	<p>Completed</p>		<p>Improve economic efficiency, assist in the "dual carbon" goal, and enhance the technological content and core competitiveness of the company's products and services</p>
<p>Technical Research and Development on Reducing Corrosion of the Tail Heating Surface of the Waste Heat Boiler in Steam Combined Cycle Units</p>	<p>Through equipment modification of the existing traditional waste heat boiler condensate heater, a condensate heater recirculation pump and system equipment are installed to improve the inlet water temperature of the condensate heater above the dew point temperature of the existing waste heat boiler, and to prevent condensation and corrosion on the surface of the tail heat exchanger.</p>	<p>Completed</p>		<p>Optimize and improve equipment performance, improve equipment operation safety and reliability, and enhance the technological content and core competitiveness of the company's products and services</p>
<p>Research and Development of Energy Storage Assisted Frequency Modulation Technology for Combined Cycle Units</p>	<p>With the implementation of the grid spot market policy and the continuous improvement of the penetration rate of new energy, the demand for frequency modulation mileage in the grid will significantly increase, and the demand for frequency modulation units to participate in AGC response will also increase; The energy storage auxiliary frequency modulation system can accurately respond to power frequency modulation, solving the shortcomings of traditional units such as slow regulation speed, turnback delay, and large errors. It can also enable the generator unit to maintain stable operation while significantly improving frequency modulation performance, improving the safety of unit operation adjustment, and bringing economic benefits to the unit.</p>	<p>Completed</p>		<p>It improves the safety of unit operation adjustment, brings economic benefits to the unit, and enhances the technological content and core competitiveness of the company's products and services</p>

R&D personnel

	2022	2021	Change proportion
Number of R&D personnel (person)	71	72	-1.39%
Proportion of R&D personnel	18.59%	18.37%	0.22%
Educational background			
Bachelor	34	32	6.25%
Master	1	2	50.00%
Others	36	38	-5.26%
Age composition			
Under 30	6	5	20.00%
30-40	8	15	-46.67%
Over 40	57	52	9.62%

R&D input

	2022	2021	Change proportion
Amount of R&D input (RMB)	25,647,534.39	20,933,712.98	22.52%
Ratio of R&D input to operating income	3.69%	2.76%	0.93%
Capitalization amount of R&D input (RMB)	0.00	0.00	0.00%
Ratio of capitalized R&D input to R&D input	0.00%	0.00%	0.00%

Reasons for and effects of significant changes in R&D personnel composition of the Company

Applicable Not applicable

Reasons for significant changes in the proportion of total R&D input in operating income compared to last year

Applicable Not applicable

Reasons and their reasonableness statement for significant changes in the capitalization rate of R&D input

Applicable Not applicable

V. Cash flows

Unit: RMB

Item	2022	2021	Increase/decrease YoY
Sub-total of cash inflows from operating activities	1,141,649,432.06	915,970,557.14	24.64%
Sub-total of cash outflows from operating activities	934,481,029.80	955,228,859.21	-2.17%
Net cash flows from operating activities	207,168,402.26	-39,258,302.07	627.71%
Sub-total of cash inflows	178,535,035.18	85,113,274.87	109.76%

from investing activities			
Sub-total of cash outflows from investing activities	283,315,286.80	246,736,667.99	14.82%
Net cash flows from investing activities	-104,780,251.62	-161,623,393.12	35.17%
Sub-total of cash inflows from financing activities	1,089,969,316.66	1,061,074,323.80	2.72%
Sub-total of cash outflows from financing activities	1,234,410,158.23	935,063,124.20	32.01%
Net cash flows from financing activities	-144,440,841.57	126,011,199.60	-214.63%
Net increase in cash and cash equivalents	-41,582,961.53	-74,996,638.62	44.55%

Description of main factors affecting significant year-on-year changes in relevant data

Applicable Not applicable

1. The net cash flows from operating activities increased by 627.71% year on year, mainly due to the VAT refund of RMB 330 million received;

2. The cash inflow from investing activities increased by 109.76% year on year, mainly due to the increase in the recovery of wealth management products;

The net cash flows from investing activities increased by 35.17% year on year, mainly due to the increase in net withdrawal of financial products;

4. Cash outflows from the financing activities increased by 32.01% year on year, mainly due to the increase in repayment of bank loans.

5. The net cash flows from financing activities decreased by 214.63% year on year, mainly due to the increase in repayment of financing.

6. The net increase in cash and cash equivalents increased by 44.55% year on year, mainly due to the net increase in cash from operating activities and investing activities greater than the net decrease in cash from financing activities.

Explanation of the reasons for the significant difference between the net cash flow from operating activities and the net profit for the year of the Company during the reporting period

Applicable Not applicable

During the year, the Company received RMB 330 million in retained VAT refunds.

V. Analysis of non-main businesses

Applicable Not applicable

Unit: RMB

	Amount	Ratio in total profit	Reasons	Whether it is sustainable
Investment income	70,717,321.61	-38.10%	Mainly financial income	No
Asset impairment	8,946,433.92	4.82%	Provision for fixed assets, inventory falling price reserves and provision for	No

			impairment of projects under construction of this year	
Non-operating income	39,600.00	-0.02%	Received the epidemic prevention and disinfection subsidies	No
Non-operating expenses	2,191,784.23	1.18%	Mainly losses on write-off of fixed assets	No

VI. Analysis of assets and liabilities

1. Significant changes in the composition of assets

Unit: RMB

	End of 2022		Early 2022		Increase/decrease in proportion	Notes to significant changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Cash and cash equivalents	675,496,266.40	25.92%	689,604,633.59	24.72%	1.20%	
Accounts receivable	135,833,492.64	5.21%	73,610,161.02	2.64%	2.57%	
Contract assets	217,009.58	0.01%	1,040,000.00	0.04%	-0.03%	
Inventories	85,279,298.35	3.27%	88,500,991.13	3.17%	0.10%	
Investment properties	1,833,344.20	0.07%	2,009,051.80	0.07%	0.00%	
Long-term equity investments	83,496,098.24	3.20%	6,986,655.19	0.25%	2.95%	
Fixed assets	591,290,204.31	22.69%	643,256,398.30	23.06%	-0.37%	
Construction in process	4,861,062.16	0.19%	6,088,768.51	0.22%	-0.03%	
Right-of-use assets	7,707,617.90	0.30%	0.00	0.00%	0.30%	
Short-term borrowings	879,957,857.44	33.76%	858,444,163.25	30.77%	2.99%	
Long-term borrowings	28,019,758.68	1.08%	0.00	0.00%	1.08%	
Lease liabilities	2,262,160.03	0.09%	0.00	0.00%	0.09%	
Financial assets held for trading	440,013,571.10	16.88%	632,874,406.39	22.68%	-5.80%	Mainly due to the decrease in purchase of

						financial products
Other current assets	188,248,840.44	7.22%	331,868,661.62	11.89%	-4.67%	
Other investments in equity instruments	300,615,000.00	11.53%	200,615,000.00	7.19%	4.34%	
Other payables	22,997,466.80	0.88%	62,678,254.02	2.25%	-1.37%	

High proportion of overseas assets

Applicable Not applicable

2. Assets and liabilities measured in fair value

Applicable Not applicable

Unit: RMB

Item	Opening balance	Changes in fair value profit and loss in current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Purchase amount in the current period	Sales amount in the current period	Other changes	Ending balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	632,874,406.39					119,987,155.29	72,873,680.00	440,013,571.10
2. Derivative financial assets	0.00							0.00
3. Other creditors' investments	0.00							0.00
4. Other investments in equity instruments	200,615,000.00				100,000,000.00			300,615,000.00
Total	833,489,406.39				100,000,000.00	119,987,155.29	72,873,680.00	740,628,571.10
Financial liabilities	0.00				0.00	0.00	0.00	0.00

Contents of other changes

The accounting method of investment for Jiangsu Liaoyuan Environmental Protection Technology Co., Ltd. in the current year is changed from financial assets held for trading to long-term equity investments by accounting by equity method.

Whether there are significant changes in the measurement attributes of the Company's main assets during the reporting period

Yes No

3. Restrictions on asset rights as at the end of the reporting period

Item	Ending balance	Balance at the end of last year
Margin of bank acceptance bills	27,474,594.34	
Total	27,474,594.34	

VII. Analysis of investment

1. Overall situation

Applicable Not applicable

Investment amount during the reporting period (RMB)	Investment amount in the same period last year (RMB)	Changes (+,-)
100,000,000.00	191,831,197.00	-47.87%

2. Significant equity investments acquired during the reporting period

Applicable Not applicable

Unit: RMB

Name of the investee	Main business	Form of investment	Investment amount	Shareholding ratio	Capital source	Partner	Time horizon	Product type	Progress as on the balance sheet date	Expected earnings	Current investment profit and loss	With lawsuit involved (Y/N)	Date of disclosure (if any)	Disclosure index (if any)
Shenzhen Yuanzhi Ruixin New Generation IT Private Equity Investment Fund Partnership (Limited Partner)	Investment fund	Newly established	100,000,000.00	20.00%	Own fund	Shenzhen Capital Holdings Co., Ltd., Shenzhen Luohu Guidance Fund Investment Co., Ltd., Shenzhen Kunpeng	Six years	Limited partnership	Completed investment of RMB 100 million	Not applicable	0.00	No	March 7, 2020	Announcement name: Announcement on Investment in Shenzhen Yuanzhi Ruixin New Generation IT Private Equity Investment and Related

rship)						Equity Invest ment Manag ement Co., Ltd., Shenzh en Yuanz hi Ruixin Equity Invest ment Manag ement Co., Ltd.								Transact ion; Announ cement No.: 2020- 007; Disclos ure media: <i>China Securiti es Journal, Securiti es Times, Hong Kong Commer cial Daily and CNINF.</i>
Total	--	--	100,000, 000.00	--	--	--	--	--	--	--	0.00	--	--	--

3. Ongoing significant non-equity investments during the reporting period

Applicable Not applicable

4. Investment in financial assets

(1) Securities investment

Applicable Not applicable

The Company had no securities investments during the reporting period.

(2) Investment in derivatives

Applicable Not applicable

The Company had no derivative investment during the reporting period.

5. Usage of the funds raised

Applicable Not applicable

There was no use of capitals raised during the reporting period.

VIII. Sales of major assets and equities

1. Sales of major assets

Applicable Not applicable

The Company did not sell major assets during the reporting period.

2. Sales of major equities

Applicable Not applicable

IX. Analysis of major controlling and joint-stock companiesApplicable Not applicable

The condition of subsidiaries or joint-stock companies that affect more than 10% of the net profit of the Company

Unit: RMB

Name	Type	Main business	Registered capital	Total assets	Net assets	Operating income	Operation profit	Net profit
Shenzhen New Power Industrial Co., Ltd.	Subsidiaries	Technology development of waste heat utilization (excluding restricted projects): power generation by waste heat utilization; Power generation by gas turbine.	RMB 113.85 million	715,010,322.24	27,354,830.01	300,390,194.33	-68,030,052.57	-68,033,560.57
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Subsidiaries	Lease of gas turbine power generation, waste heat power generation, power supply and heating (excluding heating network), wharfs, depots (excluding refined products, hazardous chemicals, inflammables and explosives) and electricity facilities; Lease of land use right; Lease of nonresidential real estate.	RMB 746.8 million	259,825,639.14	-500,798,349.77	18,619,522.44	-110,841,787.19	-111,394,129.17

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Information of main holding and joint stock companies

X. Structured entities controlled by the CompanyApplicable Not applicable**XI. Prospects for the Company's future development**

(I) Analysis of the Company's operating situation in 2023

In 2023, the Company will still face a complex operating situation in terms of production and operation. First, the price of natural gas will still run at a high level. Although the impact of the Russian-Ukraine war on the energy market will gradually weaken, and it is expected that natural gas purchase cost of the Company in 2023 may decrease compared to 2022. However, given the current high price level of international energy, the overall price level of natural gas is still not optimistic. Second, the Company's responsibility to ensure power supply remains arduous. China's economic performance is expected to pick up in 2023, according to the *Analysis and Forecast Report on the National Power Supply and Demand Situation in 2023* released by the China Electricity Council. For Guangdong Province, the maximum load is expected to be 155 million kW in 2023, with a year-on-year

growth of 8.8%. Social electricity consumption is 825 billion kWh, with a year-on-year growth of 5.2%. The newly installed capacity of 17 million kW in Guangdong Province is expected to be tight and balanced. During the kurtosis summer and winter, the situation of power supply and demand will be tight in the southern region. The company still shoulders the responsibility and pressure to keep the power supply. Third, the electricity marketing market competition is still fierce. After Guangdong Province fully enters the trial operation of the electricity spot market, due to system design reasons, it is difficult to truly implement policies such as “gas-electricity linkage” and two-part electricity pricing in the short term. The continuously high fuel cost of gas-fired power generation companies cannot be effectively transmitted downstream, resulting in the inversion of power generation income, and power generation cost will still be the norm. The average energy consumption of the Company's owned 9E combustion turbines is more than 10% higher than that of the 9F and 9H units, making even more losses in the increasingly competitive electricity spot market.

In the face of pressures and challenges, the Company strives to seek new opportunities under the situation of high-quality development. In order to encourage the development of the energy storage industry under the goals of “carbon peaking and carbon neutrality”, the *Guiding Opinions on Accelerating the Development of New Energy Storage issued by the National Development and Reform Commission and the National Energy Administration* specify that by 2025, new energy storage will be transformed from the initial stage of commercialization to large-scale development; By 2030, the comprehensive marketization of new energy storage will be realized. According to *Guangdong Province's 14th Five-Year Plan*, more than 2 million kW of the power generation side, power transformation side, user side and independent frequency modulation energy storage will be built by 2025, and the electricity's demand-side response capacity will reach about 5% of the maximum load by 2025. The *Notice of the General Office of the People's Government of Guangdong Province on Printing and Distributing the Guiding Opinions on Promoting the High Quality Development of New Energy Storage Industry in Guangdong Province and Several Measures of Shenzhen to Support the Accelerated Development of Electrochemical Energy Storage Industry* issued in 2023 also make it clear that it will vigorously support the development of the energy storage industry. At present, the Company is implementing independent energy storage, construction, transportation, management and maintenance smart platform. The PV and other new energy industry upgrading projects are in line with the latest national and provincial and municipal policy guidance. The company will seize the great historical opportunity of the leap-forward development of new energy, change from the passive survival to an active development, and spare no pains to promote the Company's high-quality development

(II) Summary of the Company's Business Plan for 2023

2023 is the first year to fully implement the Party's spirit of the 20th National Congress of the Communist Party of China, and high-quality development is the top priority for building a modern socialist country in an all-round way. The Company still faces great challenges on operation and development, such as fierce competition in the electric power market, high natural gas prices, inversion of power generation cost and electricity prices, and increasing contradiction between supply and demand. In the face of severe external environment, the Company, aiming at promoting its high-quality development, deployed the overall work idea of 2023 with one core, two objectives, three foundations and six special action plans. The Company will lead all employees to closely focus on six special action plans, face challenges, work hard, and strive to create a new situation of turnaround, strategic transformation and high-quality development.

1. Adhere to the bottom line of safety and complete the power supply guarantee task with high standard. Firstly, firmly establish the concept of “safe development”, adhere to the people's supremacy and life's supremacy, and consolidate the foundation of enterprise development. Vigorously promote the continuous improvement of hierarchical risk management and control, team safety construction and standardization of work safety, focus on strengthening equipment and facilities management and operation process control management, effectively carry out the “three simultaneous” work of safety facilities from design, construction to production and operation of new projects of the Company's transformation and development, fully implement the main responsibility system for work safety and the responsibility system for work safety of all employees, effectively prevent safety risks, and ensure the all-round “great safety” of the Company. Secondly, the task of protecting power supply to a high standard shall be fulfilled and the concept of ecological development shall be practiced. Raise political sense, perform the social responsibilities of state-owned enterprises, spare no effort to ensure the safety of power supply during major events and important periods, strictly implement various energy-saving and emission reduction measures, and ensure the normal operation of environmental protection facilities and equipment. While ensuring the discharge of various pollutants up to the standards, the level of energy consumption in production shall be constantly reduced, and the goal of “double carbon” shall be achieved.

2. Based on stock assets, make every effort to reduce losses and increase profits. Activate stock resources, deeply tap potentialities, and consolidate the foundation for transformation and upgrade. First, Shen Nan Dian Zhongshan Company will actively seek the support of government functional departments on the basis of the application for shutdown and decommissioning to be submitted in 2022 and strive to complete the suspension and withdrawal of unit as soon as possible. Based on the advantages of land resources, carry out the follow-up transformation work, and provide support for the Company's strategic focus and expansion of new business areas. Second, Shen Nan Dian Engineering Company to strengthen the collection of accounts receivable, continue to explore and seize domestic and foreign markets, and actively develop new gas turbine projects; At the same time, the Company shall give full play to the talent advantage after the integration of overhaul business, and constantly develop the external electricity overhaul market. Thirdly, Shen Nan Dian Environment Protection Company takes advantages of its existing skills and talents to explore the establishment of a power distribution company to participate in the trade in electric power market, and actively promote the construction of a data center and the preliminary work of the virtual power station, aiming at the integration of source network, charge and storage to build a comprehensive energy service provider. Fourthly, Server Company will make full use of the depot resources, actively revitalize the assets of the depot, seek business opportunities, and continue to promote the reconstruction of Huidong Server docks in order to achieve the appreciation and efficiency enhancement of the stock assets. Fifthly, keep close eye on the market, explore channels and reduce natural gas purchase cost. Continue to optimize our upstream cooperation and take advantage of the price differentials of different gas sources to control natural gas purchase cost and match gas and electricity while ensure the supply of manufacturing gas requirement. Sixthly, strive for policy support. We will pay close attention to the policy orientation, actively report the difficulties to the government, raise reasonable demands, promote the implementation of relevant subsidies, and strive to improve the Company's electricity business.

3. Firmly plan strategic layout, and introduce increment to realize transformation and upgrade. Strengthen strategic guidance, and unswervingly persist in transformation and development. The first is to further improve the strategy and implementation path, plan actively around the new energy and energy storage industry chain, complete the preparation of the 14th Five-Year Plan, and form a forward-looking and feasible development plan with accurate positioning, reasonable objectives, clear path, and comprehensive guidance, which leads the next phase of the Company's transformation. The second is to make full use of the platforms of the listed company, go deep into new energy, energy storage and other key industries, vigorously carry out mergers and acquisitions, and promote the implementation of key projects. The third is to give full play to the Company's own advantages, expand and upgrade the existing business, and promote transformation and development with industrial upgrading; make full use of the power point advantages of Nanshan Thermal Power Station, and actively promote the construction of the first phase of the independent energy storage power station project; Continuously promote the implementation of "construction, operation, management and maintenance" intelligent platform projects; Accelerate the completion of the construction of smart PV projects, and strive for early production and income generation; We will explore the new energy of integrated new energy power stations, distributed data centers, on-line monitoring of energy storage power stations, and virtual power station platforms.

4. Deepen standardized operation and improve the quality of corporate governance. Vigorously promote the construction of corporate governance system, compliance system and management system, and establish and improve a standardized management system that complies with laws and regulations, is scientific and rigorous, efficient and orderly. The first is to optimize the corporate governance system. In accordance with regulatory regulations and relevant requirements of state-owned and state-owned enterprises, strengthen the construction of the Company's legal person governance system, further improve the Company's legal person governance system and process, clarify corporate governance responsibilities, adhere to the rule of law, standardize operations, and improve the Company's legal person governance level. Secondly, promote the compliance system construction. According to the implementation plan of the Company's compliance system construction, we will build a full-coverage and full-chain compliance management system with standardized system in advance, dynamic supervision during the event and post supervision accountability, so as to effectively prevent compliance risks and ensure the Company's sustainable development. Thirdly, strengthen implementation and supervision. Continuously sort out, revise and improve the management systems of the Company, standardize internal management, and strengthen the inspection and assessment of the implementation of the systems, so as to comprehensively improve the quality and level of management.

5. Build a solid foundation for the Party's construction and open up a new situation for the Party's construction. The Company will unswervingly take the study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the primary political task, continue to study and implement the spirit of

the 20th National Congress of the Communist Party of China and the spirit of the series of important speeches of General Secretary Xi Jinping, focus closely on the overall situation of production and operation development of the Company, firmly establish the work orientation of “focusing on party building and doing a good job of party building to promote operation”, take party building and joint construction as the starting point, and promote the “double integration and double promotion” of party building and business. The Company will firmly maintain the authority of the Party, take improving enterprise efficiency and enhancing enterprise competitiveness as the starting point and foothold of the Party's organizational work, closely focus on the work goal of production and operation with transformation and development led by the Party's construction, promote the implementation of the Party's leadership in all aspects from corporate governance to operation and development, effectively form a new work pattern of “complementing the advantages of Party's construction, and coordinating and interacting with business”, and strive to empower the Company with high-quality transformation and development through high-quality Party's construction.

The business plan and relevant situation analysis set forth in this annual report do not constitute the Company's performance commitment to investors. The Company reminds investors to maintain due risk awareness, understand the difference between the business plan and performance commitment, and make prudent investment decisions.

(III) Possible main risks and countermeasures

1. Main business: Since 2022, affected by multiple factors, two power stations under the Company experienced tremendous pressure from rising fuel prices and lagging unit energy efficiency. With the continuous promotion and deepening of market-oriented transaction of Guangdong Province power market, 9E unit is facing difficulties in profiting under the pressure of competition with more efficient and lower-cost units, and the situation of main business operation of the Company will be more severe. By continuously strengthening the management of the stock assets, the Company will actively respond to the demands and changes of the electric power market and try its best to improve the profitability of its main business and the overall operating efficiency. At the same time, the Company will focus on the new energy industry chain and actively explore diversified business models and opportunities to transform itself from a traditional power generator to a comprehensive energy service provider to create better conditions for the continuing operation and healthy development of the Company.

2. Under the market-oriented electricity generation model, power stations will face more flexible scheduling and stricter assessment, which will put forward higher demands on the operation and maintenance of the aging power plants. The Company will, through the formulation of scientific and reasonable overhaul and technical transformation plans, invest corresponding funds and technical forces, continuously improve the level of equipment maintenance and governance, implement the main responsibility of safety production, and ensure the safe and stable operation of production facilities; At the same time, it will further strengthen training and emergency capacity building, achieve the “five in place” of work safety responsibility, management, investment, training and emergency rescue, ensure that no human-induced work safety accidents occur within the Company's system, and continue to play a supporting role of the main peak-shaving power point.

3. Procurement of fuel: In 2023, the purchase price of fuel will mainly depend on the development of the international market and the selling prices of existing suppliers. Although the impact of the Russia-Ukraine war on the energy market will gradually abate, major economies in Europe and Asia have taken a variety of measures in the past year to cope with the shortage of energy supply, in view of the current high price of international energy and the expected increase in consumption after China fully liberalized the epidemic control and prevention, it is estimated that the Company's natural gas purchase cost in 2023 may be lower than that in 2022. But the overall price level is still not optimistic. In addition, due to the marketization of the electricity trading in Guangdong Province, the Company's planned energy output cannot match with the actual energy output, and the planned purchase amount of natural gas cannot match with the actual consumption amount to meet the balance between supply and demand. Due to the fact that the natural gas procurement contract must be signed in advance, the proposed procurement of the contracted quantity has been basically determined at the time of contract signing. If the gas cannot be delivered as agreed due to factors such as the marketization of electricity trading during the contract period, there may be risks related to under drawn or over drawn of the contracted quantity. The Company will continue to optimize our upstream partnerships and make full use of multiple sources of gas to reduce natural gas purchase cost while ensuring electricity generation demand.

The Company reminds investors to pay attention to the above major risks and other risks that the Company may face, and prudently make rational investment decisions.

XII. Reception of research, communication and interview during the reporting period

☑Applicable ☐Not applicable

Time	Location	Method	Type of object	Object	Main contents discussed and materials provided	Index of basic information of the research
January - December 2022	Office of the Company's headquarters	Field research	Individual	Individual (8 persons)	Attending the general meeting and inquiring the register of members, etc.	The Company carries out reception according to laws and regulations
January - December 2022	Interactive platform	Written inquiry	Individual	Individual (77 persons)	To inquire about the number of shareholders, the Company's future development direction, the progress of the Company's investment matters, and matters related to the land of Nanshan Thermal Power Station, etc.	The Company replied in writing in a timely manner
January - December 2022	Telephone communication	Telephone communication	Individual	Individual (44 times)	To inquire about the Company's performance, market performance, land-related matters and the progress of the Nanshan Thermal Power Station.	The company replied in accordance with the laws and regulations

Section IV Corporate Governance

I. Basic conditions of the corporate governance

In accordance with the *Company Law*, *Securities Law*, *Listed Company Governance Guidelines*, *Stock Listing Rules and the Articles of Association*, the Company continued to improve the corporate governance structure, improve the modern corporate management system, enhance the standardized governance and fine governance, and effectively safeguard the legitimate equity of listed company, investors and employees.

1. General meeting of shareholders: The Company convenes a general meeting of shareholders in strict accordance with legal procedures to ensure that shareholders exercise their rights in accordance with the law. During the reporting period, the Company convened one regular meeting and two extraordinary meetings of the shareholders' general meeting to carefully study and deliberate the major issues to be decided at the general meeting. The convening, convening procedures, qualifications of the attendees and conveners, voting procedures and voting results of the Company's general meeting of shareholders comply with the relevant provisions of the *Company Law*, the *Securities Law*, the *Rules of Shareholders' Meetings of Listed Companies* and other laws, regulations, normative documents and the articles of association. The Company does not have the situation that major shareholders and their related parties occupy or transfer the Company's funds, assets and other resources in any form.

2. Board of Directors: The Company's Board of Directors adhere to standard operation and management, strengthen its self-construction and improve the standard operation and decision-making of the board of directors. During the reporting period, the Company's Board of Directors held two regular meetings and seven ad hoc meetings to deliberate and deliberate on major issues within its mandate. All the four special committees, namely, the Strategic and Investment Management Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, under the Company's Board of Directors, carefully studied and reviewed relevant matters according to their respective responsibilities, and provided opinions and suggestions. They fully played the active role of each special committee in major investment decisions, important personnel adjustments, salary standardization management, internal audit and risk control, effectively ensuring the scientific decision-making and standardized management of the Company.

