



SHENZHEN NANSHAN POWER CO., LTD.

二〇〇八年半年度报告全文

SEMI-ANNUAL REPORT 2008

Notice No. 2008-033

August 19, 2008

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I. Important Notice

The Board of Directors and its directors, Supervisory Committee and its supervisors, senior executives of Shenzhen Nanshan Power Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no false recordation, misleading statements or material omissions carried in this report, and shall take all responsibilities, individually and/or jointly, for the reality, accuracy and completeness of the whole contents.

No director, supervisor and senior executive stated that he (she) couldn't ensure the correctness, accuracy and completeness of the contents of the Semi-annual Report or have objection to this report.

Vice Chairman Li Li, Independent Director Huang Sujian, Independent Director Xu Jing'an did not present the meeting due to business, but they respectively entrusted Director Huang Shaoji, Independent Director Yu Xiufeng and Independent Director Zhou Chengxin to attend and vote on their behalves.

The Semi-annual Report 2008 of the Company has not been audited.

Chairman of the Board Mr. Wei Wende, General Manager Mr. Fu Bo, CFO Mr. Lu Xiaoping and Manager of Financial Dept. Mr. Huang Jian hereby confirm the truthfulness and completeness of the Financial Report in the Semi-annual Report 2008.

This report is prepared in both Chinese and English. Should there be any difference in interpretation between the two versions, the Chinese version shall prevail.

Paraphrase:

Company or the Company: Shenzhen Nanshan Power Co., Ltd.

Xiefu Company: Shenzhen Xiefu Oil Supply Co., Ltd., 50% of whose equities held by the Company

Xindianli Company: Shenzhen Xindianli Industrial Co., Ltd., 100% of whose equities directly and indirectly held by the Company.

Syndisome Company: HONG KONG SYNDISOME CO., LIMITED, the wholly-owned overseas subsidiary of the Company.

Shennandian Engineering Company: Shenzhen Shennandian Combustion Engines Engineering Technology Co., Ltd., the wholly-owned subsidiary of the Company.

Shennandian (Zhongshan) Company: Shennandian (Zhongshan) Electric Power Co., Ltd., whose 80% shares are directly and indirectly held by the Company.

Shennandian (Dongguan) Company: Shennandian (Dongguan) Weimei Electric Power Co., Ltd, whose 70% shares are directly and indirectly held by the Company.

Tongling Wanneng Company: Anhui Province Tongling Wanneng Power Generation Co., Ltd., whose 3.8% shares are held by the Company.

Energy Environment Protection Company: Shenzhen Energy Environment Protection Engineering Co., Ltd., whose 10% shares are held by the Company

Nanshan Power Plant: the secondary company of the Company, namely Nanshan Power Plant of Shenzhen Nanshan Power Co., Ltd..

Zhongshan Nanlang Power Plant: Zhongshan Nanlang Power Plant of Shennandian (Zhongshan) Electric Power Co., Ltd.

Dongguan Gaobu Power Plant: Dongguan Gaobu Power Plant of Shennandian (Dongguan) Weimei Electric Power Co., Ltd.

Zhongshan Power Plant: Zhongshan Power Plant Co., Ltd., whose 75% shares are

held by the Company.

Zhongfa Power Company: Zhongshan Zhongfa Power Co., Ltd., whose 75% shares are held by the Company.

Jiangxi Xinchang Company: Jiangxi Zhongdiantou Xinchang Power Co., Ltd., whose 30% shares are held by the Company.

Shennandian Envionment Protection Company: Shenzhen Shennandian Envionment Protection Co., Ltd., whose 100% shares are directly and indirectly held by the Company.

CSRC: China Securities Regulatory Commission.

Shenzhen Securities Regulatory Office: Shenzhen Securities Regulatory Office of CSRC.

Shenzhen Stock Exchange: Shenzhen Stock Exchange

Shenzhen Power Supply Bureau: Shenzhen Power Supply Bureau of Guangdong Power Grid Corporation

Designated Newspapers: Securities Times, China Securities and Hong Kong Wen Wei Po

RMB: Unless otherwise specified, the standard currency in the financial data or unit refers to Renminbi.

II. Company Profile

(I) Basic Information

1. Legal Name of the Company:

In Chinese: 深圳南山热电股份有限公司

In English: Shenzhen Nanshan Power Co., Ltd.

2. Stock Exchange Listed with: Shenzhen Stock Exchange

Short Form of the Stock and Stock Code: Shen Nan Dian A 000037

Shen Nan Dian B 200037

3. Registered Address: No.18 Yueliangwan Avenue, Nanshan District, Shenzhen, Guangdong Province

Office Address: 16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province

Post Code: 518053

Website: <http://www.nsr.com.cn>

E-mail: public@nspower.com.cn

4. Legal Representative: Wei Wende

5. Secretary of the Board: Hu Qin

Tel / Fax: (086)755-26003683, 26003684

E-mail: investor@nspower.com.cn

Contact address: 17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province

6. Website for Information disclosure: <http://www.cninfo.com.cn>

Newspapers Designated for publishing notices: China Securities, Securities Times and Hong Kong Wen Wei Po

Venue Where the Semi-Annual Report is Prepared and Placed: Secretariat of the Board

7. Other Relevant Information:

Initial Registration Date: April 6, 1990

Initial Registration Venue: Nanshan Jiaozui, Nanshan District, Shenzhen

Registration Place after the Change: No.18 Yueliangwan Avenue, Nanshan District,

Shenzhen

Registration code of the corporate business license for enterprise legal person:
440301501125497

Registration code of tax.: YSW Zi No. 440305930100069 (14)

Names and office addresses of Certified Public Accountants engaged by the
Company:

Names and office addresses of Certified Public Accountants engaged:

PricewaterhouseCoopers Zhongtian Certified Public Accountants

Address: 11/F, PricewaterhouseCoopers Center, No.202, Hubin Road, Shanghai,
China

(II) Major Financial Data and Indexes

1. Major accounting data and financial indexes

Unit: RMB'000

	At the end of this report period	At the period-end of last year	Increase/decrease at the end of this report period compared with that of last year (%)
Total assets	6,265,341	5,552,915	12.83
Owners' equity (or Shareholders' equity)	1,738,227	1,725,019	0.77
Net assets per share	3.17	3.15	0.63
	This report period (Jan.-June)	The same period of last year	Increase/decrease in this report period compared with that of last year (%)
Operating profit	-833,426	-154,349	Decreased RMB 679.077 million
Total profit	61,108	15,205	301.89
Net profit attributable to the owners of parent company	30,263	25,632	18.07
Net profit after deducting non-recurring gains and losses	-21,677	25,614	Decreased RMB 47.291 million
Basic earnings per share	0.0552	0.0468	18.07
Diluted earnings per share	0.0552	0.0468	18.07
Return on equity	1.74%	1.59%	Increased 0.15 percentage points
Net cash flow arising from operating activities	-312,548	9,622	Decreased RMB 322.170 million
Net cash flow arising from per share operating activities	-0.57	0.02	Decreased RMB 0.59

2. Non-recurring gains or losses

Unit: RMB'000

Non-recurring gains or losses	Amount
Gains from the debts restructurings	52,589
Net non-operating income and expense	-675
Influence of income tax	26
Total	51,940

3. Difference under CAS and IAS

In the report period, there were no differences on net profit attributable to parent company and the owners' equities calculated based on CAS and IAS.

III. Change in Share Capital and Particulars about Shareholders

(I) Statement on equity change

In the report period, the Company made no changes in total shares and structure due to bonus share, capitalization of public reserve, allotted share, additionally issue new shares, capitalization of transferable bond of the Company, implementing equity incentive plan, or other reasons.

(III) Particulars on shares held by top ten shareholders and top ten shareholders with unrestricted conditions

Ended by the report period, the Company had totally 35,548 shareholders, of them, 18,893 shareholders of A-share, and 14,221 shareholders of B-share.

Unit: Share

Total amount of shareholders	35,548				
Particulars about the shares held by the top ten shareholders					
Full Name of shareholder	Nature of shareholders	Proportion of shares held	Total amount of shares held	Amount of the restricted shares held	Amount of shares pledged or frozen
SHENZHEN GUANGJU ELECTRONIC INVESTMENT CO., LTD	State-owned legal person	21.68%	118,800,636	91,402,336	0
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	Foreign legal person	15.28%	83,748,408	83,748,408	0
BNP P P/PAND INVESTMENT CO., LTD.	Foreign legal person	11.08%	60,737,449	0	0
SHENZHEN ENERGY (GROUP) CO., LTD.	State-owned legal person	10.80%	59,187,391	31,789,091	0
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	State-owned legal person	9.13%	50,042,183	22,643,883	0
MORGAN STANLEY & CO.INTERNATIONAL PLC	Foreign legal person	3.03%	16,596,624	0	Unknown
YANG SHI MIN	Natural person	0.41%	2,253,900	0	Unknown
NAITO SECURITIES CO., LTD.	Foreign legal person	0.26%	1,440,375	0	Unknown
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	Foreign legal person	0.26%	1,433,598	0	Unknown
CHINAFAMOUSBRAND SECURITIES HOLDING CO., LTD.	Foreign legal person	0.26%	1,400,000	0	Unknown
Particulars about the shares held by the top ten unrestricted shareholders					
Full Name of shareholder	Amount of unrestricted shares held			Type of shares	
BNP P P/PAND INVESTMENT CO., LTD.	60,737,449			Domestically listed foreign share	
SHENZHEN GUANGJU ELECTRONIC INVESTMENT CO., LTD	27,398,300			RMB ordinary share	

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STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	27,398,300	RMB ordinary 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.	1,440,375	Domestically listed foreign share
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	1,433,598	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
Explanation on associated relationship among the top ten shareholders or consistent action	1. Shenzhen Energy (Group) Co., Ltd. holds indirectly 100% equity of Hong Kong Nam Hoi (International) Limited; 2. Among other social public shareholders, the Company did not know whether there were associated relationships or belonging to consistent actors.	

(III) In the report period, the controlling shareholder and actual controller remain unchanged.

IV. Particulars about Directors, Supervisors and Senior Executives

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

Name	Post	Shares held at period-beginning(Share)	Shares held at period-end(Share)	The shares available for sales in this period(Share)
Zhang Jie	Deputy General Manager	15,750	15,750	3,938

The shares of the Company held by Zhang Jie were purchased-in before Dec.30, 2006 as senior executive of the Company.

(II) Directors, supervisors and senior executives remain unchanged in the report period.

V. Discussion and Analysis of the Management

(I) The whole operation of the Company in the report period

In the report period, facing a severe external situation, the Company insisted in taking efficiency and development as core and fulfilling execution ability as method, paid much attention to safe production and economical generating, made every effort to reduce fuel cost, explored new financing channel, and actively strove for more favorable generating allowance policy; at the same time, tried to promote the building of recycling economy project and approving of thermoelectricity co-generation project in Zhongshan and Dongguan, explored and stored new project, comprehensively developed related work such as information building, revising and perfecting of internal control system, establishing and optimizing of performance management system.

At the beginning of 2008, with the influence of ice and snow disaster, the electricity in Guangdong province was in short supply. In order to encourage gas-turbine power plant to generate electricity, Guangdong Bureau of Price Office issued Announcement on Increasing Settlement Income of 9E Generator (YJ[2008] No. 74), at the same time, Guangdong government issued Announcement on Temporarily Collecting Process Charges of Oil and Fuel (YFH[2008] No. 31). The underlying electric power enterprises of the Company held the opportunity, actively tried to generate more power, and the generated energy greatly increased compared with that of last year in the first quarter of the year. Since entering the second quarter of the year, with the whole recovery of the network of power transmission from east to west and the influence of the long rain season, cool weather and great increase of water and electricity use, the generating burden of local generators had some decrease. At the same time, the price of generating materials constantly rose, and the price of fuel oil in Singapore market rose with the rate of 68.74% in the first half of 2008. For that, with principle of economical generating, the Company adjusted the monthly generating plan of underlying gas-turbine power plant. In the report period, the Company accumulatively generated electricity 2,822,000,000 kw/h, with 1.84% increase compared with the same caliber.

In the first half of the year, the Company accumulatively realized operation income RMB 1,948,871,600, with 33.06% increase compared with the same period of last year; realized operation profit RMB -288,641,700, which decreased RMB 679,77,300 compared with the same period of last year. Due to the underlying subsidiary holding company Zhongfa Power Company and Zhongshan Power Plant received bank debts restructuring income RMB 52,589,400 calculated by equity and Shenzhen Nanshan Power (Zhongshan) Company and Shenzhen Nanshan Power (Dongguan) Company received fuel process charges RMB 244,777,900 calculated by equity, which were all calculated into non-operating income, therefore, the net profit attributable to shareholders of parents company was RMB 30,263,300 during Jan. to Jun., 2008, which increased 18.07% compared with that of the same period of last year; the earning per share was RMB 0.0552, which increased 18.07% compared with the same period of last year.

1. Statement of main operations classified according to industries and products

Unit: RMB'0000

Main operations classified according to industries						
Classified according to industries or products	Operating revenue	Operating cost	Gross profit ratio (%)	Increase or decrease (%) of operating revenue over the last same period	Increase or decrease (%) of operating cost over the last same period	Increase or decrease (%) of gross profit ratio over the last same period
Producing and supply of power, steam, and heat water	172,645.39	242,116.38	-40.24	21.83	65.42	Decreased 36.95 percentage points
Other industries	22,241.77	21,146.49	4.92	368.12	301.88	Increased 15.67 percentage points
Main operations classified according to products						
Power production	170,187.80	239,112.61	-40.50	22.15	66.03	Decreased 37.13 percentage points
Steam producing	2,457.59	3,003.77	-22.22	2.93	27.56	Decreased 23.6 percentage

						points
Engineering contract	2,122.22	813.42	61.67	3,437.03	134.43	Increased 539.97 percentage points
Others	20,119.55	20,333.07	-1.06	328.87	313.70	Increased 3.71 percentage points

Including: In the report period, the total related transaction amount which the listed Company sold products and provided labor forces to the controlling shareholders and its subsidiaries totaled RMB 0.00.

2. Statement of main operations classified according to areas

Unit: RMB'0000

Areas	Income from operations	Increase/decrease in income from operations over the same period of last year (%)
Shenzhen	119,802.18	18.99
Zhongshan	34,188.44	17.57
Dongguan	40,896.54	144.87

Note: the main reason of great increase of operation income in Dongguan area was: Shenzhen Nanshan Power (Dongguan) Company stopped production for four months for national environment appraisement, and recovered production and operation in the first half of 2008.

3. In the report period, the main operation and its structure of the Company did not have significant change compared with last period.

4. In the report period, the gross profit was -35.08%, with 31.55 percentage points decrease compared with -3.53% of the same period of last year, the main reasons of which were market price of fuel oil consumed by the power generation of the Company rose year-on-year and the production cost greatly increased.

5. In the report period, the main reason of great change in profit composing was: the underling subsidiary holding company Zhongfa Power Company and Zhongshan Power Plant received bank debts restructuring income and Shenzhen Nanshan Power (Zhongshan) Company and Shenzhen Nanshan Power (Dongguan) Company received fuel process charges, which were all calculated into nonoperation income.

6. Problems and difficulties in the operation

In the report period, energy sources price of international market constinuously rose, bank rate was constanly adjusted up, the state started collecting fuel oil excise, environment policy was more and more strict, and equipments of the enterprise was aging, etc., which all brought great operation pressure to the Company's lasting normal production.

(II) Investment in the report period

1. Usage of raised capital

In the report period, the Company neither raised proceeds nor had proceeds raised prior to but extending to the report period.

2. Investment of not raised capital

(1) Project of Transforming Oil to Gas

In March, Nanshan Power Plant completed the inside factory project of the last set of fired machine transforming oil to gas project, and the plan of fired machine

transforming project was adjusted to complete at the end of the year. Till now, all the four set of generators were qualified to burn natural gas.

