

## SHENZHEN NANSHAN POWER CO., LTD.

### THE 1<sup>st</sup> QUARTERLY REPORT FOR 2008

#### §1. Important Notice

1.1 The Board of Directors and Supervisory Committee of Shenzhen Nanshan Power Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are not any fictitious statements, misleading information and important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

1.2 No directors state that they couldn't ensure the correctness, accuracy and completeness of the contents of the 1<sup>st</sup> Quarterly Report, or have any objection for this report.

1.3

Name of absent directors	Reasons for not attending the Board meeting	Name of entrustee
Vice-chairman Wang Jianbin	Due to business	Director Zhong Chengli
Vice-chairman Li Li	Due to business	Director Huang Shaoji

1.4 The financial report for the 1<sup>st</sup> Quarterly of the Company has not been audited by CPAs.

1.5. Chairman of the Board Mr. Wei Wende, Director General Manager Fu Bo, CFO Mr. Lu Xiaoping and Director of Financial Department Mr. Huang Jian hereby confirm that the Financial Report enclosed in Annual Report 2007 is authentic and complete.

#### §2. Company Profile

##### 2.1 Main Accounting Highlights and Financial Indexes:

Unit: RMB

	At the end of the report period	At the period-end of last year	Increase/decrease (%)
Total assets	6,139,165,757.89	5,552,914,995.73	10.56%
Owners' equity(or Shareholders' equity)	1,764,245,591.61	1,725,019,436.00	2.27%
Net assets per share	3.22	3.15	2.22%
	In the report period	The same period of last year	Increase/decrease (%)
Net asset	39,226,154.69	982,938.23	3,890.86%
Net cash flow arising from operating activities	-221,237,616.38	179,375,157.68	-223.34%
Net cash flow arising from operating activities per share	-0.40	0.33	-221.21%
Basic earnings per share	0.0716	0.0018	3,890.86%
Diluted earnings per share	0.0716	0.0018	3,890.86%
Return on equity	2.22%	0.66%	1.56%

Return on equity after deducting non-recurring gains and losses	1.95%	0.06%	1.89%
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#### Items of non-recurring gains and losses

Unit: RMB

Items of non-recurring gains and losses	Amount from year-begin to end of report period
Income from debt restructuring	4,815,385.01
Net non-operating income and expenditure	-22,650.00
Total	4,792,735.01

#### 2.2 Statement on the total number of the total shareholders and shares held by the top ten shareholders with unrestricted conditions

Unit: Share

Total shareholders		33,200	
Particulars about shares held by the top ten unrestricted shareholders			
Name of shareholder		Amount of unrestricted shares held	Type of share
BNP P P/PAND INVESTMENT CO., LTD.		60,737,449	Domestically listed foreign share
MORGAN STANLEY & CO. INTERNATIONAL PLC		16,596,624	Domestically listed foreign share
YANG SHI MIN		2,253,900	Domestically listed foreign share
NAITO SECURITIES CO., LTD.		1,461,975	Domestically listed foreign share
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.		1,452,498	Domestically listed foreign share
CHINAFAMOUSBRAND SECURITIES HOLDING CO., LTD.		1,400,000	Domestically listed foreign share
XU XIAN MIN		1,286,739	RMB ordinary share
XU XIAN DA		1,280,000	RMB ordinary share
WANG YU ZHEN		1,198,000	RMB ordinary share
YANG SHI WU		931,000	Domestically listed foreign share

### §3. Significant events

#### 3.1 Particulars about material changes in items of main accounting statement and financial index, and explanations of reasons

✓ Applicable      ☐ Inapplicable

In the report period, the Company totally completed power generation 1,459 million kw, which increased 55.59% compared with the same period of last year; realized main business incomes RMB 984,946,400, which increased 65.39% compared with the same period of last year; realized net profits RMB 39,226,154.69, which increased 3,890.70% compared with the same period of last year. The main reasons were: (1) the increase of power generation caused increase of power generation incomes; (2) Shennandian (Zhongshan) Electric Power Co., Ltd. and Shennandian (Dongguan) Weimei Electric Power Co., Ltd. gained subsidies of electricity price of the fourth quarter in 2007 and implemented new settlement of electricity price of Guangdong 9E set in the first quarter of 2008; (3) subsidies incomes of fuel increased.

