



SHENZHEN NANSHAN POWER CO., LTD.

SEMI-ANNUAL REPORT 2009

Notice No. : 2009-042

August 3, 2009

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 of the Board Wang Jianbin did not present the meeting due to work, but he entrusted director Li Hongsheng to attend and vote on his behalf; Director Yu Chunling and Director Huang Fuhan did not present the meeting due to work, but they both entrusted Chairman of the Board Yang Haixian to attend and vote on their behalves.

The Semi-annual Financial Report 2009 of the Company has not been audited.

Chairman of the Board Yang Haixian, General Manager Mr. Fu Bo, CFO Lu Xiaoping and Manager of Financial Management Dept. Huang Jian hereby confirm the truthfulness and completeness of the Financial Report in the Semi-annual Report 2009.

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:

Full name of the companies	Short form
Shenzhen Nanshan Power Co., Ltd.	Company or the Company
Shenzhen Server Petrochemical Company Supplying Co., Ltd.	Server Petrochemical Company
Shenzhen New Power Industrial Co., Ltd.	New Power Company
Shennan Energy (Singapore) Co., Ltd.	Singapore Company
HONG KONG SYNDISOME CO., LIMITED	Syndisome Company:
Shenzhen Shennandian Combustion Engines Engineering Technology Co., Ltd.	Shennandian Engineering Company
Shennandian (Zhongshan) Electric Power Co., Ltd.	Shennandian (Zhongshan) Company
Shennandian (Dongguan) Weimei Electric Power Co., Ltd.	Shennandian (Dongguan) Company
Shenzhen Shennandian Envionment Protection Co., Ltd.	Shennandian Envionment Protection Company
Anhui Province Tongling Wanneng Power Generation Co., Ltd.	Tongling Wanneng Company
Shenzhen Energy Envionment Protection Engineering Co., Ltd.	Energy Envionment Protection Company
Nanshan Power Plant of Shenzhen Nanshan Power Co.,	Nanshan Power Plant

Ltd.	
Zhongshan Nanlang Power Plant of Shennandian (Zhongshan) Electric Power Co., Ltd	Zhongshan Nanlang Power Plant:
Dongguan Gaobu Power Plant of Shennandian (Dongguan) Weimei Electric Power Co., Ltd	Dongguan Gaobu Power Plant
Zhongshan Power Plant Co., Ltd. (changed its name into “Zhongshan Shenzhong Real Estate Investment Property Co., Ltd.”)	Zhongshan Power Plant(Shenzhong Property Company)
Zhongshan Zhongfa Power Co., Ltd.(changed its name into “Zhongshan Shenzhong Real Estate Development Co., Ltd.”)	Zhongfa Power Company(Shenzhong Real Estate Company)
Jiangxi Zhongdiantou Xinchang Power Co., Ltd.	Jiangxi Xinchang Company
China Securities Regulatory Commission.	CSRC
Shenzhen Securities Regulatory Bureau of CSRC	Shenzhen Securities Regulatory Bureau
Shenzhen Stock Exchange	Shenzhen Stock Exchange
Securities Times, China Securities Journal and Hong Kong Wen Wei Po	Designated Newspapers

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

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I. 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: Yang Haixian

5. Secretary of the Board: Hu Qin

Tel / Fax: (086)755-26948888, 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 Journal, Securities Times and Hong Kong Wen Wei Po

Place 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)

(II) Major Financial Data and Indexes

1. Major accounting data and financial indexes

Unit: RMB

	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 in period-end of last year (%)
Total assets	4,990,219,638.46	4,985,939,525.71	0.09%
Owners' equity attributable to shareholders of the listed company	1,834,133,883.96	1,773,172,227.76	3.44%
Share capital	602,762,596.00	602,762,596.00	0.00%
Net assets per share attributable to shareholders of the listed company(RMB/Share)	3.04	2.94	3.40%
	This report period (Jan. to Jun.)	The same period of last year	Increase/decrease in this report period year-on-year (%)
Total operating income	878,653,990.33	1,948,871,592.26	-54.91%
Operating profit	-104,958,219.59	-833,425,995.50	-87.41%
Total profit	75,241,843.20	61,108,428.50	23.13%
Net profit attributable to shareholders of the listed company	60,961,656.20	30,263,291.14	101.44%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	59,856,559.41	-21,676,786.64	-376.13%
Basic earnings per share (RMB/Share)	0.101	0.05	102.00%
Diluted earnings per share (RMB/Share)	0.101	0.05	102.00%
Return on equity (%)	3.32%	1.71%	1.61%
Net cash flow arising from operating activities	23,093,133.77	-312,548,473.58	-107.39%
Net cash flow per share arising from operating activities (RMB/Share)	0.04	-0.52	-107.39%

2. Non-recurring ganis or losses

Unit: RMB

Non-recurring ganis or losses	Amount
Income from the disposal of non-current asset	53,009.80
Net amount of other non-operating income and expense	1,062,688.96
Impact on income tax of non-recurring gains and losses	-10,601.96
Total	1,105,096.80

3. Appendix table for profit statement of the report period

Profit for the report period	Return on equity (%)		Earnings per share (RMB)	
	Fully diluted	Weighted average	Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of ordinary shares of the Company	3.32%	3.32%	0.101	0.101
Net profit attributable to shareholders of ordinary shares of the Company after deducting non-recurring gains and losses	3.26%	3.26%	0.099	0.099