3. Board of Supervisors: the board of supervisors of the Company shall conscientiously perform its responsibilities in accordance with the relevant laws and regulations and in a responsible manner to the Company and its shareholders. During the reporting period, the Board of Supervisors of the Company held two regular meetings and two temporary meetings to supervise and inspect the Company's financial situation, major decision-making matters, internal control, standardized management and other important matters, and to give opinions. At the same time, the supervisor also conducts in-depth understanding of the Company's operation and management and performs its supervisory duties by attending shareholders' meetings and attending board of directors meetings as nonvoting delegates, as well as organizing field visits to the Company's subordinate enterprise.

4. Management: during the reporting period, the management of the Company strictly complied with the requirements of relevant regulations and the Articles of Association of the Company, conscientiously implemented the decisions of the shareholders' meeting and the Board of Directors, actively organized the production, operation and management of the Company, continuously improved the office meeting system and internal control system, continuously optimized the workflow and decision-making procedures, followed the working principles of reasonable division of labor, enhanced cooperation and the purpose of collective decision-making on major matters, continuously improved the management level of the Company and strived to achieve the annual operation targets.

5. Information disclosure and investor relationship management: During the reporting period, the Company's Board of Directors should strictly comply with the requirements of the *Administrative Measures for the Information Disclosure of Listed Company* and the *Rules for the Listing of Stocks* and other regulations and normative documents, and the Company shall seriously perform the obligation of the information disclosure. In 2022, the Company completed the preparation and disclosure of regular reports and interim reports in accordance with laws and regulations, and issued a total of 70 announcements in the whole year, striving to make investors fully understand the Company's production, operation and management and major events. The Company strictly follows the requirements of regulatory documents such as *Guidelines on Investor Relations Management for Listed Companies* and *Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 1 - Standardized Operation of Listed Companies on the Main Board* to do a good job in investor relations management and communicate with investors through various forms such as receiving on-site visits from

investors, investor mailboxes, investor telephone hotlines and the interactive platform of Shenzhen Stock Exchange to strengthen investors' understanding of the Company.

6. Major information confidentiality: The Company standardized the management of confidential information in strict accordance with regulations and normative documents such as *Measures for the Management of Information Disclosure of Listed Companies*, *Guidance on the Supervision of Listed Companies No. 5 -- Registration and Management of Confidential Information of Listed Companies*, and conscientiously submitted the process memorandum of major matters and insider information files in accordance with relevant regulations. During the reporting period, the Company did not disclose any inside information and did not provide non-public information to major shareholders or violate the provisions on information disclosure of the Company.

7. Internal control and standardization: during the reporting period, the Company carried out a self-evaluation of internal control and regular internal audit and took active and effective measures to improve the existing problems and shortcomings. At the same time, the Company - will strengthen business training and compliance education for directors, supervisors, senior managers, and middle level management cadres at all levels, increase assessment, rewards, and punishments, further improve standardized management, and strive to prevent operational management risks.

Whether the actual situation of the corporate governance differs significantly from the listed company governance provisions promulgated by laws, administrative regulations and China Securities Regulatory Commission

Yes No

The actual situation of the corporate governance is not materially different from the provisions of laws, administrative regulations and China Securities Regulatory Commission on listed company governance.

II. The independence of the Company relative to the controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finances, institutions and operations

The Company has no controlling shareholder. The Company is completely independent from its major shareholders in terms of personnel, assets, finance, business, institutions, etc., and has the ability to make independent decisions and operate independently.

1. Personnel independence: the Company has an independent human resource management system and salary and welfare system; All senior management personnel of the Company are full-time management personnel of the Company, and none of them hold any administrative positions in the shareholder unit other than directors and supervisors; Within the scope approved by the board of directors, the Company recruits and dismisses employees on its own according to business management needs. The Company has established a relatively complete human resource management system and has independent management rights.

2. Asset independence: the Company has independent production facilities and auxiliary systems, land use right and house property, office facilities and equipment. It has the power to purchase and dispose of assets on its own within the scope authorized by the general meeting of shareholders and the board of directors.

3. Financial independence: the Company has an independent financial management department and accounting system, equipped with independent financial management and accounting personnel. And it establishes a relatively complete financial management system, and has independent bank accounts and tax accounts. The Company has independent financial decision-making authority within the scope authorized by the general meeting of shareholders and the board of directors, and there are no circumstances under which major shareholders interfere with financial management or embezzle funds.

4. Business independence: The Company carries out production and operation activities independently, and has established independent and complete production, procurement, sales channels and management system. Within the scope authorized by the shareholders' general meeting and the board of directors, they shall operate, manage and be responsible for their own profits and losses.

5. Institutional independence: According to the needs of production, operation and management, the Company follows the modern enterprise management standards, and has established a relatively perfect organizational structure and management structure. There is no interference by shareholders in the establishment and operation of the Company's institutions, and there is no sharing of organizational structure with shareholders.

III. Horizontal competition

Applicable Not applicable

IV. Annual general meetings and extraordinary general meetings held during the reporting period**1. General meeting of shareholders during the reporting period**

Session of meeting	Type of the meeting	Ratio of investors	Date of the meeting	Date of disclosure	Resolution of the meeting
Annual general meeting of 2021	Annual general meeting	38.45%	April 15, 2022	April 15, 2022	The meeting deliberated and approved the <i>2021 Work Report of the Board of Directors</i> , the <i>2021 Work Report of Supervisors</i> , the <i>Proposal on the 2021 Financial Final Accounts</i> , the <i>Proposal on 2021 Annual Profit Distribution Plan</i> , the full text and summary of the <i>2021 Annual Report</i> , the <i>Proposal on the 2022 Remuneration of the President and the Proposal on the Employment of the 2022 Auditing Offices and Determination of Their Remuneration</i> .
First extraordinary general meeting of 2022	Extraordinary general meeting	38.39%	August 2, 2022	August 2, 2022	Deliberated and approved the <i>Proposal on By-election Independent Directors</i> and the <i>Proposal on Providing Guarantee for Holding Subsidiaries in 2022</i> .
Second extraordinary shareholders' general meeting of 2022	Extraordinary general meeting	38.34%	September 13, 2022	September 13, 2022	Deliberated and approved the <i>Proposal on the Byelection of Non-Independent Directors of the 9th Board of Directors of the Company</i> .

2. Request for an extraordinary general meeting by preferred shareholders whose voting rights have been restored

Applicable Not applicable

V. Director, supervisors and senior management**1. Basic information**

Name	Title	Working status	Sex	Age	Start date of the term	End date of the term	Number of shares held at the beginning of the period (shares)	Number of shares increased in the current period (shares)	Number of shares reduced in the current period (shares)	Other increases and decreases (shares)	Number of shares held at the end of the period (shares)	Reasons for changes in share increase or decrease
Kong Guoliang	Chairman	Incumbent	Male	39	September 13, 2022	April 26, 2024	0	0	0	0	0	

Hu Ming	Vice chairman	Incumbent	Male	52	September 13, 2021	April 26, 2024	0	0	0	0	0	
Huang Qing	Director	Incumbent	Male	51	June 3, 2019	April 26, 2024	0	0	0	0	0	
Chen Yuhui	Director	Incumbent	Male	57	August 28, 2017	April 26, 2024	0	0	0	0	0	
	GM				August 11, 2017	April 26, 2024						
Wu Guowen	Director	Incumbent	Male	57	April 25, 2016	April 26, 2024	0	0	0	0	0	
	Standing deputy GM				April 1, 2016	April 26, 2024						
Sun Huirong	Director	Incumbent	Male	39	April 26, 2021	April 26, 2024	0	0	0	0	0	
Huang Xiqin	Independent director	Incumbent	Female	51	August 2, 2022	April 26, 2024	0	0	0	0	0	
Chen Zetong	Independent director	Incumbent	Male	52	November 17, 2017	November 17, 2023	0	0	0	0	0	
Du Wei	Independent director	Incumbent	Male	67	November 11, 2019	April 26, 2024	0	0	0	0	0	
Zhai Baojun	Chairman of the Board of Supervisors	Incumbent	Male	51	March 23, 2023	April 26, 2024	0	0	0	0	0	
Li Caijun	Supervisors	Incumbent	Male	44	April 26, 2021	April 26, 2024	0	0	0	0	0	
Liao Junkai	Supervisors	Incumbent	Male	34	June 3, 2019	April 26, 2024	0	0	0	0	0	
Qian Wenhui	Employee representative supervisor	Incumbent	Male	54	April 26, 2021	April 26, 2024	0	0	0	0	0	
Lu Yindi	Employee representative supervisor	Incumbent	Female	40	April 26, 2021	April 26, 2024	0	0	0	0	0	
Zhang Xiaoyin	CFO	Incumbent	Male	35	June 13, 2022	April 26, 2024	0	0	0	0	0	
Zou Yi	Secretary of the Board of Directors	Incumbent	Male	49	April 26, 2021	April 26, 2024	0	0	0	0	0	
Li Xinwei	Chairman	Leave office	Male	57	August 28, 2017	July 25, 2022	0	0	0	0	0	
Mo Jianmin	Independent director	Leave office	Male	56	November 17, 2017	August 2, 2022	0	0	0	0	0	
Ye Qiliang	Chairman of the Board of Supervisors	Leave office	Male	60	November 17, 2017	February 27, 2023	0	0	0	0	0	
Zhang Jie	Vice-general manager	Leave office	Female	55	December 30, 2006	March 20, 2023	17,325	0	0	0	17,325	
Total	--	--	--	--	--	--	17,325	0	0	0	17,325	--

Note: Ye Qiliang, the chairman of the Supervisory Board, left his post on February 27, 2023 after reaching his retirement age, and Zhang Jie, the Deputy General Manager, left his post on March 20, 2023 after reaching his statutory retirement age.

During the reporting period, whether there was any departure of directors and supervisors and dismissal of Senior Officers

Yes No

On May 13, 2022, the Company's Board of Directors received a written resignation from Mr. Mo Jianmin, an independent director. Mr. Mo Jianmin resigned as an independent director of the 9th Board of Directors of the Company and as convener of the audit committee and remuneration and appraisal committee for personal reasons. Mr. Mo Jianmin's resignation will result in less than one-third of the independent directors' independent directors and will take effect when a new listed company is elected. On August 2, 2022, the Company held the first extraordinary general meeting of 2022 to elect Ms. Huang Xiqin as an independent director of the 9th Board of Directors of the Company, and the resignation report of Mr. Mo Jianmin became effective.

On July 25, 2022, the Company's Board of Directors received a written resignation from Mr. Li Xinwei, a director and the chairman of the board. Mr. Li Xinwei resigned as a director and chairman of the 9th Board of Directors of the Company and as convener of the 9th Board of Directors of the Company Strategy and Investment Management Committee.

On February 27, 2023, the board of supervisors of the company received a written resignation report submitted by the chairman of the board of supervisors, Mr. Ye Qiliang. Mr. Ye Qiliang resigned as supervisor and chairman of the 9th Board of Supervisors of the Company due to reaching the statutory retirement age.

On March 20, 2023, the board of directors of the company received a written resignation report submitted by Ms. Zhang Jie, Deputy General Manager. Ms. Zhang Jie resigned as Deputy General Manager of the company due to reaching the legal retirement age.

Changes in directors, supervisors and senior management personnel of the Company

Applicable Not applicable

Name	Title	Type	Date	Reason
Kong Guoliang	Directors and chairman	Be elected	September 13, 2022	
Huang Xiqin	Independent director	Be elected	August 2, 2022	
Zhai Baojun	Chairman of the Board of Supervisors	Be elected	March 23, 2023	
Zhang Xiaoyin	CFO	Appointed	June 13, 2022	
Li Xinwei	Directors and chairman	Leave office	July 25, 2022	Work change
Mo Jianmin	Independent director	Leave office	August 2, 2022	Personal reasons
Ye Qiliang	Chairman of the Board of Supervisors	Leave office	February 27, 2023	Retire
Zhang Jie	Vice-general manager	Leave office	March 20, 2023	Retire

2. Appointment

Professional background, main experiences and responsibilities of the current directors, supervisors and senior management

Mr. Kong Guoliang: Born in 1983, a member of the CPC, master of finance, CUFE, certified public accountant and economist. He served as stock and securities affairs manager and securities affairs representative of Shenzhen Zhenye (Group) Co., Ltd., senior manager and deputy head of Investment Department of Shenzhen Yuanzhi Investment Co., LTD., head of Capital Operation Department, head of Investment Development Department II, head (director) of Strategic Research Department (Board Office) and secretary of the Board of Directors of Shenzhen Capital Holdings Co., Ltd., director of Shenzhen Zhenye (Group) Co., Ltd., director of China International Marine Containers (Group) Co., Ltd., general manager of Shenzhen Pingwen Development Investment Co., Ltd., and chairman of Shenzhen Yuanzhi Culture Holding Co., Ltd. He is the chairman of the Shenzhen Energy Group Co., Ltd., the director of Shenzhen Energy (H.K.) International Limited and the director of the Hong Kong Nam Hoi (International) Ltd. He has served as chairman of the Board of the Company since September 2022 and chairman of the Party Committee of the Company since November 2022.

Mr. Hu Ming: Born in 1970, Member of China National Democratic Construction Association, Master, Senior Engineer. From March 2003 to December 2019, he worked in Nanshan District Housing and Urban-Rural Development Bureau, Audit Bureau and other relevant government entities; From January 2020 to August 2021, he served as the Managing Director of Dashaha Construction Investment Co., Ltd. of Shenzhen and the Managing Director of Nanshan Anju Construction and Development Co., Ltd. of Shenzhen. He has served as managing director of the Shenzhen Guangju Energy Co., Ltd. since August 2021 and vice chairman of the Board of the Company since September 2021.

Mr. Huang Qing: Born in 1971, he is a member of the CPC, a middle-level economist, and a master of economics, graduated from Wuhan University, majoring in national economic planning and management. He has successively served as a clerk, deputy chief clerk and chief clerk of the General Office of Shenzhen Municipal Government; Deputy Director of the General Office of the Shenzhen Municipal Government; Director of the General Office of the Shenzhen Municipal Government; Deputy Secretary of the General Office of Shanxi Provincial Government; Deputy Director of the Office of Shanxi Provincial People's Government in Guangzhou, member of the Party Group, etc. He is vice president of Shenzhen Capital Holdings Co., Ltd., director of Shenzhen Energy Group Co., Ltd., director of Shenzhen Huanshui Investment Group Co., Ltd., director of Shenzhen Hi-tech Investment Group Co., Ltd., director of Xiong'an Green Research Think Tank Co., Ltd., director of Shenzhen Building Research Institute Co., Ltd., chairman of Shenzhen Yixin Investment Co., Ltd. He has served as a director of the Company since June 2019.

Mr. Chen Yuhui: Born in 1965, a member of the CPC, senior engineer, graduated from Shanghai Jiaotong University and obtained a bachelor's degree (undergraduate degree) in ship power and a master's degree (postgraduate degree) in vibration, shock and noise. In 1989, he worked in the maintenance department of Shenyang Liming Combustion Engine Company; From December 1989 to June 2006, he worked at Moon Bay power station of Shenzhen Energy Group, successively serving as shift director of operation department, special engineer of chief engineer's office, deputy director of maintenance department, deputy director and director. He successively served as the Deputy General Manager and Operation Director of the Eastern power station of Shenzhen Energy Group from June 2006 to July 2014. He served as the Chairman, General Manager and Party Secretary of Zhuhai Shenneng Hongwan electricity Co., Ltd. from July 2014 to August 2017. He has served as the chairman of the Board and general manager of the Company since August 2017 and vice chairman of the Party Committee of the Company since May 2019.

Mr. Wu Guowen: Born in 1965, bachelor. He has worked in Shenzhen Guangju Energy Co., Ltd. since 1994. He served as the Deputy General Manager of the Shenzhen Yilin Liquid Storage Co., Ltd. from 2008 to November 2010; From December 2010 to March 2016, he worked in the Shenzhen Guangju Real Estate Co., Ltd., successively serving as deputy general manager, legal representative, executive director and general manager; He served as the employee supervisor of the Shenzhen Guangju Energy Co., Ltd. from August 2013 to March 2018; He concurrently served as the Chairman of the Shenzhen Server Petrochemical Supplying Co., Ltd. from March 2018 to September 2021; He has served as the Director and Executive Vice president of the Company since April 2016.

Mr. Sun Huirong: Born in 1983, is a member of the CPC, has a master's degree and an intermediate engineer title. He served as senior officer and project leader of Shenzhen Geotechnical Investigation & Surveying Intitute Co., Ltd., Investment Director of Shenzhen Horizon Investment Management Co., Ltd., Senior manager and deputy head of Research Department of Shenzhen Capital Holdings Co., Ltd., and deputy head of Strategic Research, M&A and Reorganization Department. Now, he is the head of Asset Management Department and head of Audit Department of Shenzhen Capital Holdings Co., Ltd. He is also a director of China International Marine Containers (Group) Co., Ltd., Shenzhen Kelu Electronic Technology Co., Ltd., Shenzhen Institute of Building Science Co., Ltd., Shenzhen Zhenye (Group) Co., Ltd., and Shenzhen Zhaotchi Co., Ltd. He has served as a director of the Company since April 2021.

Ms. Huang Xiqin: Born in 1971, she holds a Bachelor's degree in Law and a Master's degree in Economics from the Party School of the Central Committee of the CPC, and an Executive MBA from the Guanghua School of Management of Peking University. He started working in September 1992. From September 1992 to May 1998, he served as appraiser and manager of Shenzhen International Real Estate Consulting Co., Ltd. She has served as the Executive Director of Guozhonglian Asset Appraisal Land and Real Estate Appraisal Co., Ltd. since May 1998; From December 2000 to date, he has served as the chairman of Guozhonglian Construction Engineering Management Consulting Co., Ltd.; From November 2001 to date, he has served as the chairman of Guangdong Guozhonglianhang Asset Appraisal Land Real Estate Appraisal Planning Consulting Co., Ltd.; From February

2015 to date, she has served as a director of Beijing Guozhonglian Auction Co., Ltd.; From January 2021 to date, he has served as the supervisor of Guangdong Guozhonglian Construction Engineering Co., Ltd.; From January 2022 to date, he also served as the external director of Guangdong Province Construction Engineering Group Co., Ltd. She has been an independent director of the Company since August 2022.

Mr. Chen Zetong: Born in 1970, bachelor of laws of Southwest University of Political Science and Law, bachelor of laws of Hong Kong University and doctor of laws of Jilin University. From 1994 to 2003, he served as clerk, assistant judge and judge of the Real Estate Division of the Intermediate People's Court of Shenzhen. 2003-2006: President of the Economic Chamber; July-August 2002, Internship at the High Court of Hong Kong as a Judicial Assistant; From 2006 to 2010, he served as vice president of the seventh civil court (court of corporate liquidation and bankruptcy), of which he presided over the work of the court from June 2006 to August 2008. From 2010 to 2012, he served as a partner of Beijing Jindu Law Firm. From 2012 to date, he served as the senior partner of Beijing Junzejun Law Firm. He is independent directors of listed company Tianma Microelectronics Co., Ltd., independent directors of non-listed company Fude Insurance Holding Co., Ltd, independent directors of Fude Life Insurance Co., Ltd, and independent directors of Life Insurance Co., Ltd. He has served as an independent director of the Company since November 2017.

Mr. Du Wei: Born in 1955, is a member of the CPC, senior engineer, Ph. D. , graduated from Institute of Plasma Physics, Chinese Academy of Sciences. Successive cadres of the national energy commission; Assistant engineer and chief section officer of Yangtze River Basin Planning Office; Engineer and deputy department manager of China Nanshan Development Co., Ltd.; Deputy General Manager and General Manager of Shenzhen Changjiang Computer Industry Co. , Ltd. Deputy head (deputy director) and head (director) of the Evaluation and Recommendation Center for Senior Managers of the Organization Department of the Shenzhen Commission; Deputy general manager of Shenzhen Expressway Development Company; Chairman of Shenzhen International West Logistics Co., Ltd. General Manager of Shenzhen International Qianhai Real Estate (Shenzhen) Co., Ltd.; Senior Consultant of Shenzhen International Qianhai Real Estate (Shenzhen) Co., Ltd. He is currently the executive director and general manager of Shenzhen Borun Investment Co., Ltd. and the executive director and general manager of Shenzhen Tianyu Freight Forwarding Co., Ltd. He has served as an independent director of the Company since November 2019.

Members of the Board of Supervisors of the Company:

Zhai Baojun: Born in 1971, is a CPC member and holds a bachelor's degree. He was Manager of the Sales Department of Shenzhen Baoan Zhaobao Real Estate Development Co., Ltd. from May 1993 to August 2001; and worked for Shenzhen Guangju Energy Co., Ltd. from August 2001 to November 2013, successively serving as Secretary of the CYL Committee, Armed Officer, General Office Director and Party Office Director. He was Deputy General Manager of Shenzhen Guangju Yida Hazardous Chemical Warehousing Co., Ltd; from December 2013 to April 2015, and Deputy General Manager of Shenzhen Xie fu Energy Co., Ltd. (Xie fu Energy) from May 2015 to April 2020. He has served as General Manager of Xie fu Energy since May 2020. He has served as Chairman of the Board of Supervisors of the Company since March 2023.

Mr. Li Caijun: Born in 1978, is the member of the CPC and has a master's degree. He used to be an accounting teacher of Chongqing Beibei Vocational Education Center, the manager of the finance department of Chongqing Yanlong Property Development Co., Ltd., the manager of the investment banking department of Shenzhen Energy Finance Co., Ltd., the director of the financial management department and the deputy director of the financial management department of Shenzhen Special Zone Construction and Development Group Co., Ltd., the deputy director of the strategic research and merger and reorganization department of Shenzhen Capital Operation Group Co., Ltd., the financial director of Shenzhen Huanshui Investment Group, the director of the planning and finance department of Shenzhen Capital Holdings Co., Ltd., and is currently the general manager of Shenzhen Yuanzhi Culture Holdings Co., Ltd. He has served as a supervisor of the Company since April 2021.

Mr. Liao Junkai: Born in 1988, he is a member of the CPC. He holds a Master of Laws from the South China University of Technology. He has successively served as assistant, supervisor and manager of the risk control department of Shenzhen Capital Holdings Co., Ltd.; He also served as an supervisor of Shenzhen Institute of Building Research Co., Ltd. from November 2020 to November 2021; Since June 2021, he has been the General Manager of the Asset Management Center of Shenzhen Kelu Electronic Technology Co. , Ltd. He has served as the supervisor of the Company since June 2019.

Mr. Qian Wenhui: Born in 1968, accountant, university degree, graduated in 1990 from Changsha Normal University of Water Conservancy and Electric Power, major in financial accounting. From July to October 1990, he worked in Yangluo power station in Wuhan. He worked in our Finance Department from October 1990 to August 2003; He served as the CFO of Zhongshan Zhongfa electricity Co., Ltd. from August 2003 to October 2011. From March 2014 to December 2016, served as supervisors of Zhongshan Shenzhong Real Estate Development Co., Ltd. and Zhongshan Shenzhong Real Estate Investment Real Estate Co., Ltd; He has served as the Director of the Audit Risk Control Department of the Company since November 2010; He has served as the supervisor of the Shenzhen Server Petrochemical Supplying Co., Ltd. since May 2014. He has served as the employee representative supervisor of the Company since April 2021.

Ms. Lu Yindi: Born in 1982, is a member of the CPC. She graduated from the Management Science and Engineering, School of Management, HUST in 2008. In July 2008, she started to work in the Global Supply Chain Management Headquarters of iDSBG Business Group of Foxconn Technology Group, and successively held the posts of Deputy Section Director, Section Director and Specialist of the Supply Chain Management Department. She joined our Nanshan Thermal Power Station in August 2018 and has successively served as Head of Contract and Bidding, Deputy Head of Supply Department, Head of Supply Department and Deputy Director of fuel Department. She has served as the Office Director of the Company's Board of Directors since June 2021. She has served as the employee representative supervisor of the Company since April 2021.

Senior officers of the Company:

See the resumes of the aforementioned directors for the general manager Chen Yuhui and the executive vice general manager Wu Guowen.

Mr. Zhang Xiaoyin: Born in 1987, is a member of the CPC. He holds the professional qualifications of senior accountant, certified public accountant, certified tax accountant, asset appraiser and FRM. He started to work in October 2008 and successively served as auditor of Financial Services Team of Ernst & Young Huaming CPA Shenzhen Branch, financial accountant of Planning and Finance Department of Wanlian Securities Co., LTD., senior manager of financial management Department of China Resources Shenzhen State Investment & Trust Co., Ltd., as well as accountant and supervisor of China Resources Energy Services Co., Ltd. and Investment Director (Deputy Head) and other positions of Yuanzhi Venture Capital (Investment Development Division II) of Shenzhen Capital Holdings Co., Ltd. He has served as the CFO of the Company since June 2022.

Mr. Zou Yi: Born in 1973, a member of the CPC, economist, M. E. From July 1994 to September 2007, he worked in the headquarters of Shenzhen Energy Corporation, and successively served as the business director of Finance Department, deputy business director of fund office and the business director of chairman's secretariat. From September 2007 to December 2017, he was the Head of the Treasury Department of Shenzhen Energy Finance Co., Ltd. He served as the Deputy General Manager of Shenzhen Energy Finance Co., Ltd. from December 2017 to July 2019. He concurrently served as the Director of Huizhou Shenneng Fengda electricity Co., Ltd. from August 2017 to November 2018 From August 2019 to April 2021, he served as Director of the Company's Board of Directors Office, meanwhile concurrently served as Director of the Administrative Department from July 2020 to April 2021. He has served as secretary of the Company's Board of Directors since April 2021.