### 3.2 Analysis and explanation of significant events and their influence and solutions

✓ Applicable      ☐ Inapplicable

1. In order to cope with the condition of lacking electricity supply in Guangdong caused by climatic disaster, Guangdong Province issued Notice on Increasing Settlement Incomes of 9E Set, decided to encourage 9E set to produce power in peak season and increase incomes of producing power which was not lower than RMB 0.92/kwh (within tax). Hereinto the temporary electricity price of the generators of holding subsidiary of the Company Shennandian (Zhongshan) Electric Power Co., Ltd. and Shennandian (Dongguan) Weimei Electric Power Co., Ltd. increased from RMB 0.457/kwh (within tax) to RMB 0.62/kwh (within tax), the differences of which settled with Guangdong Power Grid Corporation; the differences between RMB 0.92/kwh (within tax) and RMB 0.62/kwh (within tax) were fulfilled by local government. (Detailed information was published on relevant announcement on Feb.5, 2008)

2. According to Notice on Temporarily Collecting Processing Charges of Fuel Gas and Fuel Oil issued by Guangdong People's Government YFH [2008] No.31, the government decided to collected processing charges of fuel gas and fuel oil from all big industrial users in six cities including Dongguan and Zhongshan from Mar.1, 2008 as subsidies of current 9E and 9F gas-steam combined cycling generators. Hereinto the pool purchase electricity price of the generators of holding subsidiary of the Company Shennandian (Zhongshan) Electric Power Co., Ltd. and Shennandian (Dongguan) Weimei Electric Power Co., Ltd. increased to RMB 0.62/kwh (within tax), and gained processing charges of fuel gas and fuel oil RMB 0.30/kwh (without income tax). According to the actual incomes and expenses of fuel gas and fuel oil processing charges and changes of fuel prices, the government would timely adjust charging standard and subsidy standard. (Detailed information was published on relevant announcement on Apr.4, 2008)

#### 3. Disposal development of Nanshan Power's No5, No.6 and No.8 machines

In order to respond to national policy callings of Stopping The Weaker And Starting The Stronger and Energy Saving And Emission Decreasing, according to Guangdong Development and Reform Commission as well as Economy and Commerce Committee's united-issuing documents of Notice on Distribution of Delivering the Plan of Closing Down Small Thermal Power Unit From Energy Bureau of National Development and Reform Commission (YFGN 【2005】 No.147, and Report on Delivering Implementations of Closing Down Small Thermal Power Unit From Shenzhen Development & Reform Bureau (SFG 【2006】 No.320), the Company had stopped No.5, No.6 and No.8 machines in Dec. of 2006. In order to activate storage asset, with approval by the 20th meeting of the 4th board of directors' meeting dated on August 19, 2006, the Company entrusted its wholly funded subsidiary Shenzhen Shennandian Gas Engines Engineering Technology Co., Ltd (Shennandian Engineering Company for short) to be responsible for the disposal of Nanshan Power's No5, No.6 and No.8 machines. On Jan. 22, 2008, the Company engaged Shenzhen Xinpeng Asset Appraisal Co., Ltd to make value assessing for its machines. And the principle rating date was on Dec. 31, 2007, and the rating value was in total of RMB 32,016,795. In March of 2008, the Company and Shennandian Engineering Company (the Company's consignee) made Buying and Selling Contract of Shenzhen Nanshan Power's No.5, No.6 and No.8 Machines with Shenzhen Shenye United Trading Co., Ltd to sell No.5/6 machines, No.5/6 heat recovery boilers and No.5 main transformer (rating value is RMB 28,573,856) with RMB 40 million to Shenzhen Shenye United Trading Co., Ltd. On April 15, 2008 the Company and Shennandian Engineering Company (the Company's consignee) made buying and selling Contract with Luoyang Chanhe Bowei Power Machinery Plant to sell No.8 gas machine and accessory system (rating value

is RMB 3,442,939) with RMB 3.44 million.

#### 4. Progress of the work of debt restructure of Zhongshan Power Plant Co., Ltd and Zhongshan Zhongfa Power Co., Ltd

During the report period, according to the proposal agreed in the 7<sup>th</sup> meeting of the 5<sup>th</sup> board of directors and the 2<sup>nd</sup> provisional shareholders' general meeting of 2007 of the Company-Proposal on Debt Restructure, Assets Live and Enterprise Type Switch of Zhongshan Zhongfa Power Co., Ltd and Zhongshan Zhongfa Power Plant Co., Ltd, the Company continues to carry out the work of debt restructure of Zhongshan Power Plant Co., Ltd and Zhongfa Power Co., Ltd.

