



Shenzhen Nanshan Power Co., Ltd.
The 3rd Quarterly Report for 2008
(Full Text)

§1 Important Notes

1.1 The Board of Directors and the Supervisory Committee of Shenzhen Nanshan Power Co., Ltd. (hereinafter referred to as the Company), along with all its directors, supervisors and senior executives hereby confirm that there are no any important omissions, fictitious statements or serious misleading information carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

1.2 No director, supervisor and senior executive stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the third quarterly Report nor had objection for this report.

1.3 Name list of un-presented directors

Name of directors	Reasons for not attending the Board meeting	Name of entrustee
Vice-Chairman Sun Yulin	Due to business	Director He Yingyi
Vice-Chairman Li Li	Due to business	Director Huang Shaoji
Director Yu Chunling	Taking a vacation	Director Huang Fuhan
Independent Director Wu Xiaolei	Due to business	Independent Director Zhou Chengxin

1.4 The Third Quarterly Financial Report 2008 of the Company has not been audited by CPAs.

1.5 Chairman of the Board Yang Haixian, Director and General Manager Fu Bo, CFO Lu Xiaoping and Manager of Financial Dept. Mr. Huang Jian hereby confirm that the Financial Report of the Third Quarterly Report is true and complete.

§2 Company Profile

2.1 Main accounting highlights and financial indexes:

	At the end of the report period	At the end of the last year	Increase/decrease of the end of report period than that of the end of the last year (%)	Unit: RMB
Total assets	6,002,029,105.90	5,552,914,995.73	8.09	
Equities attributable to the owners of parent company	1,736,096,161.76	1,725,019,436.00	0.64	
Net assets per share 【Note】	2.88	2.86	0.64	
	Year begin to end of report period		Increase/decrease over the same period of the	



			last year (%)
Net cash flow arising from operating activities		-121,876,599.14	Decreased RMB 10,942,500
Net cash flow arising from operating activities per share 【Note】		-0.20	Decreased RMB 0.02
	In the report period	Year begin to end of report period	Increase/decrease of the report period than that of the same period of the last year (%)
Net profit	-2,256,104.27	28,007,186.87	Decreased RMB 18,077,100
Basic earnings per share 【Note】	-0.004	0.046	Decreased RMB 0.0329
Diluted earnings per share 【Note】	-0.004	0.046	Decreased RMB 0.0329
Return on equity	-0.13%	1.61%	Decreased 1.1 percentage points
Return on equity after deducting non-recurring gains and losses	-0.03%	-1.28%	Increased 2.11 percentage points

【Note】 In the report period, due to the implementation of 2007 profit distribution plan, in accordance with the Accounting Standards for Business Enterprises, the share capital adopted were adjusted from 547,965,998 to 602,762,596 while calculating the net asset per share, net cash flow arising from operating activities per share, basic earnings per share and diluted earnings per share.

Items of non-recurring gains and losses

Unit: RMB

Items of non-recurring gains and losses	Balance from year begin to end of report period
Gains from the debts restructurings	52,589,357.50
Net non-operating income and expense	-2,631,169.43
Influence on income tax	211,164.70
Total	50,169,352.77

2.2 Total number of shareholders in the end of the report period and shares held by the top ten shareholders with unrestricted conditions

Unit: Share

Total number of shareholders	32,979	
Shares held by the top ten shareholders with unrestricted conditions		
Full Name of shareholder	Amount of unrestricted shares held	Type of shares
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	92,123,248	Domestically listed foreign share
BNP P P/PAND INVESTMENT CO., L TD.	66,811,194	Domestically listed foreign share
SHENZHEN GUANGJU ELECTRONIC INVESTMENT CO., LTD	60,276,260	RMB common share
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO.,LTD.	55,046,401	RMB common share
SHENZHEN ENERGY (GROUP) CO., LTD.	30,138,130	RMB common share
MORGAN STANLEY & CO. INTERNATIONAL PLC	18,256,286	Domestically listed foreign share
YANG SHI MIN	2,498,210	Domestically listed foreign share
NAITO SECURITIES CO., LTD.	1,596,799	Domestically listed foreign share



TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	1,545,275	Domestically listed foreign share
CHINAFAMOUSBRAND SECURITIES HOLDING CO., LTD.	1,540,000	Domestically listed foreign share

§3 Significant events

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

Applicable Inapplicable

(1) Numbers in profit statement		
Item	Scope of change	Main reasons
Operating cost	46.24%	Great rises in oil price.
Operating tax and extras	119.65%	Increases in taxes of project contract.
Administration expenses	62.23%	Zhongshan Old Plant was brought into the consolidated scope since Sep. of last year.
Non-operating income	457.65%	Uprising of oil price made the fuel subsidy of Shenzhen Power Plant increase; the fuel subsidies of Zhongshan Power Plant and Dongguan Power Plant were brought into the item since March.
Non-operating expense	7,085.50%	Losses from the disposal of assets
Income tax	264.73%	Uprising in tax rate.
Net profit attributable to the owners of parent company	-32.44%	Uprising of oil price caused the increases of operating cost.

(2) Numbers in balance sheet		
Item	Scope of change	Main reasons
Accounts receivable	58.93%	The allowance of fuel receivable increased and the recovery of fuel processing expense lagged behind.
Accounts paid in advance	615.33%	Prepayment for purchasing goods in period-end increased.
Interest receivable	-100.00%	Took back the interest.
Other receivables	31.95%	The non-operating current account increased.
Long-term equity investment	51.16%	Investment on Jiangxi Xinchang Power Plant
Construction in progress	212.50%	Newly-built project increased.
Disposal of fixed asset	Decreased RMB 12,264,700	Cleaning on generators.
Accounts payable	109.87%	Increases in payment for goods payable to suppliers.
Accounts received in advance	3,443.02%	Payment for goods received in advance increased.
Taxes payable	-76.35%	The large rises in cost of raw material and the converse between electrovalence and cost made input tax was more than output VAT in value added tax receivable.
Interest payable	95.50%	Accrued interest increased.
Long-term loan	45.45%	Increased long-term loan.

(3) Numbers in cash flow statement		
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Item	Scope of change	Main reasons
Net cash flow arising from investing activities:	Increased RMB 0.125 billion	Increases in cash taking back from the disposal of asset
Net cash flow arising from financing activities	Increased RMB 0.16 billion	The large rises in fuel price, and arrearages on the recovery of fuel subsidy and fuel processing expense caused the bank loan increase.

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

Applicable Inapplicable

I. The implementation of 2007 profit distribution

The 2007 Annual Shareholders' General Meeting of the Company (held on May 8th of 2008) approved the 2007 profit distribution plan. On Jul. 4th of 2008, the Company implemented the 2007 profit distribution plan, in which taking the total shares of the Company 547,965,998 shares as basis, 1 more share is dispatched to the shareholders per 10 shares and cash bonus RMB 0.30 (tax included) is sent to the shareholders per 10 shares. After dispatching the shares, the total shares of the Company increased to 602,762,596 shares. (Details were available in relevant notice published on Jun.26th of 2008 with the notice number of 2008-022.)

2. The A shares with limited sale conditions held by the former relevant shareholders of non-tradable shares in A share market (Shenzhen Guangju Electronic Investment Co., Ltd. and State Grid Shenzhen Energy Development (Group) Co., Ltd.) after Share Merger Reform were partly released the limited sale conditions on Aug. 4th of 2008 with the total amount of 55,046,401 shares, which accounted for 9.13% of the present total shares of the Company. (Details were available in relevant notice published on Jul.31st of 2008 with the notice number of 2008-026.)

3. The non-listed foreign shares amounted to 83,748,408 s held by the shareholder of the Company—Hong Kong Nam Hoi (International) Limited (refers to Nam Hoi hereinafter) were transferred to listed tradable B shares on Sep. 5th of 2008. After accomplished the profit distribution on Jul. 8th of 2008, the shares of the Company held by Nam Hoi were totally 92,123,248 shares, which accounted for 15.28% of the total shares of the Company. (Details were available in relevant notice published on Sep.4th of 2008 with the notice number of 2008-036.)