Zhongshan Nanlang Power Plant had completed transforming oil to gas project of inside factory fired machine. The gas supply project outside factory had been simply designed, and would start to build after certificated by gas supplier. At present, the Company was preparing each work of the project, and actively tried to fulfill the gas source.

Dongguan Gaobu Power Plant had completed equipment installation of inside factory transforming oil to gas project, installation and debugging of one-level voltage regulation, and constructing of LNG branch conduit. At present, the Company was installing the equipment of second-level voltage regulation, and expected to qualify to debug and operate.

In the report period, the Company signed the agreement of entrusting to develop Transforming Oil to Gas CDM project and the agreement of purchasing carbon, the declaration document was approved by State Development and Reform Commission on Jun.24. At the same time, the Company retained overseas specialized development company of CDM project to develop circular economy waste heat utilization project.

(2) Circular economy project

In April, the Company joint with Energy Reaserch Institution of State Development Reform Commission and Tsinghua University, and compiled Actualization Scenario of Shennandian Circular Economy Experiment, which took Nanshan Power Plant as core and contained the inderling company Zhongshan Nanlang Power Plant and Dongguan Gaobu Power Plant. In May, Shenzhen Development Reform Office reported Request for Report to Shenzhen Nanshan Power Station Co. Ltd. the Actualization Scenario of Circular Economy Experiment (Second group) (SFG[2008] No. 809). In July, the scenario obtained evaluation by experts of six ministries and commissions inculding State Development and Reform Commission and Environment Protect Department.

① Progress of the cycle economy project of Nanshan Power Plant

The mobile heat-supply project: in the reprot period, continued to explore mobile heat-supply market, actualized the reform of hot water system. At the same time, declared environmental protection special fund and special support fund to Shenzhen Nanshan Environmental Protection Agency and Trade Industry Government.

The drying up the sludge of sewage project: After being approved by the 9th meeting of the 5th Board of Directors, the Company and Xindianli Company respectively invested 90% and 10% capital to found project company, together invested RMB 160,000,000 to built the phase 1 of cycle economy drying up the sludge of sewage project of Nanshan Power Plant. In order to further optimize the processing technique of drying up the sludge of sewage and fully enjoy the preferential policy supplied by government, board of directors agreed to adjust thr origin investment subject and total amount. After adjustment, the Company and Syndisome Company together found international joint venture-Shenzhen Shennandian Environmental Protection Co., Ltd., with register capital RMB 76,000,000 and total investement RMB 190,000,000, which was in charge of building and management of drying up the sludge of sewage project, with 70% shares of the Company and 30% shares of Syndisome Company. In the report period, the project was listed into 2008 Shenzhen significant building project, water pollution control significant project, controlling pollution and keeping clean project, and had signed purchsing main equipment contract and technology agreement. In June, simple design of phase 1 project passed the evaluation meeting held by

Shenzhen Development Reform Bureau, Nanshan District Government. At present, the project was building according to the plan.

Combined supply of cold and heat power project: in Jan.2008, the reaseach-available report and actualization scenario of phase 1 demonstration project of cold and heat power project received Reply for Phase 1 Demonstration Project of Combined Supply of Cold and Heat Electricity Project of Shenzhen Nanshan Power Co., Ltd.(SFGH[2008] No. 57). In April, approved by the 10th meeting of the 5th board of directors, the Company and Syndisome Company respectively invested 70% and 30% capital to found item company, invested RMB 30,000,000 to build phase 1 demonstration project of cold and heat electricity project, and agreed to start the preparation including available reaserch of phase 2 and 3 project, whole layout, environment evaluation and land expropriation. In July, the project was brought into second line match project of Shenzhen West-east Gas Transmmission, and compiled reaserch-available report and environment evaluation report of phase 2 project.

② Progress of the cycle economy project of Shennandian (Zhongshan) Company:

In March, 2008, the company signed Letter of Cooperation Intent for Energy-saving and Exhaust-reducing of Cold and Heat Electricity Combined Supply of Shannandian Zhongshan Cycle Economy with Zhongshan South China Modern Traditional Medicine City Development Co., Ltd., and signed Letter of Cooperation Intent for Shannandian Zhongshan Cycle Economy Project with Nanlang Town government. In May, the company received Approval Opinions on Heat Net Project of Combined Natural Gas and Heat Power in Zhongshan Nanlang Power Plant (YFGN [2008] No. 611). At present, the reaserch-available report and environment influence report of cold and heat power combined supply had completed, and received approval of prophase work by Zhongshan Development Reform Bureau (ZFGJH [2008] No. 109); the drying dirt earth project was expected to make experiment in Nanlang First Water Pollution Disposal Factory, and received approval of prophase work by Zhongshan Development Reform Bureau (ZFGJH [2008] No.93).

In the report period, in order to fulfilling the lasting development strategy, taking advantages of the favorable conditon-enough customers around the factory, the company established 2×300MW supercritical coal and heat power combined supply project team, and started prophase work of initial feasibility reaserch report of the project. On Jul.22, the initial feasibility reaserch report of the project received approval of experts.

③ Progress of cycle economy project of Shennandian (Dongguan) Company: the company has already finished the preparing work for research-available report of thermal and electricity combined production project and entrusted China International Consultation Corporation to hold expert examination meeting toward this research-available report in July of 2008. its thermal and electricity combined production project has been listed into the layout of thermal and electricity combined production of Dongguan city, which has got approval from Dongguan Development and Reform Bureau, and continuously got licenses for construction engineering, and water-obtaining, commitment on stop operation of small boiler from the municipal government, agreement of natural gas supply and reply for gas price from the government.

(3)Project in Xinchang, Jiangxi province

The two 66KW ultra-supercritical coal-fired units invested and constructed by Jiangxi Zhongdiantou Xinchang Power Plant Co., Ltd.(hereinafter referred to as Xinchang

Company) which absorbs shares from the Company, has got Reply for Approval of New Project-Large Prevails First of Jiangxi Xinchang Power Plant from State Development and Reform Committee(FGNY No.1571(2008)) dated Jun 25th of 2008. According to the agreement reached by the Company, China Power Investment Group Corporation and Electric Power Development Co., Ltd., J-POWER in November of 2007. China Power Investment Group Corporation transferred 10% equity held by it to Electric Power Development Co., Ltd., J-POWER in July of 2008. The three parties officially signed joint venture operation contract over Xinchang Company respectively in proportion of 30%, 60% and 10%. In the report period, the Company increased capital RMB 42,857,100 and RMB 63,857,100 capital has been accumulatively poured.

(III)Operation plan for the next half year

In the next half year, on the basis of assuring safety production and economical operation for the various power plants, product cost is cut down by multi-methods, strengthen power in collecting electricity charge and subsidy for power generation, and assure capital demand for the Company's production and operation. Meanwhile, actively promote the construction of the Company's general cycle economy project, further advance the internal management level to ensure management work for the various production and operation of this year.

VI. Significant events

(I)Actual administration of the Company

In the report period, the Company is operating in law and standardizing its operation continuously in accordance to Company Law, Securities Law, and Governing Principle for listed Companies, and Opinion on Improving Quality of Listed Companies, Management Method on Information Disclosure of Listed Company as well as Listing Rules for Stock in Shenzhen Stock Exchange. Besides, the Company also consolidated the reform achievement toward the problems found in the Special Administration Activities and made persistent improvement on the present administration, following the spirit of No. 27 notice (2008) of CSRC and No. 62 Notice on Doing well in Further Promoting the Work of Special Administration Activities (2008) released by Shenzhen Securities Regulatory Bureau. Explanation on Reform in the Special Administration Activities and relevant notice has been published on Jul 19th of 2008.

(II)Profit distribution plan and its execution

The Company held the 2007 Shareholders' General Meeting on May 8th of 2008, in which the 2007 profit distribution plan was approved: take the total shares of the Company 547,965,998 shares as basis, 1 more share is dispatched to the shareholders per 10 shares and in addition, RMB 0.30 (tax included) is sent to the shareholders per 10 shares. Balance will be transferred to the next year. No capital reserve is transferred to adding share capital for this year.

Execution of the profit distribution plan: the Company published Execution Notice of the 2007 Profit Distribution dated Jun 26th of 2008. The profit distribution has been accomplished respectively on Jul 4th (A share) and Jul 8th (B share) of 2008. The total share capital increased to be 602,762,596 shares, thus the share capital structure of the Company changed.

For details, please refer to the relevant notice published in China Securities, Securities Times, Hong Kong Wen Wei Po and Juchao Website (<http://www.cninfo.com.cn>).

For the first half year of 2008, the Company has no profit distribution preplan and preplan for transferring capital reserve to share capital.

(III)In the report period, the Company has not got involved in significant lawsuits and arbitration; the Company holds no equity of other listed companies, and equity of financial enterprise such as share-joining commercial bank, Securities Company, insurance company, trust company and Futures Company.

(IV)Progress of debt restructuring and assets revitalization work of Zhongshan Power Plant Co., Ltd. and Zhongshan Zhongfa Electric Power Co., Ltd in the report period
In the report period, according to the seventh meeting of the fifth Board of Directors and the 2007 second extraordinary shareholders' general meeting which passed Proposal for Debt Restructuring, Assets Revitalization and Enterprise Transferring Nature of Zhongshan Zhongfa Power Co., Ltd. and Zhongshan Zhongfa Power Plant Co., Ltd., debt restructure work is going to be carried out in Zhongshan Power Plant Co., Ltd. and Zhongfa Power Co., Ltd.

(1) Debt restructuring

①In the report period, the Company and Bank of Communications has confirmed debt restructure scheme. Till Sep 21st of 2007, Zhongshan Zhongfa Power Co., Ltd (hereinafter referred to as Zhongfa Power) owed Bank of Communications Zhongshan Branch with loaning principal being RMB 55,110,410.00 and interest being RMB 5,736,820.87. Zhongshan Power Plant Co., Ltd (hereinafter referred to as Zhongshan Power Plant) owed Bank of Communications Zhongshan Branch with loaning principal being RMB 8,601,367.00 and interest being RMB 917,116.07. The restructuring scheme is as follows:

Zhongfa Power should pay back the loan principal RMB 55,110,410.00 to Bank of Communications Zhongshan Branch , which has been finished by the shareholders of Zhongfa Power according to their equity proportion by means of borrowing from them on Dec 28th of 2007.

Adopt way of Taking Material for Debt. Take the equipment whose estimated value is RMB 8,925,000.00 for canceling out the loan principal RMB 8,601,367.00 of Zhongshan Power Plant and income of RMB 6.4205 million has been realized (this equipment is just the 10 waste heat boilers in Technique Reform Project of Waste Heat Using which was co-constructed by Zhongfa Power and the Company which poured RMB 50 million for investment in 2004. With approval from the seventh meeting of the fifth Board of Directors and the 2007 second extraordinary shareholders' general meeting, the Company stopped cooperation with Zhongfa Power in waste heat using technology in Feb., 2008. Thus, the ownership of the equipment for waste heat using technology was transferred to Zhongfa Power);

While Bank of Communications Zhongshan Branch dealed with the aforesaid 10 waste heat boilers in public, Zhongfa Power and its shareholders promised to join the bids with price of no less than RMB 2.23 million. Zhongfa Power offered RMB 2.23 million to Bank of Communications Zhongshan Branch as bid deposit on Dec 28th of 2007, which was collected from its shareholders according to their equity proportion by means of borrowing. With accomplishing the above operation, Bank of Communications Zhongshan Branch derated the principal and interest of RMB 12,119,200 of Zhongshan Power Plant and Zhongfa Power.

②With supports from Zhongshan Municipal government and shareholders of the two concerned parties, Zhongshan Power Plant and Zhongfa Power are actively

negotiating with Industry and Commercial Bank Zhongshan Branch about the debt restructuring scheme.

③According to the agreement between the Company and Zhongshan Xingzhong Group and Zhongshan Power Development Co., Ltd. that, after the relevant debt restructuring, Zhongshan Power Development Co., Ltd. would derate debt of RMB 58 million of Zhongfa Power. The realization of this income would be confirmed with an official letter after Zhongshan Power Development Co., Ltd. implement relevant procedure. In June, 2008, Zhongshan Power Development Co., Ltd. officially informed that the aforementioned debt responsibility was exempted.

(2) Disposal of assets

According to the resolution of the 2007 second extraordinary shareholders' general meeting dated Oct 15th of 2007, Zhongshan Power Plant and Zhongfa Power would dispose machine set, equipment and other fixed assets in periods and in batch by way of public bidding. At present, the Company, together with Zhongshan Xingzhong Group and State-owned Assets Supervisory and Management Committee of Zhongshan set working team, to officially start off the disposal of machine set, equipment and other fixed assets. This work has got initial achievement that the callback rate predicted for disposal of machine set, equipment and other fixed assets is higher than the book value after fixed assets impairment in the audit report of Zhongfa Power issued by Shulun Pan Yangcheng Certified Public Accountants Co., Ltd. dated Sep 25th of 2007. After Zhongshan Power Plant and Zhongfa Power accomplish debt restructuring and assets disposal, the Company will implement its obligations to disclose the complete information for this event.

(V) Significant related transaction in this report period

1. Daily related transaction in this report period

(1) Pipeline using fee paid to related parties

① Transaction scale

Name of enterprise	Jan.-June, 2008		Jan.-June, 2007	
	Amount (RMB'0000)	Proportion taken in total	Amount (RMB'0000)	Proportion taken in total
Shenzhen Mawan Power Co., Ltd.	101.15	100%	101.38	83.59%
Shenzhen Moon Bay Oil Port Co., Ltd			19.90	16.41%

② Confirmation reference of purchasing price

It is confirmed referring to market price.

(2) Dock using fee paid to related parties

① Transaction scale

Name of enterprise	Jan.-June, 2008		Jan.-June, 2007	
	Amount (RMB'0000)	Proportion taken in total	Amount (RMB'0000)	Proportion taken in total
Shenzhen Moon Bay Oil Port Co., Ltd	611.73	100.00%	515.88	100.00%

② Confirmation reference of purchasing price

It is confirmed referring to market price.

2. In the report period, no related transactions of asset purchasing and selling occurred.

3. Current related liabilities and debts

Unit: RMB'0000

Related parties	Supply funds to related parties by listed company		Supply funds to listed company by related parties	
	Occurred amount	Balance	Occurred amount	Balance
Shenzhen Shennandian Gas Engines Engineering Technology Co., Ltd			1,984	1,770
Shennandian (Zhongshan) Power Co., Ltd.	11,815	18,773		
Zhongshan Zhongfa Power Co., Ltd	3,325	50,680		
Zhongshan Power Plant Co., Ltd		52		
Shennandian (Dongguan) Weimei Electric Power Co., Ltd	10,145	10,145		
Shenzhen New Power Industrial Co., Ltd.			-18,482	18,221
Total	25,285	79,650	-16,498	19,991

Among which: in the report period, the occupied occurring amount and balance that listed company provided capital to its shareholders and subsidiaries were respectively RMB 0.00 and RMB 0.00.