##### (1) debt restructure

i. In the report period, the Company assured the debt restructure scheme with Bank of Communications. Until Sep 21<sup>st</sup> of 2007, Zhongshan Zhongfa Power Co., Ltd (hereinafter referred to as Zhongfa Power) had owned loan with the principal of RMB 55,110,410.00 and interest of RMB 5,736,820.87 to Zhongshan Branch of Bank of Communications; Zhongshan Power Plant Co., Ltd (hereinafter referred to as Zhongshan Power Plant) had owned loan with the principal of RMB 8,601,367.00 and interest of RMB 917,116.07 to Zhongshan Branch of Bank of Communications. The restructure scheme is :

First of all, Zhongfa Power returns the principal for the loan of RMB 55,110,410.00. According to equity share of the shareholders of Zhongfa Power, this account has been collected as borrowings from its shareholders, and then paid back to Zhongshan Branch of Bank of Communications on Dec 28<sup>th</sup> of 2007.

Then, with the method of Taking Property for Debt, the equipment with estimated value of RMB 8,925,000.00 has been commuted for the principal for the loan of RMB 8,601,367.00 of Zhongshan Power Plant, which brought income of RMB 642.05 ten thousand (these equipment were the ten waste heat boilers of the Waste Heat Utilization Reform Project constructed by Zhongfa Power and the Company which had offered investment amount of RMB 50 million in 2004. With approval from the 7<sup>th</sup> meeting of the 5<sup>th</sup> board of directors and the 2<sup>nd</sup> provisional shareholders' general meeting of 2007 of the Company, the Company terminated technical cooperation in waste heat utilization with Zhongfa Power in February of 2008. Since then, the ownership of the technical equipment for waste heat utilization turned to Zhongfa Power. );

At last, when Zhongshan Branch of Bank of Communications disposed the aforesaid ten waste heat boilers in public, Zhongfa Power and its shareholders assured to join the contest buying with a price not less than RMB 2.23 million. On Dec 28<sup>th</sup> of 2007, Zhongfa Power provided Zhongshan Branch of Bank of Communications with RMB 2.23 million as the deposit for this contest buying. This capital was collected from its shareholders as borrowings according to the equity share they had. After this operation, Zhongshan Branch of Bank of Communications would derate the loan interest for Zhongshan Power Plant and Zhongfa Power.

ii. With support from Government of Zhongshan Municipal and shareholders from both parties, Zhongshan Power Plant and Zhongfa Power is actively negotiating with Zhongshan Branch of Industry and Commercial Bank of China on issue of debt restructure.

iii. According to the agreements signed between the Company and Zhongshan Xingzhong Group and Zhongshan Power Exploitation Company, after relevant debt has been accomplished with restructure, Zhongshan Power Exploitation Company will derate a debt of RMB 5,926.72 ten thousand of Zhongfa Power. The realization of this income could only be confirmed when Zhongshan Power Exploitation Company implements relevant procedure and offers a formal letter.

##### (2) Assets disposal

According to the 2<sup>nd</sup> provisional shareholders' general meeting of 2007 of the Company held on Oct 15<sup>th</sup> of 2007, Zhongshan Power Plant and Zhongfa Power will dispose the fixed assets, such as sets and equipments, by stages and batches, in public way, such as providing bidding. At present, the Company, together with Zhongshan Xingzhong Group and Zhongshan State-owned Assets

Supervisory and Management Committee, establishes working team with joint efforts, to formally start the disposal work on fixed assets, such as sets and equipments. This work has already received the initial achievement. It is predicted that the returning rate of disposal of sets and equipment and other fixed assets will be higher than the book value of the fixed assets after depreciation, which was recorded in the audit report issued by Lixin Yangcheng CPAs for Zhongfa Power on Sep 25<sup>th</sup> of 2007. After Zhongshan Power Plant and Zhongfa Power finish the debt restructure and assets disposal, the Company will completely perform its duty to disclose the information concerning to the above event.