4. On Sep.19th of 2008, the shareholders of the Company—Shenzhen Energy (Group) Co., Ltd. (refers to Shenneng Group hereinafter) and Shenzhen Energy Investment Co., Ltd. (refers to Shenzhen Energy hereinafter) signed Agreement on Transferring RMB Common Stock of Shenzhen Nanshan Power Co., Ltd. (refers to the Company or Shennandian). Shenneng Group transferred 65,106,130 shares of Shennandian A shares to Shenzhen Energy, with the price of RMB 5.17 per share and total price of RMB 336,598,692.10. (Details were available in relevant notice published on Sep.20th of 2008 with the notice number of 2008-039.)

5. On March 12, 2008, under no authorizations from the Company, the person involved of the Company signed Two Confirmations on No. 165723967102.11 and No. 165723968102.11 Contracts with J.Aron&Company(Singapore) Pte., which is a wholly-owned subsidiary of Sachs Group Inc., however, the ISDA main agreement and supplementary have not been signed already because there were discrepancies in part of articles. Since March 1, 2008, the person involved of the Company began to carry out the First Confirmation without authorizations from the Company. (Details were available in relevant notice published on Oct.21st of 2008 with the notice number of 2008-043.)



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

Applicable Inapplicable

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

Applicable Inapplicable

3.5 Other significant event needed for explanations

3.5.1 Particulars about securities investment

Applicable Inapplicable

3.5.2 Equity of other listed companies held

Applicable Inapplicable

3.5.3 Activities on receiving research, communication and interview in the report period.

In the report period, there were no receiving spot research, telephone communication and written inquiry from the investors.

3.5.4 The plan on increases in holding shares brought forward by the shareholders who held above 30 percent shares, and its implementations.

There were no shareholders who held above 30 percent shares.

3.5.5 Whether the Company has provided fund for controlling shareholders or its related parties, or supplied external guarantees with breaking the regulations

The Company has not provided fund for controlling shareholders or its related parties, or supplied external guarantees with breaking the regulations

§4 Appendix

4.1 Balance sheet

Prepared by Shenzhen Nanshan Power Co., Ltd.

Sep.30, 2008

Unit: RMB

Items	Merger		Parent Company	
	Sep.30, 2008	Jan.1, 2008	Sep.30, 2008	Jan.1, 2008
Current assets:				
Monetary funds	484,678,204.18	419,172,277.64	152,139,734.52	125,774,088.96
Settlement provisions	-	-		
Notes receivable	-	-		
Accounts receivable	984,292,701.43	619,343,874.03	447,948,879.86	233,251,114.73
Accounts in advance	245,657,401.82	34,341,736.53	59,638,408.99	3,351,590.52
Interest receivable	-	1,516,098.00	-	-
Dividend receivable	-	-	597,875,904.41	530,318,800.17
Other receivables	44,497,647.52	33,723,085.00	847,859,472.68	549,172,003.36
Inventories	398,207,740.42	367,972,249.80	239,973,110.13	261,965,186.95
Non-current asset due within one year	-	-	-	-