(VI) Significant contracts of the Company and its implementation

- During the report period, except that Shenzhen New Power Industrial Co., Ltd. continues to entrust the Company to manage and operate the assets of project of power generating with waste heat, the Company has not trusted, contracted and leased other companies' assets nor has other companies trusted, contracted and leased asset of listed company.
- There is no other material contract in the report period.
- During the report period, the Company has not entrusted others to manage cash assets.
- Significant guarantee

Unit: RMB'0000

Particulars about the external guarantee of the Company (Barring the guarantee for the controlling subsidiaries)						
Name of the Company guaranteed	Date of happening (Date of signing agreement)	Amount of guarantee	Guarantee type	Guarantee term	Complete Implementation or not	Guarantee for related party (Yes or no)
Naught	—	—	—	—	—	—
Total amount of guarantee in the report period						
Total balance of guarantee at the end of the report period (A)						
Guarantee of the Company for the controlling subsidiaries						
Total amount of guarantee for controlling subsidiaries in the report period						
Total balance of guarantee for controlling subsidiaries at the end of the report period (B)						
Particulars about the external guarantee of the Company (Including the guarantee for the controlling subsidiaries)						
Total amount of guarantee (A+B)						
The proportion of the total amount of guarantee in the net assets of the Company						
Including:						
Amount of guarantee for shareholders, actual controller and its related parties (C)						

The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70% directly or indirectly (D)	95,496.00
Proportion of total amount of guarantee in net assets of the Company exceeded 50%(E)	
Total amount of the aforesaid three guarantees*(C+D+E)	95,496.00

(VII) Special explanation and independent opinion issued by independent directors on capital occupancy and external guarantee of related parties of the Company

According to ZJF No. 56 Notice (2003) on Standardizing Capital Current between Listed Company and Related Parties and External Guarantee of Listed Company, SZJFZ No. 338 Notice (2004) on Strengthening Capital Occupancy of Listed Company and Out-of-line Guarantee Information Disclosure as well as ZJF No. 120 Notice (2005) on Standardizing External Guarantee of Listed Company, and with knowledge and data inquiry of the Company, we issued the following special explanation and opinion for the current capital occupancy and external guarantee of related parties of the Company:

Until Jun 30th of 2008, the current capital between the Company and its controlling shareholders, subsidiaries and other related parties all belong to normal non-operating current capital, and no related parties occupy the Company's capital out of line.

Until Jun 30th of 2008, the balance of external guarantee of the Company amounts to RMB 954.96 million (belong to guarantee for its controlling subsidiaries for their bank loans). The Company and its controlling subsidiaries have not provided guarantee for its shareholders, other related parties, any non-legal unit or individual; earnestly implemented its obligation for disclosing information of external guarantee.

(VIII)The commitment made by the original non-circulating shareholders in the share merger reform is legal commitment: from the day of implementation of the reform, the original non-circulating shares should not be traded or transferred within 12 months; after the aforementioned time limitation was due, sell the original non-tradable shares through listing in stock exchange, the sales volume should be no more than 5% of the total shares of the Company within 12 months and no more than 10% within 24 months.

During the report period, the shareholders holding more than 5% (5% included) shares of the Company strictly implement relevant commitment that the restricted shares of the Company held by them are all locked up by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. thus don't go to listed market for trade.

Besides, during the report period, the shareholders holding more than 5% (5% included) shares of the Company have not made commitment or previous one which brings significant influence to the Company's operation achievement and financial status.

(IX)Till the end of this report period, no shareholders holding more than 5% shares of the Company has made commitment of restricted shares: willingly extended restricted term of shares, set or elevated the lowest price of decreasing-holding.

(X)Reception for investigation, communication and interview

Reception date	Reception place	Way of reception	Object received	Discussion issue and offered information
Feb 25 th of 2008	The Company	Spot	Analyst from Dagong	General status of the

		investigation	International Credit Estimation Corporation	Company
Mar 11 th of 2008	The Company	Spot investigation	Researcher from Morgan Stanley Asia Co., Ltd.	General status of the Company
Mar 17 th of 2008	The Company	Spot investigation	Researchers from Zhong Hai Fund Management Co., Ltd. and First-trust Fund Management Co., Ltd.	General status of the Company

(XI) During the report period, no director, supervisor, senior executive, shareholder, actual controller and the Company has received investigation from CSRC, administrative punishment and public criticize from CSRC, punishment from other administrative department, public blame and justice compulsive measure from stock exchange.

(XII) Index for the information of the Company disclosed in 2008

During the report period, the designated newspapers for information disclosure are China Securities, Securities Times, and Hong Kong Wen Wei Po and the website is Juchao Information Website (<http://www.cninfo.com.cn>).

Time	Content	Newspapers carrying the information and the detail page
Jan 3 rd of 2008	Notice on Resolution of the 4 th Temporary Shareholders' Meeting for 2007	Securities Times page C25, China Securities page D017, Hong Kong Wen Wei Po page B2
Jan 15 th of 2008	Clarified Notice on Relevant News Report on Electricity Price Reform of Guangdong Province	Securities Times page C135, China Securities page D008, Hong Kong Wen Wei Po page B4
Jan 30 th of 2008	Prediction Notice on 2007 Performance	Securities Times page C4, China Securities page D008, Hong Kong Wen Wei Po page B11
Feb 5 th of 2008	Notice on Electricity Price Adjustment of the Company's Underling Shennandian Zhongshan Company and Shennandian Dongguan Company	Securities Times page C7, China Securities page D028, Hong Kong Wen Wei Po page B12
Mar 18 th of 2008	Notice on Changing Disclosure Date of 2007Annual Report	Securities Times page C3, China Securities page D004, Hong Kong Wen Wei Po page B5
Apr 4 th of 2008	Notice on Electricity Price Adjustment of the Company's Controlling Subsidiaries	Securities Times page C12, China Securities page D008, Hong Kong Wen Wei Po page A22
Apr 17 th of 2008	Resolution of the 10 th Meeting of the 5 th Board, Resolution of the 9 th Meeting of the 5 th Supervisory Committee, Notice on Holding the 2007 Shareholders' General Meeting, Notice on Daily Related Transaction of 2008, Summary of 2007 Annual Report	Securities Times page C49, China Securities page D005, Hong Kong Wen Wei Po page A20
Apr 26 th of 2008	Resolution of the 11 th Meeting of the 5 th Board, Resolution of the 10 th Meeting of the 5 th Supervisory Committee, the 1 st Quarterly Report of 2008	Securities Times page C25, China Securities page C012, Hong Kong Wen Wei Po page B11

May 9 th of 2008	Resolution of the 2007 Shareholders' General Meeting, Resolution Notice on Providing Guarantee for the Bank Loan of Tongling Wanneng Power Plant Co., Ltd. in 2008	Securities Times page C7, China Securities page B01, Hong Kong Wen Wei Po page A33
Jun 26 th of 2008	Notice on Implementation of the 2007 Profit Distribution	Securities Times page B11, China Securities page C12, Hong Kong Wen Wei Po page B4

(XIII)Analysis on significant events and their influence and solution scheme
Disposal of machine sets #5, #6 and#8 in Nanshan Power Plant

In order to respond to the summon of policy Large Prevails First and Energy-saving and Emission-reducing, machine sets#5, #6 and #8 in Nanshan Thermal Power Plant have been stopped for operation in December of 2006, according to Transmit Notice from Energy Sources Bureau of State Development and Reform Committee on Handing in Stop Scheme for Thermal Power Units (YFGN No.147(2005)) collectively released by Guangdong Development and Reform Committee and Economic and Trade Committee, together with Report on Implementation of Handing in Stop Scheme for Thermal Power Units of Shenzhen (SFG No.320(2006)) released by Shenzhen Development and Reform Bureau. To revitalize the inventory assets, approved in the 24th meeting of the 4th Board on Aug 19th of 2006, the Company entrusted Shenzhen Shennandian Gas Turbine Engineering Technology Co., Ltd (hereafter referred to as Shennandian Engineering Company), an exclusively-owned subsidiary of the Company, to be in charge of the disposal of machine sets #5, #6 and #8 in Nanshan Thermal Power Plant. On Jan 22nd of 2008, the Company engaged Shenzhen Pengxin Asset Estimation Land Real Estate Estimation Co., Ltd to offer estimation for the aforesaid machine sets. The basis day for this estimation was Dec 31st of 2007 and the estimated value amounted to RMB 32,016,795. In March of 2008, with approval from the temporary meeting of the 5th Board, the Company, together with Shennandian Engineering Company (sales agency of the Company) as well as Shenzhen Shenye United Trade Co., Ltd. signed Business Contract on 5/6/8# Gas Turbine Units of Shenzhen Nanshan Power Co., Ltd. , in which it was agreed that gas turbine units #5 and #6, waste heat boilers of #5 and #6 and main change of gas turbine unit #5(the estimated value was RMB 28,573,856) were sold to Shenzhen Shenye United Trade Co., Ltd. by price of RMB 40 million. In Apr 15th of 2008, the Company, together with Shennandian Engineering Company (sales agency of the Company) as well as Luoyang Chanhe Bowei Drive Machine Factory signed Business Contract, in which it was agreed that #8 steam machine and its auxiliary equipment (the estimated value was RMB 3,442,939) were sold to Luoyang Chanhe Bowei Drive Machine Factory by price of RMB 3.44 million. The income from transferring the two aforesaid equipments totaled to RMB 43.44 million, which was RMB 11.43 million higher than the estimated value, so the increase rate was 35.71%. At present, machine sets #5, #6 and #8 have been already dismantled at the end of June and relevant work for relocation will be completed in early fifteen days of July. Amount from transferring the two aforesaid equipments has been totally taken back.

VII. Financial Report (un-audited)

The 2008 Semi-annual Financial Report is un-audited.

VIII. Documents Available for Reference

- (I) Semi-annual Report of 2008 carried with the personnel signature of Legal Representative;
- (II) Accounting Statements carried with the signature and seals of the Legal Representative, General Manager and CFO;
- (III) All the originals of the Company's documents and public notices disclosed in Securities Times, China Securities and Hong Kong Wen Wei Po in the report period;
- (IV) Place for inspection: Secretariat to the Board of Director of the Company.

**Board of Directors of
Shenzhen Nanshan Power Co., Ltd.**
August 21, 2008

Shenzhen Nanshan Power Co., Ltd.
Consolidation and Balance Sheet of Parent Company as of June 30, 2008

Unit: RMB'000

Assets	Amount in period-end		Amount in period-begin	
	Merger	Parent Company	Merger	Parent Company
Current assets:				
Monetary funds	549,095	95,557	419,172	125,774
Settlement provisions				
Capital lent				
Transaction finance asset				
Notes receivable				
Accounts receivable	823,371	325,160	619,344	233,251
Accounts paid in advance	30,350	263,504	34,342	3,352
Insurance receivable				
Reinsurance receivables				
Contract reserve of reinsurance receivable				
Interest receivable			1,516	
Dividend receivable		530,319		530,319
Other receivables	34,161	811,554	33,723	549,172
Purchase restituted finance asset				
Inventories	857,067	336,483	367,972	261,965
Non-current asset due within one year				
Other current assets				
Total current assets	2,294,044	2,362,577	1,476,069	1,703,833
Non-current assets:				
Granted loans and advances				
Finance asset available for sales				
Held-to-maturity securities				
Long-term account receivable	155,943	616,925	113,085	557,268
Long-term equity investment				
Investment property	2,632,090	440,089	2,855,996	475,784
Fixed assets:	46,110	19,611	21,163	10,619
Construction in progress				
Engineering material	55,204	-7,281	1	1
Productive biological asset				
Oil and gas asset				
Intangible assets	1,062,392	4,853	1,067,355	5,914
Expense on Research and Development				
Goodwill				

Long-term expenses to be apportioned	3,074	863	2,762	1,928
Deferred income tax asset	16,484	12,720	16,484	12,720
Other non-current asset				
Total non-current asset	3,971,296	1,087,781	4,076,846	1,064,234
Total assets	6,265,341	3,450,358	5,552,915	2,768,067

Shenzhen Nanshan Power Co., Ltd.
Consolidation and Balance Sheet of Parent Company as of June 30, 2008 (Con.)

Unit: RMB'000

Liabilities and shareholder's equity	Amount in period-end		Amount in period-begin	
	Merger	Parent Company	Merger	Parent Company
Current liabilities:				
Short-term loans	2,921,039	1,314,431	2,484,735	975,020
Loan from central bank				
Absorbing deposit and interbank deposit				
Capital borrowed				
Transaction financial liabilities				
Notes payable	450,624	502,000	254,090	
Accounts payable	298,465	15,859	165,091	49,285
Accounts received in advance	6,441		688	
Selling financial asset of repurchase				
Commission charge and commission payable				
Wage payable	74,182	52,194	68,411	47,239
Taxes payable	-265,693	-191,601	-176,592	-163,923
Interest payable	45,437		45,023	1,684
Dividend payable	16,448	16,448	9	9
Other accounts payable	569,682	208,577	563,248	375,032
Reinsurance payables				
Insurance contract reserve				
Security trading of agency				
Security sales of agency				
Long-term liabilities due within 1 year	106,000		106,000	
Other current liabilities				
Total current liabilities	4,222,625	1,917,907	3,510,705	1,284,347
Non-current liabilities:				
Long-term loans	146,000		176,000	
Bonds payable				
Long-term account payable				
Special accounts payable				
Projected liabilities				
Deferred income tax liabilities				
Other non-current liabilities				
Total non-current liabilities	146,000		176,000	

Total liabilities	4,368,625	1,917,907	3,686,705	1,284,347
Owner's equity:				
Share capital	547,966	547,966	547,966	547,966
Capital public reserve	363,630	288,769	363,630	288,769
Less: Inventory shares				
Surplus public reserve	332,908	332,908	332,908	332,908
Provision of general risk				
Retained profit	495,821	362,807	481,996	314,076
Balance difference of foreign currency translation	-2,098		-1,481	
Total owner's equity attributable to parent company	1,738,227	1,532,451	1,725,019	1,483,719
Minority interests	158,489		141,191	
Total owner's equity	1,896,716	1,532,451	1,866,210	1,483,719
Total liabilities and owner's equity	6,265,341	3,450,358	5,552,915	2,768,067

Person in charge of the Company:

CFO:

Person in charge of Accounting Department:

Rechecked by:

Made by:

Shenzhen Nanshan Power Co., Ltd.
Consolidation and Profit Statement of Parent Company as of Jan.-June, 2008

Unit: RMB'000

Items	Balance in this period		Balance in last period	
	Merger	Parent Company	Merger	Parent Company
I. Total operating income	1,948,872	602,573	1,464,613	586,368
Including: Operating income	1,948,872	602,573	1,464,613	586,368
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	2,782,298	1,024,560	1,618,962	745,226
Including: Operating cost	2,632,629	985,474	1,516,301	725,693
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	2,940	826	1,219	0
Sales expenses	1,196	0	1,170	0
Administration expenses	68,195	22,331	38,582	13,767
Financial expenses	77,338	15,928	61,690	5,766

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				
III. Operating profit (Loss is listed with “-”)	-833,426	-421,987	-154,349	-158,858
Add: Non-operating income	895,390	499,065	169,614	169,614
Less: Non-operating expense	856	110	60	0
Including: Disposal loss of non-current asset				
IV. Total Profit (Loss is listed with “-”)	61,108	76,968	15,205	10,756
Less: Income tax	13,530	11,798	6,003	1,613
V. Net profit (Net loss is listed with “-”)	47,578	65,171	9,202	9,143
Net profit attributable to owner's equity of parent company	30,263	65,171	25,632	9,143
Minority shareholders' gains and losses	17,315	0	-16,430	0
VI. Earnings per share				
i. Basic earnings per share	0.055	0.119	0.047	0.017
ii. Diluted earnings per share	0.055	0.119	0.047	0.017

Person in charge of the Company:

CFO:

Person in charge of Accounting Department:

Rechecked by:

Made by:

Shenzhen Nanshan Power Co., Ltd.
Consolidation and Cash Flow Statement of Parent Company
as of Jan.-June, 2008