### 3.3 Implementations of commitments by the Company, shareholders and actual controller

☐ Applicable      ☒ Inapplicable

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

☐ Applicable      ☒ Inapplicable

3.5 Other significant events needed for explanations

3.5.1 Particulars about securities investment

☐ Applicable      ☒ Inapplicable

3.5.2 Equity of other listed companies held

☐ Applicable      ☒ Inapplicable

3.5.3 Registration form for receiving research, communication and interview in the report period.

Date	Place	Way	The received parties	Contents discussed and materials supplied
Feb.25, 2008	The Company	Spot research	Analyst from Dagong Global Credit Rating Co., Ltd.	The whole status of the Company
March 17, 2008	The Company	Spot research	Researcher from Zhong Hai Fund Management Co., Ltd and First-trust Fund Management Co., Ltd.	The whole status of the Company

## §4. Appendix

### 4.1 Balance Sheet

Prepared by Shenzhen Nanshan Power Co., Ltd.

March 31, 2008

Unit: RMB

Items	Amount at period-end		Amount at period-begin	
	Merger	Parent Company	Merger	Parent Company
Current assets:				
Monetary funds	600,561,613.68	99,233,449.67	419,172,277.64	125,774,088.96
Settlement provisions				
Capital lent				
Transaction finance asset				

Notes receivable				
Accounts receivable	753,425,619.21	380,043,258.17	619,343,874.03	233,251,114.73
Accounts paid in advance	42,319,440.15	-80,222,188.26	34,341,736.53	3,351,590.52
Insurance receivable				
Reinsurance receivables				
Contract reserve of reinsurance receivable				
Interest receivable			1,516,098.00	
Other receivables	78,241,394.89	905,732,618.91	33,723,085.00	549,172,003.36
Purchase restituted finance asset				
Inventories	633,923,673.08	257,298,922.56	367,972,249.80	261,965,186.95
Non-current asset due within one year				
Other current assets		530,318,800.17		530,318,800.17
Total current assets	2,108,471,741.01	2,092,404,861.22	1,476,069,321.00	1,703,832,784.69
Non-current assets:				
Granted loans and advances				
Finance asset available for sales				
Held-to-maturity securities				
Long-term account receivable				
Long-term equity investment	113,085,400.00	557,268,249.76	113,085,400.00	557,268,249.76
Investment property				
Fixed assets:	2,700,611,525.70	457,414,992.99	2,855,996,393.03	475,783,642.18
Construction in progress	34,708,088.72	14,750,233.70	21,163,313.95	10,618,886.75
Engineering material				
Disposal of fixed asset	94,442,346.63	-73,823.00	1,177.00	1,177.00
Consumable biological asset				
Oil and gas asset				
Intangible assets	1,067,221,765.97	5,383,844.26	1,067,353,834.00	5,914,355.05
Expense on Research and Development				
Goodwill				
Long-term expenses to be apportioned	2,128,448.64	1,395,484.70	2,761,389.75	1,927,846.34
Deferred income tax asset	18,496,441.22	12,719,713.16	16,484,167.00	12,719,713.16
Other non-current asset				
Total non-current asset	4,030,694,016.88	1,048,858,695.57	4,076,845,674.73	1,064,233,870.24
Total assets	6,139,165,757.89	3,141,263,556.79	5,552,914,995.73	2,768,066,654.93
Current liabilities:				