Other current assets	-	-	-	-
	-	-		
Total current assets	2,157,333,695.37	1,476,069,321.00	2,345,435,510.59	1,703,832,784.69
Non-current assets:	-	-		
Finance asset held available for sales	-	-		
Held-to-maturity securities	-	-		
Long-term account receivable	-	-		
Long-term equity investment	170,942,543.00	113,085,400.00	661,465,392.76	557,268,249.76
Investment property	-	-	-	-
Fixed assets:	2,544,019,988.12	2,855,996,393.03	391,530,277.70	475,783,642.18
Construction in progress	66,134,398.93	21,163,313.95	22,516,491.76	10,618,886.75
Engineering material	-	-	-	-
Disposal of fixed asset	-12,265,843.36	1,177.00	-11,995,545.36	1,177.00
Productive biological asset	-	-	-	-
Oil and gas asset	-	-	-	-
Intangible assets	1,057,602,335.72	1,067,353,834.00	4,343,122.67	5,914,355.05
Expense on Research and Development	-	-	-	-
Goodwill	-	-	-	-
Long-term expenses to be apportioned	1,777,821.12	2,761,389.75	330,761.42	1,927,846.34
Deferred income tax asset	16,484,167.00	16,484,167.00	12,719,713.16	12,719,713.16
Other non-current asset	-	-	-	-
Total non-current asset	3,844,695,410.53	4,076,845,674.73	1,080,910,214.11	1,064,233,870.24
	-	-		
	-	-		
Total assets	6,002,029,105.90	5,552,914,995.73	3,426,345,724.70	2,768,066,654.93
Current liabilities:				
Short-term loans	2,719,646,888.88	2,484,735,121.28	1,266,548,740.00	975,020,300.00
Transaction financial liabilities	-	-	-	-
Notes payable	293,329,984.00	254,090,028.83	432,000,000.00	-
Accounts payable	346,470,789.66	165,090,933.58	14,628,658.91	49,284,986.09
Accounts received in advance	24,382,180.39	688,175.60	-	-
Wage payable	84,109,478.92	68,411,241.00	59,550,123.55	47,239,392.51
Taxes payable	-311,414,019.27	-176,591,634.45	-258,909,863.41	-163,923,475.72
Interest payable	88,021,148.69	45,023,227.34	-	1,684,498.74
Dividend payable	-	9,155.55	-	9,155.55
Other accounts payable	490,400,997.29	563,248,482.00	155,777,043.19	375,032,443.91
Long-term liabilities due within 1 year	106,000,000.00	106,000,000.00	-	-



Other current liabilities	-	-	-	-
Total current liabilities	3,840,947,448.56	3,510,704,730.73	1,669,594,702.24	1,284,347,301.08
Non-current liabilities:	-	-	-	-
Long-term loans	256,000,000.00	176,000,000.00	110,000,000.00	-
Bonds payable	-	-	-	-
Long-term account payable	-	-	-	-
Special accounts payable	-	-	-	-
Projected liabilities	-	-	-	-
Deferred income tax liabilities	-	-	-	-
Other non-current liabilities	-	-	-	-
Total non-current liabilities	256,000,000.00	176,000,000.00	110,000,000.00	-
Total liabilities	4,096,947,448.56	3,686,704,730.73	1,779,594,702.24	1,284,347,301.08
Owner's equity:	-	-	-	-
Share capital	602,762,596.00	547,965,998.00	602,762,596.00	547,965,998.00
Capital public reserve	363,629,926.00	363,629,926.00	288,769,132.47	288,769,132.47
Less: Inventory shares	-	-	-	-
Surplus public reserve	332,908,397.00	332,908,397.00	332,908,397.60	332,908,397.60
Provision of general risk	-	-	-	-
Retained profit	438,767,940.87	481,996,331.00	422,310,896.39	314,075,825.78
Balance difference of foreign currency translation	-1,972,698.11	-1,481,216.00	-	-
Total owner's equity attributable to parent company	1,736,096,161.76	1,725,019,436.00	-	-
Minority interests	168,985,495.58	141,190,829.00	-	-
Total owner's equity	1,905,081,657.34	1,866,210,265.00	1,646,751,022.46	1,483,719,353.85
Total liabilities and owner's equity	6,002,029,105.90	5,552,914,995.73	3,426,345,724.70	2,768,066,654.93

4.2 Profit statement in the report period

Prepared by Shenzhen Nanshan Power Co., Ltd.

July-Sep., 2008

Unit: RMB

Items	Merger		Parent Company	
	July-Sep., 2008	July-Sep., 2007	July-Sep., 2008	July-Sep., 2007
I. Total operating income	873,028,113.31	1,228,014,638.03	297,471,035.46	368,263,546.81
Including: Operating income	873,028,113.31	1,228,014,638.03	297,471,035.46	368,263,546.81
Interest income	-	-	-	-
Commission charge and commission income	-	-	-	-
II. Total operating cost	1,489,546,192.01	1,312,723,357.89	588,404,346.25	494,560,540.71
Including: Operating cost	1,416,687,771.54	1,252,736,512.78	560,727,323.67	487,601,271.86
Interest expense	-	-	-	-
Operating tax and extras	2,046,794.42	1,051,219.55	976,694.39	-