Unit: RMB'000

Items	Balance in this period		Balance in last period	
	Merger	Parent Company	Merger	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	2,197,534	1,113,782	1,981,382	1,054,893
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	4,677	0	0	0
Other cash received concerning operating activities	546,239	1,614,088	53,266	537,768
Subtotal of cash inflow arising from operating activities	2,748,449	2,727,869	2,034,648	1,592,661
Cash paid for purchasing commodities and receiving labor service	2,926,030	1,172,097	1,897,925	1,164,772
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	63,888	43,371	57,536	39,557
Taxes paid	51,014	6,011	58,786	16,726
Other cash paid concerning operating activities	20,065	1,804,678	10,780	458,291
Subtotal of cash outflow arising from operating activities	3,060,997	3,026,157	2,025,026	1,679,346
Net cash flows arising from operating activities	-312,548	-298,287	9,622	-86,684
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income				19,742
Net cash received from disposal of fixed, intangible and other long-term assets	44,707	7,137	209	209
Net cash received from disposal of subsidiaries and other units				
Other cash received concerning investing activities	0	0	1,810	0
Subtotal of cash inflow from investing activities	44,707	7,137	2,019	19,951
Cash paid for purchasing fixed, intangible and other long-term assets	44,503	12,871	157,818	8,060
Cash paid for investment	43,095	59,657	0	0
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	87,598	72,528	157,818	8,060
Net cash flows arising from investing activities	-42,891	-65,391	-155,799	11,891
III. Cash flows arising from financing activities				
Cash received from absorbing investment				
Including: Cash received from absorbing minority shareholders' investment by subsidiaries				
Cash received from loans	3,357,739	1,415,871	1,856,601	462,221
Cash received from issuing bonds				
Other cash received concerning financing activities	1,387			
Subtotal of cash inflow from financing activities	3,359,126	1,415,871	1,856,601	462,221
Cash paid for settling debts	2,780,983	1,045,472	2,085,884	640,000
Cash paid for dividend and profit distributing or interest paying	96,700	36,830	74,576	15,465
Including: Dividend and profit of minority shareholder paid by subsidiaries				

Other cash paid concerning financing activities				
Subtotal of cash outflow from financing activities	2,877,683	1,082,301	2,160,461	655,465
Net cash flows arising from financing activities	481,443	333,570	-303,859	-193,244
IV. Influence on cash due to fluctuation in exchange rate	3,919	-108	-30	-12
V. Net increase of cash and cash equivalents	129,923	-30,217	-450,066	-268,049
Add: Balance of cash and cash equivalents at the period -begin	419,172	125,774	622,736	347,051
VI. Balance of cash and cash equivalents at the period -end	549,095	95,557	172,670	79,002

Person in charge of the Company:

CFO:

Person in charge of Accounting Department:

Rechecked by:

Made by:

Shenzhen Nanshan Power Co., Ltd
Consolidated Statement of Changes in Shareholders' Equity as of Jan.-Jun., 2008

Unit: RMB'000

Items	Owners' equity attributable to the parent company					Minority interest	Total owners' equity
	Share capital	Capital reserves	Surplus reserves	Retained profit	Others		
I. Balance at the end of the last year	547,966	363,630	332,908	481,996	-1,481	141,191	1,866,210
II. Increase/ Decrease in this year (Decrease is listed with"-")				13,824	-616	17,298	30,506
(I) Net profit				30,263	0	17,315	47,578
(II) Profits and losses calculating into owners' equity					-616	-17	-633
1. Net changing amount of fair value of financial assets available for sale							
2. Effect of changes of other owners' equity of invested units under equity method							
3. Effect of income tax related to owners' equity							
4. Others							
Total of (I) and (II)							
(III) Owners' devoted and decreased capital							
1. Owners' devoted capital							
2. Amount calculated into owners' equity paid in shares							
3. Others							
(IV) Profit distribution				-16,439			-16,439
1. Withdrawal of surplus reserves							
2. Withdrawal of general risk provisions							
3. Distribution for owners (shareholders)				-16,439			-16,439
4. Others							

(V) Carrying forward internal owners' equity							
1. Capital reserves converted to capital (share capital)							
2. Surplus reserves converted to capital (share capital)							
3. Remediying loss with profit surplus							
4. Others							
III. Balance at the end of this year	547,966	363,630	332,908	495,821	-2,098	158,489	1,896,716

Person in charge of the Company:

CFO:

Person in charge of Accounting Department:

Rechecked by:

Made by:

Shenzhen Nanshan Power Co., Ltd
Statement of Changes in Shareholders' Equity of Parent Company
as of J Jan.-Jun., 2008

Unit: RMB'000

Items	Owners' equity attributable to the parent company				Total owners' equity
	Share capital	Capital reserves	Surplus reserves	Retained profit	
I. Balance at the end of the last year	547,966	288,769	332,908	314,076	1,483,719
II. Increase/ Decrease in this year (Decrease is listed with"-")				48,732	48,732
(I) Net profit				65,171	65,171
(II) Profits and losses calculating into owners' equity					
1. Net changing amount of fair value of financial assets available for sale					
2. Effect of changes of other owners' equity of invested units under equity method					
3. Effect of income tax related to owners' equity					
4. Others					
Total of (I) and (II)					
(III) Owners' devoted and decreased capital					
1. Owners' devoted capital					
2. Amount calculated into owners' equity paid in shares					
3. Others					
(IV) Profit distribution				-16,439	-16,439
1. Withdrawal of surplus reserves					

2. Withdrawal of general risk provisions					
3. Distribution for owners (shareholders)				-16,439	-16,439
4. Others					
(V) Carrying forward internal owners' equity					
1. Capital reserves converted to capital (share capital)					
2. Surplus reserves converted to capital (share capital)					
3. Remedyng loss with profit surplus					
4. Others					
III. Balance at the end of this year	547,966	288,769	332,908	362,807	1,532,451

Person in charge of the Company:

CFO:

Person in charge of Accounting Department:

Rechecked by:

Made by:

I. Company Profile

Shenzhen Nanshan Power Co., Ltd. (Hereafter referred to as “the Company”) was reorganized to be a joint-stock enterprise from a foreign-invested enterprise under the approval of General Office of the People's Government of Shenzhen by issuing the SFBF [1993] No.897 Document. Registered address of the Company is 18 Yueliangwan Avenue, Nanshan District, Shenzhen, Guangdong Province, PRC. Shenzhen Energy Group Co., Ltd. (hereafter referred to as “the Energy Group”) was the biggest shareholder holding 26.08% shares in the company on Dec 31, 2007. When the Company was reorganized, its total capital stock was RMB103 million, face value of RMB 1 for each share. Under the approval of Shenzhen Securities Management Office by issuing SZBF [1993] No.179 Document in 1994, the Company issued 40 million RMB ordinary shares and domestic listed foreign-capital shares respectively to foreign and domestic investors and began the listing exchange in Shenzhen Stock Exchange respectively on July 1, and Nov. 28,1994. Total capital stock after this issue increased to RMB180 million.

In June 1995, the Company implemented such a dividend policy as distributing 1 share to every 10 shares, allotting RMB2.39 to every 10 initiator's shares and 10 directional corporation shares and 10 A-share public shares, allotting RMB 0.5 to every 10 domestic listed foreign-capital shares. After this policy was implemented, capital stock of the Company was increased by RMB18 million.

On Dec. 1st, 1997, the Company implemented a policy to expanding capital stocks from converting public reserve funds, i.e. converting to increase 8 shares to every 10 shares of all shareholders. After this policy was completed, capital stock of the Company was increased by RMB158.4 million.

On March 27th, 2001, the company implemented an allotment policy, i.e. allotting 3 shares to every 10 shares. There were 13.366 million shares are allotted this time of which shareholders of state-owned shares and corporate shares subscribed 32.68 million shares, shareholders of social public shares subscribed 10.098 million shares and all shareholders of domestic listed foreign-owned shares waived. After this allotment, capital stock of the Company was increased by RMB13.366 million.

On May 10th, 2001, the Company implemented the policy of distribution of bonus and dividend and conversion of public reserve funds to increase capital stock. Based on the total capital stock of 356.4 million shares on Dec. 31st, 2000, 2.5 shares were distributed and 2.5 shares of public reserve funds were converted to every 10 shares. After this policy was completed, capital stock of the Company was increased by RMB178.2 million.

Through the above modifications of shares, the total capital stock of the Company was RMB547.966 million.

II. Key Accounting Policies and Estimate

Key Accounting Policies and Estimate

(1) Accounting year

The accounting year is from Jan. 1st to Dec. 31st.

(2) Recording currency

Recording currency is RMB.

(3) Foreign currency translation

(a) Foreign currency translation

Foreign currency exchange is to translate foreign currency into RMB account as per the spot rate on the exchange date.

On the date of balance sheet, the foreign currency monetary items are to be translated into RMB as per the spot rate on the exchange date. The translation difference occurred is directly accounted into the current profits and losses with the exception that the exchange difference occurred in special foreign currency loan used for acquiring or producing the assets meeting the conditions of capitalization is treated in the principle of capitalization. Foreign currency non-monetary items that are calculated by historical cost are translated on the date of balance sheet as per the spot rate on the exchange date.

(b) Translation of foreign currency financial statement

Assets and liabilities items in the balance sheet of overseas business operation are translated as per the spot rate on the date of balance sheet. But for the undistributed profit items in the shareholders equity, other items are translated as per the spot rate when profit occurs. Income and expense items in the profit statement of overseas business operation are translated as per the spot rate on the date of exchange. The translation difference of foreign currency statement occurred in the translation are listed as individual item in shareholder equity.

Foreign currency cash flow and cash flow in the overseas subsidiaries are translated as per the spot rate on the date of cash flow. The influence amount of exchange rate fluctuation on cash is listed individually in the cash flow statement.

(4) Cash and cash equivalents

Cash listed in the cash flow statement means the cash on hand and deposits payable at any time; cash equivalents mean the investment with short term, strong flowability, easy to convert the known cash amount and low risk against value changes.

(5) Financial assets

Classification of financial assets at initial recognition is: financial asset at fair value through profit or loss, receivables, financial assets available for sale, and held-to-maturity investment. Financial assets are classified relying upon the intention and capability held of the Group on financial assets. During the accounting year, the Group held accounts receivable.

(a) Receivables

Receivables the non-derivative financial assets for which there is no quoted price in the active market and that recoverable amount is fixed or determinable, including receivable and other receivables (Note IV (6)). Receivables adopt effective interest method and are measured amortized cost.

(b) Conformation and measurement

Financial assets were confirmed as per fair value in balance sheet when the Group became one party of financial instrument contract. Exchange expense related to receivables was accounted into the amount of initial recognition. When the right of certain financial asset to charge the cash flow terminates, or almost all risks and payments on ownership of the financial asset have been transferred to the carrying party, conformation on this financial asset should be terminated.

(c) Impairment of financial assets

The Group examines the book value of financial assets on the date of balance sheet and provision for impairment should be made on any impairment that is proved objectively may occur on certain financial asset.

Provision for impairment should be made on any financial asset measured by amortized cost as per the difference that the present value of future cash flow (excluding the loss of future credits not yet occurred) lowers than book value. It is objectively related to the events that occur after such loss is recognized, and the impairment-related losses as originally recognized shall be reversed and be recorded into the profits and losses of the current period.

(6) Receivables

Accounts receivable include accounts receivable and others. The accounts receivable produced by selling products to the public or providing labor services of the Group take the fair value of contract or agreement price receivable from the purchaser as amount of initial recognition. The receivables, adopting actual interest rate method, are listed by the net of amortized cost less the provision for bad debt.

An impairment test and provisions for bad debt shall be made on the receivables with significant single amounts if any objective evidence shows that the Group is unable to recover all accounts as per the former articles according to the difference that the present value of future cash flow (excluding the loss of future credits not yet occurred) lowers than book value.

The financial assets with insignificant single amounts together with the unimpaired receivables after individual test shall be included in several combinations by credit risk features. Based on actual loss rate of any receivable combination with same or similar risk features as previous years and considering the current condition, provision for bad debt in this year shall be determined.

(7) Inventories

Inventories include fuel, spare articles and parts, auxiliary material and low-value consumable article and are listed by cost or net realizable value, whichever is lower.

Cost of inventories at delivery is accounted by method of weighted mean, while fuel or service or maintenance cost inventories under consumption shall be included depending on the conditions.

Provisions for decline in value of inventory shall be made according to the difference that cost is higher than the net realizable value, while the net realizable value is determined by the estimated sale price of inventories less the estimated sales expense and taxes concerned in the daily activities.

Inventory system of the Group adopts perpetual inventory system.

(8) Long term equity investment

Long term equity investment includes the equity investment of the Company in its subsidiaries and equity investment of the Group in joint ownership enterprises.

(a) Subsidiary

Subsidiary means the invested company in which the Group has right to determine the financial and business policies and acquires profits from the business activities. The current convertible company bonds, current exercisable warrant and other potential voting rights should be taken into account in determining if an invested entity can be controlled. Investment in subsidiaries is listed as the amount determined by cost method in the individual financial statement of the Company and consolidated after adjustment by equity method in compiling the consolidated financial statement.

Long term equity investment adopting cost accounting method is measured by initial investment cost. The allotted cash dividend or profit announced by invested entity is recognized as the current investment return. The investment income recognized by the investing enterprise shall be limited to the amount received from the accumulative net profits that arise after the invested entity has accepted the investment. Where the amount of profits or cash dividends exceeds the aforesaid amount, it shall be regarded as recovery of initial investment cost.

(b) Jointly-run enterprise

Jointly-run enterprise means the invested entity for which the Group has significant influence on its financial and business decisions.

The initial measurement of investment in the jointly-run enterprise shall be made as per actual cost by adopting the equity method for subsequent measurement. If the initial cost is more than the attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the initial cost; if the initial cost is less than the attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously.

The Group recognizes the current investment equity according to the enjoyed or undertaken net equity share of invested entity while equity method is employed. The Group shall recognize the net losses of the invested enterprise until the book value of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested entity are reduced to zero, but the Group bears the obligation to undertake extra losses and continue to recognize the investment loss and expected liabilities where the recognition conditions for expected liabilities meet the rules of contingencies. Where any change is made to the shareholders equity other than the net profits and losses of the invested entity, the book value of the long-term equity investment shall be adjusted and be included in the shareholders equity. The Group shall, in the light of the profits or cash dividends declared to distribute by the invested entity, calculate the proportion it shall obtain, and shall reduce the book value of the long-term equity investment correspondingly.

Internal exchange equity occurred between the Group and the invested entities, according to the shareholding proportion, belonging to the Group shall be counteracted and the investment equity should be recognized on such a basis. Internal exchange equity occurred between the Group and the invested entities belonging to the impairment of assets shall be recognized in sum and the corresponding unrealized equity shall not be counteracted.

(c) Other long term equity investment

A long-term equity investment for which Group does not control, jointly control or does not have significant influences on the invested entity and that has no offer in the active market and its fair value cannot be reliably measured adopts the cost accounting method.

(d) Impairment of long term equity investment

Where the recoverable amount of a long term equity investment is less than its book value, its book value shall be recorded as recoverable amount (Note II (14)).

(9) Fixed assets

Fixed assets include houses and buildings, mechanical equipments, transport tools and other equipments. The initial measurement of purchased or newly-built fixed assets shall be made as per their actual cost.

The subsequent expenses related to a fixed asset for which the pertinent economic benefits are likely to flow into the enterprise and the cost can be measured reliably can be accounted into cost of the fixed assets; the book value of substituted part shall be terminated the confirmation; all other subsequent expenses shall be accounted the current profits and losses upon the occurrence.

The depreciation of gas turbine set in the mechanical equipments adopts work load method according to the percentage of actual power generation hours in total expected power generation hours after the face value less the expected net salvage value. The expected net salvage value rate of gas turbine set is 10%.

With exception of the gas turbine set, the depreciation of fixed assets adopts straight-line method that is depreciated as per the book value less the expected net salvage value within the expected service life. For fixed assets that provision for decline in the value of fixed asset has been made, the depreciation shall be determined by the book value less the provision for decline in the value of fixed asset and the expected remaining service life.