Post-holding in the shareholder entity

Applicable Not applicable

Name of the post	Shareholder name of organization	Position in shareholder's unit	Start date of the term	End date of the term	Whether to receive remuneration allowance in the shareholder's unit
Kong Guoliang	Shenzhen Energy Group Co., Ltd.	Chairman	November 2, 2022		No
Huang Qing	Shenzhen Energy Group Co., Ltd.	Director	April 24, 2019		No

Kong Guoliang	Hong Kong Nam Hoi (International) Ltd.	Director	September 9, 2022		No
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Post-holding in other entities

Applicable Not applicable

Name of the post	Other name of organization	Position in other units	Start date of the term	End date of the term	Whether to receive remuneration allowance in other units
Hu Ming	Shenzhen Guangju Energy Co., Ltd.	Director	August 20, 2021		Yes
		GM	August 4, 2021		
Huang Qing	Shenzhen Capital Holdings Co., Ltd.	Vice-general manager	September 1, 2016		Yes
Wu Guowen	Shenzhen Shen Nan Dian Environment Protection Co., Ltd.	Director	November 18, 2022		No
Sun Huirong	Shenzhen Capital Holdings Co., Ltd.	Director of Asset Management Department	April 18, 2021		Yes
		Director of Audit Department	May 12, 2022		
Huang Xiqin	Guozhonglian Asset Appraisal Land and Real Estate Appraisal Co., Ltd.	Executive director	May 22, 1998		Yes
	Guozhonglian Construction Engineering Management Consulting Co., Ltd.	Chairman	December 13, 2000		Yes
	Guangdong Guozhong United Bank Assets Appraisal Land Real Estate Appraisal Planning Consulting Co., Ltd.	Chairman	November 26, 2001		Yes
Chen Zetong	Beijing Junzejun Law Offices	Senior partner	September 1, 2012		Yes
Du Wei	Shenzhen Borun Investment Co., Ltd.	Director and GM	February 1, 2020		No
	Shenzhen Tianyu Freight Forwarding Co., Ltd.	Executive Director, General Manager	February 1, 2021		No
Zhai Baojun	Shenzhen Server Energy Co., Ltd.	Acting General Manager	May 1st, 2020		Yes

Li Caijun	Shenzhen Capital Holdings Co., Ltd.	Head of Planning and Finance Department	April 18, 2021	December 17, 2022	Yes
	Shenzhen Yuanzhi Culture Holding Co., Ltd	GM	December 17, 2022		Yes
Liao Junkai	Shenzhen Kelu Electronic Technology Co., Ltd.	General Manager of Asset Management Center	June 7, 2021		Yes
Qian Wenhui	Shenzhen Server Energy Co., Ltd.	Supervisors	September 2, 2021		No

The situation of penalties for the current and outgoing directors, supervisors and senior management personnel of the Company executed by securities regulatory institutions in the last three years.

Applicable Not applicable

3. Remuneration of directors, supervisors and senior officers

Decision-making procedures, determination basis and actual payment of remuneration of directors, supervisors and senior managers

1. Decision-making procedure: According to the Company's Articles of *Association*, the remuneration of directors and supervisors shall be decided by the shareholders' meeting, and the remuneration of senior managers shall be decided by the board of directors.

2. Basis for determination: at present, the Company has not implemented a remuneration system for non-independent directors and supervisors, and directors and employee supervisors serving in the Company only receive remuneration for their administrative positions in the Company. The Company's board of directors determines the annual remuneration standards of the Company's senior managers according to the annual operating efficiency, post grade, and other factors and comprehensively considers the salary level of the industry and determines the actual remuneration standards that can be paid according to the assessment and audit of the annual business performance indicators.

3 Actual payment: The Company pays the remuneration in strict accordance with the decision-making procedures and determination basis for the remuneration of directors, supervisors and senior management, and the expenses related to transportation, accommodation, research, inspection and attendance at meetings incurred by directors and supervisors for the performance of their duties are borne by the Company.

Compensation for directors, supervisors and senior management of the Company during the reporting period (including employee benefit payments and various insurance premiums, provident funds and annuities received from the Company)

Unit: RMB 10,000

Name	Title	Sex	Age	Working status	Total pre-tax compensation received from the Company	Whether or not to receive compensation from a related party in the Company
Kong Guoliang	Chairman	Male	39	Incumbent	36.84	No
Hu Ming	Vice chairman	Male	52	Incumbent	0	Yes
Huang Qing	Director	Male	51	Incumbent	0	Yes

Chen Yuhui	Director and GM	Male	57	Incumbent	98.47	No
Wu Guowen	Director and Executive Deputy General Manager	Male	57	Incumbent	92.51	No
Sun Huirong	Director	Male	39	Incumbent	0	Yes
Huang Xiqin	Independent director	Female	51	Incumbent	4.96	No
Chen Zetong	Independent director	Male	52	Incumbent	11.90	No
Du Wei	Independent director	Male	67	Incumbent	11.90	No
Li Caijun	Supervisors	Male	44	Incumbent	0	Yes
Liao Junkai	Supervisors	Male	34	Incumbent	0	Yes
Qian Wenhui	Employee supervisor	Male	54	Incumbent	61.88	No
Lu Yindi	Employee supervisor	Female	40	Incumbent	52.24	No
Zhang Xiaoyin	CFO	Male	35	Incumbent	25.29	Yes
Zou Yi	Secretary of the Board of Directors	Male	49	Incumbent	89.78	No
Li Xinwei	Chairman	Male	57	Leave office	78.43	No
Mo Jianmin	Independent director	Male	56	Leave office	6.94	No
Ye Qiliang	Chairman of the Board of Supervisors	Male	60	Leave office	92.27	No
Zhang Jie	Vice-general manager	Female	55	Leave office	89.78	No
Total	--	--	--	--	753.19	--

Note: Ye Qiliang, the chairman of the Supervisory Board, left his post on February 27, 2023 after reaching his retirement age, and Zhang Jie, the Deputy General Manager, left his post on March 20, 2023 after reaching his statutory retirement age.

VI. Performance of duties by directors during the reporting period

1. Board of Directors during the reporting period

Session of meeting	Date of the meeting	Date of disclosure	Resolution of the meeting
The fifth extraordinary meeting of the 9th Board of Directors	February 21, 2022	February 23, 2022	Deliberated and approved the <i>Proposal on Shutdown and Decommissioning of Two 9E Gas Turbines of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.</i>
Third meeting of the 9th Board of Directors	March 23, 2022	March 25, 2022	Deliberated and approved the full text and summary of the <i>2021 Work Report of the Board of Directors, 2021 Work Report of the General Manager, Proposal on the 2021 Asset Provision for Impairment, 2021 Financial Final Accounts, 2021 Profit Distribution Plan, 2021 Internal Control Evaluation Report Proposal for Deliberation and 2021 Annual Report; Proposal on the Comprehensive Business Plan for 2022, Proposal on the Asset Disposal of Units 7 and 9 of Nanshan Thermal Power Station, Proposal on the Application</i>

			<i>of the Company for Comprehensive Financing Credit in 2022, Proposal on the Salary Accrual Plan for 2022, Proposal on Hiring an Audit Organization for 2022 and Determining Their Remuneration, and Proposal on Convening the General Meeting of Shareholders for 2021.</i>
The sixth extraordinary meeting of 9th Board of Directors	April 26, 2022	April 27, 2022	Deliberated and approved the <i>First Quarter Report 2022</i> .
The seventh extraordinary meeting of the 9th Board of Directors	June 13, 2022	June 14, 2022	Deliberated and approved the <i>Proposal on Appointment of Corporate CFO</i> .
The eighth extraordinary meeting of the 9th Board of Directors	July 15, 2022	July 16, 2022	Deliberated and approved the <i>Proposal on By-Election Independent Directors, the Proposal on Providing Guarantee for Holding Subsidiaries in 2022 and the Proposal on Convening the First Extraordinary General Meeting in 2022</i> .
Fourth meeting of the 9th Board of Directors	August 17, 2022	August 19, 2022	Deliberated and approved the full text and summary of the <i>Semi-Annual Report 2022; Proposal on Revising the Management System for Investment Decision-making</i> .
The 9th extraordinary meeting of the 9th Board of Directors	August 26, 2022	August 27, 2022	Deliberated and approved the <i>Proposal on By-election of Non-independent Directors of 9th Board of Directors of the Company and the Proposal on Convening of the Second Extraordinary General Meeting in 2022</i> .
The 10th extraordinary meeting of the 9th Board of Directors	September 13, 2022	September 14, 2022	Deliberated and approved the <i>Proposal on Election of Chairman of the 9th Board of Directors of the Company and the Proposal on Election of Members of The 9th Board Of Directors of the Company Strategy and Management Committee</i> .
The 11th extraordinary meeting of the 9th Board of Directors	October 24, 2022	October 26, 2022	<i>The Proposal on Adjustment of Salary Accrual Quota and Bonus Settlement Scheme and the Third Quarter Report of 2022</i> was reviewed and passed.

2. Attendance by directors at the Board of Directors and the general meeting

Attendance by directors at the Board of Directors and the general meeting of shareholders							
Name of directors	Number of board meetings to be attended during the reporting period	Number of attendances at the Board of Directors	Number of board meetings attended by communication	Times of entrusted presence	Number of absences at the Board of Directors	Absent from the meeting for the second time in a row	Number of general meetings attended
Kong Guoliang	2	1	1	0	0	No	0
Hu Ming	9	1	8	0	0	No	3

Huang Qing	9	1	8	0	0	No	3
Chen Yuhui	9	1	8	0	0	No	3
Wu Guowen	9	1	8	0	0	No	3
Sun Huirong	9	1	8	0	0	No	2
Huang Xiqin	4	1	3	0	0	No	1
Chen Zetong	9	1	8	0	0	No	3
Du Wei	9	1	8	0	0	No	3
Li Xinwei	5	0	5	0	0	No	1
Mo Jianmin	5	0	5	0	0	No	1

Explanation of failure to attend the board meeting in person for two consecutive times

No

3. Objections by directors to relevant matters of the Company

Whether the director raises any objection to the relevant matters of the Company

Yes No

During the reporting period, the directors did not raise any objection to the relevant matters of the Company.

4. Other instructions on the performance of duties by directors

Whether the relevant suggestions of the directors on the Company are adopted

Yes No

Statement by the directors on the adoption or non-adoption of the relevant recommendations of the Company

During the reporting period, all directors of the Company were diligent and conscientious, and carried out their work in strict accordance with the relevant provisions of the China Securities Regulatory Commission and Shenzhen Stock Exchange, as well as the Company's *Articles of Association*, *Board of Directors Rules of Procedure*, and other systems. They pay high attention to the standardized operation and operation of the Company, and carefully study various proposals submitted to the Board of Directors for deliberation based on the actual situation of the Company to ensure scientific decision-making and maintain the legitimate equity of the Company and all shareholders.

VII. Information of special committees under the board of directors during the reporting period

Name of Committee	Membership	Number of meetings held	Date of the meeting	Content of the meeting	The important opinions and suggestions put forward	Other situations of duty performance	Details of objections (if any)
Strategy and Investment Management Committee	Li Xinwei, Hu Ming, Huang Qing, Chen Yuhui and Wu Guowen	1	March 23, 2022	To deliberate the <i>2021 Performance Report of the Strategy and Investment Management Committee of</i>	According to the actual situation of the Company, the attending members unanimously adopted the proposal after full communication and discussion.	No	

				<i>the Board of Directors.</i>			
Nomination Committee	Chen Zetong, Hu Ming and Du Wei	4	March 23, 2022	Deliberated the <i>2021 Performance Report of the Nomination Committee of the Board of Directors.</i>	According to the actual situation of the Company, the attending members unanimously adopted the proposal after full communication and discussion.	No	
			June 13, 2022	Deliberated the <i>Proposal on Appointment of Corporate CFO.</i>	According to the actual situation of the Company, the attending members unanimously adopted the proposal after full communication and discussion.	No	
			July 15, 2022	Deliberated the <i>Proposal on the Independent Directors of By-Elections.</i>	According to the actual situation of the Company, the attending members unanimously adopted the proposal after full communication and discussion.	No	
			August 26, 2022	Deliberated the <i>Proposal on By-election of Non-independent Directors of 9th Board of Directors of the Company.</i>	According to the actual situation of the Company, the attending members unanimously adopted the proposal after full communication and discussion.	No	
Remuneration and Appraisal Committee	Mo Jianmin, Wu Guowen, Du Wei	1	March 23, 2022	Deliberated the <i>2021 Performance Report of the Remuneration and Appraisal Committee of the Board of Directors and the Proposal on the 2022 Remuneration Provision Plan.</i>	According to the actual situation of the Company, the attending members unanimously adopted all the proposals after full communication and discussion.	No	
Audit Committee	Mo Jianmin, Sun Huirong, Chen Zetong	1	March 23, 2022	Listened to the <i>Auditor' Report 2021 and the Internal Control Audit Report 2021;</i>	According to the actual situation of the Company, the attending members unanimously adopted all the proposals	No	

				Deliberated the <i>Proposal on Submitting^F or Review the Internal Control Evaluation Report in 2021, the Proposal on Hiring and Determining the Remuneration of Auditors in 2022 and the Performance Report of the Audit Committee of the Board of Directors in 2021.</i>	after full communication and discussion.		
	Huang Xiqin, Sun Huirong, Chen Zetong	1	October 21, 2022	Listened to the <i>Annual Audit Plan 2022 of Shenzhen Nanshan Power Co., Ltd. submitted by Lixinzhonglian Cpas.</i>	Members attending the meeting listened carefully to the LIXINZHONGLIAN CPAS's audit plan and fully communicated and discussed it.	No	

VIII. Work of the supervisors

Whether the Board of Supervisors found any risks in the Company during its supervision activities during the reporting period

Yes No

The Board of Supervisors has no objection to the supervisory matters during the reporting period.

IX. Employees of the Company

1. Number of employees, professional composition and education level

Number of active employees in the parent company at the end of the reporting period (persons)	253
Number of in-service employees of major subsidiaries at the end of the reporting period (person)	129
Total number of in-service employees at the end of the reporting period (person)	382
Total number of employees receiving salary in the current period (person)	382
Number of retired employees of the parent company and its major subsidiaries (person)	0
Professional categories	

Types of professional category	Number of specialty composition (person)
Production personnel	163
Salesperson	1
Technician	105
Financial staff	23
Administrative staff	90
Total	382
Education	
Type of education background	Quantity (person)
High school and below	41
College and technical secondary education	164
Bachelor's degree	157
Master and above	20
Total	382

2. Remuneration policy

The Board of Directors adopts the principle of annual remuneration provision with fixed basic remuneration as the main body for the Company. The remuneration of the chairman of the board of directors shall be reported to the shareholders' general meeting for examination and approval upon the approval of the board of directors; The remuneration of the general manager and senior officers at the level of deputy general manager shall be proposed by the remuneration and appraisal committee of the board of directors and submitted to the board of directors for examination and approval. The compensation of other personnel is authorized to be managed by the Company's management team based on the principles of "salary based on position" and "remuneration based on work". Within the annual salary quota approved by the board of directors, the Company strictly controls salary costs, establishes a salary incentive mechanism linked to employee performance, formulates salary standards, distribution plans, assessment, rewards and punishment methods, and is responsible for organizing and implementing them to give full play to the incentive role of salary.

3. Training plan

The Company attaches great importance to employee training, and has established a relatively perfect training system. By strengthening employee training, the Company enhances the post skills and comprehensive quality of employees, better meets the needs of the Company's operation and management for talents, and cultivates reserve talents for the Company's sustainable development. During the reporting period, in terms of safety training, the Company organized safety education and training, emergency rescue drills, and emergency response training at all levels of the Company in accordance with the Work Safety Law and other laws and regulations, organized and participated in epidemic control and prevention, confidential work training, etc. to improve the safety awareness, accident prevention ability, and professional level of cadres and employees at all levels. In terms of on-the-job training, a combination of overseas study and internal training is adopted to carry out on-the-job training with certificates for key business and technical positions to improve employees' ability to perform their duties and rely on the gas turbine simulation training base to improve the practical operation and resilience of power station operators. In the party member training and learning, the Party Committee of the Company and the Party branches in strict accordance with the requirements of the superior party organization, formulate practical training and learning plans, take the combination of online and offline, the distribution of books, materials, the teachers, experts invited in, leading the party members to go out and other forms of various ways, actively carry out the party member learning and education work. At the same time, the system of "three meetings and one lesson" shall be strictly implemented, and activities such as "Secretary's Party Lecture" shall be earnestly carried out. Through training and study, ensure that the Party organization plays the role of fighting fortress, and ensure that the majority of Party members play the role of vanguard and exemplary.

4. Labor outsourcing

Applicable Not applicable

X. Profit distribution and conversion of capital reserves into share capital of the Company

Formulation, implementation or adjustment of profit distribution policies, especially cash dividends, during the reporting period

Applicable Not applicable

The company was profitable during the reporting period and the parent company's profit available for distribution to shareholders was positive but no cash dividend distribution plan was proposed.

Applicable Not applicable

Conversion of profit distribution and capital reserves into share capital during the reporting period

Applicable Not applicable

The Company plans to distribute no dividends, bonus shares or increase share capital by the reserve funds.

XI. Implementation of the Company's equity incentive plans, employee stock ownership plans or other employee incentive measures

Applicable Not applicable

During the reporting period, the Company had no equity incentive plan, employee stock ownership plan or other employee incentive measures and their implementation.

XII Construction and implementation of internal control system during the reporting period**1. Construction and implementation of internal control**

According to the provisions of the *Basic Standards for Enterprise Internal Control* and its implementation guidelines, the Company will update and improve the Company's internal control system in a timely manner, establish a scientifically designed and applicable internal control system, and jointly form the Company by the audit committee and internal audit department. The risk internal control management organization system is established, and the Company's internal control management is supervised and evaluated. Through the operation, analysis, and evaluation of the internal control system, the Company effectively prevents risk in management and promotes the realization of the internal control goals.

2. Details of major defects of the internal control found during the reporting period

Yes No

XIII. Management control of the subsidiaries during the reporting period of the Company

No

XIV. Internal control self-evaluation report or internal control audit report**1. Internal control self-evaluation report**

Disclosure date of full text of internal control evaluation report	April 7, 2023
Disclosure index of the full text of internal control evaluation report	<i>Internal Control Evaluation Report 2022</i> , CNINF http://www.cninfo.com.cn
Proportion of total assets of the unit brought into assessment scope to the total assets of the consolidated financial statements total assets of the Company	94.63%

Ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the Company's consolidated financial statements	100.00%	
Defect identification standard		
Category	Financial report	Non-financial report
Qualitative criteria	<p>Major defects: under major operational activities, there are major defects in several companies which are consolidated into the preparation of financial statements; or there are major defects in few of companies which are consolidated into the preparation of financial statements but the Company with major defect are the main one participating into such major operation activities;</p> <p>Substantial defects: under major operational activities, there are substantial defects in few companies in consolidated statements, and the Company with substantial defects is not the major participating company in the major business activities Or there are moderate defects in more than one consolidated statement company; or there are moderate defects in few of companies which are consolidated into the preparation of financial statements but the Company with moderate defect are the main one participating into such major operation activities;</p> <p>General defects: under major operational activities, there are moderate defects in few of companies which are consolidated into the preparation of financial statements, and the Company with moderate defects is not the main one participating into the major operational activities; Or there are only ordinary defects in each consolidated statement company; Or there is no internal control defects under major business activities, but only internal control defects under non-major business activities.</p>	<p>Major defects: under major operational activities, there are major defects in several companies which are consolidated into the preparation of financial statements; or there are major defects in few of companies which are consolidated into the preparation of financial statements but the Company with major defect are the main one participating into such major operation activities;</p> <p>Substantial defects: under major operational activities, there are substantial defects in few companies in consolidated statements, and the Company with substantial defects is not the major participating company in the major business activities Or there are moderate defects in more than one consolidated statement company; or there are moderate defects in few of companies which are consolidated into the preparation of financial statements but the Company with moderate defect are the main one participating into such major operation activities;</p> <p>General defects: under major operational activities, there are moderate defects in few of companies which are consolidated into the preparation of financial statements, and the Company with moderate defects is not the main one participating into the major operational activities; Or there are only ordinary defects in each consolidated statement company; Or there is no internal control defects under major business activities, but only internal control defects under non-major business activities.</p>
Quantitative criteria	<p>Major defects: the amount misstated $\geq 0.5\%$ of the total consolidated statement assets;</p> <p>Substantial defects: 0.2% of total consolidated statement assets \leq</p>	<p>Substantial defects: 0.2% of total consolidated statement assets $\geq 0.5\%$ of direct total consolidated statement assets;</p> <p>Substantial defects: 0.2% of total</p>

	misstated amount <0.5% of the total consolidated statement assets General defects: misstated amount <0.2% total consolidated statement assets	consolidated statement assets \leq 0.5% of direct total consolidated statement assets; General defects: Amount of direct loss < 0.2% of total consolidated statement assets.
Number of major defects in the financial report (unit)		0
Number of significant defects in the non-financial report (unit)		0
Number of substantial defects in the financial report (unit)		0
Number of substantial defects in non-financial report (unit)		0

2. Internal control audit report

Applicable Not applicable

Deliberations in Internal Control Audit Report	
In the opinion of the accounting firm, the Shenzhen Nanshan Power Co., Ltd. has maintained effective financial reporting internal control in all material respects in accordance with the Basic internal control Standards and related regulations.	
Disclosure of internal control audit report	Disclosure
Disclosure date of full text of internal control audit report	April 7, 2023
Disclosure index to full text of internal control audit report	<i>Internal Control Evaluation Report 2022</i> , CNINF http://www.cninfo.com.cn
Opinion type of internal control audit report	Standard unqualified opinion
Whether there are significant defects in the non-financial report	No

Internal control audit report on whether the accounting firm has issued a modified opinion

Yes No

Whether the internal control audit report issued by the accounting firm is consistent with the self-evaluation report of the board of directors

Yes No

XV. Rectification of self-examination problems in special actions for listed company governance

The self-inspection and rectification of the special action on corporate governance of listed company was completed in 2021. During the reporting period, in strict accordance with the relevant provisions of laws and regulations, closely centering on the Company's development strategy, the Company diligently fulfilled its obligations and exercised its powers, conscientiously implemented the resolutions of the shareholders' meeting, actively and effectively carried out the work of the Board of directors, and earnestly safeguarded the legitimate equity of the Company and all shareholders.

Section V Environment and Social Responsibilities

I. Major environmental protection Issues

Whether the listed company and its subsidiaries are listed as major pollutant discharge entities by environmental protection departments

Yes No

Relevant policies and industrial standards for environmental protection

The company is in the industry of 4411 thermal power generation industry, the current implementation of *Thermal Power Station Emission Standard GB-13223-2011*. At the same time, subordinate Nanshan Thermal Power Station strictly control nitrogen oxides emissions in accordance with the “*Shenzhen Blue*” *Sustainable Action Plan 2018*.

Environmental protection administrative licensing condition

The subsidiary Nanshan Thermal Power Station has obtained the pollutant discharge license issued by Nanshan Administration Bureau of Shenzhen Ecological Environment Bureau, License No.: 91440300764983799T001P. The subsidiary Shen Nan Dian (Zhongshan) Electric Power Co., Ltd. has obtained the pollutant discharge license issued by Zhongshan Ecological Environment Bureau, license number: 914420007564567614001P.

Industrial emission standards and specific conditions of pollutant discharge involved in the operating activities

Name of the Company or name of subsidiary	Types of main pollutants and characteristic pollutants	Main pollutants and features	Ways of discharge	Number of discharge outlets	Distribution of discharge outlets	Emission concentration/intensity	Pollutant discharge standard implemented	Total emissions	Authorized total emissions	Excessive emission
Shenzhen Nanshan Power Co., Ltd.	Nitrogen oxides	Nitrogen oxides	Centralized emissions of boiler stack	2	Within the plant area of Nanshan Thermal Power Station	<15 mg/m ³	Application of "Shenzhen Blue" emission criteria <15mg/m ³	53.18 tons	457.5 tons	0
Shenzhen New Power Industrial Co., Ltd.	Nitrogen oxides	Nitrogen oxides	Centralized emissions of boiler stack	1	Within the plant area of Nanshan Thermal Power Station	<15 mg/m ³	Application of "Shenzhen Blue" emission criteria <15mg/m ³	31.47 tons	228.75 tons	0
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	Nitrogen oxides	Nitrogen oxides	Centralized emissions of boiler stack	2	Within the plant area of Zhongshan Nanlang Power Plant	<50 mg/m ³	GB13223	2.91 tons	The pollutant discharge was 324.5 tons/year before July 2022, which was changed to 803.06 tons/year after being approved by Zhongshan Ecological Environment Bureau in July 2022.	0

For the treatment of pollutants, the Company has a total of 5 sets of 9E units, Shenzhen Nanshan Power Co., Ltd. has two 9E units and Shenzhen New Power Industrial Co., Ltd. has one 9E unit, all using GE DLN1.0+ low nitrogen combustion system. Shen Nan Dian (Zhongshan) Electric Power Co., Ltd. owns two sets of 9E unit using the GE DLN1.0 low-nitrogen combustion system. During the reporting period, the Company and its holding

subsidiaries strictly abide by the national laws and regulations on environmental protection, and all the pollutants discharged from the Company meet the national discharge standards. There are no environmental pollution accidents and no penalties imposed by relevant authorities due to major environmental protection issues.

Emergency plan for abrupt environmental accidents

The emergency response plan has been filed with the Guangdong Province Environmental Protection Department and the corresponding municipal environmental protection bureau.

Environmental self-monitoring program

A self-monitoring plan has been prepared and approved by the environmental protection department; Carry out timely information disclosure of surveillance data on the website of environmental protection administration.

Relevant information on the input in environmental governance and protection and the payment for environmental protection tax

The Company attaches great importance to environmental protection, and strengthens on-site management by carrying out special work such as investigation of potential environmental risks and standardized management of hazardous wastes; In addition, the Company continuously increases the investment in the maintenance of environmental protection facilities, continuously improves and perfects the environmental protection infrastructure, and continuously increases the level of pollution prevention and control.

The Company pays environmental protection tax in strict accordance with the requirements of the Law of the People's Republic of China on Environmental Protection Tax, President's Decree No. 61 and other relevant laws and regulations.

Measures taken to reduce its carbon emissions during the reporting period and their effects

Applicable Not applicable

During the reporting period, the power stations under the Company continuously improve the efficiency of the units and reduced carbon emissions by implementing technical transformation measures such as unit condenser retrofit and shaft seal heater retrofit.