Sales expenses	552,614.07	556,620.36	-	-
Administration expenses	28,775,786.49	21,192,638.35	9,823,177.93	5,484,275.33
Financial expenses	41,483,225.49	37,186,366.85	16,877,150.26	1,474,993.52
Losses of devaluation of asset	-	-		
Add: Changing income of fair value	-	-		
Investment income	-	-	67,557,104.24	-
Including: Investment income on affiliated company and joint venture	-	-		
III. Operating profit	-616,518,078.70	-84,708,719.86	-223,376,206.55	-126,296,993.90
Add: Non-operating income	641,611,404.93	106,006,095.08	350,533,512.53	55,343,829.02
Less: Non-operating expense	3,464,207.73	-	88,650.00	-
Including: Disposal loss of non-current asset	-	-		
IV. Total Profit	21,629,118.50	21,297,375.22	127,068,655.98	-70,953,164.88
Less: Income tax	13,405,213.55	1,381,806.76	12,768,540.44	-1,613,420.11
V. Net profit	8,223,904.95	19,915,568.46	114,300,115.54	-69,339,744.77
Net profit attributable to owner's equity of parent company	-2,256,104.27	15,820,952.67		
Minority shareholders' gains and losses	10,480,009.22	4,094,615.79		
VI. Earnings per share	-	-		
i. Basic earnings per share	-0.004	0.026	0.190	-0.115
ii. Diluted earnings per share	-0.004	0.026	0.190	-0.115

4.3 Profit statement from year-begin to end of report period

Prepared by Shenzhen Nanshan Power Co., Ltd.

Jan.-Sep., 2008

Unit: RMB

Items	Merger		Parent Company	
	Jan.-Sep., 2008	Jan.-Sep., 2007	Jan.-Sep., 2008	Jan.-Sep., 2007
I. Total operating income	2,821,899,705.57	2,692,627,869.04	900,043,592.24	954,631,460.31
Including: Operating income	2,821,899,705.57	2,692,627,869.04	900,043,592.24	954,631,460.31
Interest income	-	-		
Commission charge and commission income	-	-		
II. Total operating cost	4,271,843,779.77	2,931,685,319.19	1,612,963,919.83	1,239,786,121.46
Including: Operating cost	4,049,316,511.50	2,769,037,709.68	1,546,201,365.30	1,213,294,120.34
Interest expense	-	-		
Operating tax and extras	4,986,849.80	2,270,390.16	1,802,813.55	-
Sales expenses	1,748,263.63	1,726,440.97	-	-
Administration expenses	96,970,712.92	59,774,605.09	32,154,637.92	19,250,952.45
Financial expenses	118,821,441.92	98,876,173.29	32,805,103.06	7,241,048.67
Losses of devaluation of asset	-	-		
Add: Changing income of fair value	-	-		



Investment income	-	-	67,557,104.24	-
Including: Investment income on affiliated company and joint venture	-	-		
III. Operating profit	-1,449,944,074.20	-239,057,450.15	-645,363,223.35	-285,154,661.15
Add: Non-operating income	1,537,001,541.86	275,620,371.61	849,598,908.53	224,957,630.35
Less: Non-operating expense	4,319,920.66	60,120.00	198,650.00	-
Including: Disposal loss of non-current asset	-	-		
IV. Total Profit	82,737,547.00	36,502,801.46	204,037,035.18	-60,197,030.80
Less: Income tax	26,935,693.55	7,385,178.04	24,566,387.57	-
V. Net profit	55,801,853.45	29,117,623.42	179,470,647.61	-60,197,030.80
Net profit attributable to owner's equity of parent company	28,007,186.87	41,453,232.80		
Minority shareholders' gains and losses	27,794,666.58	-12,335,609.38		
VI. Earnings per share	-	-		
i. Basic earnings per share	0.046	0.069	0.298	-0.100
ii. Diluted earnings per share	0.046	0.069	0.298	-0.100

4.4 Cash flow statement

Prepared by Shenzhen Nanshan Power Co., Ltd.