Short-term loans	2,955,439,629.19	1,282,194,600.00	2,484,735,121.28	975,020,300.00
Loan from central bank				
Absorbing deposit and interbank deposit				
Capital borrowed				
Transaction financial liabilities				
Notes payable	232,295,805.66	70,000,000.00	254,090,028.83	0.00
Accounts payable	191,044,515.93	16,663,646.26	165,090,933.58	49,284,986.09
Accounts received in advance	920,751.83		688,175.60	0.00
Selling financial asset of repurchase				
Commission charge and commission payable				
Wage payable	58,177,602.94	39,030,737.15	68,411,241.00	47,239,392.51
Taxes payable	-166,413,685.46	-140,185,624.87	-176,591,634.45	-163,923,475.72
Interest payable	46,136,765.51		45,023,227.34	1,684,498.74
Other accounts payable	646,810,093.95	337,785,450.62	563,248,482.00	375,032,443.91
Reinsurance payables				
Insurance contract reserve				
Security trading of agency				
Security sales of agency				
Long-term liabilities due within 1 year	106,000,000.00		106,000,000.00	0.00
Other current liabilities	9,155.55	9,155.55	9,155.55	9,155.55
Total current liabilities	4,070,420,635.10	1,605,497,964.71	3,510,704,730.73	1,284,347,301.08
Non-current liabilities:				
Long-term loans	161,000,000.00		176,000,000.00	0.00
Bonds payable				
Long-term account payable				
Special accounts payable				
Projected liabilities				
Deferred income tax liabilities				
Other non-current liabilities				
Total non-current liabilities	161,000,000.00		176,000,000.00	0.00
Total liabilities	4,231,420,635.10	1,605,497,964.71	3,686,704,730.73	1,284,347,301.08
Owner's equity (or shareholders' equity):				
Paid-in capital (or share capital)	547,965,998.00	547,965,998.00	547,965,998.00	547,965,998.00
Capital public reserve	363,629,926.00	288,769,132.47	363,629,926.00	288,769,132.47
Less: Inventory shares				

Surplus public reserve	332,908,397.00	332,908,397.60	332,908,397.00	332,908,397.60
Provision of general risk				
Retained profit	521,222,485.69	366,122,064.01	481,996,331.00	314,075,825.78
Balance difference of foreign currency translation	-1,481,215.08		-1,481,216.00	0.00
Total owner's equity attributable to parent company	1,764,245,591.61	1,535,765,592.08	1,725,019,436.00	1,483,719,353.85
Minority interests	143,499,531.18		141,190,829.00	0.00
Total owner's equity	1,907,745,122.79	1,535,765,592.08	1,866,210,265.00	1,483,719,353.85
Total liabilities and owner's equity	6,139,165,757.89	3,141,263,556.79	5,552,914,995.73	2,768,066,654.93

## 4.2 Profit Statement

Prepared by Shenzhen Nanshan Power Co., Ltd.

January-March, 2008

Unit: RMB

Items	This period		Same period of last year	
	Merger	Parent Company	Merger	Parent Company
I. Total operating income	984,946,449.85	348,523,665.61	595,545,382.78	271,082,583.36
Including: Operating income	984,946,449.85	348,523,665.61	595,545,382.78	271,082,583.36
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	1,273,588,107.37	543,931,886.38	667,849,526.43	337,096,079.81
Including: Operating cost	1,209,414,118.28	535,668,066.28	611,149,097.71	325,563,151.52
Interest expense				
Commission charge and commission expense				
Cash surrender value				
Net amount of expense of compensation				
Net amount of withdrawal of insurance contract reserve				
Bonus expense of guarantee slip				
Reinsurance expense				
Operating tax and extras	1,023,159.99	354,346.01	431,091.81	
Sales expenses	616,804.34		780,051.74	
Administration expenses	30,405,013.81	9,227,189.21	18,693,493.52	6,001,378.83
Financial expenses	32,129,010.95	-1,317,715.12	36,795,791.65	5,531,549.46
Losses of devaluation of asset				
Add: Changing income of fair value(Loss is listed with "-")				
Investment income				



(Loss is listed with “-”)				
Including: Investment income on affiliated company and joint venture				
Exchange income (Loss is listed with “-”)				
III. Operating profit (Loss is listed with “-”)	-288,641,657.52	-195,408,220.77	-72,304,143.65	-66,013,496.45
Add: Non-operating income	342,829,613.35	258,879,243.00	63,260,866.53	63,260,391.33
Less: Non-operating expense	353,633.00		30,020.00	
Including: Disposal loss of non-current asset				
IV. Total Profit (Loss is listed with “-”)	53,834,322.83	63,471,022.23	-9,073,297.12	-2,753,105.12
Less: Income tax	12,282,683.31	11,424,784.00	2,327,344.39	
V. Net profit (Net loss is listed with “-”)	41,551,639.52	52,046,238.23	-11,400,641.51	-2,753,105.12
Net profit attributable to owner’s equity of parent company	39,226,154.69		982,938.23	
Minority shareholders’ gains and losses	2,325,484.83		-12,383,579.74	
VI. Earnings per share				
i. Basic earnings per share	0.0716	0.095	0.0018	-0.005
ii. Diluted earnings per share	0.0716	0.095	0.0018	-0.005

#### 4.3 Cash Flow Statement

Prepared by Shenzhen Nanshan Power Co., Ltd.