Administrative penalties imposed due to environmental problems during the reporting period

No

Other environmental information that shall be made public

No

Other environmental protection related information

No

II. Social responsibilities

In 2022, although the Company faced many challenges in terms of production, operation and management, the Company had the courage to shoulder our social responsibilities, actively safeguarded electricity supply in the face of serious inversion of power generation cost and electricity prices, and earnestly fulfilled its social responsibilities to the best of its ability. In terms of work safety, the Company strictly abides by the *Work Safety Law* and other relevant laws and regulations, and in accordance with the provisions of “shared responsibilities of the party and the government, dual responsibilities for one post, joint management, and accountability for dereliction of duty”, takes multiple measures to strengthen safety management, compacts safety responsibilities at all levels, and continuously maintains the “five nos” safety objective. In terms of environmental protection, the Company strictly abides by national and local environmental protection laws and regulations. We always adhere to the concept of clean power generation and circular economy development. All the environmental protection work have been carried out effectively and the environmental protection emissions have reached the standard. No environmental pollution accidents have occurred. In terms of epidemic control and prevention, the Company strictly implemented the decision and deployment of the Party Central Committee and the State Council and the work requirements of the epidemic control and prevention command institutions at all levels, implemented the main responsibility of epidemic control and prevention without compromise, and in accordance with the decision

and deployment of higher-level units and the competent industry departments, on four occasions and for a total of 88 days, during the particularly severe period of the epidemic, dozens of operational staff on duty in the main control room were put on 24-hour fully enclosed duty in the plant to ensure that the power station units could be switched on at any time, and successfully completed the task of guaranteeing power supply under the special situation, and resolutely built a firm line of defense against the epidemic; In the meanwhile, it has actively mobilized cadres and employees to participate in anti-pandemic voluntary services, and successively dispatched nearly 20 employees to actively participate in social anti-pandemic voluntary services in four batches to demonstrate their responsibilities. In terms of love assistance, the Company actively implemented the Shenzhen consumption poverty alleviation policy, participated in the consumption poverty alleviation of 129,900 yuan, donated 10,000 yuan to Nanshan Charity Association, organized the staff to participate in the “Shenzhen Work Love Pengcheng” donation and other activities.

III. Consolidating and expanding achievements in poverty alleviation and rural revitalization

In 2022, the Company actively responded to the call of the Central Committee of the Communist Party of China and the State Council on poverty alleviation and rural revitalization, implemented the policy of poverty alleviation through consumption, and actively participated in assisting poverty alleviation through consumption when the Company's production and operation were relatively difficult. The cumulative amount of participating in poverty alleviation through consumption reached 129,900 yuan.

Section VI Important Matters

I. Performance of commitments

1. The actual controller, shareholders, affiliates, acquirers and the Company and other commitments of the relevant parties of the Company have been fulfilled during the reporting period and have not been fulfilled by the end of the reporting period

Applicable Not applicable

There are no commitments that have been fulfilled by the actual controller, shareholders, related parties, purchasers of the Company and other parties related to the Company during the reporting period and have not been fulfilled during the end of the reporting period of the Company.

2. If there is a profit forecast for the assets or projects of the Company, and the reporting period is still in the period of profit forecast, the Company shall make an explanation on whether the assets or projects reach the original profit forecast and the reasons therefor

Applicable Not applicable

II. Non-operating funds occupied by controlling shareholders and other related parties of the listed company

Applicable Not applicable

The Company had no non-operational fund occupation from controlling shareholders and its related party in period.

III. Illegal external guarantee

Applicable Not applicable

The company had no illegal external guarantee during the reporting period.

IV. Explanation of the Board of Directors on the latest “modified audit report”

Applicable Not applicable

V. Statement by the board of directors, supervisors and independent directors (if any) on the “modified auditors' report” of the accounting firm during the reporting period

Applicable Not applicable

VI. Changes in accounting policies, accounting estimates or corrections of significant accounting errors compared with the previous financial reports

Applicable Not applicable

The Company had no changes in accounting policies, accounting estimates or correction of significant accounting errors during the reporting period

VII. Changes in the scope of consolidated statements compared with the financial report of the previous year

Applicable Not applicable

There was no change in consolidation statement's scope during the reporting period of the Company.

VIII. Appointment and dismissal accounting firm

Accounting firm appointed presently

Name of the domestic accounting firm	LIXINZHONGLIAN CPAS (Special General Partnership)
Remuneration for domestic accounting firm (unit: RMB)	73

ten thousand)	
Consecutive audit service years for domestic accounting firm	4
Certified public accountant name of domestic accounting firm	Cao Wei, Liu Xinfu
Continuous years of auditing service for domestic accounting firm	4

Whether the accounting firm is reappointed in the current period

Yes No

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

Applicable Not applicable

LIXINZHONGLIAN CPAS (SPECIAL GENERAL PARTNERSHIP) was appointed as the auditing authority for the internal control of the Company with expenses of 0.23 million Yuan.

IX. Delisting after the disclosure of annual reports

Applicable Not applicable

X. Matters related to bankruptcy reorganization

Applicable Not applicable

There were no matters related to bankruptcy reorganization during the reporting period of the Company.

XI. Major litigation and arbitration matters

Applicable Not applicable

During the reporting period, the Company had no major litigation or arbitration matters.

XII. Punishments and rectifications

Applicable Not applicable

There were no penalties and rectifications during the Company's reporting period.

XIII. Integrity of the Company and its controlling shareholders and actual controller

Applicable Not applicable

During the reporting period, the Company did not fail to perform the effective judgment of the court, did not have debts with a large amount due and unliquidated, and the integrity was good. During the reporting period, the Company had no controlling shareholders or actual controllers.

XIV. Major related transaction

1. Related transaction related to daily operation

Applicable Not applicable

There were no related transaction related to daily operations during the reporting period of the Company.

2. Related transaction on acquisition or sale of assets or equities

Applicable Not applicable

There were no related transaction of acquisition or sale of assets or equity during the reporting period of the Company.

3. Related transaction of joint outbound investments
Applicable Not applicable

Co-investor	Association	Name of the investee	Primary business of the investee	Registered capital of the investee	Total assets of the investee (RMB10,000)	Net assets of the investee (RMB10,000)	Net profit of the investee (RMB10,000)
Shenzhen Capital Holdings Co., Ltd., Shenzhen Yuanzhi Ruixin Equity Investment Management Co., Ltd., Shenzhen Luohu Guidance Fund Investment Co., Ltd. and Shenzhen City Kunpeng Equity Investments Co., Ltd.	Affiliated legal person of Shenzhen Capital Holdings Co., Ltd., Shenzhen Yuanzhi Ruixin Equity Investment Management Co., Ltd.	Shenzhen Yuanzhi Ruixin New Generation IT Private Equity Investment Fund Partnership (Limited Partnership)	Invest in the new generation of IT related chips and devices as well as hardware, software and system applications related to the ecosystem of universal information and communication technology (ICT), including but not limited to hardware, software and system applications such as smart city, smart manufacturing and smart power grid which are connected by ICT and based on basic technologies such as artificial intelligence, big data and vision technology (investment strategy)	RMB 100,000	49,036.06 (Unaudited)	48,784.01 (Unaudited)	-1,215.99 (Unaudited)

4. Related party credit and debt current
Applicable Not applicable

During the Company's reporting period, the Company had no current accounts of related creditor's rights and debts.

5. Transactions with finance company with association

Applicable Not applicable

There are no deposits, loans, lines of credit or other financial transactions between the finance company and its related parties in association.

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

Applicable Not applicable

There are no deposits, loans, credit lines or other financial transactions between the finance company controlled by the Company and its related parties.

7. Other significant related transaction

Applicable Not applicable

There were no other significant related transaction during the Company's reporting period.

XV. Significant contract and implementations**1. Custody, contracting and lease****(1) Trusteeship**

Applicable Not applicable

Trusteeship explanation

According to the *Contract for Custody and Operation of Generator Unit Assets of Shenzhen New Power Industrial Co., Ltd.* signed between the Company and New Power Company, the Company is entrusted to operate and manage the generator unit assets owned by its wholly-owned subsidiary, New Power Company. During the reporting period, the Company collected RMB 15.6878 million of asset custody service fees.

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

Applicable Not applicable

During the reporting period, the Company did not have any escrow items with profit and loss of more than 10% of the total profit during the reporting period.

(2) Contract

Applicable Not applicable

There was no contracting during the Company's reporting period.

(3) Lease

Applicable Not applicable

There was no lease during the Company's reporting period.

2. Material guarantees

Applicable Not applicable

There was no significant guarantee during the Company's reporting period.

3. Cash asset management by entrusting others**(1) Entrusted wealth management**

Applicable Not applicable

Overview of entrusted wealth management during the reporting period

Unit: RMB 10,000

Type	The source of funds for entrusted wealth management	Amount of entrusted wealth management	Unexpired balance	Amount not recovered within the prescribed period	Overdue recovery of the financial management has been deducted impairment amount.
Bank financial products	Own fund	146,646.28	21,001.36	0	0
Total		146,646.28	21,001.36	0	0

The specific situation of high-risk entrusted wealth management with significant single amount, low security, and poor liquidity

Applicable Not applicable

The entrusted wealth management is expected to fail to recover the principal or there are other circumstances that may lead to impairment

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

There were no entrusted loans during the Company's reporting period.

4. Other major contracts

Applicable Not applicable

Name of the contracting Company	Name of the contracting party	Contract object	Date of signing the contract	Book value of assets involved in the contract (RMB10,000) (if any)	Appraisal value of the assets involved in the contract (RMB10,000) (if any)	Name of evaluation agency (if any)	Base date of evaluation (if any)	Pricing principles	Transaction price (RMB'0,000)	Whether related transaction or not	Association	Performance as at the end of the reporting period	Date of disclosure	Index of disclosure
Company, New Power Company	Shenzhen Gas Group Co., Ltd.	Pipeline natural gas	May 14, 2018			No		The Contract is a framework agreement, and the natural gas price shall be negotiated by the		No	Not applicable	In progress		Failure to meet the special disclosure conditions

								Buyer and the Seller in the form of supplementary agreement.						
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XVI. Notes to other significant events

Applicable Not applicable

1. Shutdown and decommissioning of two 9E gas turbines of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.: On February 21, 2022, after deliberation and approval at the fifth provisional meeting of the 9th Board of Directors, the Company started the shutdown and decommissioning of two sets of 9E gas units of Shen Nan Dian Zhongshan Company. (For details, please refer to the *Announcement on the Resolution of the Fifth Provisional Meeting of the 9th Board of Directors of the Company* in *China Securities Journal*, *Securities Times*, *Hong Kong Commercial Daily* and CNINF. Notice number: 2022-003). On November 24, 2022, Shen Nan Dian Zhongshan Company submitted its application for shutdown and decommissioning to the Guangdong Province Energy Bureau. Shen Nan Dian Zhongshan Company will continue its power generation business before obtaining the approval, which will not have a significant impact on the current production and operation of the Company and Shen Nan Dian Zhongshan Company.

2. 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 Filing Certificate* issued by Shenzhen Nanshan District Development and Reform Bureau and the *Guangdong Province Enterprise Investment Project Filing Certificate* issued by Zhongshan Municipal Development and Reform Bureau, which approved the registration of the first phase of the Shen Nan Dian Nanshan Thermal Power Station technological transformation and upgrading independent energy storage demonstration project and the 300 MW/600 MWh independent energy storage power station (Phase I Project) in Cuiheng New District, Zhongshan. (For details, please refer to the *Announcement on Obtaining the Record-filing of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd. Independent Energy Storage Projects* by the Company and Its Holding Subsidiaries (Announcement No. 2022-020) disclosed in the *China Securities Journal*, *Securities Times*, *Hong Kong Commercial Daily* and CNINF)

3. Land related matters of Nanshan Thermal Power Plant: In August 2022, the Company learned from the website of "Shenzhen Government Online" that Shenzhen Municipal Bureau of Planning and Natural Resources issued a *Notice on the Issuance of Shenzhen 2022 Annual Urban Renewal and Land Reconditioning Plan* (Shenzhen Planning Resources [2022] No. 332). According to the relevant contents of the attached table, The 2022 land reconditioning project of Qianhai Cooperation Zone still includes land acquisition and storage of Nanshan Thermal Power Station under the Company and related contents. (For details, please refer to the *China Securities Journal*, *Securities Times*, *Hong Kong Commercial Daily* and CNINF Announcement No. 2022-032)

In addition to the above, there was no progress or change in the refundable items of the Company's "Project Technological Transformation Beneficiary Fund" and the Guangdong Province Xinjiang Aid Project in which the Company participated in 2013.

XVII. Major events of the subsidiaries of the Company

Applicable Not applicable

Section VII Changes in Shares and Particular about Shareholders

I. Changes in shares

1. Changes in shares

Unit: share

	Before the change		Increase or decrease (+,-) of the change					After the change	
	Quantity	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Quantity	Proportion
I. Restricted shares	12,994	0.0022%						12,994	0.0022%
1. State-owned shares									
2. Shares held by state-owned legal person									
3. Other domestic shares	12,994	0.0022%						12,994	0.0022%
Including: shares held by domestic legal person									
Domestic natural person's shares	12,994	0.0022%						12,994	0.0022%
4. Foreign shares									
Including: shares held by overseas legal persons									
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. Foreign shares listed domestically	263,854,446	43.7742%						263,854,446	43.7742%

3. Foreign shares listed overseas									
4. Others									
III. Total number of shares	602,762,596	100.00%						602,762,596	100.00%

Reasons for changes in shares

Applicable Not applicable

Approval of changes in shares

Applicable Not applicable

Transfer of changes in shares

Applicable Not applicable

The impact of stock changes on basic and diluted earnings per share, net assets value per share attributable to the Company's ordinary shares and other financial indicators in the most recent year and the most recent period

Applicable Not applicable

Other contents deemed necessary by the Company or required by the securities regulators to be disclosed

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

II. Securities issuance and listing

1. Issuance of securities (excluding preferred shares) during the reporting period

Applicable Not applicable

2. Explanation of the changes in the total number of shares and shareholder structure of the Company, as well as changes in the structure of assets and liabilities of the Company

Applicable Not applicable

3. Existing shares of internal employees

Applicable Not applicable

III. Shareholders and actual controllers

1. Number of shareholders and shareholding of the Company

Unit: share

Total number of shareholders in the ordinary shares at the end of the period	42,912	Total number of shareholders of the ordinary shares at the end of the previous month before the	38,525	Total number of preferred shareholders whose voting rights were stored at the end of the reporting	0	Total number of preferred shareholders with voting right recovered by the end of last month prior to disclosure of annual report (if	0
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		date of disclosure		period (if any) (see Note 8)		any) (See Note 8)		
Shareholders holding more than 5% of the shares or the top 10 shareholders								
Shareholders' name	Nature of shareholders	Shareholding ratio	Number of shares held at the end of the reporting period	Increase or decrease during the reporting period	Number of shares held with restrictive conditions for sales	Number of shares held without restrictive conditions for sales	Pledge, marking or freezing	
							State of share	Quantity
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	2.34%	14,109,038	-501,824		14,109,038		
Zeng Ying	Domestic natural persons	1.19%	7,159,600	0		7,159,600		
China Merchants Securities (HK) Co., Ltd.	Overseas legal person	0.90%	5,430,728	-187,500		5,430,728		
Meiyi Investment Real Estate Co., Ltd.	Domestic non-state-owned legal person	0.87%	5,223,200	5,200		5,223,200		
Haitong International Securities Company Limited-Account Client	Overseas legal person	0.65%	3,908,357	-1,000		3,908,357		
Huang Yilong	Domestic natural persons	0.64%	3,866,500	1,700,000		3,866,500		
Li Baoqin	Domestic natural persons	0.51%	3,048,150	5,800		3,048,150		
Strategic investors or general legal persons becoming the top 10 shareholders due to placement of new shares (if any) (see Note 3)	No							
Explanation of the association or acting in concert of the above-mentioned shareholders	1. The Shenzhen Energy Group Co., Ltd. holds 100% equity in the HONG KONG NAM HOI (INTERNATIONAL) LTD.. 2. The company does not know whether the above-mentioned other public							

	shareholders have any association or are persons acting in concert.		
Explanations on entrustment/entrustment voting rights and waiver of voting rights by the above shareholders	No		
Special instructions on the existence of repurchase accounts among the top 10 shareholders (in case) (see Note 10)	No		
Shareholding of top ten shareholders without sales restriction			
Shareholders' name	Number of shares without restrictive conditions for sales at the end of the reporting period	Type of shares	
		Type of shares	Quantity
HONG KONG NAM HOI (INTERNATIONAL) LTD.	92,123,248	Foreign shares listed domestically	92,123,248
Shenzhen Guangju Industrial Co., Ltd.	73,666,824	RMB ordinary shares	73,666,824
Shenzhen Energy Group Co., Ltd.	65,106,130	RMB ordinary shares	65,106,130
BOCI SECURITIES LIMITED	14,109,038	Foreign shares listed domestically	14,109,038
Zeng Ying	7,159,600	Foreign shares listed domestically	7,159,600
China Merchants Securities (HK) Co., Ltd.	5,430,728	Foreign shares listed domestically	5,430,728
Meiyi Investment Real Estate Co., Ltd.	5,223,200	RMB ordinary shares	5,223,200
Haitong International Securities Company Limited-Account Client	3,908,357	Foreign shares listed domestically	3,908,357
Huang Yilong	3,866,500	RMB ordinary shares	3,866,500
Li Baoqin	3,048,150	Foreign shares listed domestically	3,048,150
Description of the association or concerted action among the top 10 shareholders of tradable shares without sales restriction, and between the top 10 shareholders of tradable shares without sales restriction and the top 10 shareholders	<p>1. The Shenzhen Energy Group Co., Ltd. holds 100% equity in the HONG KONG NAM HOI (INTERNATIONAL) LTD..</p> <p>2. The company does not know whether the above-mentioned other public shareholders have any association or are persons acting in concert.</p>		
Description of the participation of the top 10 shareholders of the ordinary shares in securities lending and borrowing business (in case) (see Note 4)	No		

Whether the top 10 ordinary shares shareholders and the top 10 non-restricted ordinary shares shareholders of the Company have engaged in any agreed repurchase transactions during the reporting period

Yes No

The top 10 ordinary shares shareholders and the top 10 non-restricted ordinary shares shareholders of the Company did not engage in any agreed repurchase transactions during the reporting period.

2. Controlling shareholders of the Company

Nature of controlling shareholder: No controlling subject

Type of controlling shareholder: Not applicable

Statement on the absence of controlling shareholders of the Company

At present, the Company has no controlling shareholders as defined in Article 216 (2) of the *Company Law of the People's Republic of China* and Article 15.1(3) of the *Listing Rules of Shenzhen Stock Exchange*.

Changes in controlling shareholders during the reporting period

Applicable Not applicable

There was no change in the controlling shareholder of the Company during the reporting period.

3. Actual controllers of the Company and its persons acting in concert

Nature of actual controller: No actual controller

Type of actual controller: Not applicable

Statement on the absence of actual controller of the Company

At present, the Company does not have identification criteria of the actual controller of the listed company as stipulated in Article 216 (3) of the *Company Law of the People's Republic of China*, Article 84 of the *Administrative Measures for the Acquisition of Listed Company* and Article 15.1 (4) of the *Listing Rules of Shenzhen Stock Exchange*.

Whether there are shareholders holding more than 10% of the shares at the ultimate control level of the Company

Yes No

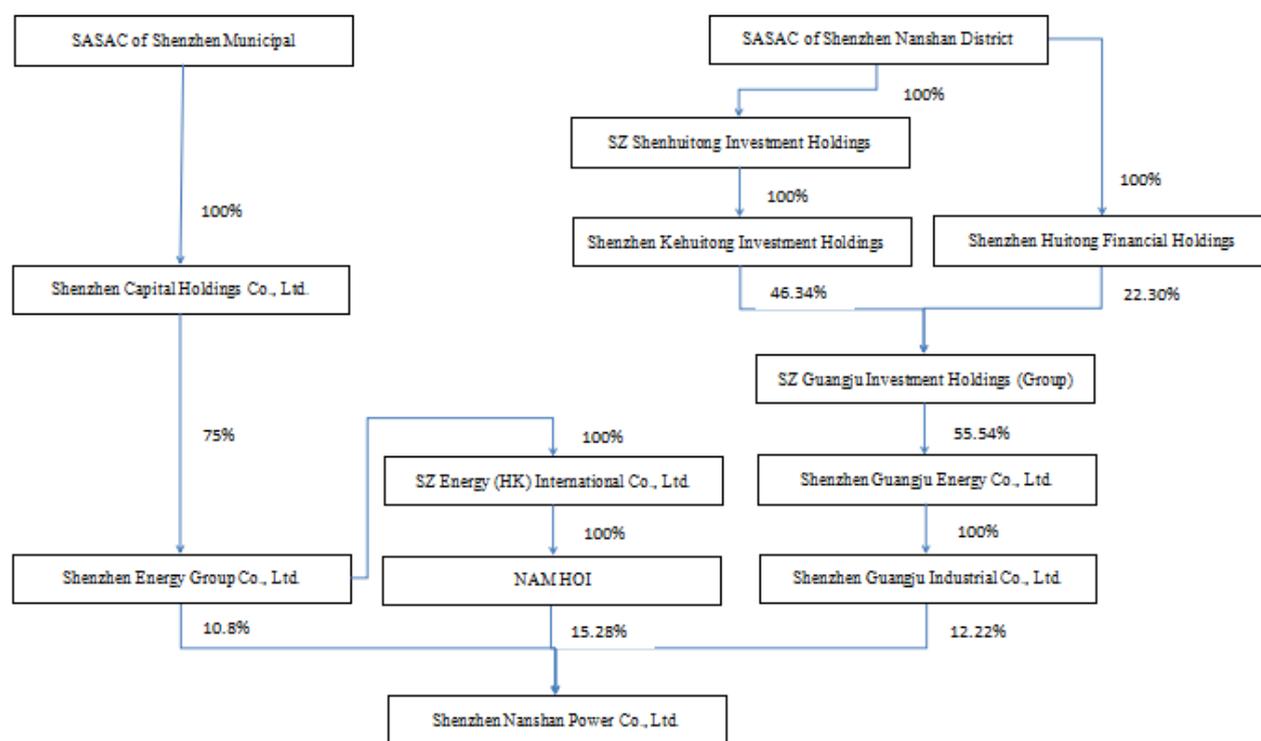
The Company has no actual controllers.

Changes in actual controller during the reporting period

Applicable Not applicable

There was no actual controller during the reporting period.

Block charter of company property and control relationships



Control of the actual controller through a trust or other asset management method

Applicable Not applicable

4. The cumulative number of pledged shares held by the controlling shareholder or the largest shareholder of the Company and its persons acting in concert accounts for 80% of the Company's shares held by them

Applicable Not applicable

5. Other corporate shareholders holding more than 10% of the shares

Applicable Not applicable

Name of corporate shareholder	Legal representative/person in charge	Date of establishment	Registered capital	Main business or management activities
HONG KONG NAM HOI (INTERNATIONAL) LTD.	Kong Guoliang	May 14, 1985	HKD 15.33 million	Investment by holding shares
Shenzhen Guangju Industrial Co., Ltd.	Deng Zhenwu	May 31, 1989	RMB 111.11 million	Establishment of industries and electricity investment (specific projects shall be declared separately)
Shenzhen Energy Group Co., Ltd.	Kong Guoliang	July 15, 1985	RMB 230.971224 million	Development, production, purchase and sales of various conventional energy sources (including electricity, heat, coal, oil and gas) and new

				energy sources
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6. Restrictions on reduction of shares of controlling shareholders, actual controllers, restructuring parties and other undertaking entities

Applicable Not applicable

IV. Specific Implementation of Share Repurchase during the Reporting Period

Implementation progress of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchased shares through centralized competitive bidding

Applicable Not applicable

Section VIII Preferred Shares

Applicable Not applicable

The Company had no preferred shares during the reporting period.

Section IX Bonds

Applicable Not applicable

Section X Financial Report

I. Financial statements

Auditor' Report

LXZLSZ [2023] D-0263

All shareholders of Shenzhen Nanshan Power Co., Ltd.,

I. Opinion

We have audited the accompanying financial statements of Shenzhen Nanshan Power Co., Ltd. (hereinafter referred to as "Shen Nan Dian"), which comprise the consolidated and the parent company's balance sheet as at December 31, 2022, the consolidated and the parent company's income statement, the consolidated and the parent company's cash flow statement, the consolidated and the parent company's statement of changes in shareholder's equity for the year then ended, and the notes to the financial statements.

In our opinion, all significant aspects of the financial statements attached have been prepared based on the Accounting Standards for Business Enterprises and present fairly Shen Nan Dian's consolidated and parent company's financial position as at December 31, 2022 and the consolidated and parent company's operating results and cash flows for the year then ended.

II. Basis for the formation of the opinion

We have carried out the audit in accordance with the Auditing Standards for Certified Public Accountants of China. "Certified Public Accountants' Responsibility for Audit of Financial Statements" in the auditor's report further elaborates on our responsibility under these standards. In accordance with the Code of Ethics of Certified Public Accountants in China, we are independent of Shen Nan Dian and have fulfilled other responsibilities in professional ethics. We believe that our audit evidence is sufficient and appropriate to provide a basis for our opinions.

III. Key audit matters

The key audit matters are the matters that, based on our professional judgment, are considered to be of most significance in the audit of the financial statements of the current period. These matters are addressed in the context of the audit of the financial statements as a whole and the formation of an audit opinion, and we do not express an independent opinion on these matters.

Key audit matters	Handling method
(I) Asset impairment	
<p>Please refer to the accounting policies described in Note (XIX) to "III. Important Accounting Policies and Accounting Estimates" and Note (XLVII) to "V. Notes to Items in the Consolidated Financial Statements"</p> <p>As at December 31, 2022, the book value of fixed assets and construction in progress in the consolidated financial statements of Shen Nan Dian totals 596,151,266.47 yuan, accounting for 22.87% of the total consolidated assets and 58.60% of the non-current assets of Shen Nan Dian, which is an important part of the assets of Shen Nan Dian. In 2022, the amount of asset impairment loss recognized in the consolidated financial statements of Shen Nan Dian is 8,946,433.92 yuan, accounting for 4.82% of the total profit in the consolidated income statement, which has a significant impact on the operating results of Shen Nan Dian.</p>	<p>Our audit procedures for asset impairment include:</p> <ol style="list-style-type: none"> 1. Evaluate and test the effectiveness of the design and implementation of internal controls related to asset impairment; 2. Select samples to implement supervision procedures on assets to understand whether the assets have problems such as backward process technology, long-term idleness, and low load rate; 3. Comprehensively evaluate the qualifications, competencies, evaluation methods and parameters used in the evaluation of external appraisers based on their work.