The expected service life, expected net salvage value rate and annual depreciation rate of fixed assets other than gas turbine set are listed as follows:

	Expected service life	Expected net salvage value ratio	Yearly depreciation
House and buildings	20 years	10%	4.5%
Machinery equipment	10 years	10%	9%
Transportation facilities	5-10 years	10%	9%-18%
Other equipments	5 years	10%	18%

Check and adjust the expected total electricity generation hours of the gas turbine generator unit, expected service life of fixed assets excluding gas turbine generator unit, expected net salvage value and method of depreciation at the end of every year.

When the recoverable amount of fixed assets is lower than its book value, calculate the book value as the recoverable amount (note II (14)).

For the fixed assets for sales, show with the lower amount of book value and fair value subtracting treatment expenses. As for the amount lower than former book value of fair value subtracting treatment expenses, determine as assets impairment loss.

When the fixed assets are disposed, or can not make economic benefits after expected use or treatment, stop to verify the fixed assets. Calculate the treatment income of sales, transfer, reject or damage of fixed assets after deducting its book value and relevant tax into profits and losses of the current period.

(10) Project under construction

Measure the project under construction as per actual incurred cost. The actual cost includes construction cost, necessary expenditure for reaching agreed serviceable condition and loans satisfying capitalization conditions incurred before it reaches serviceable condition s. When the project under construction reaches to agreed serviceable condition, turn it into fixed assets and calculate depreciation from the next month.

When the recoverable amount of project under construction is lower than the book value, calculate the book value as recoverable amount (note IV (14)).

(11) Intangible assets

The Intangible assets include land use right, project priority benefit and software license, etc, measuring as actual cost.

(a) Land use right

The land use right is averagely amortized as per the service life of 20 years to 70 years. As for the cost of outsourcing land and building difficult to rationally distribute between land use right and building, take as fixed assets.

(b) Project priority benefit

The project priority benefit is averagely amortized as per the contract agreed period of 5 years.

(c) Software license

The software license is amortized averagely as per the expected life of 5 years.

(d) Intangible assets depreciation

When the recoverable amount of the assets is lower than its book value, write down the book value as recoverable amount (notes II (14)).

(e) Periodically check service life and amortization methods

Check and adjust the expected life and its amortization methods of intangible assets with limited service life at the end of the year.

(12) Goodwill

The goodwill is the balance of fair value share gotten by equity investment cost exceeding enjoyed invested unit in investment acquisition day, or the balance of fair value share of the cost of enterprise combination not under same control exceeding the buyer's identifiable net assets obtained on the purchase date.

The goodwill formed by enterprise combination should be separately listed on the financial statement. When the investment cost of purchasing equity of joint venture exceeds the investment, it shall enjoy the balance of fair value share of invested unit, including long-term equity investment.

The goodwill formed by enterprise combination should be made impairment test annually at least. When making impairment test, the book value of goodwill is apportioned to beneficial assets group or combination of assets group as per the synergistic effect of enterprise combination. The impairment of assets group or combination of assets group is shown in notes II (14). The goodwill at the end of period is shown as the net amount of cost subtracting accumulated impairment loss.

(13) Long-term deferred expenses

The long-term deferred expenses includes the expenditures incurred in major repair and improvement of the rented fixed assets, which is amortized averagely as per expected benefit period in instalments, and shown as the net amount of actual expenditure subtracting accumulated amortization.

(14) Impairment of assets

No matter whether there is any sign of possible assets impairment, the goodwill separately listed in the financial statement shall be subject to impairment test every year at least once. Make impairment test for the fixed assets, project under construction, intangible assets and long-term equity investment, which exists possible assets impairment. If the test shows the redeemable amount is lower than book value, set up the provision for impairment as per the balance and number in the impairment loss. The recoverable amount is the higher one of net value of fair value of assets subtracting disposal expense or the future cash flow expected by assets. The fixed assets depreciation reserves is calculated and affirmed based on single item assets, if the recoverable amount on single item assets is difficult to estimate, determine as assets group it belongs. The assets group is minimum assets combination producing separately cash inflow.

Once determining the above assets impairment shall not be returned if the value recovers in the future periods.

(15) Borrowing costs

As for the borrowing costs that can be directly assigned to construction fixed assets that only can reach expected service state after quite long activities of construction, capitalize and number in the cost of the assets when the assets expenditure and borrowing cost has incurred and the necessary construction activities needed for reaching scheduled serviceable condition of assets. Stop capitalization when the constructed assets reach to scheduled serviceable condition, and the borrowing costs incurred thereafter shall be recorded in current profits and losses. Where the construction of an asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended until the restart of construction of assets.

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed. Where a general borrowing is used for the construction or production of assets eligible for

capitalization, calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing, while the capitalized amount not exceeds the interest range actually incurred of relevant borrowing in current period.

(16) Loan

The loan deducting transaction cost as per fair value shall be subject to initial measurement, and make subsequent measurement as per the amortized cost adopting effective interest method. The loan paying in 12 months (including 12 months) from balance sheet date is short-term loan, and others are long-term loan.

(17) Employee compensation

The employee compensation mainly includes expenditures relevant to obtain services offered by employee, such as salary, bonus, allowance and subsidy, welfare expense, social insurance charges, housing accumulation fund and labour-union expenditure, etc.

Determine payable compensation during the period of employee offering services, and charge against relevant asset cost and expenditure according to the beneficial objective of services employee offered.

(18) Asset of deferred income tax and liability of deferred income tax

Calculate and determine the asset of deferred income tax and liability of deferred income tax as per the balance (temporary differences) of tax basis of asset and liability and its book value. As for the deductible loss that can be carried out forward to the next year as per the stipulations of tax law, the corresponding deferred income tax assets shall be determined as the temporary differences. As for the temporary differences produced by initial recognition, the corresponding deferred income tax liability shall be not determined. As for the temporary differences produced by initial recognition of assets or liabilities produced in the non-enterprise combination which not only influences accounting profit, but also influences taxable income (or deductible loss), the corresponding deferred income tax assets and liabilities shall not be determined. On balance sheet date, deferred income tax assets and liabilities shall be measured at the tax rate applicable to the period which the assets are expected to be recovered or the liabilities are expected to be settled.

The group shall recognize the deferred income tax assets to the extent of the amount

of deductible temporary difference, deductible loss and tax deduction which are most likely to obtain and which can be deducted from the deductible temporary difference.

Recognize the deferred income tax assets and liability arising from temporary difference related to the investments of companies and subsidiary companies. As for the temporary difference the group can control the reversed time and not likely to be reversed in the expected future, do not recognize.

(19) Recognition of income

Recognize the amount of income as per the fair value of received or receivable contract or agreement when the group selling products and commodity and rendering service in the daily operating activities. The income is shown as per the net amount deducting value added tax.

Recognize corresponding income for the economic benefits relevant to transaction which can flow into the group, relevant income can be measured reliably and satisfy the special income recognition standard of following operating activities.

(a) Selling products and commodities

Recognize the income of power selling when it is transferred to Shenzhen Power Supply Bureau of Guangdong Power Grid Co. and Transmission Center of Guangdong Power Grid Co. Recognize income of thermal selling when transferring the vapor to customer. After transporting the fuel to agreed delivery place as per stipulations of agreement, the income of fuel selling shall be recognized by purchaser after acceptance.

(b) Rendering of service

This group renders service outside and recognizes income as per percentage of completion. The group recognizes finishing schedule as per the percentage of incurred cost to expected total cost.

(c) Abalienating right to use assets

Calculate and recognize the interest income basis on time proportion adopting actual interest rate.

(20) Government subsidies

The government subsidies shall be recognized when the group satisfies all conditions it attached and can be accepted. If the government subsidies are monetary assets,

measure as per the amount actually received; for the subsidies appropriating as per fixed quota standard, measure as per receivable amount; for government subsidies are not monetary assets, measure as fair value; for the fair value can not get reliably, measure as per nominal amount and record into profits and losses of the current period.

Recognize the government subsidies relevant to assets as deferred income, averagely distribute in the expected service life of relevant assets, and record into profits and losses of the current period.

If the government subsidies relevant to income used to compensate relevant cost or loss in the enterprise's future, recognize it as deferred income, and record into profits and losses of the current period during the period of recognizing relevant costs; for that used to compensate relevant costs or loss happened, record directly into profits and losses of the current period.

(21) Lease

The lease actually transfers all risks and reward relevant to ownership of financial asset is financial lease. Other leases are operating lease.

The rent of operating lease shall be recorded into relevant asset cost or profits and losses of the current period according to straight-line method during the lease term.

(22) Dividend distribution

Recognize the cash dividends on current period approved by general meeting of shareholders as liabilities.

(23) Combination of enterprise

(a) Combination of enterprise under the same control

The combination value paid and net assets obtained by combining party shall be measured as book value. For balance of book value of net assets obtained by combining party and book value of combination value paid, adjust capital surplus. If the capital surplus is not enough to reduce, adjust the retained profits.

Record the direct relevant expense incurred for combination of enterprise into profits and losses of the current period.

(b) Combination of enterprise not under the same control

The combination cost of combining party and identifiable net assets obtaining from

the combination shall be measured as per the fair value on its purchased date. The difference of combination cost larger than the fair value of identifiable net assets on purchased date obtained by combining party shall be recognized as goodwill; the difference of combination cost larger than the fair value of identifiable net assets on purchased date obtained by combining party shall be recorded into profits and losses of the current period.

The direct relevant expenses incurred during combination of enterprise shall be recorded into cost of combination of enterprise.

(c) Purchase equity of minority shareholders

The long-term equity investment added shall be treated as per the stipulations in note IV (8) "long-term equity investment".

The cost of long-term equity investment added because of purchasing of minority equity shall enjoy the difference of identifiable net assets fair value of subsidiary on trading day calculating as per equity proportion newly obtained, showing in combined balance sheet as goodwill.

The cost of long-term equity investment added because of purchasing of minority equity and calculating as per equity proportion newly obtained shall enjoy subsidiaries' difference of identifiable net assets calculated from purchased date (or combination date), excluding the parts recognized as goodwill, adjust and combine the capital surplus in the balance sheet and adjust the retained income if the balance of capital surplus is insufficient to reduce.

(24) Preparing method of combined financial statement

The combination range of combined financial statement comprises the company and subsidiary.

From the day obtaining actual control power, the group shall begin to combine it; stop to combine from the day losing actual control power. All major working balance, transaction and unrealized profit in the group shall be offset when preparing combined financial statement. The parts not possessed by parent company in the shareholders' right of subsidiaries shall be shown as rights of minority shareholders under shareholders' equity in the combined financial statement.

If the accounting policies and accounting periods adopted by the subsidiaries are different from those adopted by the company, an adjustment shall be made to the subsidiaries' financial statement of the company in accordance with the accounting policies and accounting periods of the company when preparing combined financial statement.

For the subsidiaries enterprise obtained not under same control, when preparing combined financial statement, adjust its separate financial state basis on fair value of identifiable assets on purchased date; for the subsidiaries enterprise obtained under same control, regard the combination of enterprise had happened at the beginning of period of report period, take its assets, debts, business result and cash flow from the beginning period of report into combined financial statement, and the net profit realized before combination date shall be reflected separately in the combined financial statement.

(25) Determination of fair value of financial instruments

For the financial instruments with activated market, determine its fair value as per the quote in activated market. For the financial instruments without activated market, determine its fair value adopting estimation technology. The estimation technology includes reference to familiar conditions and the price used in market transaction by each party voluntarily, and reference to the current fair value and discounted cash flow technique of other financial assets with same nature. When adopting estimation technology, try best to use market parameter to a great extent and reduce to use specific parameters relevant to this group.

(26) Important accounting estimate and judgment

This group continuously evaluates the adopted important accounting estimate and critical assumption according to historical experience and other factors, including rational expectation of future items.

III. Tax

Main taxation items and its tax rate applicable in the year of group are shown as follows:

Taxation items	Tax rate	Tax base
Business tax	income 15%, 17.5%, 18%, 20%, 27% and 33%	Taxable income Added value of taxable income (the taxable income is calculated by sales amount of taxable income multiply applicable tax rate after deducting the input tax permissible deduction in the current period)
Value added tax	13% and 17%	
Sales tax	3% and 5%	Turnover of taxable income

IV. Subsidiaries

Subsidiaries of combination of enterprise not under same control and obtained through other methods:

Place of regist ration	Registered capital	Business nature and scope	Equity proportion held by the company		Vote proportion of the company	
			Direct	Indirec t	Direct	Indirec t
SHENNAN ENERGY (SINGAPORE) PTE LTD	Singa pore	S\$ 1,500,000	Agent the gas turbine and its spare parts and Sino-foreign joint venture self-use fuel	100%	-	100%
HONG KONG SYNDISOME CO.,LIMITED	Hong Kong	HK\$ 200,000	Export and import trade	-	100%	-
Shenzhen New Power Industrial Co., Ltd. China (New Power)		RMB 113,850,000	Technology development of surplus heat utilization, power generation of heat utilization and gas turbine	75%	25%	75% 25%
Shennandian (Zhongshan) Electric China Power Co., Ltd.		RMB 396,800,000	Power generation of gas turbine and heat utilization Technology consultation of the construction engineering of gas, vapor combined and circulated power plant, and maintenance and overhaul of relevant operating equipments	55%	25%	55% 25%
Shenzhen Shennandian Gas Engines Engineering Technology Co., Ltd.	Engines China	RMB 10,000,000		60%	40%	60% 40%
Shennandian	China	USD	Construction and	40%	30%	40% 30%

(Dongguan) Weimei Electric Power Co., Ltd.	35,040,000	operation of natural gas power plant					
Zhongshan Power China Plant Co., Ltd	RMB 60,000,000	Produce and electricity generation	75%	-	75%	-	
Zhongshan Zhongfa China Power Co., Ltd.	RMB 177,800,000	Produce and electricity generation	75%	-	75%	-	
Shenzhen Shennandian Envionment Protection China Co., Ltd.(Note)	RMB 24,163,710	Dry up the sludge of sewage	70%	30%	70%	30%	
Shenzhen Xiefu Oil China Supply Co., Ltd	RMB 53,300,000	Self-operation or agent for export and import of fuel	50%	-	50%	-	
Huidong Xiefu Port Overall Development China Co., Ltd. (Note (2))	RMB 8,620,000	Construction and operation of integrated dock and its matching facilities	-	42%	-	84%	
Huidong Harbour Development Co., Ltd. China (Note (3))	RMB 10,000,000	Construction and operation of sundries dock, petroleum product dock (from Guangdong and its matching facilities)	-	23%	-	55%	

Note: In April, 2008, the Company and HONG KONG SYNDISOME CO., LIMITED jointly offered funds amounted to RMB 24,163,710 to set up Shenzhen Shennandian Envionment Protection Co., Ltd., of which the Company accounted for 70% equities, HONG KONG SYNDISOME accounted for 30% equities, because HONG KONG SYNDISOME was the indirect controlling 100% equities subsidiary of the Company, the Company directly and indirectly hold 100% equities of Shenzhen Shennandian Envionment Protection Co., Ltd.. the business scope of Shenzhen Shennandian Envionment Protection Co., Ltd was drying up the sludge of sewage. In the report period, the Company took Shenzhen Shennandian Envionment Protection Co., Ltd. into the consolidated scope of financial statement. Ended now, the company is under the stage of preparing for construction.