Jan.-Sep., 2008

Unit: RMB

Items	Merger		Parent Company	
	Jan.-Sep., 2008	Jan.-Sep., 2007	Jan.-Sep., 2008	Jan.-Sep., 2007
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	3,489,396,629.45	3,635,911,458.74	1,678,378,785.00	1,756,088,294.40
Write-back of tax received	6,209,922.13	-	1,533,323.84	-
Other cash received concerning operating activities	1,092,668,632.01	97,424,499.64	2,351,797,657.06	707,656,056.77
Subtotal of cash inflow arising from operating activities	4,588,275,183.59	3,733,335,958.38	4,031,709,765.90	2,463,744,351.17
Cash paid for purchasing commodities and receiving labor service	4,352,068,126.69	3,585,317,445.07	1,717,604,748.53	2,127,474,890.15
Cash paid to/for staff and workers	88,407,027.69	80,000,383.98	58,933,881.29	54,001,805.67
Taxes paid	76,825,953.33	104,724,960.06	7,508,569.51	17,722,256.40
Other cash paid concerning operating activities	192,850,675.02	74,227,295.30	2,502,689,260.34	674,626,357.76
Subtotal of cash outflow arising from operating activities	4,710,151,782.73	3,844,270,084.41	4,286,736,459.67	2,873,825,309.98
Net cash flows arising from operating activities	-121,876,599.14	-110,934,126.03	-255,026,693.77	-410,080,958.81
II. Cash flows arising from investing activities:	-	-	-	-
Cash received from recovering investment	43,760.14	-	-	19,742,279.29
Net cash received from disposal of subsidiaries and other units	140,448,525.00	209,000.00	41,268,000.00	209,000.00
Other cash received concerning	4,339,722.28	1,810,212.66	-	-



investing activities				
Subtotal of cash inflow from investing activities	144,832,007.42	2,019,212.66	41,268,000.00	19,951,279.29
Cash paid for purchasing fixed, intangible and other long-term assets	87,212,081.90	179,212,102.12	18,681,919.56	13,782,146.20
Cash paid for investment	123,002,844.13	12,790,000.00	104,197,143.00	12,790,000.00
Other cash paid concerning investing activities	30,634.00	-	-	-
Subtotal of cash outflow from investing activities	210,245,560.03	192,002,102.12	122,879,062.56	26,572,146.20
Net cash flows arising from investing activities	-65,413,552.61	-189,982,889.46	-81,611,062.56	-6,620,866.91
III. Cash flows arising from financing activities	-	-	-	-
Cash received from absorbing investment	42,040,692.10	-	-	-
Cash received from loans	4,107,538,631.84	3,151,959,745.91	1,850,871,360.00	1,090,595,110.00
Other cash received concerning financing activities	2,215,290.00	3,314,689.58	-	-
Subtotal of cash inflow from financing activities	4,151,794,613.94	3,155,274,435.49	1,850,871,360.00	1,090,595,110.00
Cash paid for settling debts	3,735,787,545.38	3,128,181,035.91	1,416,784,113.47	970,693,000.00
Cash paid for dividend and profit distributing or interest paying	165,549,218.37	117,782,148.05	71,000,565.87	23,368,610.82
Subtotal of cash outflow from financing activities	3,901,336,763.75	3,245,963,183.96	1,487,784,679.34	994,061,610.82
Net cash flows arising from financing activities	250,457,850.19	-90,688,748.47	363,086,680.66	96,533,499.18
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	2,338,228.10	-420,991.11	-83,278.77	-25,245.32
V. Net increase of cash and cash equivalents	65,505,926.54	-392,026,755.07	26,365,645.56	-320,193,571.86
Add: Balance of cash and cash equivalents at the period -begin	419,172,277.64	622,736,161.45	125,774,088.96	347,051,151.40
VI. Balance of cash and cash equivalents at the period -end	484,678,204.18	230,709,406.38	152,139,734.52	26,857,579.54

4.5 Auditor' report

Auditor's opinions: Un-audited

**Board of Directors of
Shenzhen Nanshan Power Co., Ltd.**
October 22, 2008