<p>The management of Shen Nan Dian has evaluated whether there is any indication of impairment of the above mentioned assets. If the indication of impairment is identified, the management shall conduct an impairment test by calculating the recoverable amount of the individual asset or the asset group in which it is located and comparing the recoverable amount with the book value.</p> <p>Since the management of Shen Nan Dian needs to use significant accounting estimates and judgments when determining the expected recoverable amount of assets, and the impact amount is significant, we have identified asset impairment losses as a key audit matter.</p>	
(II) Income recognition matters	
<p>For details of the accounting policies for income recognition and analysis, please refer to the accounting policies described in Note (XXIV) to "III. Important Accounting Policies and Accounting Estimates" and Note (XXXVIII) to "V. Notes to Items in the Consolidated Financial Statements".</p> <p>In 2022, the consolidated operating income of Shen Nan Dian was 694,227,657.28 yuan, down by 8.31% compared with the previous period.</p> <p>As operating income is one of the Company's key performance indicators and there is an inher</p>	<p>The audit procedures related to the operating income recognition include:</p> <ol style="list-style-type: none"> 1. Evaluate the design and operational effectiveness of the key internal controls related to income recognition; 2. Select a sample to examine the sales contract, identify the contract terms and conditions related to the transfer of risks and rewards in the ownership of goods, and evaluate whether the revenue recognition time meets the requirements of the accounting standards for business enterprises; 3. Implement substantive analysis procedures for operating income and gross profit, and judge the reasonable

<p>ent risk that the timing of income recognition may be manipulated to achieve specific objectives or expectations, we identify operating income recognition as a key audit matter.</p>	<p>ness of changes in operating income and gross profit margin in the current period;</p> <p>4. Select samples from the accounting records of operating income and electricity bills to check the authenticity and completeness of operating income recognition; Check the collection records, select samples to issue letters to confirm the balance of accounts receivable or advances from customers at the end of the period, and confirm the authenticity of the sales business based on the collection of accounts receivable after the period;</p> <p>5. Perform a cut-off test on operating income to assess whether operating income has been included in the appropriate accounting period.</p>
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IV. Other information

The management of Shen Nan Dian Power (hereinafter referred to as the Management) is responsible for other information. Other information includes the information covered in the relevant documents that constitute the 2022 Annual Report, but excludes the financial statements and our auditor's report.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have

nothing to report in this regard.

V. Responsibilities of the management and the governance for financial statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to frauds or errors.

In preparing the financial statements, the management is responsible for assessing the ability of Shen Nan Dian to continue as a going concern, disclosing matters related to going concern, and applying the going concern assumption, unless the management plans to liquidate Shen Nan Dian, discontinue operations or has no other realistic alternative.

Those charged with governance are responsible for supervising the financial reporting process of Shen Nan Dian.

VI. Certified public accountant's responsibility for audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to frauds or errors, and to issue an auditor's report that includes our opinion. The reasonable assurance is a high level assurance, but it is not guaranteed that the audit carried out in accordance with the audit guidelines can always find out material misstatement in the presence. The misstatement may be caused by frauds or errors. If misstatement alone or in summary is reasonably expected to affect the economic decision of the users of financial statements, the misstatement is generally considered to be significant.

In the process of performing the audit in accordance with the auditing standards, we apply professional judgment and maintain professional doubts. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to frauds or errors, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Since fraud may involve collusion, forgery, intentional omission, false representation or not be subject to internal control, failure to find the risk of material misstatement due to frauds is higher than the risk of failure to find a major misstatement due to errors.

(2) Understand internal controls related to the audit to design appropriate audit procedures.

(3) Evaluate the appropriateness of accounting policies adopted by management and the rationality of accounting estimation and related disclosure.

(4) Conclude on the appropriateness of the management's use of going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shen Nan Dian's ability to continue as a going concern. If we come to the conclusion that there are material uncertainties, the audit guidelines require that we draw the attention of the report users to the relevant disclosures in the financial statements in the audit report. If the disclosure is not sufficient, we should issue a modified auditor's report. Our conclusions are based on information available as of the date of the auditor's report. However, future events or conditions may cause Shen Nan Dian to discontinue operation.

(5) Evaluate the overall presentation (including disclosures), structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient and appropriate audit evidence from the financial information about the entity or business activities of Shen Nan Dian, to give our opinion on the financial statements. We are responsible for guiding, supervising and carrying out the audit over the Group, and assume all responsibilities for our opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide a statement to those charged with governance that we have obeyed ethical requirements related to independence and communicate with those charged with governance all relationships and other matters that may reasonably be believed to affect our independence, and related preventive measures (if applicable).

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws and regulations prohibit public disclosure of such matters, or in rare circumstances where the adverse consequences of communicating a matter in our auditor's report would reasonably be expected to outweigh the benefits in the public interest, we determine that the matter should not be communicated in the auditor's report.

LixinZhonglian CPAs (SPECIAL GENERAL PARTNERSHIP) Chinese Certified

Public Accountant:Cao Wei

(Project Partner)

Chinese Certified Public Accountant:Liu Xinfa

Tianjin, China April 4, 2023

II. Financial statements

1. Consolidated balance sheet

Prepared by: Shenzhen Nanshan Power Co., Ltd.

December 31, 2022

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Cash and cash equivalents	675,496,266.40	689,604,633.59
Settlement provisions		
Capital lent		
Financial assets held for trading	440,013,571.10	632,874,406.39
Derivative financial assets		
Notes receivable		
Accounts receivable	135,833,492.64	73,610,161.02
Receivables financing		
Advances to suppliers	45,448,287.86	64,415,236.66
Premiums receivable		
Reinsurance accounts receivable		
Contract reserve of reinsurance receivable		
Other receivables	18,314,003.84	25,841,206.66
Including: interest receivable		
Dividends receivable		
Financial assets of purchase under resale agreements		
Inventories	85,279,298.35	88,500,991.13
Contract assets	217,009.58	1,040,000.00
Assets held for sale		
Non-current assets due within one year		
Other current assets	188,248,840.44	331,868,661.62
Total current assets	1,588,850,770.21	1,907,755,297.07
Non-current assets:		
Loans and payments on behalf		
Creditors' investments		
Other creditors' investments		
Long-term receivables		

Long-term equity investments	83,496,098.24	6,986,655.19
Other investments in equity instruments	300,615,000.00	200,615,000.00
Other non-current financial assets		
Investment properties	1,833,344.20	2,009,051.80
Fixed assets	591,290,204.31	643,256,398.30
Construction in process	4,861,062.16	6,088,768.51
Productive biological assets		
Oil and gas assets		
Right-of-use assets	7,707,617.90	
Intangible assets	19,799,355.12	20,465,906.86
Development expenditure		
Goodwill		
Long-term deferred expenses	1,219,129.18	1,716,460.30
Deferred income tax assets	1,172,366.49	1,109,286.38
Other non-current assets	5,371,398.18	
Total non-current assets	1,017,365,575.78	882,247,527.34
Total assets	2,606,216,345.99	2,790,002,824.41
Current liabilities:		
Short-term borrowings	879,957,857.44	858,444,163.25
Borrowings from central bank		
Capital borrowed		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	137,298,902.17	135,025,883.27
Accounts payable	5,227,836.22	6,703,466.71
Advances from customers		
Contract liabilities		
Financial assets of the sale for repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Employee compensation payable	29,296,815.07	41,533,020.96
Taxes payable	5,107,666.73	4,145,839.89
Other payables	22,997,466.80	62,678,254.02
Including: interest payable		

Dividends payable		
Service fee and commission payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	6,014,119.95	
Other current liabilities	21,600.00	
Total current liabilities	1,085,922,264.38	1,108,530,628.10
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	28,019,758.68	0.00
Bonds payable		
Including: preferred shares		
Perpetual bond		
Lease liabilities	2,262,160.03	
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities	15,000,000.00	15,000,000.00
Deferred income	82,145,596.60	88,079,970.09
Deferred income tax liabilities		
Other non-current liabilities	47,511.72	50,310.78
Total non-current liabilities	127,475,027.03	103,130,280.87
Total liabilities	1,213,397,291.41	1,211,660,908.97
Owner's equity:		
Share capital	602,762,596.00	602,762,596.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital reserves	362,770,922.10	362,770,922.10
Less: Treasury stock		
Other comprehensive income	-2,500,000.00	-2,500,000.00
Special reserves		
Surplus reserves	332,908,397.60	332,908,397.60
General risk reserves		
Undistributed profit	159,187,979.14	319,351,219.81
Total equity attributable to owners of parent company	1,455,129,894.84	1,615,293,135.51

Minority equity	-62,310,840.26	-36,951,220.07
Total owner's equity	1,392,819,054.58	1,578,341,915.44
Total liabilities and owners' equity	2,606,216,345.99	2,790,002,824.41

Legal representative: Kong Guoliang Accounting principal: Chen Yuhui CFO: Zhang Xiaoyin Head of accounting department: Lin Xiaoja

2. Balance sheet of the parent company

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Cash and cash equivalents	652,703,545.21	592,751,213.88
Financial assets held for trading	440,013,571.10	622,874,406.39
Derivative financial assets		
Notes receivable		
Accounts receivable	47,995,982.82	35,966,056.15
Receivables financing		
Advances to suppliers	29,715,650.29	60,381,018.05
Other receivables	851,189,111.89	618,436,063.60
Including: interest receivable		
Dividends receivable		
Inventories	79,504,053.32	79,904,055.96
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	180,501,049.31	321,673,866.15
Total current assets	2,281,622,963.94	2,331,986,680.18
Non-current assets:		
Creditors' investments		
Other creditors' investments		
Long-term receivables		
Long-term equity investments	352,171,153.27	287,301,269.81
Other investments in equity instruments	160,615,000.00	60,615,000.00
Other non-current financial assets		
Investment properties		
Fixed assets	279,587,315.87	314,308,562.41
Construction in process	1,976,173.28	1,399,062.85
Productive biological assets		

Oil and gas assets		
Right-of-use assets	7,707,617.90	
Intangible assets	193,607.19	247,959.31
Development expenditure		
Goodwill		
Long-term deferred expenses	1,106,385.13	1,513,521.01
Deferred income tax assets		
Other non-current assets		
Total non-current assets	803,357,252.64	665,385,375.39
Total assets	3,084,980,216.58	2,997,372,055.57
Current liabilities:		
Short-term borrowings	285,705,357.36	458,444,163.25
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	737,298,902.17	535,025,883.27
Accounts payable	3,759,009.04	1,280,357.11
Advances from customers		
Contract liabilities		
Employee compensation payable	18,905,560.54	29,251,444.37
Taxes payable	1,203,569.67	562,233.61
Other payables	170,451,537.10	132,397,663.39
Including: interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	6,014,119.95	
Other current liabilities		
Total current liabilities	1,223,338,055.83	1,156,961,745.00
Non-current liabilities:		
Long-term borrowings	28,019,758.68	
Bonds payable		
Including: preferred shares		
Perpetual bond		
Lease liabilities	2,262,160.03	
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		

Deferred income	48,978,528.78	52,036,600.90
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	79,260,447.49	52,036,600.90
Total liabilities	1,302,598,503.32	1,208,998,345.90
Owner's equity:		
Share capital	602,762,596.00	602,762,596.00
Other equity instruments		
Including: preferred shares		
Perpetual bond		
Capital reserves	289,963,039.70	289,963,039.70
Less: Treasury stock		
Other comprehensive income		
Special reserves		
Surplus reserves	332,908,397.60	332,908,397.60
Undistributed profit	556,747,679.96	562,739,676.37
Total owner's equity	1,782,381,713.26	1,788,373,709.67
Total liabilities and owners' equity	3,084,980,216.58	2,997,372,055.57

Legal representative: Kong Guoliang Accounting principal: Chen Yuhui CFO: Zhang Xiaoyin Head of accounting department: Lin Xiaojia

3. Consolidated income statement

Unit: RMB

Item	2022	2021
I. Total business income	694,227,657.28	757,175,743.41
Including: operating income	694,227,657.28	757,175,743.41
Interest income		
Insurance gained		
Income from service fee and commission		
II. Total operating costs	947,345,416.89	996,903,846.83
Of which: operating costs	804,679,323.48	850,260,659.40
Interest expense		
Service fee and commission expenditure		
Cash surrender value		
Net amount of expense of compensation		
Net amount withdrawn for insurance liability contract reserves		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	5,401,350.20	6,281,148.30
Selling and distribution expenses	375,055.78	928,661.79
G&A expenses	79,099,350.54	103,286,926.69
R&D expenses	25,647,534.39	20,933,712.98
Financial expenses	32,142,802.50	15,212,737.67
Including: interest expenses	40,218,036.98	30,629,953.77
Interest income	8,790,975.96	15,728,363.74
Plus: other income	9,333,093.72	7,074,336.60
Investment income (“-”for losses)	70,717,321.61	45,981,085.44
Including: investment income on associates and joint ventures	3,635,763.05	-1,906,753.67
The termination of income recognition for financial assets measured by amortized cost		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)		

Loss of credit impairment (Loss is listed with “-”)	-1,711,964.42	
Losses of devaluation of asset (Loss is listed with “-”)	-8,946,433.92	-327,479,010.92
Income from assets disposal (Loss is listed with “-”)	291,985.88	974,699.74
III. Operating profit (Loss is listed with “-”)	-183,433,756.74	-513,176,992.56
Add: non-operating income	39,600.00	5,261,868.99
Less: non-operating expense	2,191,784.23	248,216.00
IV. Total profit (Loss is listed with “-”)	-185,585,940.97	-508,163,339.57
Less: income tax expense	-63,080.11	1,237,266.58
V. Net profit (Net loss is listed with “-”)	-185,522,860.86	-509,400,606.15
(I) Classified by business continuity		
1. Continuing operation net profit (net loss is listed with “-”)	-185,522,860.86	-509,400,606.15
2. Net profit from discontinued operation (net loss is listed with “-”)		
(II) Classified by ownership		
1. Net profit attributable to shareholders of the parent company	-160,163,240.67	-439,448,712.13
2. Minority shareholder's profit and loss	-25,359,620.19	-69,951,894.02
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 that cannot be reclassified into profit and loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transferred to profit and loss		
3. Changes in fair value of other investments in equity instruments		
4. Changes in fair value on the credit risk of the enterprise itself		
5. Others		
(II) Other comprehensive income to		

be reclassified into profit and loss		
1. Other comprehensive income that can be transferred to profit and loss under equity method		
2. Changes in fair value of other creditors' investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditors' investments		
5. Cash flow hedging reserve		
6. Translation differences arising on translation of foreign currency financial statements		
7. Others		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-185,522,860.86	-509,400,606.15
Total comprehensive income attributable to owners of parent company	-160,163,240.67	-439,448,712.13
Total comprehensive income attributable to minority shareholders	-25,359,620.19	-69,951,894.02
VIII. Earnings per share		
(I) Basic earnings per share	-0.2657	-0.7291
(II) Diluted earnings per share	-0.2657	-0.7291

Legal representative: Kong Guoliang Accounting principal: Chen Yuhui CFO: Zhang Xiaoyin Head of accounting department: Lin Xiaoja

4. Profit Statement of Parent Company

Unit: RMB

Item	2022	2021
I. Operating income	423,083,901.93	393,181,803.59
Less: operating costs	454,563,835.47	409,560,912.13
Tax and extras	2,377,366.77	2,649,303.27
Selling and distribution expenses		
G&A expenses	25,040,490.15	37,736,990.21
R&D expenses	14,071,545.66	13,090,279.46
Financial expenses	-7,205,301.51	-7,412,079.88
Including: interest expenses	29,858,590.98	32,363,377.89
Interest income	38,552,729.42	39,843,733.49

Plus: other income	5,553,834.58	3,610,167.05
Investment income ("-" for losses)	72,910,517.66	47,664,277.47
Including: investment income on associates and joint ventures	6,208,396.44	
Termination of income recognition for financial assets measured by amortized cost (Loss is listed with "-")		
Net exposure hedging income (Loss is listed with "-")		
Income from change of fair value (Loss is listed with "-")		
Loss of credit impairment (Loss is listed with "-")		
Losses of devaluation of asset (Loss is listed with "-")	-16,871,485.12	-111,950,707.32
Income from assets disposal (Loss is listed with "-")	-291,564.09	944,667.70
II. Operating profit (Loss is listed with "-")	-4,462,731.58	-122,175,196.70
Add: non-operating income	10,000.00	
Less: non-operating expense	1,539,264.83	163,100.00
III. Total profit (Loss is listed with "-")	-5,991,996.41	-122,338,296.70
Less: income tax expense		
IV. Net profit (Loss is listed with "-")	-5,991,996.41	-122,338,296.70
(I) Continuing operation net profit (net loss is listed with "-")	-5,991,996.41	-122,338,296.70
(II) Net profit from discontinued operation (net loss is listed with "-")		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income that cannot be reclassified into profit and loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transferred to profit and loss		
3. Changes in fair value of other investments in equity instruments		
4. Changes in fair value on the credit risk of the enterprise itself		

5. Others		
(II) Other comprehensive income to be reclassified into profit and loss		
1. Other comprehensive income that can be transferred to profit and loss under equity method		
2. Changes in fair value of other creditors' investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditors' investments		
5. Cash flow hedging reserve		
6. Translation differences arising on translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	-5,991,996.41	-122,338,296.70
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Legal representative: Kong Guoliang Accounting principal: Chen Yuhui CFO: Zhang Xiaoyin Head of accounting department: Lin Xiaojia

5. Consolidated statement of cash flows

Unit: RMB

Item	2022	2021
I. Cash flow arising from operating activities:		
Cash received from selling commodities and providing labor services	757,303,689.96	864,329,995.09
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, service fee and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	330,262,197.76	214,166.34
Other cash received concerning operating activities	54,083,544.34	51,426,395.71
Sub-total of cash inflows from operating activities	1,141,649,432.06	915,970,557.14
Cash paid for purchasing commodities and receiving labor service	746,137,912.91	721,294,436.17
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, service fee and commission		

Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	130,590,587.11	150,735,758.93
Taxes paid	31,947,280.10	26,215,327.00
Other cash paid concerning operating activities	25,805,249.68	56,983,337.11
Sub-total of cash outflows from operating activities	934,481,029.80	955,228,859.21
Net cash flows from operating activities	207,168,402.26	-39,258,302.07
II. Cash flows arising from investing activities:		
Cash received from recovering investment	120,000,725.39	25,656,458.26
Cash received from investment income	57,197,267.13	57,648,950.11
Net cash received from disposal of fixed, intangible and other long-term assets	1,337,042.66	1,807,866.50
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Sub-total of cash inflows from investing activities	178,535,035.18	85,113,274.87
Cash paid for purchasing fixed, intangible and other long-term assets	3,306,286.80	44,862,987.99
Cash paid for investment	100,000,000.00	201,873,680.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	180,009,000.00	
Sub-total of cash outflows from investing activities	283,315,286.80	246,736,667.99
Net cash flows from investing activities	-104,780,251.62	-161,623,393.12
III. Cash flows arising from financing activities		
Cash received from absorbing investment	199.92	42,483.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		

Cash received from loans	1,089,969,116.74	1,061,031,840.80
Other cash received concerning financing activities		
Sub-total of cash inflows from financing activities	1,089,969,316.66	1,061,074,323.80
Cash paid for settling debts	1,191,887,723.08	909,092,726.75
Cash paid for dividend and profit distributing or interest paying	15,047,840.81	25,970,397.45
Including: dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid concerning financing activities	27,474,594.34	
Sub-total of cash outflows from financing activities	1,234,410,158.23	935,063,124.20
Net cash flows from financing activities	-144,440,841.57	126,011,199.60
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	469,729.40	-126,143.03
V. Net increase of cash and cash equivalents	-41,582,961.53	-74,996,638.62
Add: Balance of beginning cash and cash equivalents	689,604,633.59	764,601,272.21
VI. Balance of ending cash and cash equivalents	648,021,672.06	689,604,633.59

Legal representative: Kong Guoliang Accounting principal: Chen Yuhui CFO: Zhang Xiaoyin Head of accounting department: Lin Xiaojia

6. Statement of cash flows of the parent company

Unit: RMB

Item	2022	2021
I. Cash flow arising from operating activities:		
Cash received from selling commodities and providing labor services	719,471,315.94	649,301,148.13
Write-back of tax received	321,424,443.28	181,606.65
Other cash received concerning operating activities	266,804,943.28	274,118,435.89
Sub-total of cash inflows from operating activities	1,307,700,702.50	923,601,190.67
Cash paid for purchasing commodities and receiving labor service	356,279,013.18	358,851,605.45

Cash paid to/for staff and workers	85,583,891.95	109,824,916.40
Taxes paid	13,597,429.91	2,921,107.01
Other cash paid concerning operating activities	17,608,551.99	392,790,366.22
Sub-total of cash outflows from operating activities	473,068,887.03	864,387,995.08
Net cash flows from operating activities	834,631,815.47	59,213,195.59
II. Cash flows arising from investing activities:		
Cash received from recovering investment	110,000,725.39	25,656,458.26
Cash received from investment income	57,194,268.15	57,048,950.11
Net cash received from disposal of fixed, intangible and other long-term assets	1,337,042.66	1,751,974.50
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	20,061,163.76	
Sub-total of cash inflows from investing activities	188,593,199.96	84,457,382.87
Cash paid for purchasing fixed, intangible and other long-term assets	1,639,514.07	41,299,271.44
Cash paid for investment	100,000,000.00	72,873,680.00
Net cash received from subsidiaries and other units obtained	559,800.08	118,957,517.00
Other cash paid concerning investing activities	342,762,500.00	
Sub-total of cash outflows from investing activities	444,961,814.15	233,130,468.44
Net cash flows from investing activities	-256,368,614.19	-148,673,085.57
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	507,211,616.74	961,031,840.80
Other cash received concerning financing activities	13,000,000.00	
Sub-total of cash inflows from financing activities	520,211,616.74	961,031,840.80
Cash paid for settling debts	1,011,887,723.08	909,092,726.75

Cash paid for dividend and profit distributing or interest paying	15,044,841.83	25,970,397.45
Other cash paid concerning financing activities	39,068,511.01	
Sub-total of cash outflows from financing activities	1,066,001,075.92	935,063,124.20
Net cash flows from financing activities	-545,789,459.18	25,968,716.60
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	3,994.89	-1,906.92
V. Net increase of cash and cash equivalents	32,477,736.99	-63,493,080.30
Add: Balance of beginning cash and cash equivalents	592,751,213.88	656,244,294.18
VI. Balance of ending cash and cash equivalents	625,228,950.87	592,751,213.88

Legal representative: Kong Guoliang Accounting principal: Chen Yuhui CFO: Zhang Xiaoyin Head of accounting department: Lin Xiaojia

7. Consolidated statement of changes in owner's equity

Amount for the current period

Unit: RMB

Item	2022														Minority equity	Total owner's equity
	Owners' equity attributable to the parent Company												Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profit	Others				
	Preferred shares	Perpetual bond	Others													
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																
Adjustments for correction of accounting errors in prior year																
Business combination under same control																
Others																
II. Beginning balance of the current 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	
III. Increase/decrease in this year (Decrease is listed with "-")											160,163,240.67		-160,163,240.67	25,359,620.19	-185,522,860.86	
(i) Total comprehensive income											160,163,240.67		-160,163,240.67	25,359,620.19	-185,522,860.86	
(2) Owners' devoted and decreased capital																

1. Ordinary shares contributed by the owner																				
2. Capital invested by holders of other equity instruments																				
3. Amount reckoned into owners equity with share-based payment																				
4. Others																				
(III) Profit distribution																				
1. Withdrawal of surplus reserves																				
2. Withdrawal of general risk provisions																				
3. Distribution for owners (or shareholders)																				
4. Others																				
(IV) Internal carry-forward of owners' equity																				
1. Capital reserves converted to capital (or share capital)																				
2. Surplus reserves converted to capital (or share capital)																				
3. Remedying loss with surplus reserve																				

4. Carry-forward of changes in defined benefit plans for retained earnings															
5. Carry-forward of other comprehensive income to retained earnings															
6. Others															
(V) Special reserves															
1. Withdrawal in the current period							879,946.49					879,946.49		879,946.49	
2. Usage in the current period							879,946.49					879,946.49		879,946.49	
(VI) Others															
IV. Balance at the end of the current period	602,762,596.00				362,770,922.10	-2,500,000.00	0.00	332,908,397.60		159,187,979.14		1,455,129,894.84	62,310,840.26	1,392,819,054.58	

Legal representative: Kong Guoliang

Accounting principal: Chen Yuhui

CFO: Zhang Xiaoyin

Head of accounting department: Lin Xiaojia

Amount for the previous period

Unit: RMB

Item	2021														
	Owners' equity attributable to the parent Company												Minority equity	Total owner's equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profit	Others			Subtotal
	Preferred shares	Perpetual bond	Others												
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															
Adjustments for correction of accounting errors in prior year															
Business combination under same control															
Others															
II. Beginning balance of the current 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
III. Increase/decrease in this year (Decrease is listed with "-")											-439,448,712.13		-439,448,712.13	69,951,894.02	-509,400,606.15
(I) Total comprehensive income											-439,448,712.13		-439,448,712.13	69,951,894.02	-509,400,606.15
(II) Owners' devoted and decreased capital															
1. Ordinary shares contributed by															

the owner																
2. Capital invested by holders of other equity instruments																
3. Amount reckoned into owners equity with share-based payment																
4. Others																
(III) Profit distribution																
1. Withdrawal of surplus reserves																
2. Withdrawal of general risk provisions																
3. Distribution for owners (or shareholders)																
4. Others																
(IV) Internal carry-forward of owners' equity																
1. Capital reserves converted to capital (or share capital)																
2. Surplus reserves converted to capital (or share capital)																
3. Remedying loss with surplus reserve																
4. Carry-forward of changes in defined benefit																

plans for retained earnings															
5. Carry-forward of other comprehensive income to retained earnings															
6. Others															
(V) Special reserves															
1. Withdrawal in the current period															
2. Usage in the current period															
(VI) Others															
IV. Balance at the end of the current period	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

Legal representative: Kong Guoliang

Accounting principal: Chen Yuhui

CFO: Zhang Xiaoyin

Head of accounting department: Lin Xiaojia

8. Statement of changes in owners' equity of the parent company

Amount for the current period

Unit: RMB

Item	2022											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others	Total owner's equity
		Preferred shares	Perpetual bond	Others								
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												
Adjustments for correction of accounting errors in prior year												
Others												
II. Beginning balance of the current year	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 "-")										-5,991,996.41		-5,991,996.41
(I) Total comprehensive income										-5,991,996.41		-5,991,996.41
(II) Owners' devoted and decreased capital												
1. Ordinary shares contributed by the owner												
2. Capital invested by holders of other equity instruments												

3. Amount reckoned into owners equity with share-based payment												
4. Others												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Capital reserves converted to capital (or share capital)												
2. Surplus reserves converted to capital (or share capital)												
3. Remedying loss with surplus reserve												
4. Carry-forward of changes in defined benefit plans for retained earnings												
5. Carry-forward of other comprehensive income to retained earnings												
6. Others												
(V) Special												

reserves												
1. Withdrawal in the current period								434,489.58				
2. Usage in the current period								434,489.58				
(VI) Others												
IV. Balance at the end of the current period	602,762,596.00				289,963,039.70				332,908,397.60	556,747,679.96		1,782,381,713.26

Legal representative: Kong Guoliang

Accounting principal: Chen Yuhui

CFO: Zhang Xiaoyin

Head of accounting department: Lin Xiaojia

Amount for the previous period

Unit: RMB

Item	2021											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others	Total owner's equity
		Preferred shares	Perpetual bond	Others								
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												
Adjustments for correction of accounting errors in prior year												
Others												
II. Beginning balance of the current year	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 “-”)										-122,338,296.70		-122,338,296.70
(I) Total comprehensive income										-122,338,296.70		-122,338,296.70
(II) Owners' devoted and decreased capital												
1. Ordinary shares contributed by												

the owner												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Others												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Capital reserves converted to capital (or share capital)												
2. Surplus reserves converted to capital (or share capital)												
3. Remedying loss with surplus reserve												
4. Carry-												

forward of changes in defined benefit plans for retained earnings												
5. Carry-forward of other comprehensive income to retained earnings												
6. Others												
(V) Special reserves												
1. Withdrawal in the current period												
2. Usage in the current period												
(VI) Others												
IV. Balance at the end of the current period	602,762,596.00				289,963,039.70				332,908,397.60	562,739,676.37		1,788,373,709.67

Legal representative: Kong Guoliang

Accounting principal: Chen Yuhui

CFO: Zhang Xiaoyin

Head of accounting department: Lin Xiaojia

Shenzhen Nanshan Power Co., Ltd.
Notes to Financial Statements off 2022

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

I. Company profile

(I) 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 November 25, 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 Zheng Ban Fu [1993] No.179 issued by Shenzhen Securities Regulatory Office, on January 3, 1994, the Company offered 40,000,000 RMB ordinary shares and 37,000,000 domestically listed foreign shares in and out of China. And the RMB ordinary 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 is located on 16/F, 17/F, Han Tang Building, OCT, Nanshan District, Shenzhen City, Guangdong Province, P.R.C.