V. Notes to the Consolidated Financial Statements

(1) Monetary Capital

Jun. 30, 2008

RMB'000

Dec. 31, 2007

RMB'000

Cash	704	764
Bank Deposit (Note 1)	413,038	400,434
Other Monetary Assets (Note 2)	135,353	17,974
	<u>549,095</u>	<u>419,172</u>

The money capital included the following foreign currency balance:

	Jun. 30, 2008			Dec. 31, 2007		
	Amount of foreign currency RMB'000	Exchange Rate	RMB. Converted into RMB'000	Amount of foreign currency RMB'000	Exchange Rate	RMB. Converted into RMB'000
Dollar	2,540	6.8591	17,424	289	7.3046	2,111
Hong Kong Dollar	4,572	0.8792	4,020	18,629	0.9364	17,444
Euro	8	10.8302	83	8	10.6669	85
Singapore Dollar	205	5.0405	<u>1,033</u>	205	5.0518	<u>1,036</u>
			<u>22,559</u>			<u>20,676</u>

In the last period of the report, the monetary fund has increased 31% compared to the beginning of the year, is mainly that received the account receivable in the end of period.

(2) Accounts Receivable and Other Notes Receivable

(a) Accounts Receivable

	Dec. 31, 2007	RMB'000	Jun. 30, 2008	RMB'000
Accounts Receivable	630,470		834,497	
		Increasing of current year RMB'000	Decreasing of current year RMB'000	
Minus: bad debt reserves	(11,126)			
	<u>619,344</u>		<u>823,371</u>	

The corresponding analysis on accounts receivable and bad debt reserves are as follows:

	Jun. 30, 2008				Dec. 31, 2007			
	Amount RMB'000	Ratio of the Total	Bad debt reserves RMB'000	Withdra wal Rate	Amount RMB'000	Ratio of the Total	Bad debt reserves RMB'000	Withdra wal Rate
Within a year	811,462	97%	-	-	607,435	96%	-	-
One to two years	17,800	2%	6,791	38%	17,800	3%	6,791	38%
Two to three years	1,000	-	100	10%	1,000	-	100	10%
Over three	4,235	1%	4,235	100%	4,235	1%	4,235	100%

<u>834,497</u>	<u>100%</u>	<u>11,126</u>	<u>2%</u>	<u>630,470</u>	<u>100%</u>	<u>11,126</u>	<u>2%</u>
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The analysis on the accounts receivable is made in accordance with their types as follows:

	Jun. 30, 2008				Dec. 31, 2007			
	Amount	Ratio of the Total	Bad debt reserves	Withdrawal Rate	Amount	Ratio of the Total	Bad debt reserves	Withdrawal Rate
	RMB'000		RMB'000		RMB'000		RMB'000	
Significant single amounts	802,561	96%	-	-	598,534	95%	-	-
Insignificant single amounts with high portfolio risk	4,235	1%	4,235	100%	4,235	1%	4,235	100%
Others	27,701	3%	6,891	25%	27,701	4%	6,891	25%
	<u>834,497</u>	<u>100%</u>	<u>11,126</u>	<u>2%</u>	<u>630,470</u>	<u>100%</u>	<u>11,126</u>	<u>2%</u>

Till to Jun 30, 2008, to the accounts receivable, there were no debts of the shareholders who hold over 5% (including 5%) voting rights.

The total amount of the debts belonging to the top five debtors was RMB 630,423,693, which should be collected at the end of year, accounting for 76% of the total account receivables. And all the account receivable ages were less than one year.

In the last period of the report, the account receivable has increased 32.94% compared to the beginning of the year, is mainly because the increasing of the power rate made the sales account receivable increase.

(b) Other Notes Receivable (Continued)

	Dec. 31, 2007	Jun. 30, 2008
	RMB'000	RMB'000
Current Amount Receivable from Zhongfa Electricity	-	-
Fund receivable from Huizhou Dashi Lake Project	14,312	14,312
Bail against litigation receivable from Dongbao Power Plant	-	-
Current Amount Receivable from Shenzhen Hehe Investment Development Company Ltd.	5,482	5,482
Current Amount Receivable from Nanshan Investment Management Company Ltd.	5,896	5,896

Current Amount Receivable from Zhongshan Guanzhong Investment Company Ltd.	9,557	2,622
Others	28,975	36,347
	64,222	64,659

Increase in this decrease in this

year year
RMB'000 RMB'000

Minus: bad debt reserves	(30,498)	-	(30,498)
	33,724		34,161

The analysis on other accounts receivable and corresponding bad debt reserves are as follows:

	Jun. 30, 2008				Dec. 31, 2007			
	Amount	Ratio of the Total	Bad debt reserves	Withdraw Rate	Amount	Ratio of the Total	Bad debt reserves	Withdraw Rate
	RMB'000		RMB'000		RMB'000		RMB'000	
Within a year	26,416	41%	-	-	25,979	40%	-	-
One to two years	526	1%	26	5%	526	1%	26	5%
Two to three years	70	-	7	10%	70	-	7	10%
Over three	37,647	58%	30,465	81%	37,647	59%	30,465	81%
	64,659	100%	30,498	47%	64,222	100%	30,498	47%

The analysis on other accounts receivable is made in accordance with their types as follows:

	Jun. 30, 2008				Dec. 31, 2007			
	Amount	Ratio of the Total	Bad debt reserves	Withdraw Rate	Amount	Ratio of the Total	Bad debt reserves	Withdraw Rate
	RMB'000		RMB'000		RMB'000		RMB'000	
Significant single amounts	24,306	38%	14,312	60%	23,869	37%	14,312	60%
Insignificant single amounts with high portfolio risk	12,874	20%	12,874	100%	12,874	20%	12,874	100%
Others	27,479	42%	3,312	12%	27,479	43%	3,312	12%
	64,659	100%	30,498	47%	64,222	100%	30,498	47%

In the other accounts receivable, there were no debts of the shareholders who hold over 5% (including 5%) voting rights.

The amount of other account receivable owed by the top five debtors in the end of this year was RMB 29,864,000 accounting for 46% of the total account receivables.

No significant foreign currency balance existed in other account receivable.

(3) Advance Payment

Age	Jun. 30, 2008		Dec. 31, 2007	
	Amount	Ratio of the Total	Amount	Ratio of the Total
	RMB'000		RMB'000	
Within a year	28,992	96%	32,984	96%
Over a year	1,358	4%	1,358	4%
	<u>30,350</u>	<u>100%</u>	<u>34,342</u>	<u>100%</u>

In the advance payment, there were no debts of the shareholders who hold over 5% (including 5%) voting rights.

No significant foreign currency balance existed in the advance payment.

(4) Inventory

Cost I	Dec. 31, 2007 RMB'000	Increasing during the year		Jun. 30, 2008 RMB'000
		RMB'000	RMB'000	
Fuel	237,772	5,818,476	5,326,636	729,612
Spare parts	125,673	10,252	11,119	124,806
Supplementary material	10,938	18,341	20,211	9,069
Low-value consumables	433	519	527	425
	<u>374,816</u>	<u>5,847,589</u>	<u>5,358,493</u>	<u>863,912</u>
Minus: Inventory Price- Reduction—				
Spare parts		(6,844)	-	(6,844)
		<u>367,972</u>		<u>857,068</u>

In the last period of the report, the stored goods has increased 132.92% compared to the beginning of the year, it mainly because that the large rising of the fuel price and the approaching of the electricity generation peak made the fuel stock increase.

(5) Long-term investment on stocks

	Jun. 30, 2008 RMB'000	Dec. 31, 2007 RMB'000
Joint Enterprises (a)	63,857	21,000
Other long-term investment on stocks (b)	<u>94,585</u>	<u>94,585</u>
	158,442	115,585
Minus: Depreciation reserves for long-term investment on stocks (c)	(2,500)	(2,500)
	<u>155,942</u>	<u>113,085</u>

(a) Joint Enterprises

	Registered Address	Nature of business	Registered capital RMB'000	Shareholdin g proportion	Ratio of voting rights
Xinchang Power	China	Power Production and sale	70,000	30%	30%

Till to December 29, 2007, our Company had contributed RMB 63,857,143 to the China Power Investment Jiangxi Xinchang Power Generation Company Ltd., (Hereinafter refers to as "Xinchang Power" jointly established with China Power Investment Corporation, accounting for 30% equities till Jun 30, 2008.

(b) Other long-term investment on stocks

Till to June 30, 2008, the other long-term investment on stocks included 3.8% equities of Tongling Wanneg Power Company Ltd. (Hereinafter refers to as " Tongling Wanneg"), 10% equities of Shenzhen Energy Environmental Protection Engineering Co., Ltd.(Hereinafter refers to as "Energy Environmental Protection"), and 4% equities of Shenzhen Petrochemical Oil Products Bonded Trading Co., Ltd (Hereinafter refers to as "Petrochemical Oil Products Bonded") held by Shenzhen Xiefu Oil Supply Company Limited, the subsidiary company of Shenzhen Nanshan Power Co., Ltd. In April 2008, RMB 16, 800, 00 which had been invested to Shenzhen Shennan Electricity Environmental-protection Co., Ltd. (Shennandian Environmental Protection) directly and indirectly occupied 100% rights and interests.

(c) Depreciation reserves for long-term investment on stocks

The company had conducted the depreciation reserves for full RMB 2, 500,000 of Petrochemical Oil Products Bonded in previous years.

(6) Fixed Assets

	Housing and Building RMB'000	Equipment RMB'000	Transportatio n equipment RMB'000	Other equipment RMB'000	Total RMB'000
Original Price					
December 31, 2007	471,961	3,970,747	43,974	57,500	4,544,182
Re-classification adjustment					
Transfer of Project under construction	168	2,555			2,723
Acquisition of subsidiaries					
Increasing of current year	530	1,754	837	267	3,388
Decreasing of current year	4307	246,946	1,578	301	253,132
June 30, 2008	468,351	3,728,110	43,234	57,466	4,297,161
Accumulated depreciation					
December 31, 2007	139,318	1,440,701	38,133	44,366	1,662,518
Re-classification adjustment					
Withdrawning of current year	12,457	108,235	2,257	767	123,715
Decreasing of current year	298	144,036	314	55	144,702
June 30, 2008	151,477	1,404,900	40,076	45,077	1,641,531
Depreciation reserves					
June 30, 2008	23,540	-	-	-	23,540
Net Value					
June 30, 2008	293,333	2,323,210	3,157	12,389	2,632,090
December 31, 2007	306,975	2,530,046	5,841	13,134	2,855,996

Till to June 30, 2008, the equipment valuing net RMB 362,469,026 (Original value of RMB 416,257,000) was used as the mortgage of the long-term borrowings valuing RMB 180,000,000.

Till to June 30, 2008, the generator sets with the net value of RMB 95, 322,000 (Original value of RMB98, 301,000) had been idle because of the termination of power generation business of Zhongshan Power Plant and Zhongfa Power Co., Ltd.

Till to June 30, 2008, the fixed asset with the net value of RMB73, 395,000 (Original value of RMB733, 947,000) was withdrawn the depreciation enough but still being used. (Till to December 31, 2007, the depreciation has been withdrawn enough.)

(7) Project under construction

Project Name	Company	Budget	Dec. 31, 2007	Increasing of current year	Transferred fixed asset	Jun. 30, 2008	Capital	Proportion of the project investment in the budget	
								RMB'000	RMB'000
1 Replacing the Small Unit With Nanshan Power Bigger One	Nanshan Power (Zhongshan)	1,220,000		-				Self-raised and Borrowings	100%
2 Gas instead of Oil Project	Nanshan Power (Zhongshan)	34,000	5,281	40		5,321	Self-raised	16%	
3 Office building decoration	Weimei Power	3,000	1,667	1,685		3,352	Self-raised	56%	
4 Gas instead of Oil Project	Weimei Power	44,800	1,158	5,417		6,575	Self-raised	3%	
5 Gas instead of Oil Project	The Company	21,838	10,603	8,883	458	19,029	Self-raised	29%	
6 Equipment Renovation Project	The Company	9,284	1,199	3,437		4,636	Self-raised	75%	
7 Other Project			1,255	5,943		7,198			
			21,163	25,405		46,110			
Of which: Capitalization Amount of Loan Cost									
—Replacing the Small Unit With Nanshan Power Bigger One (See Note VII(27))									

(8) Intangible Assets

	Original Price RMB'000	Dec. 31, 2007 RMB'000	Increasing of current year RMB'000	Transferri ng of current year RMB'000	Amortizat ion of current year RMB'000	Dec. 31, 2008 RMB'000	Accumula ted amortizati on amount RMB'000
Land use right (Note 1)	1,114,838	1,073,971	4,658		9,597	1,069,032	45,806
Projects preferential earning right (Note 2)	-	-					
Software use right	218	150	4,658	22	128	90	
	<u>1,115,056</u>	<u>1,074,121</u>	<u>4,658</u>	<u>9,619</u>	<u>1,069,160</u>	<u>45,896</u>	
Minus: depreciation reserves for intangible assets-Land use right			(6,768)	-	-	(6,768)	
			<u>1,067,353</u>	<u>4,658</u>	<u>9,619-</u>	<u>1,062,392</u>	

Till June 30, 2008, the part of land use right of the Company had been used as the mortgage of bank load for Power Development and the temporary loan of the Company to Zhongshan Xingzhong Company Limited.

(9) Long-term deferred expenses

	Jun. 30, 2008 RMB'000	Dec. 31, 2007 RMB'000
Improvement of the rented fixed assets	<u>3,074</u>	<u>2,762</u>

(10) Short-term Loan

	Jun. 30, 2008 RMB'000	Dec. 31, 2007 RMB'000
Loan in credit	1,584,275	1,255,391
Loan in assurance —Guarantee	1,221,210	1,113,790
—Pledge	115,554	115,554
	<u>2,921,039</u>	<u>2,484,735</u>

(11) Notes Payable

	Jun. 30, 2008 RMB'000	Dec. 31, 2007 RMB'000
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Banker's acceptance	240,000	129,910
Commercial acceptance	210,624	124,180
	<u>450,624</u>	<u>254,090</u>

All notes payable expire within six months.

(12) Account Payable

Till June 30, 2008, in the accounts payable, there should be no fund of the shareholders who hold over 5% (including 5%) voting rights.

Till June 30, 2008, in the accounts payable, there should be no the significant fund with the age over one year.

In the end of the report period, the account payable has increased 80.79% compared to the beginning of the year, it mainly because the payment for goods to supplier's was increased.

(13) Advance receipts

Advance receipts are the fund that does not pay in advance to shareholders holding over 5% (including 5%) voting rights of the Company within a year.

In the last period of the report, the advance receipt has increased 836.19% compared to the beginning of the year; it is mainly because increasing of the advance receipt.

(14) Wages payable

	Dec. 31, 2007 RMB'000	Increasing of current year RMB'000	Decreasing of current year RMB'000	Dec. 31, 2007 RMB'000
Wages, bonuses, allowances and subsidies	46,914	55,870	-56,027	46,756
Workers' welfares		1,050	-1,067	-16
Social insurance premiums	15,902	9,094	-4,119	20,877
of which, Medicare	4,905	2,119	-942	6,082
Basic endowment insurance	10,971	6,842	-3,044	14,768
Unemployment insurance premium	6	76	-76	6
Work injury insurance premium	18	57	-57	18
Childbirth insurance	2	0	0	2

premium				
Housing accumulation fund	4,110	3,349	-2,733	4,727
Labor-union expenses and staff education expenses	1,091	1,203	-1,245	1,049
Others	394	396	0	790
	68,411	70,962	-65,191	74,182

(15) Tax payable

	Jun. 30, 2008 RMB'000	Dec. 31, 2007 RMB'000
Corporate income tax payable	13,827	2,930
Business tax payable	1,650	742
VAT to be deducted—input tax	-283,215	-182,782
Individual income tax payable	584	1,061
Urban maintenance and construction tax payable	1,189	1,190
Others	271	267
	-265,693	-176,592

(16) Dividends payable

	Jun. 30, 2008 RMB'000	Dec. 31, 2007 RMB'000
Domestic listed Renminbi common shareholder payable	16,448	9

The Company implemented the profit distribution plan of 2007 in the current period.