January-March, 2008

Unit: RMB

Items	This period		Same period of last year	
	Merger	Parent Company	Merger	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	1,478,353,616.79	552,762,184.60	997,446,022.10	492,175,411.20
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				
Insured savings and net increase of investment				
Net increase of disposal of transaction financial asset				

Cash received from interest, commission charge and commission				
Net increase of capital borrowed				
Net increase of returned business capital				
Write-back of tax received				
Other cash received concerning operating activities	275,830,705.90	557,003,694.42	63,669,376.94	118,822,117.72
Subtotal of cash inflow arising from operating activities	1,754,184,322.69	1,109,765,879.02	1,061,115,399.04	610,997,528.92
Cash paid for purchasing commodities and receiving labor service	1,681,447,380.79	462,057,637.13	825,170,690.23	543,938,280.70
Net increase of customer loans and advances				
Net increase of deposits in central bank and interbank				
Cash paid for original insurance contract compensation				
Cash paid for interest, commission charge and commission				
Cash paid for bonus of guarantee slip				
Cash paid to/for staff and workers	36,903,196.98	24,640,845.64	35,916,417.28	25,202,588.58
Taxes paid	28,506,486.05	606,801.04	14,136,228.06	1,215,202.09
Other cash paid concerning operating activities	228,564,875.25	961,877,464.98	6,516,905.79	151,227,722.62
Subtotal of cash outflow arising from operating activities	1,975,421,939.07	1,449,182,748.79	881,740,241.36	721,583,793.99
Net cash flows arising from operating activities	-221,237,616.38	-339,416,869.77	179,375,157.68	-110,586,265.07
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income				
Net cash received from disposal of fixed, intangible and other long-term assets			209,000.00	209,000.00
Net cash received from disposal of subsidiaries and other units				
Other cash received concerning investing activities				
Subtotal of cash inflow from investing activities			209,000.00	209,000.00
Cash paid for purchasing fixed, intangible and other long-term assets	29,878,528.28	4,247,796.29	120,312,532.78	6,127,859.09
Cash paid for investment				

Net increase of mortgaged loans				
Net cash received from subsidiaries and other units				
Other cash paid concerning investing activities				
Subtotal of cash outflow from investing activities	29,878,528.28	4,247,796.29	120,312,532.78	6,127,859.09
Net cash flows arising from investing activities	-29,878,528.28	-4,247,796.29	-120,103,532.78	-5,918,859.09
III. Cash flows arising from financing activities				
Cash received from absorbing investment				
Including: Cash received from absorbing minority shareholders' investment by subsidiaries				
Cash received from loans	1,842,930,551.45	835,871,360.00	712,178,883.74	135,139,150.00
Cash received from issuing bonds				
Other cash received concerning financing activities	20,697,515.00			
Subtotal of cash inflow from financing activities	1,863,628,066.45	835,871,360.00	712,178,883.74	135,139,150.00
Cash paid for settling debts	1,387,226,043.54	507,734,020.00	938,817,103.50	190,000,000.00
Cash paid for dividend and profit distributing or interest paying	42,141,686.22	10,975,723.04	33,623,289.41	6,414,576.01
Including: Dividend and profit of minority shareholder paid by subsidiaries				
Other cash paid concerning financing activities	1,700,000.00			
Subtotal of cash outflow from financing activities	1,431,067,729.76	518,709,743.04	972,440,392.91	196,414,576.01
Net cash flows arising from financing activities	432,560,336.69	317,161,616.96	-260,261,509.17	-61,275,426.01
IV. Influence on cash due to fluctuation in exchange rate	-54,855.99	-37,590.19	-2,000.89	
V. Net increase of cash and cash equivalents	181,389,336.04	-26,540,639.29	-200,991,885.16	-177,780,550.17
Add: Balance of cash and cash equivalents at the period -begin	419,172,277.64	125,774,088.96	622,736,161.45	347,051,151.40
VI. Balance of cash and cash equivalents at the period -end	600,561,613.68	99,233,449.67	421,744,276.29	169,270,601.23

#### 4.4 Auditors' report

Auditor's opinions: Un-audited

**Shenzhen Nanshan Power Co., Ltd.**

April 26, 2008