This financial statements will be approved by the Company's Board of Directors for publication on April 4, 2023.

(ii) Scope of financial statements

(I) There are 9 subsidiaries included in the scope of consolidated financial statements of the Company in the current period, including:

Name of subsidiary	Shareholding 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	

For details of the scope of the consolidated financial statements and the changes thereof, please refer to VI. Changes of Consolidation Scope and VII. Equities in Other Entities.

II. Basis for preparation of financial statements

(I) Basis of Preparation

The Company's financial statements have been prepared based on the continuing operation 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.

(II) Continuing operation

The Company is capable of continuing operation 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 accounting estimates

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 income recognition pursuant to relevant business accounting principles. Details are set out in (24) Income under Note III.

(I) Statement on observation of Accounting Standards for Business Enterprises

The financial statements of the Company comply with the requirements of ASBE issued by the Ministry of Finance, and present a true and complete view of the consolidated and parent company's financial status as of December 31, 2022 and the consolidated and parent company's operation results and cash flow for the year of 2022.

(II) Accounting period

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

(III) 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.

(IV) Book-keeping standard currency

The book-keeping standard currency of the Company is RMB (CNY).

(V) Accounting treatment method of business combination under the same control and under the different control

Business combination under the same control: The assets and liabilities obtained by the combining party in business 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 book value of the net assets obtained and the book value 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.

Business 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 business 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 profits/losses after double-check.

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

(VI) Preparation methods for consolidated financial statements

1. Scope of consolidation

The consolidation scope of the consolidated financial statements is determined on the basis of control and includes the Company and all its subsidiaries.

2. Consolidation 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 of subsidiaries or businesses

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

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

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

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

(2) Disposal of subsidiaries or businesses

① General treatment methods

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

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

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

② Disposal of subsidiaries by stages

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 another 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 investments on subsidiaries without loss of 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.

(VII) Classification of joint venture arrangements and accounting treatment method

Joint venture arrangements is divided into joint operation and joint ventures.

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 income 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.

(VIII) 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.

(IX) Foreign currency business and foreign currency statement translation

1. Foreign currency business

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

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

2. Foreign currency statement translation

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

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

(X) Financial instruments

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

1. Classification of financial instruments

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

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

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

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

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

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

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

2. Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

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

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

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

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

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

Upon termination of the recognition, the accumulated profits and 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 financial assets are subsequently measured at fair value, and the fair value changes are reckoned into other comprehensive income.

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 profits/losses

The financial assets measured at fair value and whose changes are reckoned into current profits/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 profits/losses. The financial assets are subsequently measured at fair value, and the fair value changes are reckoned into current profits/losses.

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

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

Upon termination of the recognition, the difference between its book value and the consideration paid is included in the current profits/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 interest calculated by using the effective interest method during the holding period is included in the current profit and loss.

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

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 book value 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 book value 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 book value 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.

4. Derecognition criteria of financial liabilities

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

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

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

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

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

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

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

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

If the credit risk of the financial instrument has increased significantly since initial recognition, the Company shall measure its loss provision at an amount equivalent to the expected credit loss throughout the life of the financial instrument. If the credit risk of the financial instrument has not increased significantly since initial recognition, the Company shall measure its loss provision at an amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increased or returned 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. 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.

(1) Notes receivable

Name of portfolio	Methods of measuring credit losses
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) Accounts receivable

Name of portfolio	Methods of measuring credit losses
Electricity transaction receivable	Accounts receivable classified as electricity transactions, project operation and maintenance and environmental protection services; 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.
Receivables for project operation and maintenance	
Receivables for environmental protection services	

(3) Other receivables

Name of portfolio	Methods of measuring credit losses
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 provision for bad debts is made.
Portfolio of deposit, security deposit and reserve fund	
Other receivables and temporary payments except for the above portfolios	

(4) Receivables financing

Name of portfolio	Methods of measuring credit losses
Bank acceptance bill of banks with lower credit risk rating	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	

(XI) Inventories

1. Classification of inventories

Inventories mainly include fuel, raw materials, etc.

2. Valuation method of delivered inventory

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

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

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. 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. The net realizable value of the inventory held for the execution of the sales contract or labor service contract is calculated on the basis of the contract price. If the quantity of the inventory held is more than the quantity ordered by the sales contract, the net realizable value of the excess inventory is calculated based on the general sales price.

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

4. Inventory system

The perpetual inventory system is adopted.

5. Amortization method of low-value consumables and packaging

(1) Low-value consumables - one pass method;

(2) Packaging - one pass method

(XII) Contract assets

The Company's unconditional (that is, only depending on the time lapses) right to collect consideration from customers are separately listed as receivables. The Company's 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.

(XIII) Long-term equity investments

1. Judgement criteria for joint control and significant influence

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

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

2. Determination of initial investment cost

(1) Long-term equity investment formed by business combination

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. 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. 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.

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 investments obtained by other means

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

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

On the premise that the non-monetary asset exchange has commercial substance and that the fair value of the assets swapped in or out can be reliably measured, the initial investment cost of the long-term equity investment swapped in by non-monetary assets exchange is determined by the fair value of assets swapped out and the relevant payable taxes and fees, unless there is conclusive

evidence that the fair value of the assets swapped in is more reliable; for non-monetary assets exchange that do not meet the above preconditions, the book value of the assets swapped out and the relevant taxes and fees payable are used as the initial investment cost of the long-term equity investment swapped in.

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

3. Follow-up measurement and profits/losses 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 profits/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 book value of long-term equity investment shall be adjusted. The book value of long-term equity investment shall be reduced based on the Group's share of profit or cash dividend distributed by the investee. The share of net profit or loss attributable to the investees shall be recognized based on the fair value of the investees' identifiable net assets at the time of acquisition and after adjusting the net profit of the investees according to the Company's accounting policies and accounting period.

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 investments

In case of disposal of long-term equity investments, the difference between the book value and the actual 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 investees, it shall be accounted for using the recognition and measurement standard of financial instruments. The difference between its fair value and book value 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.

(XIV) Investment properties

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.

(XV) Fixed assets

1. Recognition conditions for the fixed assets

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

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

2. Depreciation method

The depreciation of fixed assets is calculated and accrued by the straight-line

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

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

Category	Depreciation method	Depreciation period (year)	Residuals rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	20 years	10	4.5
Machinery and equipment - gas turbine generator unit (note)	Workload method		10	
Machinery and equipment (except gas turbine generator unit)	Straight-line method	15-20 years	10	4.5-6
Means of transport	Straight-line method	5 years	10	18
Others	Straight-line method	5 years	10	18

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

Name	Fixed assets	Depreciation amount (RMB/hour)
The Company	Generator unit #1	538.33
	Generator unit #3	601.21
New Power	Generator unit #10	520.61
Zhongshan Electric Power	Generator unit #1	960.34
	Generator unit #3	837.29

(XVI) 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.

(XVII) Borrowing costs

1. Recognition principle of capitalization of borrowing costs

Borrowing costs 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 costs incurred by the Company can be directly attributed to the acquisition, construction or production of assets eligible for capitalization, they shall be capitalized and included in the cost of relevant assets; other borrowing costs 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 costs 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) The borrowing costs have occurred;
- (3) The acquisition, construction or production activities necessary for the assets to reach the intended usable or saleable state have begun.

2. Period of capitalization of borrowing costs

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

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

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

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

3. Period of suspension of capitalization

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

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

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

is used to determine the capitalized amount of borrowing expenses.

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

(XVIII) Intangible assets

1 Valuation methods of intangible assets

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

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

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

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

(2) Subsequent measurement

The service life of intangible assets are analyzed and judged on acquisition.

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

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

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

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

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

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

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

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

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

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

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

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

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

(XIX) 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 book value, 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.

(XX) 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.

(XXI)Contract 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.

(XXII)Employee compensation

1.Accounting treatment method of short-term compensation

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

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

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

2. Accounting treatment method of 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 carried back to profit or loss in the subsequent accounting period, and the part that was originally included in other comprehensive income will be carried forward to undistributed profit within the scope of equity when the original defined benefit plan is terminated.

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

3. Accounting treatment method of dismissal welfare

When the Company cannot unilaterally withdraw the dismissal welfare 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 welfare (the earlier of the two), recognize employee compensation liabilities arising from dismissal welfare and include in the current profit and loss.

(XXIII) Estimated liabilities

1. Recognition criteria of estimated liabilities

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 obligation is a current obligation undertaken by the Company;
- (2) The performance of such obligation is likely to result in outflow of economic benefits from the Company;
- (3) The amount of the obligation can be measured reliably.

2. Methods of measurement of various estimated liabilities

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.

(XXIV) Income

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 income 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 income 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 income is most unlikely to be materially returned 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 income at the time point of the later when the relevant income 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 income 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 income is recognized as a performance obligation performed within a certain period of time; otherwise, the relevant income is recognized as a performance obligation performed at a certain point in time:

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

After-sale repurchase transaction

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

(I) 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 income is recognized at the same time.

(II) 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 income 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 income 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 costs not to be returned

The initial cost 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 cost is related to the transfer of the promised goods to the customer. If the initial cost 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 cost 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 cost 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 cost 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 cost is related to the goods promised to be transferred in the future, and should be recognized as income 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 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. 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.

(1) Income from commodity sales

The sales contract between the Company and the customers usually only contains the performance obligation for the transferred goods. The Company usually recognizes income 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.

Income from sales of electricity

The Company produces electricity through firepower and realizes sales through integration into Guangdong Power Grid. For electricity sales, the Company recognizes the realization of income 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 income 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) 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 income at the point when the customer obtains control of the relevant goods or services.

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

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

② Specific standards for income recognition of Engineering Company:

Commissioning projects: when the commissioning is successful, obtain the confirmation of successful commissioning, and recognize the income according to the contract; Operation and maintenance, management projects: monthly income is temporarily estimated and recognized based on attendance time and labor prices of attendants, and the temporary estimated income will be adjusted after obtaining the monthly statement confirmed by the supplier's stamp and signature, the progress confirmation letter, and the attendance sheet.

(XXV) Contractual costs

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.

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 returned and included in the current profit and loss, but the book value of the asset after the return shall not exceed the book value of the asset on the date of return under the assumption that no impairment provision is made.

(XXVI)Government subsidies

1. Type

Government subsidies refer 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.

Asset-related government subsidy refers to government subsidies obtained by the Company for purchase and construction or to form long-term assets in other ways. Income-related government subsidy refers to government subsidies other than asset-related government subsidy.

2. Time point of recognition

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

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

3. Accounting treatment

Assets-related government subsidy 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;

Income-related government subsidies are recognized as deferred income and included in current profit and loss (other income if they are related to routine activities or non-operating income if they are not related to routine activities) or used to offset them. 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.

(XXVII)Deferred income tax assets and deferred income tax liabilities

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 returned, 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.

(XXVIII) Lease

A lease 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.

1. The Company as lessee

The Company recognizes the right-of-use assets at the beginning of the lease period 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.

2. The Company as 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) Financing 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.

(XXIX) Special reserves

The group includes the work safety costs in the profit and loss of related products or cost in the current period in the account of "special reserves" at the same time. When the group uses the special reserves, if it belongs to the expenses, the special reserves shall be offset directly; where fixed assets are formed, they shall be recognized as fixed assets when the relevant assets reach the working condition for their intended use; At the same time, the special reserves are offset according to the cost of formed fixed assets and the accumulated depreciation of the same amount is recognized. Depreciation of such fixed assets will not be made in later period.

(XXX) Changes of major accounting policies and accounting estimates

1. Change of major accounting policies

No change of major accounting policies occurred in the reporting period.

2. Change of major accounting estimates

No change of major accounting estimates occurred in the reporting period.

IV Taxes

(I) Main tax category and tax rate

Tax category	Tax basis	Tax rate
VAT	Output VAT is calculated based on sales of goods and taxable service income calculated according to the provisions of the tax law, and the difference is be the VAT payable after deducting the input VAT deductible in the current period	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%
Corporate income tax	According to the taxable income amount	25%, 15%,

Tax category	Tax basis	Tax rate
		16.5%, 17%
Land-use tax of town	2 ~ 8 Yuan per square meter of the actual occupied is for the industrial land located in Nanshan District, Shenzhen City; 1 Yuan per square meter of the actual occupied is for the industrial land located in Zhongshan City	

(II) Explanation of the income tax rate of the taxpayer of corporate income tax

Name of taxpayer	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%

(III) Preferential tax policies and basis

1. Preferential policies for corporate income tax:

(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. Preferential policies for VAT:

Tax category	Name	Relevant regulations and policy basis	Approval authority	Approval No.	Exemption range	Period of validity
VAT	Environment	<i>Notice on Contents of Products with</i>	Shenzhen Provincial	SQSST [2018] No.:	Resource comprehen	Aug. 01, 2020 to

Tax category	Name	Relevant regulations and policy basis	Approval authority	Approval No.	Exemption range	Period of validity
	Protection Company	<i>Comprehensive Utilization of Resources and Value-Added Tax Privilege of Labor Service</i> (CS No. [2015] 78)	Office, SAT (Qianhai SAT)	18302	sive utilization of VAT refund	Jul. 31, 2023
VAT	Engineering Company	<i>Administrative Measures on VAT Exemption for Cross-border Taxable Acts with VAT Replaced by Business Tax</i>	Shenzhen Provincial Office, SAT (Qianhai SAT)	Announcement of the State Taxation Administration [2016] No. 29	VAT exemption for cross-border taxable activities	

V. Notes of the items in consolidated financial statements

(I) Cash and cash equivalents

Item	Ending balance	Balance at the end of last year
Cash on hand	37,698.63	35,963.95
Bank savings	647,983,965.23	456,715,650.80
Other cash and cash equivalents	27,474,602.54	232,853,018.84
Total	675,496,266.40	689,604,633.59
Including: total amount saving aboard	6,016,949.57	51,205,621.70

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

Item	Ending balance	Balance at the end of last year
Margin of bank acceptance bills	27,474,594.34	
Total	27,474,594.34	

(II) Financial assets held for trading

Item	Ending balance	Balance at the end of last year
Financial assets measured by fair value and with variation reckoned into current profits/losses	440,013,571.10	560,000,726.39
Including: debt instrument investment		
equity instrument investment		
Derivative financial assets		

Item	Ending balance	Balance at the end of last year
Others	440,013,571.10	560,000,726.39
Designated as financial assets measured by fair value and with variation reckoned into current profits/losses		72,873,680.00
Including: debt instrument investment		
equity instrument investment		72,873,680.00
Total	440,013,571.10	632,874,406.39

(III) Accounts receivable

1. Accounts receivable disclosed by aging

Aging	Ending balance	Balance at the end of last year
Within 1 year (inclusive)	103,306,168.76	73,610,161.02
1 to 2 (inclusive) years	34,239,288.30	
2 to 3 (inclusive) years		
Over 3 years	5,558,673.67	5,558,673.67
Subtotal	143,104,130.73	79,168,834.69
Less: provision for bad debts	7,270,638.09	5,558,673.67
Total	135,833,492.64	73,610,161.02

2. Accounts receivable disclosed by provision method for bad debts by category

Category	Ending balance				Book value
	Book balance		Provision for bad debts		
	Amount	Ratio (%)	Amount	Accrual proportion (%)	
Accounts receivable with single provision for bad debts	5,558,673.67	3.88	5,558,673.67	100.00	
Provision for bad debts by combination of risk characteristics	137,545,457.06	96.12	1,711,964.42	1.24	135,833,492.64
Including: low-risk portfolio	137,545,457.06	96.12	1,711,964.42	1.24	135,833,492.64
Total	143,104,130.73	100.00	7,270,638.09	5.08	135,833,492.64

Category	Balance at the end of last year
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	Book balance		Provision for bad debts		Book value
	Amount	Ratio (%)	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: low-risk 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

Accounts receivable with single provision for bad debts

Name	Ending balance			
	Book balance	Provision for bad debts	Accrual proportion (%)	Causes
Shenzhen Petrochemical Products Bonded Trading Co., Ltd.	3,474,613.06	3,474,613.06	100.00	Uncollectible as excepted
China Solibase Engineering Co., Ltd.	1,137,145.51	1,137,145.51	100.00	Uncollectible as excepted
Shenzhen Fuhuade Power Co., Ltd.	800,000.00	800,000.00	100.00	Uncollectible as excepted
Others	146,915.10	146,915.10	100.00	Uncollectible as excepted
Total	5,558,673.67	5,558,673.67	100.00	

3. Provision for bad debts accrued, returned or recovered in the current period

Category	Balance at the end of last year	Current amount changed			Ending balance
		Reversed or recovered	Returned or recovered	Others	
Accounts receivable with single provision for bad debts	5,558,673.67				5,558,673.67
Provision for bad debts by combination of risk characteristics		1,711,964.42			1,711,964.42
Total	5,558,673.67	1,711,964.42			7,270,638.09

4. Top 5 receivables at ending balance by arrears party

Name of organization	Book balance	Ratio in the balance of accounts receivable (%)	Balance of provision for bad debts at the end of the year
1st place	70,059,736.37	48.96	1,711,964.42
2nd place	47,995,982.82	33.54	
3rd place	12,955,221.87	9.05	
fourth place	6,420,000.00	4.49	
5th place	3,474,613.06	2.42	3,474,613.06
Total	140,905,554.12	98.46	5,186,577.48

(IV)Advances to suppliers

1.Advances to suppliers classified according to age

Aging	Ending balance		Balance at the end of last year	
	Book balance	Ratio (%)	Book balance	Ratio (%)
Within 1 year (inclusive)	44,506,222.90	97.93	63,880,339.98	99.17
1 to 2 (inclusive) years	514,851.14	1.13	441,309.74	0.69
2 to 3 (inclusive) years	389,626.88	0.86		
Over 3 years	37,586.94	0.08	93,586.94	0.14
Total	45,448,287.86	100.00	64,415,236.66	100.00

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

Name of organization	Book balance	Ratio in the balance of advances (%)
1st place	33,489,221.73	73.69
2nd place	10,451,975.10	23.00
3rd place	376,500.00	0.83
4th place	180,000.00	0.40
5th place	88,500.00	0.18
Total	44,586,196.83	98.10

(V)Other receivables

Item	Ending balance	Balance at the end of last year
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Item	Ending balance	Balance at the end of last year
Interest receivable		
Dividends receivable		
Other accounts receivable	18,314,003.84	25,841,206.66
Total	18,314,003.84	25,841,206.66

1. Other accounts receivable

(1) Disclosure by aging

Aging	Ending balance	Balance at the end of last year
Within 1 year	1,058,183.07	3,823,549.28
1 to 2 years	36,436.71	553,190.98
2 to 3 years	243,391.13	1,765,816.10
Over 3 years	49,016,380.54	51,739,037.91
Subtotal	50,354,391.45	57,881,594.27
Less: provision for bad debts	32,040,387.61	32,040,387.61
Total	18,314,003.84	25,841,206.66

(2) Disclosure by category

Category	Ending balance				Book value
	Book balance		Provision for bad debts		
	Amount	Ratio (%)	Amount	Accrual proportion (%)	
Accounts receivable with single provision for bad debts	32,328,502.39	64.20	32,040,387.61	99.11	288,114.78
Provision for bad debts by portfolio of credit risk	18,025,889.06	35.80			18,025,889.06
Including: low-risk portfolio	18,025,889.06	35.80			18,025,889.06
Total	50,354,391.45	100.00	32,040,387.61	63.63	18,314,003.84

Category	Balance at the end of last year				
	Book balance		Provision for bad debts		Book value
	Amount	Ratio (%)	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: low-risk 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

Accounts receivable with single provision for bad debts

Name	Ending balance			
	Book balance	Provision for bad debts	Accrual proportion (%)	Causes
Huiyang Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00	Uncollectible as excepted
Individual income tax	2,470,039.76	2,470,039.76	100.00	Uncollectible as excepted
Dormitory receivable amount	1,736,004.16	1,736,004.16	100.00	Uncollectible as excepted
Personal receivables	7,498,997.87	7,498,997.87	100.00	Uncollectible as excepted
Shandong Jinan Generation Equipment Plant	3,560,000.00	3,560,000.00	100.00	Uncollectible as excepted
Zuohao Clothing (Shenzhen) Co., Ltd.	43,068.31	43,068.31	100.00	Uncollectible as excepted
Shenzhen Guanhua Printing and Dyeing Co., Ltd.	53,591.75	53,591.75	100.00	Uncollectible as excepted
Shenzhen Nanhua Printing and Dyeing Co., Ltd.	41,407.01	41,407.01	100.00	Uncollectible as excepted
Huizhou Bangde Agricultural Ecological Organic Fertilizer Co., Ltd.	25,788.00	25,788.00	100.00	Uncollectible as excepted
Huizhou Lvhuan Fertilizer Co., Ltd.	44,112.10	44,112.10	100.00	Uncollectible as excepted
Others	2,543,866.73	2,255,751.95	88.67	Uncollectible as excepted
Total	32,328,502.39	32,040,387.61	99.11	

(3) Accrual of provision for bad debts

	Phase I	Phase II	Phase III	
Provision for bad debts	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	Total
Beginning balance			32,040,387.61	32,040,387.61
Beginning balance in the current period				
-- turn to Phase II				
- turn to Phase III				
- return to Phase II				
- return to Phase I				
Current accrual				
Current return				
Rewrite in the current period				
Write-off in the current period				
Other changes				
Ending balance			32,040,387.61	32,040,387.61

Changes in the book balance of other accounts receivable are as follows:

	Phase I	Phase II	Phase III	
Book balance	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	Total
Balance at the end of last year	25,205,458.42		32,676,135.85	57,881,594.27
Balance at the end of last year in the current period				
-- turn to Phase II				

Book balance	Phase I	Phase II	Phase 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)	
- turn to Phase III				
- return to Phase II				
- return to Phase I				
Increase in the current period				
Direct write-downs in the current period	7,179,569.36		347,633.46	7,527,202.82
Current derecognition				
Other changes				
Ending balance	18,025,889.06		32,328,502.39	50,354,391.45

(4) Classification by nature of payment

Nature of payment	Ending book balance	Book balance at the end of last year
Deposit and security deposit	2,784,868.96	8,213,574.51
Withholding payments	8,077,850.31	9,182,463.86
Accounts receivable of Huidong Server	14,740,501.44	14,740,501.44
Current accounts and others	24,751,170.74	25,745,054.46
Subtotal	50,354,391.45	57,881,594.27
Less: provision for bad debts	32,040,387.61	32,040,387.61
Total	18,314,003.84	25,841,206.66

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

Name of organization	Nature of payment	Book balance	Aging	Ratio in the total ending balance of other accounts receivable (%)	Ending balance of provision for bad debts
1st place	Current accounts	14,740,501.44	1-3 years	29.27	

Name of organization	Nature of payment	Book balance	Aging	Ratio in the total ending balance of other accounts receivable (%)	Ending balance of provision for bad debts
2nd place	Current accounts	14,311,626.70	Over years 3	28.42	14,311,626.70
3rd place	Current accounts	3,560,000.00	Over years 3	7.07	3,560,000.00
4th place	Deposits	1,460,919.00	Over years 3	2.90	
5th place	Current accounts	1,408,866.89	Over years 3	2.80	1,408,866.89
Total		35,481,914.03		70.46	19,280,493.59