(17) Other payables

	Jun. 30, 2008 RMB'000	Dec. 31, 2007 RMB'000
Temporary borrowings to Power Development payable	199,972	257,972
Temporary borrowings to Zhongshan Xingzhong Company Ltd. payable	158,402	139,652
Temporary borrowings to Zhongshan financial bureau payable	57,772	57,772

Project fund payable	31,726	52,331
Funds to Xinyuan Company payable		24,740
Funds payable for Quality assurance	4,034	3,240
Current account payable to Shenzhen Energy		
Group Co., Ltd.	1,190	1,190
Others	116,586	26,351
	569,682	563,248

No significant foreign currency balance exists in the account payable.

(18) Long-term Loan

	Jun. 30, 2008 RMB'000	Dec. 31, 2007 RMB'000
Secured borrowings (a)		
—Guaranteed	72,000	72,000
—Mortgage	180,000	210,000
Borrowings on credit		-
	252,000	282,000
Minus: Long-term loans due within one year		
—Guaranteed	(46,000)	(46,000)
—Mortgage	(60,000)	(60,000)
Borrowings on credit	-	-
	(106,000)	(106,000)
	146,000	176,000

(19) Share capital

	Jun. 30, 2008 RMB'000	Dec. 31, 2007 RMB'000
Restricted Shares		
Renminbi ordinary shares	145,847	145,847
Foreign Investment Shares Inside China	83,749	83,749
	229,596	229,596
Unrestricted Shares		
Renminbi ordinary shares	162,251	162,251
Foreign Investment Shares Inside China	156,119	156,119
	318,370	318,370

Total shares	547,966	547,966
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(20) Capital Reserves

	Dec. 31, 2007 RMB'000	Increasing of current year RMB'000	Decreasing of current year RMB'000	Jun. 30, 2008 RMB'000
Share premium	215,488	-	-	215,488
<u>Other capital reserves—</u>				
The difference between minority interest and identifiable net assets from invested company calculated based on the new increased shareholding proportion (Note IX (2))	18,511	-	-	18,511
Transferred from original system capital surplus	129,631	-	-	129,631
	<u>363,630</u>	<u>—</u>	<u>—</u>	<u>363,630</u>

(21) Surplus reserve

	Dec. 31, 2007 RMB'000	Withdrawing of current year RMB'000	Decreasing of current year RMB'000	June 30, 2008 RMB'000
Statutory surplus reserve	310,160	-	-	310,160
Arbitrary surplus reserve	22,749	-	-	22,749
	<u>332,909</u>	<u>—</u>	<u>—</u>	<u>332,909</u>

(22) Profit Distribution

	RMB'000
Unretained profit in year-begin	481,996
Add: Net profit attributable to owners of parent company as of Jan.-June, 2008	30,263
Less: Cash distribution in year 200	16,439
Unretained profit in period-end	495,820

(23) Minority Shareholders' Rights and Interests

The minority shareholders' rights and interests belong to the minority shareholders in the subsidiaries.

	Jan.30, 2008 RMB'000	Dec. 31, 2007 RMB'000
Weimei Power	77,937	75,165
Xiefu Oil Supply	31,036	29,452
Shennandian (Zhongshan)	15,443	16,405
Zhongshan Power Plant	15,142	15,637
Zhongfa Power	18,930	4,532
	<hr/> <hr/> 158,489	<hr/> <hr/> 141,191

(24) Operating Revenue and Operating Cost

	Jan.-June, 2008 RMB'000	Jan.-June, 2007 RMB'000
Main operating revenue	1,946,786	1,463,625
Other operating revenue	2,086	988
	<hr/> <hr/> 1,948,872	<hr/> <hr/> 1,464,613

(a) Main operating revenue and main operating cost

	Main operating revenue RMB'000	Main operating costs RMB'000	Main operating revenue RMB'000	Main operating costs RMB'000
Business of electricity sale	1,701,878	2,391,126	1,393,224	1,440,135
Business of fuel sale	199,110	201,721	45,924	48,246
Business of heat sale	24,576	30,038	23,877	23,547
Engineering Consulting business	21,222	8,134	600	3,470
	<hr/> <hr/> 1,946,786	<hr/> <hr/> 2,631,019	<hr/> <hr/> 1,463,625	<hr/> <hr/> 1,515,398

(b) Other operating revenue and other operating cost

Other operatin	Other operating	Other operating	Other operating
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	g revenue RMB'000	revenue RMB'000	revenue RMB'000	revenue RMB'000
Income payment for the use of state funds	627	32		-
Rental income	1,459	1,578	840	48
Training revenues	-	-		
Others		-	148	855
	<u>2,086</u>	<u>1,610</u>	<u>988</u>	<u>903</u>

(25) Sales Tax and Extra Charges

	Jan.-June, 2008 RMB'000	Jan.-June, 2007 RMB'000
Business tax	2,910	1,207
Urban maintenance and construction tax	30	12
Others	0	
	<u>2,940</u>	<u>1,219</u>

(26) Financial expenses

	Jan.-June, 2008 RMB'000	Jan.-June, 2007 RMB'000
Interest expense-borrowing interest	113,012	74,470
Minus: interest income	-3,156	-2,888
Exchange losses	-21,860	822
Minus: exchange gains	-21,839	-11,064
Others	11,180	350
	<u>77,338</u>	<u>61,690</u>

(27) Non-operating income

	Jan.-June, 2008 RMB'000	Jan.-June, 2007 RMB'000
Revenue from Fuel subsidies (Note 1)	494,897	169,522
Fuel processing	326,202	

charge(Note 2)		
Income from debts		
restructuring (Note 3)	70,119	
Others	4,172	92
	<hr/>	<hr/>
	895,390	169,614

Note 1: In accordance with the SFB [2007] No. 22 issued by Shenzhen Municipal Government and relevant documents of Shenzhen Trade and Industry Bureau, the company has received the government subsidies for offsetting the fuel costs loss of grid purchase price beyond the authorization because of the rise in fuel price.

Note 2: In accordance with the Notice on Temporarily Receiving Combustion Gas and Fuel Processing Charge(YFH 【2008】 No. 31) issued by Guangdong Provincial Government, Shennandian (Zhongshan) Electric Power Co., Ltd and Shennandian (Dongguan) Weimei Electric Power Co., Ltd received the fuel processing charge dated from March to June, 2008.

Note 3: Zhongshan Zhongfa Power Co., Ltd. and Zhongshan Power Development Co., Ltd obtained income from debts restructuring amounted to RMB 58,000,000 and Bank of Communications obtained income from debts restructuring amounted to RMB 11,101,400.

(28) Income tax

	Jan.-June, 2008 RMB'000	Jan.-June, 2007 RMB'000
Current income tax	13,530	6,003
	<hr/>	<hr/>
	13,530	6,003

(29) Earnings per share

(a) Basic Earnings per share

The basic earnings per share are the value of the combined net profit of the ordinary shareholders in the parent company divided by the weighted average of the outstanding ordinary shares of the parent company:

	Jan.-June, 2008 RMB'000	Jan.-June, 2007 RMB'000
Attributable to the combination of ordinary shareholders of the parent company		
Net profit	30,263	25,632
Weighted average number of ordinary shares which are issued to the public (1'000 shares)	547,966	547,966
Basic earnings per share (RMB)	<hr/>	<hr/>
	0.055	0.047

(b) Diluted earnings per share

Diluted earnings per share, is the value of the combined net profit of the ordinary shareholders in the parent company based on the adjustment on diluted potential ordinary shares divided by the weighted average of the outstanding ordinary shares of the parent company after adjustment. The company had not the diluted potential ordinary share in Jan.-June, 2008, therefore, the diluted earnings per share is the same to the basic earnings per share.

(30) Notes to Cash Flow Statement

(a) Adjust the net profit into the cash flow of operating activities

Supplementary materials	Jan.-June, 2008 RMB'000	Jan.-June, 2008 RMB'000
I. Net profit subject to cash flow arising from operating activities		
Profit, net	47,578	9,202
Add: Provision for fixed assets devaluation		
Depreciation of fixed assets, oil asset and productive biological assets	124,949	106,783
Amortization of intangible assets	9,315	6,076
Amortization of Long-term deferred expenses	1,266	1,275
Losses from disposal of fixed, intangible and other long-term assets (Income is listed with “-”)	602	-91
Losses from obsolete fixed assets (Income is listed with “-”)	33	0
Losses from changes of fair value (Income is listed with “-”)		
Financial expenses (Income is listed with “-”)	56,833	61,690
Losses from investment (Income is listed with “-”)		
Decrease of deferred income tax (Increase is listed with “-”)		
Increase of deferred income tax (Decrease is listed with “-”)		
Decrease of inventory (Increase is listed with “-”)	-489,096	54,721
Decrease of operating receivables (Increase is listed with “-”)	-323,206	-189,406
Increase of operating payables (Decrease is listed with “-”)	259,177	-40,628
Other		
Net cash generated from operations	-312,548	9,622

II. Significant investment and financial activities not related to cash flows		
Capital transferred from debts		
Convertible company bonds due within one year		
Fixed assets leasing for financing		
III. Net increase in cash /cash equivalent		
Balance of cash at period-end	549,095	172,670
Less: Balance of cash at period-beginning	419,172	622,736
Add: Balance of cash equivalent at period-end		
Less: Balance of cash equivalent at period-beginning		
Net increase in cash /cash equivalent	129,923	-450,066

(b) Cash Payment for other operating-rated activities

The cash payment for other operating-rated activities in the cash flow statement mainly includes:

	Jan.-June, 2008 RMB'000	Jan.-June, 2007 RMB'000
Rental fee	2,117	1,445
Office allowance	632	381
Business entertainment	3,709	1,409
Transportation costs	3,393	1,490
Board charge	1,480	1,255
Project cost	4,732	543
Enterprise culture charges	1,119	1,160
Cost for Intermediary organs	1,517	2,273
Telecommunication charges	630	523
Others	736	303
	<u>20,065</u>	<u>10,780</u>

VI. Main item notes of the financial statement of the parent company

(1) Account receivable and other receivables

(a) Account receivable

	Dec. 31, 2007 RMB'000	June 30, 2008 RMB'000
Account receivable	233,251	325,160
		Increase of Decrease of current year current year

	RMB'000	RMB'000
Less: dead account preparation	<u>-</u> <u>233,251</u>	<u>-</u> <u>325,160</u>

The account receivable mainly refers to the electricity payment of Shenzhen Power Supply Bureau, Guangdong Power Grid Corporation within one year.

(b) Other receivables

	Dec. 31, 2007 RMB'000	June 30, 2008 RMB'000
The technology service charge and temporary loan that should be collected from Zhongfa Power	473,547	507,314
The current account that should be collected from Engineering Company	2,133	-17,703
Temporary loan that should be collected from Shenzhen Nanshan Power (Zhongshan)	69,579	187,725
Fund receivable of the development project of the Big Stone Lake, Huizhou	14,312	14,312
The current account that should be collected from Nanshan Investment Management Company	5,896	5,896
Temporary loan that should be collected from Weimei Electric Power	-	101,450
Others	<u>7,787</u>	<u>36,642</u>
	<u>573,254</u>	<u>835,636</u>
	Increase of current year RMB'000	Decrease of current year RMB'000
Less: dead account preparation	<u>(24,082)</u>	<u>-</u>
	<u>549,172</u>	<u>(24,082)</u>
	<u>549,172</u>	<u>811,554</u>

Other receivables and corresponding dead account preparation are analysed as follows:

	June 30, 2008			Dec. 31, 2007				
	Amount	Proportion of the total	Dead account preparation	Accruing proportion	Amount	Proportion of the total	Dead account preparation	Accruing proportion
	RMB'000		RMB'000		RMB'000		RMB'000	
Within one year	806,967	97%	-	-	544,585	95%	-	-
One to two years	2,757	-	138	5%	2,757	-	138	5%
Two to three years	41	-	4	10%	41	-	4	10%
Over three years	25,871	3%	23,940	93%	25,871	5%	23,940	93%
	<u>835,636</u>	<u>100%</u>	<u>24,082</u>	<u>4%</u>	<u>573,254</u>	<u>100%</u>	<u>24,082</u>	<u>4%</u>

Other receivables are analyzed as follows according to the classification:

	June 30, 2008			Dec. 31, 2007				
	Amount	Proportion of the total	Dead account preparation	Accruing proportion	Amount	Proportion of the total	Dead account preparation	Accruing proportion
	RMB'000		RMB'000		RMB'000		RMB'000	
With significant single amount	819,820	98%	14,312	1.8%	557,438	97%	14,312	26%
With insignificant single amount but great portfolio risk	5,896	0.7%	5,896	100%	5,896	1%	5,896	100%
Others	9,920	1.3%	3,874	39%	9,920	2%	3,874	39%
	<u>835,636</u>	<u>100%</u>	<u>24,082</u>	<u>3%</u>	<u>573,254</u>	<u>100%</u>	<u>24,082</u>	<u>4%</u>

Other receivables exclude the debts of the shareholders who hold over 5% (including 5%) of voting share of our company.

At the end of the year, the amount of the debts of the top five debtors of other receivables is RMB 816,697,000, accounting for 98% of total of other receivables.

(2) Long-term equity investment

	June 30, 2008 RMB'000	Dec.31, 2007 RMB'000
Subsidiary(a)	460,983	444,183
Associated enterprise	63,857	21,000
Other long-term equity investment	<u>92,085</u>	<u>92,085</u>
	616,925	557,268
Less: The depreciation reserves of long-term equity investment	-	-
	<u>616,925</u>	<u>557,268</u>

(a) Subsidiary

	Initial investment cost RMB'000	Additional investment RMB'000	Dec. 31, 2007 RMB'000	Increase of current year RMB'000	Decrease of current year RMB'000	June 30, 2008 RMB'000
Shenzhen Nanshan Power (Zhongshan)	54,560	163,680	218,240	-	-	218,240
Weimei Electric Power	39,680	75,639	115,319	-	-	115,319
New Power	14,950	56,320	71,270	-	-	71,270
Xiefu Oil Supply	26,650	-	26,650	-	-	26,650
SHENNAN ENERGY (SINGAPORE) PTE LTD	6,704	-	6,704	-	-	6,704
Engineering Company	6,000	-	6,000	-	-	6,000
Shennandian Environment Protection	16,800	-	-	16,800	-	16,800
	-	-	-	-	-	-
	<u>444,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>460,983</u>

(3) Operating revenue and operating cost

	Jan.-June, 2008 RMB'000	Jan.-June, 2007 RMB'000
Main business income	584,985	568,651
Other operating revenue	<u>17,588</u>	<u>17,717</u>
	<u>602,573</u>	<u>586,368</u>

(a) Main business income and main business cost

Main business income	Main business cost	Main business income	Main business cost
Jan.-June, 2008	Jan.-June, 2007		

	RMB'000	RMB'000	RMB'000	RMB'000
Business of electricity sales	571,911	972,661	552,750	710,731
Business of heat sales	13,073	12,813	15,901	14,107
Business of project contracting				
	<u>584,984</u>	<u>985,474</u>	<u>568,651</u>	<u>724,838</u>

The gross income from the sales to the top five customers of our company is RMB584,414,413, accounting for 99% of the total sales income of our company.

(b) Other business income and other business cost

	Other business income	Jan.-June, 2008	Other business cost	Jan.-June, 2007
	RMB'000	RMB'000	RMB'000	RMB'000
Income from trusteeship and labor service	16,359			16,385
Income from using of gas	1,229			1,184
Training income				148
	<u>17,588</u>			<u>17,717</u>
				<u>855</u>

VII. Relations and transactions with associated parties

1. Related parties with controlling relationships

(1) Related parties with controlling relationships

Name of enterprises	Place of registration	Business scope	Relationship with the Company	Enterprise type	Legal representative
SHENNAN ENERGY (SINGAPORE) PTE LTD	Singapore	Agent the gas turbine and its spare parts and Sino-foreign joint venture self-use fuel	Subsidiary	Company Limited	Wei Wende
HONG KONG SYNDISOME CO., LIMITED	Hong Kong	Export and import trade	Subsidiary	Company Limited	Fu Bo
Shenzhen New Power Industrial Co., Ltd. (New Power)	Shenzhen	Technology development of surplus heat utilization, power generation of heat utilization and gas turbine	Subsidiary	Jointly-funded operations by Chinese and Overseas	Lin Qing

Shennandian (Zhongshan) Electric Power Co., Ltd.	Zhongshan	Power generation of gas turbine and heat utilization	Subsidiary	Jointly-funded operations by Chinese and Overseas	Fu Bo
Shenzhen Shennandian Gas Engines Engineering Technology Co., Ltd.	Shenzhen	Technology consultation of the construction engineering of gas, vapor combined and circulated power plant, and maintenance and overhaul of relevant operating equipments	Subsidiary	Jointly-funded operations by Chinese and Overseas	Sun Shoulin
Shennandian (Dongguan) Weimei Electric Power Co., Ltd.	Dongguan	Construction and operation of natural gas power plant	Subsidiary	Jointly-funded operations by Chinese and Overseas	Fu Bo
Shenzhen Xiefu Oil Supply Co., Ltd	Shenzhen	Self-operation or agent for export and import of fuel	Subsidiary	Company Limited	Zhu Wei
Shenzhen Shennandian Envionment Protection Co., Ltd.	Shenzhen	Dry up the sludge of sewage	Subsidiary	Jointly-funded operations by Chinese and Overseas	Ji Ming
Huidong Xiefu Port Overall Development Co., Ltd.	Huizhou	Construction and operation of integrated dock and its matching facilities	Subsidiary of subsidiary	Company Limited	Huang Shengli
Huidong Harbour Development Co., Ltd.	Huizhou	Construction and operation of sundries dock, petroleum product dock (from Guangdong and its matching facilities)	Indirect controlling subsidiary of the subsidiary	Company Limited	Dan Xiansheng

(2) Registered capital and its changes of related parties with controlling relationships

Name of enterprises	Amount in year-begin	Increased in this period	Decrease in this period	Amount in period-end
SHENNAN ENERGY (SINGAPORE) PTE LTD	S\$ 1,500,000			S\$ 1,500,000
HONG KONG SYNDISOME CO.,LIMITED	HK\$ 200,000			HK\$ 200,000
Shenzhen New Power Industrial Co., Ltd. (New Power)	RMB 113,850,000			RMB 113,850,000
Shennandian (Zhongshan) Electric Power Co., Ltd.	RMB 396,800,000			RMB 396,800,000
Shenzhen Shennandian Gas Engines Engineering Technology	RMB 10,000,000			RMB 10,000,000

Co., Ltd.				
Shennandian (Dongguan) Weimei Electric Power Co., Ltd.	USD 35,040,000			USD 35,040,000
Shenzhen Xiefu Oil Supply Co., Ltd	RMB 53,300,000			RMB 53,300,000
Shenzhen Shennandian Envionment Protection Co., Ltd.		2,416.371		RMB 24,163,710
Huidong Xiefu Port Overall Development Co., Ltd.	RMB 8,620,000			RMB 8,620,000
Huidong Harbour Development Co., Ltd.	RMB 10,000,000			RMB 10,000,000

(3) Holding equities and its changes of related parties with controlling relationships

Name of enterprises	Amount in year-begin		Increased in this year		Decrease in this year		Amount in year-end	
	Amount	Holding shares in consolidated scope	Amount	%	Amount	%	Amount	Holding shares in consolidated scope
SHENNAN ENERGY (SINGAPORE) PTE LTD	USD 800,000	100%					USD 800,000	100%
HONG KONG SYNDISOME CO.,LIMITED	HKD 226,000	100%					HKD 226,000	100%
Shenzhen New Power Industrial Co., Ltd. (New Power)	RMB 113,850,000	100%					RMB 113,850,000	100%
Shennandian (Zhongshan) Electric Power Co., Ltd.	RMB 317,440,000	80%					RMB 317,440,000	80%
Shenzhen Shennandian Gas Engines Engineering Technology Co., Ltd.	RMB 10,000,000	100%					RMB 10,000,000	100%
Shennandian (Dongguan) Weimei Electric Power Co., Ltd.	RMB 201,948,300	70%					RMB 201,948,300	70%

Shenzhen Xiefu Oil Supply Co., Ltd	RMB 26,650,000	50%				RMB 26,650,000	50%
Shenzhen Shennandian Envionment Protection Co., Ltd.	RMB 24,163,710	100%				RMB 24,163,710	100%
Huidong Xiefu Port Overall Development Co., Ltd.	RMB 6,465,000	83.95%				RMB 6,465,000	83.95%
Huidong Harbour Development Co., Ltd.	RMB 5,500,000	55%				RMB 5,500,000	55%

2. The properties of the associated parties without controlling relation

Name of associated parties	Relation with this group
SHENZHEN ENERGY GROUP CO., LTD.	Shareholder
SHENZHEN PETROCHEMICAL BONDED OIL TRADING CO.,LTD.	Affiliated enterprise of the subsidiary
Yueliangwan Gas Turbine Power Plant of Shenzhen Mawan Power Co., Ltd.	Subsidiary of the shareholder
Shenzhen Moon Bay Oil Port Co., Ltd.	Subsidiary of the shareholder

3. Transaction of related parties

(1) The subsidiary with controlling relationships were brought into the consolidated statement scope of the Company, the transation between them and the transaction between the parent and subsidiary have been counteracted.

(2) Paying Heat Charge for related Parties

① Trasaction scale

Name of enterprises	Jan.-June, 2008		Jan.-June, 2007	
	Amount(RMB'0000)	Percentage in total amount	Amount(RMB'0000)	Percentage in total amount
Shenzhen Mawan Power Co., Ltd	101.15	100%	101.38	83.59%
Shenzhen Moon Bay Oil Port Co., Ltd.			19.90	16.41%

② Confirmation basis for purchasing price

Confirm in accordance with the market price

(3) Payment of Warehousing Rental Fee to related parties

① Transaction scale

Name of enterprises	Jan.-June, 2008		Jan.-June, 2007	
	Amount(RM B'0000)	Percentage in total amount	Amount(RM B'0000)	Percentage in total amount
Shenzhen Moon Bay Oil Port Co., Ltd.	611.73	100.00%	515.88	100.00%

② Confirmation basis for purchasing price

Confirm in accordance with the market price

(4) Guarantees of related parties

Unit: RMB'0000

Guarantee parties	Guaranteed parties	Amount of guarantee	Period of guarantee	Complemented or not
Shenzhen New Power Industrial Co., Ltd.	Shennandian (Zhongshan) Electric Power Co., Ltd.	15,000.00	08-01-28~09-01-28	No
Shennandian (Zhongshan) Electric Power Co., Ltd.	Shennandian (Dongguan) Weimei Electric Power Co., Ltd.	11,132.78	08-02-05~09-02-05	No
The Company	Shennandian (Zhongshan) Electric Power Co., Ltd.	29,000.00	08-03-21~09-03-21	No
The Company	Shennandian (Zhongshan) Electric Power Co., Ltd.	6,000.00	08-03-24~08-09-24	No
The Company	Shennandian (Zhongshan) Electric Power Co., Ltd.	3,600.00	06-11-09~08-11-09	No
The Company	Shennandian (Zhongshan) Electric Power Co., Ltd.	6,000.00	08-06-16~09-06-16	No
The Company	Shennandian (Dongguan) Weimei Electric Power Co., Ltd.	20,000.00	08-05-11~09-05-11	No
The Company	Shennandian (Dongguan) Weimei Electric Power Co., Ltd.	3,600.00	06-12-26~08-12-26	No
The Company	Shennandian (Dongguan) Weimei Electric Power Co., Ltd.	6,000.00	08-06-16~09-06-16	No
The Company	Shenzhen Xiefu Oil Supply Co., Ltd.	15,366.00	08-04-19~09-04-19	No
The Company	Shenzhen Xiefu Oil Supply Co., Ltd.	2,930.00	08-06-23~09-06-23	No
The Company	Shenzhen Xiefu Oil Supply Co., Ltd.	3,000.00	08-02-14~09-02-14	No

(5) Current account of related parties

Items	Amount in period-end(RMB'000)		Proportion in total account payable(receivable)	
	June 30, 2008	Dec.31, 2007	June 30, 2008	Dec.31, 2007
Account payable:				
Shenzhen Moon Bay Oil Port Co., Ltd.	643.89	109.61	2.16%	0.66%
Shenzhen Mawan Power Co., Ltd	99.04	28.11	0.33%	0.17%
Other account payable:				
SHENZHEN ENERGY GROUP CO., LTD.	119.00	119.00	0.20%	0.21%

VIII. Contingences

1. Contingent liabilities formed by unsolvable lawsuit or arbitration
Ended June 30, 2008, the Company did not have Contingent liabilities formed by unsolvable lawsuit or arbitration.
2. Contingent liabilities formed by guarantees of debts for the related party and other units supplied by the Company
 - (1) Contingent liabilities formed by guarantees for the related party supplied by the Company, please see the Note VII 3(4).
 - (2) There were no contingent liabilities formed by guarantees of debts for the other units supplied by the Company

IX. Commitments

1. External economic guarantee, please see the Note VII 3(4).
2. External investment contract or related finance expenditure which has been signed but not already implemented or not fully complemented.
Ended June 30, 2008, the Company did not have the issues.
3. Contract with big amount and financial influences which have been signed and implementing or ready for implementing.
Ended June 30, 2008, the contracts the Company needed to implement:
 - (1) Pipeline project of natural gas of Shennandian (Dongguan) Weimei Electric Power Co., Ltd. did not pay the project account amounted to RMB 825,300.
 - (2) Boiler reconstruction of Nanshan Power Plant did not pay the project account amounted to RMB 20,230,000.
 - (3) Fuel transform reconstruction and heavy repair of equipments of Nanshan Power Plant did not pay the project account amounted to RMB 5,984,900.
 - (4) Shennandian (Zhongshan) Electric Power Co., Ltd. did not pay the project account amounted to RMB 8,570,900.
4. Lease contract and financial influences which have been signed and implementing or ready for implementing.
Ended June 30, 2008, the Company needed to implement the lease contract amounted

to RMB 10,338,900.

5. Mortgaged assets

The underling controlling subsidiary Shennandian (Dongguan) of the Company signed interim mortgaged loan contract amounted to RMB 300 million with Shenzhen Branch of China Minsheng Banking Corp., Ltd. in August, 2005. Ended June 30, 2008, the balance of mortgaged loan was RMB 180 million, and the mortgaged assets were as follows:

Guaranty	Original value of guaranty(RMB)	Net value of guaranty(RMB)	Mortgaged period	Units of receiving mortgaged asset
Combined cycle equipments	416,256,573	362,469,026	August, 2005-August, 2010	Shenzhen Branch of China Minsheng Banking Corp., Ltd.

X. Events occurring after the balance sheet date

Ended June 30, 2008, the Company had no events occurring after the balance sheet date

XI. Explanations on other matters

Ended June 30, 2008, the Company had no other matters which needed to be disclosed.

XII. Non-recurring gains and losses in this period (income is listed with “+”, loss is listed with “-”) (Unit: RMB)

Items	Amount
I. Gains/losses deriving from disposal of long-term equity investment, fixed assets, construction in progess, intangible asset and other long-term assets	
II. Any tax refund or exemption illegally approved or without supporting documents in writing	
III. All types of governmental subsidies	
IV. Income deriving from use by non-financial entities of an enterprise's own fund	
V. Profit/loss pertinent to short-term investment, except for that of financial institutions with specific licenses granted by relevant government authorities	
VI. Profit/loss deriving from entrusted investment	
VII. Non-operating income/expense subtracted from that attributable to accrual of provisions for asset impairment in accordance with the Accounting Standards for Business Enterprises	-675,032.63
VIII. Accrual of provisions for asset impairment due to natural disasters and other majure	
VI. Reversal of any provisions for asset impairment which has been madein	

Items	Amount
prior years	
X. Profit/loss deriving from debts restructuring	52,589,357.50
XI. Profit/loss deriving from asset swap	
XII. Profit/loss attributable to unfair portion of the value resulting from unfair priced transactions	
XIII. Restrospective adjustments, due to changes in accounting policy, to net profit of prior years in comparative financial statements	
XIV. Other nonrecurring profit/loss item accord with define regulations recognized by CSRC	
XV. Influenced amount of income tax	25,752.91
Total	51,940,077.78

XIII. Supplementary materials

Earnings per share and Return on equity

June 30, 2008	Return on equity		Earnings per share(RMB)	
	Fully amortized	weighted average	Basic gains per share	Diluted gains per share
Net profit attributable to common shareholders of the Company	1.74%	1.74%	0.0552	0.0552
Net profit attributable to holders of common shares after deducting of non-recurring gain/loss	-1.25%	-1.25%	-0.0396	-0.0396

June 30, 2007	Return on equity		Earnings per share(RMB)	
	Fully amortized	weighted average	Basic gains per share	Diluted gains per share
Net profit attributable to common shareholders of the Company	1.59%	1.59%	0.0468	0.0468
Net profit attributable to holders of common shares after deducting of non-recurring gain/loss	1.59%	1.59%	0.0467	0.0467

XIV. Statement on Provision for the Devaluation of Asset

Prepared by Shenzhen Nanshan Power Co., Ltd.

June 30, 2008

Unit: RMB

Items	Book balance in year-begin	Withdrawal amount in this period	Decrease in this period		Book balance in period-end
			Transf	Transfer-out	

			er-in	ut	
I. Total of provision for bad debts	41,624.00				41,624.00
II. Provision for falling price of inventory	6,844.00				6,844.00
III. Provision for devaluation of financial asset available for sales					
IV. Provision for devaluation of held-to-maturity investment					
V. Provision for devaluation of long-term equity investment	2,500.00				2,500.00
VI. Provision for devaluation of investing property					
VII. Provision for devaluation of fixed assets					
VIII. Provision for devaluation of engineering materials					
IX. Provision for devaluation of construction in progress					
X. Provision for devaluation of productive biological asset					
Including: Provision for devaluation of mature productive biological asset					
XI. Provision for devaluation of oil asset					
XII. Provision for devaluation of intangible asset	6,768.00				6,768.00
XIII. Provision for devaluation of goodwill					
XIV. Other					
Total	57,736.00				57,736.00

XV. Losses of the Devaluation of Asset

Unit: RMB'000

Items	Occurred amount in this period	Occurred amount in last period
I. Losses of bad debts	0.00	0.00
II. Provision for falling price of inventory	0.00	0.00
III. Losses from the devaluation of financial asset available for sales	0.00	0.00
IV. Losses from the devaluation of held-to-maturity investment	0.00	0.00
V. Losses from the devaluation of long-term equity	0.00	0.00

investment		
VI. Losses from the devaluation of investing property	0.00	0.00
VII. Losses from the devaluation of fixed assets	0.00	0.00
VIII. Losses from the devaluation of engineering materials	0.00	0.00
IX. Losses from the devaluation of construction in progress	0.00	0.00
X. Losses from the devaluation of productive biological asset	0.00	0.00
XI. Losses from the devaluation of oil asset	0.00	0.00
XII. Losses from the devaluation of intangible asset	0.00	0.00
XIII. Losses from the devaluation of goodwill	0.00	0.00
XIV. Other	0.00	0.00
Total	0.00	0.00