(VI) Inventories

1. Classification of inventories

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	144,000,440.38	59,079,222.05	84,921,218.33	149,489,121.27	61,358,046.54	88,131,074.73
Sporadic spare parts	358,080.02		358,080.02	369,916.40		369,916.40
Total	144,358,520.40	59,079,222.05	85,279,298.35	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	Increase in the current period		Decrease in the current period		Ending balance
		Reversed or recovered	Others	Return or write-off	Others	
Raw materials	61,358,046.54	661,460.81		2,940,285.30		59,079,222.05
Total	61,358,046.54	661,460.81		2,940,285.30		59,079,222.05

(VII) Contract assets

Item	Ending balance	Balance at the end of last year
Operation and maintenance project settlement accounts receivable		1,040,000.00

Item	Ending balance	Balance at the end of last year
Project quality guarantee deposit	217,009.58	
Subtotal	217,009.58	1,040,000.00
Provision for impairment of contractual assets		
Total	217,009.58	1,040,000.00

(VIII)Other current assets

Item	Ending balance	Balance at the end of last year
Large negotiable certificate of deposit	180,000,000.00	
Input VAT to be deducted	1,103,481.37	324,040,257.98
Prepaid income tax	6,583,089.98	6,583,089.98
Interest receivable on time deposits	496,849.31	1,195,914.66
Others	65,419.78	49,399.00
Total	188,248,840.44	331,868,661.62

(IX) Long-term equity investments

Investees	Balance at the end of last year	Increase or decrease in the current period								Ending balance	Ending balance of provision for impairment
		Additional investment	Reduced investment	Investment profit and loss recognized by equity method	Adjustment of other comprehensive income	Other changes in equity	Cash dividends or profits declared and distributed	Provision for impairment	Others		
Associates											
Huidong Server Harbor Comprehensive Development Company (hereinafter referred to as "Huidong Server")	6,986,655.19			2,572,633.39							4,414,021.80
Jiangsu Liaoyuan Environmental Protection Technology Co., Ltd. (hereinafter referred to as "Liaoyuan Environmental Protection")				6,208,396.44					72,873,680.00	79,082,076.44	

Investees	Balance at the end of last year	Increase or decrease in the current period								Ending balance	Ending balance of provision for impairment
		Additional investment	Reduced investment	Investment profit and loss recognized by equity method	Adjustment of other comprehensive income	Other changes in equity	Cash dividends or profits declared and distributed	Provision for impairment	Others		
Total	6,986,655.19			3,635,763.05					72,873,680.00	83,496,098.24	

(X) Other investments in equity instruments

1. Other investments in equity instruments

Item	Balance at the end of this year			Balance at the end of last year		
	Original book value	Changes in fair value	Ending balance	Original book value	Changes in fair value	Balance at the end of the year
CPI Jiangxi Nuclear Power Company	60,615,000.00		60,615,000.00	60,615,000.00		60,615,000.00
Zhongsheng Technology (Jiangsu) Co., Ltd.	140,000,000.00		140,000,000.00	140,000,000.00		140,000,000.00
Shenzhen Petrochemical Products Bonded Trading Co., Ltd.	2,500,000.00	-2,500,000.00		2,500,000.00	-2,500,000.00	-
Shenzhen Ruixin Investment Management Co., Ltd., a private equity investment partnership with the next-generation information technology	100,000,000.00		100,000,000.00			
Total	303,115,000.00	-2,500,000.00	300,615,000.00	203,115,000.00	-2,500,000.00	200,615,000.00

2. Investment in non-trading equity instruments

Item	Dividend income recognized in the current period	Cumulative gains	Cumulative 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	453,587.35				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	
Zhongsheng Technology (Jiangsu) Co., Ltd.	8,400,000.00				Intents to holding for a long-term	
Total	8,853,587.35		-2,500,000.00			

(XI) Investment properties

1. Investment real estate measured at cost

Item	Houses and buildings	Total
1. Original book value		
(1) Balance at the end of last year	9,708,014.96	9,708,014.96
(2) Increase in the current period		
(3) Decrease in the current period		
(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) Increase in the current period	175,707.60	175,707.60
(3) Decrease in the current period		
(4) Ending balance	7,874,670.76	7,874,670.76
3. Provision for impairment		
(1) Balance at the end of last year		
(2) Increase in the current period		
(3) Decrease in the current period		
(4) Ending balance		
4. Book value		
(1) Ending book value	1,833,344.20	1,833,344.20
(2) Book value at the end of the previous year	2,009,051.80	2,009,051.80

(XII) Fixed assets

1. Fixed assets and disposal of fixed assets

Item	Ending balance	Balance at the end of last year
Fixed assets	591,290,204.31	643,256,398.30
Disposal of fixed assets		
Total	591,290,204.31	643,256,398.30

2. Fixed assets

Item	Houses and buildings	Machinery and equipment	Means of transport	Others	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) Increase in the current period	358,429.27	3,633,815.36		967,643.92	4,959,888.55
- Purchase				792,046.48	1,139,740.48
- Transfer of projects under construction		3,633,815.36		23,613.27	3,657,428.63
- Others	358,429.27			151,984.17	162,719.44
(3) Decrease in the current period	2,214,068.53	469,911,937.47	6,743,170.13	17,659,003.94	496,528,180.07
- Disposal or scrapping	2,214,068.53	469,756,380.42	6,736,007.74	17,659,003.94	496,365,460.63
-- Others		155,557.05	7,162.39		162,719.44
(4) Ending balance	424,154,183.71	2,725,092,344.93	8,138,535.02	44,622,476.80	3,202,007,540.46
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) Increase in the current period	10,315,702.27	16,333,483.84	1,882,884.43	2,745,555.12	31,277,625.66
- Accrual	10,314,516.80	16,333,483.84	1,882,884.43	2,727,144.02	31,258,029.09
- Others	1,185.47			18,411.10	19,596.57

Item	Houses and buildings	Machinery and equipment	Means of transport	Others	Total
(3) Decrease in the current period	1,928,912.63	412,856,129.18	5,549,496.30	15,862,618.79	436,197,156.90
- Disposal or scrapping	1,928,912.63	412,836,532.61	5,549,496.30	15,862,618.79	436,177,560.33
- Others		19,596.57			19,596.57
(4) Ending balance	294,778,055.90	1,912,442,654.22	5,011,870.15	33,757,207.10	2,245,989,787.37
3. Provision for impairment					
(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) Increase in the current period	104,296.86	7,074,566.12		67,375.50	7,246,238.48
- Accrual	104,296.86	7,074,566.12		67,375.50	7,246,238.48
(3) Decrease in the current period		41,905,811.13	3,123.60	19,870.04	41,928,804.77
- Disposal or scrapping		41,905,811.13	3,123.60	19,870.04	41,928,804.77
(4) Ending balance	22,573,968.96	341,888,879.56	53,176.48	211,523.78	364,727,548.78
4. Book value					
(1) Ending book value	106,802,158.85	470,760,811.15	3,073,488.39	10,653,745.92	591,290,204.31
(2) Book value at the end of the previous year	117,148,884.61	505,685,042.91	6,146,923.05	14,275,547.73	643,256,398.30

3. Fixed assets without certificate of title

Item	Book value	Reasons for the failure of the certificate of title
Circulating water pump house	906,810.74	Procedures uncompleted
Cooling tower	673,259.25	Procedures uncompleted
Complex building	443,246.19	Procedures uncompleted
Comprehensive building canteen	227,979.99	Procedures uncompleted
Chemical water treatment workshop	232,960.00	Procedures uncompleted
Main entrance mail room	61,599.00	Procedures uncompleted
Total	2,545,855.17	

(XIII) Construction in process

1. Construction in process

Item	Ending balance	Balance at the end of last year
Construction in process	4,861,062.16	6,088,768.51
Total	4,861,062.16	6,088,768.51

2. Projects under construction

Item	Ending balance			Balance at the end of last year		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Cogeneration project	60,307,712.44	59,515,356.69	792,355.75	60,307,712.44	58,610,372.06	1,697,340.38
Oil-to-gas project	9,441,286.39	9,441,286.39		13,230,574.53	13,230,574.53	
Technical renovation project	5,673,706.41	1,605,000.00	4,068,706.41	5,862,678.13	1,471,250.00	4,391,428.13
Total	75,422,705.24	70,561,643.08	4,861,062.16	79,400,965.10	73,312,196.59	6,088,768.51

3. Changes in significant projects under construction in the current period

Project name	Budget	Balance at the end of last year	Increase in the current period	Amount transferred into fixed assets in the current period	Other decreases in the current period (Note)	Ending balance	Ratio of accumulated project investment in budget (%)	Project progress (%)	Accumulative amount of capitalization of interest	Including: capitalization of interest in the current period	Rate of interest capitalization in the current period (%)	Capital source
Cogeneration project	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 project		13,230,574.53			3,789,288.14	9,441,286.39						Self-raised
Total	60,000,000.00	73,538,286.97			3,789,288.14	69,748,998.83			6,476,185.46			

Note: The decrease in the current period is due to the disposal of No. 7/9 unit oil-to-gas project.

4. Accrual of impairment provision for construction in progress in the current period

Item	Amount of provision in the current period	Reason for provision
Cogeneration project	904,984.63	According to the government plan, some pipelines that have been dismantled are in the state to be scrapped
Technical renovation project	133,750.00	Technical innovation
Total	1,038,734.63	

(XIV) Right-of-use assets

Item	Houses and buildings	Total
I. Original book value		
1. Beginning balance		
2. Increase in the current period	16,322,014.37	16,322,014.37
3. Decrease in the current period		
4. Ending balance	16,322,014.37	16,322,014.37
II. Accumulated depreciation		
1. Beginning balance		
2. Increase in the current period	8,614,396.47	8,614,396.47
(1) Provision	8,614,396.47	8,614,396.47
3. Decrease in the current period		
4. Ending balance	8,614,396.47	8,614,396.47
III. Provision for impairment		
IV. Book value		
1. Ending book value	7,707,617.90	7,707,617.90
2. Book value at the beginning of the year		

Note: The current right-of-use assets is mainly for the 16th and 17th floors of Hantang Mansion, the operating lease for office use.

(XV) Intangible assets

1. Intangible assets

Item	Land use right	Patent right	Software	Total
1. Original book value				
(1) Balance at the end of last year	60,813,994.76		3,886,757.08	64,700,751.84
(2) Increase in the current period		138,625.07		138,625.07

Item	Land use right	Patent right	Software	Total
- Purchase		138,625.07		138,625.07
(3) Decrease in the current period			103,773.59	103,773.59
- Others			103,773.59	103,773.59
(4) Ending balance	60,813,994.76	138,625.07	3,782,983.49	64,735,603.32
2. Accumulated amortization				
(1) Balance at the end of last year	40,643,255.55		3,591,589.43	44,234,844.98
(2) Increase in the current period	622,629.60	31,817.30	46,956.32	701,403.22
- Accrual	622,629.60	31,817.30	46,956.32	701,403.22
(3) Decrease in the current period				
- Disposal				
(4) Ending balance	41,265,885.15	31,817.30	3,638,545.75	44,936,248.20
3. Provision for impairment				
(1) Balance at the end of last year				
(2) Increase in the current period				
- Accrual				
(3) Decrease in the current period				
- Disposal				
(4) Ending balance				
4. Book value				
(1) Ending book value	19,548,109.61	106,807.77	144,437.74	19,799,355.12
(2) Book value at the end of the previous year	20,170,739.21		295,167.65	20,465,906.86

2. Land use right without certificate of title

Item	Book value	Reasons for the failure of the certificate of title
Land use right of the wharf and pipe gallery	381,039.48	Influence of international macro-control
Total	381,039.48	

(XVI) Long-term deferred expenses

Item	Balance at the end of last year	Increase in the current period	Amortization in current period	Other decreases	Ending balance
Decoration fee	1,716,460.30		497,331.12		1,219,129.18
Total	1,716,460.30		497,331.12		1,219,129.18

(XVII) Deferred income tax assets and deferred income tax liabilities

1. Deferred income tax assets without set-off

Item	Ending balance		Balance at the end of last year	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for bad debts	3,649,109.93	547,366.49	1,937,145.52	484,286.38
Changes in fair value of other investments in equity instruments	2,500,000.00	625,000.00	2,500,000.00	625,000.00
Total	6,149,109.93	1,172,366.49	4,437,145.52	1,109,286.38

2. Details of unrecognized deferred income tax assets

Item	Ending balance	Balance at the end of last year
Deductible temporary differences	545,598,991.76	585,949,690.28
Deductible loss	560,445,722.73	346,683,937.56
Total	1,106,044,714.49	932,633,627.84

(XVIII) Other non-current assets

Item	Ending balance	Balance at the end of last year
Project quality guarantee deposit	5,371,398.18	
Total	5,371,398.18	

(XIX) Short-term borrowings

1. Classification of short-term borrowings

Item	Ending balance	Balance at the end of last year
Credit borrowings	885,229,358.05	856,861,840.80
Accrued interest	1,806,895.30	1,582,322.45
Bill discounting interest	-7,078,395.91	
Total	879,957,857.44	858,444,163.25

(XX) Notes payable

Category	Ending balance	Balance at the end of last year
Bank acceptance	137,298,902.17	135,025,883.27
Total	137,298,902.17	135,025,883.27

(XXI) Accounts payable

1. Presentation of accounts payable

Item	Ending balance	Balance at the end of last year
Materials	292,422.50	2,325,920.64
Electricity	937,613.72	1,078,066.07
Labor	3,997,800.00	3,299,480.00
Total	5,227,836.22	6,703,466.71

(XXII) Employee compensation payable

1. List of employee compensation payable

Item	Balance at the end of last year	Increase in the current period	Decrease in the current period	Ending balance
Short-term remunerations	40,963,433.02	111,462,128.57	123,128,746.52	29,296,815.07
Post-employment welfare-defined contribution plans	569,587.94	15,707,993.05	16,277,580.99	
Dismission welfare				
Other welfare due within one year				
Total	41,533,020.96	127,170,121.62	139,406,327.51	29,296,815.07

2. Presentation of short-term compensation

Item	Balance at the end of last year	Increase in the current period	Decrease in the current period	Ending balance
(1) Wages, bonuses, allowances and subsidies	40,511,401.25	82,852,516.05	94,557,597.94	28,806,319.36
(2) Welfare for workers and staff	62,077.00	10,568,296.67	10,523,096.47	107,277.20
(3) Social insurance		5,741,921.78	5,741,921.78	
Including: medical insurance		5,242,249.55	5,242,249.55	
Work-related injury insurance		150,878.92	150,878.92	
Maternity insurance		348,793.31	348,793.31	
(4) Housing accumulation fund		10,433,373.60	10,433,373.60	
(5) Labor union expenditure and personnel education expense	389,954.77	1,866,020.47	1,872,756.73	383,218.51
(6) Short-term compensated absences				
(7) Short-term profit-sharing plan				
(8) Others				
Total	40,963,433.02	111,462,128.57	123,128,746.52	29,296,815.07

3 Defined contribution plan

Item	Balance at the end of last year	Increase in the current period	Decrease in the current period	Ending balance
Basic endowment insurance		11,336,151.45	11,336,151.45	
Unemployment insurance		142,141.54	142,141.54	
Enterprise annuity	569,587.94	4,229,700.06	4,799,288.00	
Total	569,587.94	15,707,993.05	16,277,580.99	

(XXIII) Taxes payable

Item	Ending balance	Balance at the end of last year
VAT	2,068,236.33	706,615.96

Item	Ending balance	Balance at the end of last year
Individual income tax	1,825,992.00	1,402,165.48
City maintenance tax	2,464.98	43,868.84
Education surtax	630.08	25,354.34
Local education surtax	420.06	16,902.90
Property tax	996,166.86	1,524,487.98
Stamp duty	170,883.69	63,247.50
Environmental protection duty		62,437.77
Others	42,872.73	300,759.12
Total	5,107,666.73	4,145,839.89

(XXIV) Other payables

Item	Ending balance	Balance at the end of last year
Interest payable		
Other payables	22,997,466.80	62,678,254.02
Total	22,997,466.80	62,678,254.02

1. Other payables

(1) By nature of payment

Item	Ending balance	Balance at the end of last year
Project funds	7,525,391.28	4,991,246.36
Quality deposit	6,973,652.54	6,308,254.95
Accrued expenses	7,429,154.13	8,537,422.41
Materials	52,087.65	30,721,390.14
Others	1,017,181.20	12,119,940.16
Total	22,997,466.80	62,678,254.02

(2) Top five of other payables

Name of organization	Book balance	Ratio in the balance of other payables (%)
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Name of organization	Book balance	Ratio in the balance of other payables (%)
1st place	4,760,000.00	20.70
2nd place	1,872,500.00	8.14
3rd place	1,864,000.00	8.11
4th place	860,190.12	3.74
5th place	560,000.00	2.43
Total	9,916,590.12	43.12

(XXV) Non-current liabilities due within one year

Item	Ending balance	Balance at the end of last year
Lease liabilities due within one year	6,279,115.44	
Less: unrecognized financing expenses	264,995.49	
Total	6,014,119.95	

(XXVI) Other current liabilities

Item	Ending balance	Balance at the end of last year
VAT tax to be carried forward	21,600.00	
Total	21,600.00	

(XXVII) Long-term borrowings

Item	Ending balance	Balance at the end of last year
Credit borrowings	28,019,758.68	
Total	28,019,758.68	

(XXVIII) Lease liabilities

1. Details of lease liabilities

Item	Ending balance	Balance at the end of last year
Lease liabilities	2,291,614.01	
Less: unrecognized financing expenses	29,453.98	
Total	2,262,160.03	

2. Maturity analysis of lease liabilities

Item	Ending balance	Balance at the end of last year
1-2 years	2,262,160.03	
Total	2,262,160.03	

(XXIX) Estimated liabilities

Item	Balance at the end of last year	Increase in the current period	Decrease in the current period	Ending balance	Cause
Pending action	15,000,000.00			15,000,000.00	
Total	15,000,000.00			15,000,000.00	

Note: On November 29, 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 returned 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. The 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 5,000,000.00 Yuan returned from the joint account. Accordingly, Shenzhen Server returned its estimated liabilities of 4,573,508.28 Yuan. 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.

(XXX) Deferred income

Item	Balance at the end of last year	Increase in the current period	Decrease in the current period	Ending balance	Cause
Government subsidies	88,079,970.09	390,000.00	6,324,373.49	82,145,596.60	Government subsidies
Total	88,079,970.09	390,000.00	6,324,373.49	82,145,596.60	

Items with government subsidy involved:

Liabilities	Balance at the end of last year	Subsidy amount newly increased in the current period	Amount included in current profit and loss	Other changes	Ending balance	Assets related/income related
Government subsidies for low-nitrogen equipment renovation	24,104,286.46		488,621.77		23,615,664.69	Assets related
Subsidies for the Motor Energy Efficiency Improvement Funding Scheme	332,640.00		34,560.00		298,080.00	Assets related
Support fund of recycling economy for sludge drying	6,157,268.11		647,002.92		5,510,265.19	Assets related
Treasury subsidies for sludge drying	2,316,250.00		255,000.00		2,061,250.00	Assets related
Special funds for energy conservation and emission reduction	456,148.66		114,037.32		342,111.34	Assets related
Subsidy for quality promotion of the air environment in Shenzhen	54,061,987.96		4,731,818.16		49,330,169.80	Assets related
Funding for technical transformation investment project in 2021-2022	651,388.90	390,000.00	53,333.32		988,055.58	Assets related
Total	88,079,970.09	390,000.00	6,324,373.49		82,145,596.60	

(XXXI) Other non-current liabilities

Item	Ending balance	Balance at the end of last year
Equity of other partners in the partnership	47,511.72	50,310.78
Total	47,511.72	50,310.78

(XXXII)Share capital

Item	Balance at the end of last year	Increase (+) and decrease (-) of changes in the current period					Ending balance
		New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	
Total amount of shares	602,762,596.00						602,762,596.00

(XXXIII)Capital reserves

Item	Balance at the end of last year	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (capital stock premium)	233,035,439.62			233,035,439.62
Other capital reserves	129,735,482.48			129,735,482.48
Total	362,770,922.10			362,770,922.10

(XXXIV)Other comprehensive income

Item	Balance at the end of last year	Beginning balance	Amount for the current period						Ending balance
			Account before income tax in the year	Less: written in other comprehensive income in previous period and carried forward to profits 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 profits/losses									
Changes in fair value of other investments in equity instruments	-2,500,000.00								-2,500,000.00
Total other comprehensive income	-2,500,000.00								-2,500,000.00

(XXXV) Special reserves

Item	Balance at the end of last year	Increase in the current period	Decrease in the current period	Ending balance
Work safety costs		879,946.49	879,946.49	
Total		879,946.49	879,946.49	

(XXXVI) Surplus reserves

Item	Balance at the end of last year	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserves	310,158,957.87			310,158,957.87
Arbitrary surplus reserves	22,749,439.73			22,749,439.73
Total	332,908,397.60			332,908,397.60

(XXXVII) Undistributed profit

Item	Amount for the current period	Amount for the previous period
Undistributed profit at the end of the previous year before adjustment	319,351,219.81	758,799,931.94
Total undistributed profit adjusted at the beginning of the year (+ for increase, - for decrease)		
Undistributed profit at the beginning of the year after adjustment	319,351,219.81	758,799,931.94
Add: net profit attributable to shareholders of parent company	-160,163,240.67	-439,448,712.13
Less: withdrawal of statutory surplus reserve		
Ordinary shares dividends payable		
Undistributed profit at the end of the period	159,187,979.14	319,351,219.81

(XXXVIII) Operating income and operating costs

Item	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Main business	692,615,690.26	804,420,389.38	755,956,762.36	849,690,713.43
Other	1,611,967.02	258,934.10	1,218,981.05	569,945.97

Item	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Total	694,227,657.28	804,679,323.48	757,175,743.41	850,260,659.40

(XXXIX)Tax and extras

Item	Amount for the current period	Amount for the previous period
Property tax	2,254,621.19	2,220,037.22
Travel tax	15,821.56	16,916.56
Land use tax	761,201.97	761,202.39
Stamp duty	827,734.86	701,797.80
City maintenance tax	881,150.58	1,168,205.83
Education surtax	376,909.09	572,120.09
Local education surtax	251,272.77	381,413.39
Environmental protection tax	32,638.18	459,455.02
Total	5,401,350.20	6,281,148.30

(XL)Selling and distribution expenses

Item	Amount for the current period	Amount for the previous period
Employee compensation	273,048.37	450,223.22
Entertainment expenses	13,684.45	100,232.70
Agency fees	45,050.50	32,737.16
Property insurance	43,272.46	48,684.42
Others		296,784.29
Total	375,055.78	928,661.79

(XLD)G&A expenses

Item	Amount for the current period	Amount for the previous period
Employee compensation	49,552,978.78	56,452,092.75
Lease fees	326,066.00	6,461,642.19
Depreciation cost	12,727,414.30	10,879,329.80

Item	Amount for the current period	Amount for the previous period
Entertainment expenses	2,262,676.26	2,611,353.46
Agency fees	2,917,219.44	6,597,046.69
Repair costs	438,047.18	382,708.01
Environmental protection fee	207,689.97	1,408,486.56
Vehicle expenses	1,000,874.34	2,892,135.99
Office expenses	566,218.06	591,516.35
Expenses of the Board of Directors	458,825.47	1,033,954.26
Communication expenses	632,219.43	1,235,859.50
Amortization of intangible assets	76,716.36	139,202.16
Property management fees	1,066,655.06	1,110,962.08
Travel expenses	346,228.17	470,531.57
Share certificate fee	512,986.66	642,314.97
Others	6,006,535.06	10,377,790.35
Total	79,099,350.54	103,286,926.69

(XLII)R&D expenses

Item	Amount for the current period	Amount for the previous period
Employee compensation	23,134,437.76	20,409,064.48
Depreciation cost	1,822,436.62	353,385.65
Others	690,660.01	171,262.85
Total	25,647,534.39	20,933,712.98

(XLIII)Financial expenses

Item	Amount for the current period	Amount for the previous period
Interest expense	40,218,036.98	30,629,953.77
Less: capitalized interest		
Expensed interest expense	40,218,036.98	30,629,953.77
Less: interest income	8,790,975.96	15,728,363.74
Foreign exchange losses (gain is listed with “-”)	-460,083.33	112,793.73

Item	Amount for the current period	Amount for the previous period
Service fee	247,340.17	198,353.91
Amortization of financing charges unrecognized	928,484.64	
Total	32,142,802.50	15,212,737.67

(XLIV)Other income

Item	Amount for the current period	Amount for the previous period
Government subsidies	9,333,093.72	7,074,336.60
Total	9,333,093.72	7,074,336.60

Government subsidies included in other income

Subsidy items	Amount for the current period	Amount for the previous period	Assets related/income related
Subsidies for transformation of low nitrogen projects	488,621.77	544,168.22	Asset related
Support fund of recycling economy for sludge drying	647,002.92	647,002.92	Asset related
Treasury subsidies for sludge drying	255,000.00	255,000.00	Asset related
Subsidy for quality promotion of the air environment in Shenzhen (note 1)	4,731,818.16	4,731,818.16	Asset related
Special funds for energy conservation and emission reduction	114,037.32	114,037.32	Asset related
Funding scheme for the improvement of motor energy efficiency	34,560.00	34,560.00	Asset related
Funding for technical transformation investment project in 2021-2022	53,333.32	18,611.10	Asset related
Information construction		25,490.12	Asset related
National High-Tech Enterprises Multiplication Plan	500,000.00	400,000.00	Income related
Special funds for development of independent innovation industries	246,100.00	100,000.00	Income related
Individual tax refund	299,897.34	195,684.76	Income related
Lump-sum subsidy for training workers on post	128,000.00		Income related
Subsidies for pilot demonstration of industrial “carbon peak” work	570,000.00		Income related

Subsidy items	Amount for the current period	Amount for the previous period	Assets related/income related
Support funds for office housing of listed company	1,000,000.00		Income related
Social security subsidies	83,490.91		Income related
Subsidies for stabilizing posts	153,231.98	7,964.00	Income related
Science and technology innovation voucher	28,000.00		Income related
Total	9,333,093.72	7,074,336.60	

(XLV)Investment income

Item	Amount for the current period	Amount for the previous period
Long-term equity investment income by equity	3,635,763.05	-1,906,753.67
Investment income from disposal of long-term equity investments		
Investment income from financial assets held for trading during the holding period	58,227,971.21	47,635,822.62
Dividend income obtained during the holding period of other equity instrument investments	8,853,587.35	252,016.49
Total	70,717,321.61	45,981,085.44

(XLVI)Credit impairment loss

Item	Amount for the current period	Amount for the previous period
Losses on accounts receivable	-1,711,964.42	
Total	-1,711,964.42	

(XLVII)Asset impairment loss

Item	Amount for the current period	Amount for the previous period
Loss of inventory impairment	-661,460.81	-11,958,247.40
Fixed asset impairment loss	-7,246,238.48	-277,713,051.89
Impairment loss of construction in	-1,038,734.63	-37,807,711.63

Item	Amount for the current period	Amount for the previous period
process		
Total	-8,946,433.92	-327,479,010.92

(XLVIII)Income from disposal of assets

Item	Amount for the current period	Amount for the previous period	Amount reckoned into non-recurring profits/losses of the period
Profit and loss on disposal of fixed assets	291,985.88	974,699.74	291,985.88
Total	291,985.88	974,699.74	291,985.88

(II)Non-operating income

Item	Amount for the current period	Amount for the previous period	Amount reckoned into non-recurring profits/losses of the period
Government subsidies	39,600.00		39,600.00
Return of estimated liabilities		5,000,000.00	
Others		261,868.99	
Total	39,600.00	5,261,868.99	39,600.00

(L)Non-operating expenses

Item	Amount for the current period	Amount for the previous period	Amount reckoned into non-recurring profits/losses of the period
External donation	10,000.00	10,000.00	10,000.00
Loss of scrap from non-current assets	1,463,939.59	188,716.00	1,463,939.59
Others	717,844.64	49,500.00	664,665.42
Total	2,191,784.23	248,216.00	2,138,605.01

(LI) Income tax expenses

1. Income tax expenses

Item	Amount for the current period	Amount for the previous period
Current income tax expenses		140,503.27
Deferred income tax expenses	-63,080.11	1,096,763.31
Total	-63,080.11	1,237,266.58

2. Adjustment on accounting profit and income tax expenses

Item	Amount for the current period
Total profit	-185,585,940.97
Income tax measured by statutory/applicable tax rate	-27,837,891.15
Effect of different tax rate applicable to subsidiaries	-20,849,070.65
Effect of adjustment to income tax in previous periods	
Effect of non-taxable income	-1,447,907.80
Effect of non-deductible costs, expenses and losses	522,955.64
Effect of using deductible loss of previously unrecognized deferred income tax assets	-7,315,628.75
Effect of deductible temporary differences or deductible loss of unrecognized deferred income tax assets in the current period	59,996,825.35
Changes in deferred tax assets/liabilities at the beginning of the period due to tax rate adjustments	193,714.55
Effect of additional deduction of R&D expenses	-3,326,077.30
Income tax expenses	-63,080.11

(LII) 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	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to ordinary shareholders of the parent company	-160,163,240.67	-439,448,712.13
Weighted average number of ordinary shares issued by the Company	602,762,596.00	602,762,596.00
Basic earnings per share	-0.2657	-0.7291

2. Diluted earnings per share

Item	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to ordinary shareholders of the parent company (diluted)	-160,163,240.67	-439,448,712.13
Weighted average number of ordinary shares issued by the Company (diluted)	602,762,596.00	602,762,596.00
Diluted earnings per share	-0.2657	-0.7291

(LIII)Statement of cash flows

1. Cash received with other operating activities concerned

Item	Amount for the current period	Amount for the previous period
Interest income	9,272,736.48	17,328,709.70
Income from government subsidies	2,800,716.98	18,415,845.60
Current accounts received	42,010,090.88	15,273,968.49
Others		407,871.92
Total	54,083,544.34	51,426,395.71

2. Other relevant cash paid for operating activities

Item	Amount for the current period	Amount for the previous period
Cash paid for G&A expenses, R&D expenses and selling and distribution expenses	24,583,319.72	44,496,464.32
Current accounts paid	1,221,929.96	12,486,872.79
Total	25,805,249.68	56,983,337.11

3. Other cash paid concerning investing activities

Item	Amount for the current period	Amount for the previous period
Cash paid for purchasing negotiable certificates of large deposit	180,000,000.00	
Cash paid for disposal of fixed assets	9,000.00	
Total	180,009,000.00	

4. Other relevant cash paid for financing activities

Item	Amount for the current period	Amount for the previous period
Margin of bank acceptance bills	27,474,594.34	
Total	27,474,594.34	

(LIV)Supplementary statement of cash flows

1. Supplementary statement of cash flows

Supplementary information	Amount for the current period	Amount for the previous period
1. Net profit adjusted to cash flow of operation activities		
Net profit	-185,522,860.86	-509,400,606.15
Add: credit impairment loss	1,711,964.42	
Provision for asset impairment	8,946,433.92	327,479,010.92
Depreciation and amortization of investment property	175,707.60	196,137.60
Depreciation of fixed assets	31,258,029.09	45,339,600.41
Depreciation of right-of-use assets	8,614,396.47	
Amortization of intangible assets	701,403.22	755,241.12
Amortization of long-term deferred expenses	497,331.12	441,620.60
Loss from disposing fixed assets, intangible assets and other long-term assets (income is listed with “-“)	-291,985.88	-974,699.74
Loss on retirement of fixed assets (gain is listed with “-“)	1,463,939.59	188,716.00
Loss from changes of fair value (income is listed with “-“)		
Financial expense (gain is listed with “-“)	40,218,036.98	30,629,953.77
Investment loss (gain is listed with “-“)	-70,717,321.61	-45,981,085.44
Decrease of deferred income tax asset((increase is listed with “-“)	-63,080.11	1,096,763.31
Increase of deferred income tax asset((decrease is listed with “-“)		
Decrease of inventory (increase is listed with “-“)	5,500,517.27	-205,923.56
Decrease of operating receivable accounts (increase is listed with “-“)	289,715,229.11	30,907,257.52
Increase of operating payable accounts (decrease is listed with “-“)	74,960,661.93	80,269,711.57

Supplementary information	Amount for the current period	Amount for the previous period
Others		
Net cash flows from operating activities	207,168,402.26	-39,258,302.07
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	648,021,672.06	456,751,614.75
Less: beginning balance of cash	456,751,614.75	397,101,272.21
Add: ending balance of cash equivalents		232,853,018.84
Less: beginning balance of cash equivalents	232,853,018.84	367,500,000.00
Net increase in cash and cash equivalents	-41,582,961.53	-74,996,638.62

2. Composition of cash and cash equivalent

Item	Ending balance	Balance at the end of last year
I. Cash	648,021,672.06	456,751,614.75
Including: cash on hand	37,698.63	35,963.95
Bank savings available for payment needed	647,983,965.23	456,715,650.80
Other cash and cash equivalents available for payment at any time	8.20	
Account due from central bank available for payment		
Amount due from banks		
Amount call loans to banks		
II. Cash equivalents		232,853,018.84
Including: bond investments due within three months		
III. Balance of ending cash and cash equivalents	648,021,672.06	689,604,633.59
Including: Cash and cash equivalent of the parent company or subsidiaries with use restricted		

(LV)Assets of ownership or use right restricted

Item	Ending book value	Reason for restriction
Cash and cash equivalents	27,474,594.34	Margin of bank acceptance bills
Total	27,474,594.34	

(LVI)Monetary items in foreign currency

1. Monetary items in foreign currency

Item	Ending balance in foreign currency	Exchange rate of conversion	Ending balance of RMB converted
Cash and cash equivalents			
Including: USD	835,024.28	6.96460	5,815,610.10
Euro	1,017.87	7.42290	7,555.55
HKD	281,964.04	0.89327	251,870.02
SGD	3,833.03	5.18310	19,866.98

(LVII)Government subsidies

1. Asset-related government subsidy

Category	Amount	Items presented in the balance sheet	Amount included in current profits/losses or loss resulting from related costs off-setting		Item of the amount included in current profits/losses or loss resulting from related costs off-setting
			Amount for the current period	Amount for the previous period	
Subsidies for transformation of low nitrogen projects	43,032,780.00	Deferred income	488,621.77	544,168.22	Other income
Support fund of recycling economy for sludge drying	11,750,000.00	Deferred income	647,002.92	647,002.92	Other income
Treasury subsidies for sludge drying	5,100,000.00	Deferred income	255,000.00	255,000.00	Other income
Subsidy for quality promotion of the air environment in Shenzhen	70,977,273.00	Deferred income	4,731,818.16	4,731,818.16	Other income
Special funds for energy	1,530,000.00	Deferred income	114,037.32	114,037.32	Other income

Category	Amount	Items presented in the balance sheet	Amount included in current profits/losses or loss resulting from related costs off-setting		Item of the amount included in current profits/losses or loss resulting from related costs off-setting
			Amount for the current period	Amount for the previous period	
conservation and emission reduction					
Funding scheme for the improvement of motor energy efficiency	518,400.00	Deferred income	34,560.00	34,560.00	Other income
Funding for technical transformation investment project in 2021-2022	670,000.00	Deferred income	53,333.32	18,611.10	Other income
Information construction	520,000.00	Deferred income		25,490.12	Other income
Total	134,098,453.00		6,324,373.49	6,370,687.84	

2. Income-related government subsidy

Category	Amount	Amount included in current profits/losses or loss resulting from related costs off-setting		Item of the amount included in current profits/losses or loss resulting from related costs off-setting
		Amount for the current period	Amount for the previous period	
National Multiplication Plan High	500,000.00	500,000.00	400,000.00	Other income
Special funds for development of independent innovation industries	246,100.00	246,100.00	100,000.00	Other income
Individual tax refund	299,897.34	299,897.34	195,684.76	Other income
Lump-sum subsidies for training of workers on post	128,000.00	128,000.00		Other income
Subsidies for pilot demonstration of industrial “carbon peak” work	570,000.00	570,000.00		Other income
Support funds for housing of listed company	1,000,000.00	1,000,000.00		Other income
Social security subsidies	83,490.91	83,490.91		Other income

Category	Amount	Amount included in current profits/losses or loss resulting from related costs off-setting		Item of the amount included in current profits/losses or loss resulting from related costs off-setting
		Amount for the current period	Amount for the previous period	
Subsidies for stabilizing posts	153,231.98	153,231.98	7,964.00	Other income
Science and technology innovation voucher	28,000.00	28,000.00		Other income
Qianhai Epidemic Prevention Support Special Fund	39,600.00	39,600.00		Non-operating income
Financial subsidies for electricity generation of gas-fired power generation enterprises			16,322,000.00	Operating costs
Total	3,048,320.23	3,048,320.23	17,025,648.76	

V. Changes in the scope of consolidation

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

VII Equity in other entity

(I) Equity in subsidiaries

1. Composition of the Group

Name of subsidiary	Main operation place	Shareholding ratio (%)		Method of acquisition
		Direct	Indirect	
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

ii. Important non-wholly-owned subsidiary

Name of subsidiary	Shareholding ratio of minority shareholders at %	Profit and loss attributable to minority shareholders in the current period	Balance of minority equity at the end of the period
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.	20.00	-22,278,825.83	-100,159,669.95

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3. Principal financial information of important non-wholly-owned subsidiaries

Name of subsidiary	Ending Balance /Yuan						Balance at the end of last year/Yuan					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd. ("Zhongshan Electric Power")	43,407,571.96	216,418,067.18	259,825,639.14	755,501,588.98	5,122,399.93	760,623,988.91	32,544,636.55	231,154,252.88	263,698,889.43	647,836,819.17	5,266,290.86	653,103,110.03

Name of subsidiary	Current amount/Yuan				Amount for the previous period/Yuan			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shen Nan Dian (Zhongshan) Electric Power Co., Ltd. ("Zhongshan Electric Power")	18,619,522.44	-	-	69,486,856.28	124,646,010.22	-	-330,756,155.47	-7,574,929.39

(II) Equity in joint venture arrangements or associates

1. Important joint ventures or associates

Name of joint ventures or associates	Main operation place	Main business activities	Shareholding ratio (%)		Accounting treatment method on investment in joint ventures or associates
			Direct	Indirect	
Huidong Server Harbor Comprehensive Development Company	Renshan Town, Huidong County	Wharf operation	40.00		Equity method
Jiangsu Liaoyuan Environmental Protection Technology Co., Ltd.	Yixing, Jiangsu	Environment Protection	9.935		Equity method

2. Main financial information of significant joint ventures or associates

	Ending balance /Current amount		Opening balance/amount for the previous period	
	Jiangsu Liaoyuan Environmental Protection Technology Co., Ltd.	Huidong Server	Jiangsu Liaoyuan Environmental Protection Technology Co., Ltd.	Huidong Server
Total book value of investment	79,082,076.44	4,414,021.80		6,986,655.19
Total numbers measured by share-holding ratio				
- Net profit	6,208,396.44	-2,572,633.39		-1,906,753.67
- Other comprehensive income				
- Total comprehensive income	6,208,396.44	-2,572,633.39		-1,906,753.67

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.

(I) 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.

(II) Market risk

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

(1) Interest rate risk

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

Sensitivity analysis of interest rate risk:

The sensitivity analysis of interest rate risk 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; The fair value changes of derivative financial instruments and other financial assets and liabilities are calculated using the discounted cash flow method at the market interest rate on the balance sheet date. the changes in fair value of derivative financial instruments and other financial assets and liabilities are calculated by using the cash flow discount method at the market interest rate on the balance sheet date.

As of December 31, 2022, the Company's bank loan interest calculated at floating interest rates amounted to 7,305,058.78 Yuan. On the basis of the above assumptions and with other variables unchanged, it is assumed that the pre-tax impact of a 5% change in interest rate on current profit and 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
Increase by 5%	-365,252.94	-365,252.94	-242,491.45	-242,491.45
Decrease by 5%	365,252.94	365,252.94	242,491.45	242,491.45

(2) FX risks

Foreign exchange risk refers to the risk of losses arising from the exchange rate fluctuation. The company's exposure to foreign exchange risk is mainly related to US dollars. On Dec. 31, 2021, the Company's assets and liabilities were RMB balances, except for Note V (56) foreign currency monetary item balances. The foreign exchange risk arising from the assets and liabilities of such foreign currency balances may have an impact on the Company's operating results.

(III) Liquidity risk

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 parties and related transaction

(I) Parent company of the Company

The shareholding ratio of any shareholder of the Company has not reached 50%, and cannot form a control relationship over the Company through other means. Therefore, the Company does not have a parent company.

(II) Subsidiaries of the Company

For details of the Company's subsidiaries, please refer to “VII. (1) Equity in Subsidiaries”.

(III) Joint ventures and associates of the Company

For details of significant joint ventures or associates of the Company, please refer to “VII. (2) Equity in Joint Venture Arrangements or Associates”.

(IV) Other related parties

Names of other related parties	Relationship between other related parties and the Company
Shenzhen Energy Group Co., Ltd. (hereinafter referred to as “Energy Group”)	Legal person holding more than 5% of the shares of the Company
Shenzhen Guangju Industrial Co., Ltd.	Legal person holding more than 5% of the shares of the Company
HONG KONG NAM HOI (INTERNATIONAL) LTD.	Legal person holding more than 5% of the shares of the Company
Shenzhen Capital Holdings Co., Ltd.	Legal person holding more than 5% of the shares of the Company indirectly through the Energy Group
Directors, supervisors and senior management of the Company	Key manager

(V) Related transaction

1. Remuneration of key officers

Item	Amount for the current period	Amount for the previous period
Remuneration of directors and supervisors	7,531,900 Yuan	6,373,300 Yuan

(VI) Receivables/payables of related parties

1 Receivables

Project name	Related parties	Ending book balance	Book balance at the end of last year
Other receivables			
	Huidong Server	14,740,501.44	14,740,501.44
	Huidong Server managed account	900,414.01	1,014,945.19
	Total	15,640,915.45	15,755,446.63

X Commitments and contingencies

(I) Significant commitments

As of December 31, 2021, the Company has no commitments that need to be disclosed.

(II) Contingencies

As of December 31, 2021, the Company has no contingencies that need to be disclosed.

XI Events after the balance sheet date

The Company has no subsequent events required to be disclosed as of the reporting date.

(I) Important non-adjusting matters

No

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

No

(III) 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	Electricity generation segment	Electricity engineering segment	Other segments	Inter-segment offset	Total
Operating income	651,131,238.20	43,498,035.97	1,227,142.8	1,628,759.73	694,227,657.28

Item	Electricity generation segment	Electricity engineering segment	Other segments	Inter-segment offset	Total
			4		
Operating costs	779,954,068.91	25,880,076.93	195,539.80	1,350,362.16	804,679,323.48
Total assets	1,962,695,493.81	85,525,126.72	383,285,372.12	174,710,353.34	2,606,216,345.99
Total liabilities	1,341,253,266.39	46,447,820.60	37,484,272.06	211,788,067.64	1,213,397,291.41

XII Notes to the main items of the financial statements of the parent company

(I)Accounts receivable

1. Accounts receivable disclosed by aging

Aging	Ending balance	Balance at the end of last year
Within 1 year	47,995,982.82	35,966,056.15
Over 3 years		
Subtotal	47,995,982.82	35,966,056.15
Less: provision for bad debts		
Total	47,995,982.82	35,966,056.15

2. Accounts receivable disclosed by provision method for bad debts by category

Category	Ending balance				Book value
	Book balance		Provision for bad debts		
	Amount	Ratio (%)	Amount	Accrual proportion (%)	
Accounts receivable with single provision for bad debts					
Provision for bad debts by combination of risk characteristics	47,995,982.82	100.00			47,995,982.82
Including: low-risk portfolio	47,995,982.82	100.00			47,995,982.82
Total	47,995,982.82	100.00			47,995,982.82

Category	Balance at the end of last year				Book value
	Book balance		Provision for bad debts		
	Amount	Ratio (%)	Amount	Accrual proportion (%)	
Accounts receivable 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: low-risk 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 on a portfolio basis:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Accrual proportion (%)
Electricity charges receivable	47,995,982.82		
Total	47,995,982.82		

3. Top 5 receivables at ending balance by arrears party

Name of organization	Book balance	Proportion in the balance of accounts receivable (%)	Balance of provision for bad debts at the end of the year
1st place	47,995,982.82	100.00	
Total	47,995,982.82	100.00	

(II) Other receivables

Item	Ending balance	Balance at the end of last year
Interest receivable		

Item	Ending balance	Balance at the end of last year
Dividends receivable		
Other accounts receivable	851,189,111.89	618,436,063.60
Total	851,189,111.89	618,436,063.60

1. Other accounts receivable

(1) Disclosure by aging

Aging	Ending balance	Balance at the end of last year
Within 1 year	452,449,473.00	98,550,452.19
1-2 years	94,733,821.40	64,095.20
2 to 3 years	19,926.83	35,844,839.81
Over 3 years	331,315,534.10	511,306,319.84
Subtotal	878,518,755.33	645,765,707.04
Less: provision for bad debts	27,329,643.44	27,329,643.44
Total	851,189,111.89	618,436,063.60

(2) Disclosure by category

Category	Ending balance				Book value
	Book balance		Provision for bad debts		
	Amount	Ratio (%)	Amount	Accrual proportion (%)	
Accounts receivable with single provision for bad debts	27,617,758.22	3.14	27,329,643.44	98.96	288,114.78
Provision for bad debts by combination of risk characteristics	850,900,997.11	96.86			850,900,997.11
Including: low-risk portfolio	850,900,997.11	96.86			850,900,997.11
Total	878,518,755.33	100.00	27,329,643.44	3.11	851,189,111.89

Category	Balance at the end of last year
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	Book balance		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Accrual proportion (%)	
Accounts receivable 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: low-risk portfolio	617,800,315.36	95.67			617,800,315.36
Total	645,765,707.04	100.00	27,329,643.44	4.23	618,436,063.60

Provision for bad debts on an individual basis:

Name	Ending balance			
	Book balance	Provision for bad debts	Accrual proportion (%)	Causes
Individual income tax	2,470,039.76	2,470,039.76	100.00	Uncollectible as excepted
Dormitory amount receivable	1,736,004.16	1,736,004.16	100.00	Uncollectible as excepted
Huiyang Kangtai Industrial Company	14,311,626.70	14,311,626.70	100.00	Uncollectible as excepted
Beneficial fund dividends (accounts receivable from individuals)	7,498,997.87	7,498,997.87	100.00	Uncollectible as excepted
Others	1,601,089.73	1,312,974.95	82.01	Uncollectible as excepted
Total	27,617,758.22	27,329,643.44	98.96	

(3) Accrual of provision for bad debts

Provision for bad debts	Phase I	Phase II	Phase 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)	
Beginning balance			27,329,643.44	27,329,643.44

Provision for bad debts	Phase I	Phase II	Phase 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)	
Beginning balance in the current period				
-- turn to Phase II				
- turn to Phase III				
- return to Phase II				
- return to Phase I				
Current accrual				
Current return				
Rewrite in the current period				
Write-off in the current period				
Other changes				
Ending balance			27,329,643.44	27,329,643.44

(5) Classification by nature of payment

Nature of payment	Ending book balance	Book balance at the end of last year
Transactions between related parties	850,503,678.18	616,401,741.49
Dormitory amount receivable	1,736,004.16	2,083,698.16
Deposits receivable	1,601,089.73	1,750,498.58
Personal receivables	7,615,145.44	8,567,330.57
Others	17,062,837.82	16,962,438.24
Subtotal	878,518,755.33	645,765,707.04
Less: provision for bad debts	27,329,643.44	27,329,643.44
Total	851,189,111.89	618,436,063.60

(III) Long-term equity investments

Item	Ending balance			Balance at the end of last year		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	718,091,322.09	445,002,245.26	273,089,076.83	716,893,717.00	429,592,447.19	287,301,269.81
Investments in associates and joint ventures	79,082,076.44		79,082,076.44			
Total	797,173,398.53	445,002,245.26	352,171,153.27	716,893,717.00	429,592,447.19	287,301,269.81

1. Investment in subsidiaries

Investees	Balance at the end of last year	Increase in the current period	Decrease in the current period	Ending balance	Provision for impairment in the current period	Ending balance of provision for impairment
Shenzhen Server Petrochemical Supplying Co., Ltd.	26,650,000.00			26,650,000.00		
Shen Nan Energy (Singapore) Co., Ltd.	6,703,800.00			6,703,800.00		
Shenzhen New Power Industrial Co., Ltd.	71,270,000.00			71,270,000.00	13,709,556.49	13,709,556.49
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	1,700,241.58	20,552,688.77
Zhuhai Hengqin Zhuozhi Investment Partnership (limited partnership)	140,229,917.00	1,197,605.09		141,427,522.09		
Total	716,893,717.00	1,197,605.09		718,091,322.09	15,409,798.07	445,002,245.26

2. Investments in associates and joint ventures

Investees	Balance at the end of last year	Increase or decrease in the current period								Ending balance	Ending balance of provision for impairment
		Additional investment	Reduced investment	Investment profit and loss recognized by equity method	Adjustment of other comprehensive income	Other changes in equity	Cash dividends or profits declared and distributed	Provision for impairment	Others		
1. Associates											
Jiangsu Liaoyuan Environmental Protection Technology Co., Ltd.				6,208,396.44						72,873,680.00	79,082,076.44
Subtotal				6,208,396.44						72,873,680.00	79,082,076.44
Total				6,208,396.44						72,873,680.00	79,082,076.44

(IV) Operating income and operating costs

Item	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Main business	331,675,472.61	454,500,441.17	304,694,251.31	409,069,566.58
Other	91,408,429.32	63,394.30	88,487,552.28	491,345.55
Total	423,083,901.93	454,563,835.47	393,181,803.59	409,560,912.13

(V) Investment income

Item	Amount for the current period	Amount for the previous period
Long-term equity investment income by equity	6,208,396.44	
Investment income from financial assets held for trading during the holding period	57,851,532.85	47,412,260.98
Dividend income obtained during the holding period of other equity instrument investments	453,587.35	252,016.49
Dividends on long-term equity investments	8,397,001.02	
Total	72,910,517.66	47,664,277.47

XIII Supplementary information

(I) Statement of current non-recurring profit and loss

Item	Amount	Description
Profit and loss from disposal of non-current assets	-1,171,953.71	
Tax refund or mitigate due to examination-and-approval beyond power or without official approval document		
Governmental subsidy reckoned into current profits/losses (not including the subsidy enjoyed in quota or ration, which are closely relevant to enterprise's normal business)	9,333,093.72	
Capital occupancy expense, collected from non-financial enterprises and recorded in current profits 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		
Profits and losses from exchange of non-monetary assets		
Profits and losses from assets under trusted investment or management		

Item	Amount	Description
Various provision for impairment of assets withdrew due to force majeure, such as natural disaster		
Gains/losses on debt restructuring		
Enterprise restructuring costs, such as expenses for staff placement, integration costs, etc.		
Profits and losses of the part arising from transaction in which price is not fair and exceeding fair value		
Current net profits and losses occurred from period-begin to combination day by subsidiaries resulting from business combination under same control		
Gains/losses arising from contingency that is not related to the normal operation business of the Company		
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	58,227,971.21	
Return of provision of impairment of account receivable which are treated with separate depreciation test		
Profits and losses obtained from external trusted loans		
Profits and losses arising from change of fair value of investment real estate whose follow-up measurement are conducted according to fair value pattern		
Impact on current profits and losses after an one-time adjustment according to requirements of laws and regulations regarding to taxation and accounting		
Trust fee obtained from trust operation		
Other non-operating income and expenses other than those mentioned above	-635,065.42	
Other profit and loss that meet the definition of non-recurring profit and loss		
Subtotal	65,754,045.80	
Less: impact on income tax		
Less: impact on minority equity	-50,287.24	
Total	65,804,333.04	

(II) ROE and EPS

Profit during the reporting period	Weighted	EPS (Yuan)
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	average ROE (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the listed company	-10.43	-0.2657	-0.2657
Net profit attributable to shareholders of the listed company after deducting non- recurring profits and losses	-14.72	-0.3749	-0.3749

Shenzhen Nanshan Power Co., Ltd.

(Official Seal)

April 4, 2023