4. There is no asset depreciation happened in the report period.

5. Difference under CAS and IAS

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

II. Change in Share Capital and Particulars about Shareholders

(I) Changes in share capital

1. Statement of changes in shares (Ended June 30, 2009)

Unit: Share

Content	Before the Changes		Increase/Decrease in the Change (+, -)		After the Change	
	Amount	Proportion (%)	Bonus shares	Other	Amount	Proportion (%)
I. Restricted shares	105,385,433	17.484		-105,372,440	12,993	0.002
1. State-owned shares						
2. State-owned legal person's shares	105,372,440	17.482		-105,372,440	0	0
3. Other domestic shares						
Including: Domestic non-state-owned legal person's shares						
Domestic natural person's shares						
4. Foreign shares						
Including: Foreign legal person's shares						
Foreign natural person's shares						
5. Senior executives' shares	12,993	0.002			12,993	0.002
II. Unrestricted shares	497,377,163	82.516		+105,372,440	602,749,603	99.998
1. RMB Ordinary shares	233,522,717	38.742		+105,372,440	338,895,157	56.224
2. Domestically listed foreign shares	263,854,446	43.774			263,854,446	43.774
3. Overseas listed foreign shares						
4. Others						
III. Total shares	602,762,596	100			602,762,596	100

Note: A shares with restricted conditions held by relevant nontradable shareholders of the Company in former A-stock market (Shenzhen Guangju Electronic Investment Co., Ltd. and Shenzhen Energy Group Co., Ltd.) after Share Merger Reform have been all released restrictions for trading on May 27, 2009. (For details, please see the Notice with No.: 2009-031)

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

Ended by the report period, the Company had totally 34,898 shareholders, of them, 21,344 shareholders of A-share, and 13,554 shareholders of B-share.

Unit: Share

Total amount of shareholders	34,898				
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	20.94%	126,242,235	0	0
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	Foreign legal person	15.28%	92,123,248	0	0
BNP P P/PAND INVESTMENT CO., LTD.	Foreign legal person	11.08%	66,811,194	0	0
SHENZHEN ENERGY (GROUP) CO., LTD.	State-owned legal person	10.80%	65,106,130	0	0
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	State-owned legal person	8.60%	51,826,774	0	0
MORGAN STANLEY & CO.INTERNATIONAL PLC	Foreign legal person	3.01%	18,128,286	0	Unknown
YANG SHI MIN	Natural person	0.41%	2,498,210	0	Unknown
NAITO SECURITIES CO., LTD.	Foreign legal person	0.28%	1,713,332	0	Unknown
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	Foreign legal person	0.27%	1,616,725	0	Unknown
YAN TIAN GONG	Natural person	0.26%	1,586,700	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		
SHENZHEN GUANGJU ELECTRONIC INVESTMENT CO., LTD	126,242,235		RMB ordinary share		
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	92,123,248		Domestically listed foreign share		
BNP P P/PAND INVESTMENT CO., LTD.	66,811,194		Domestically listed foreign share		
SHENZHEN ENERGY (GROUP) CO., LTD.	65,106,130		RMB ordinary share		
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	51,826,774		RMB ordinary share		
MORGAN STANLEY & CO.INTERNATIONAL PLC	18,128,286		Domestically listed foreign share		
YANG SHI MIN	2,498,210		Domestically listed foreign share		
NAITO SECURITIES CO., LTD.	1,713,332		Domestically listed foreign share		
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	1,616,725		Domestically listed foreign share		
YAN TIAN GONG	1,586,700		Domestically listed foreign share		
Explanation on associated relationship among the top ten shareholders or consistent action	1. Shenzhen Energy (Group) Co., Ltd. holds indirectly 100% equities 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) The Company has no controlling shareholder and actual controller, and this situation remains unchanged in the report period.

III. Particulars about Directors, Supervisors and Senior Executives

(I) There were no changes of shares held by directors, supervisors and senior executives of the Company.

(II) Changes of directors, supervisors and senior executives in the report period.

On Jan. 21, 2009, the 1st Extraordinary Shareholders' General Meeting 2009 examined and approved the Proposal on Changing Director, in which Mr. Zhong Chengli was agreed to not take the post of Director of the Board of the Company due to hist retirement, and Mr. Li Hongsheng was elected as the Director of the 5th Board of the Company.

On May 5, 2009, Mr. Li Li, Mr. Huang Shaoji and Mr. Li Yongsheng respectively resigned their posts of Vice-chairman, Director and Supervisor for personal reaons; after resignation, they did not take other posts of the Company.

On June 11, 2009, the 19th meeting of the 5th Supervisory Committee of the Company approved the Proposal on Changing Supervisor, in which Mr. Zhang Yanmin was agreed to not take the post of the Supervisor of the 5th Supervisory Committee of the Company due to work, and agreed Mr. Wang Difei to be the candidate for the supervisor of the 5th Supervisory Committee. The aforementioned proposal still needs to submit Shareholders' General Meeting of the Company for discussion.

IV. Report of the Board of Directors

(I) Overall operation of the Company in the report period

In the first half year of 2009, influenced by the continuous spread of the international economic crisis, power demand in Guangdong province, even for the whole nation, has sharply decreased. From January to June, the total power used by Guangdong province for social purpose accumulated to 157.693 billion kwh, only 4.45% down over the same period of last year; While due to increase in external power demand coming from West Power Delivering to the East, the total power generated by the whole province reached at 114.47 billion kwh, 15.55% decrease over the same period of last year; Power to grid from Shenzhen decreased by 44.94% which was much over than the decrease rate of provincial power burthen. Besides, with the implementation of policy-saving energy for power generation, power generated by 9E gas-turbine machine sets of Guangdong province decreased by 55.32% from January to June, especially serious for the first quarter, decreased by 70.34%. Though the declining rate for the second quarter became smaller, it was still very hard to shoot for power. From January to June, the power plant that the Company owned totally generated 1.516 billion kwh power, 46.28% down over the same period of last year. In front of such bad external environment, the Company took close eyes on price tendency of fuel in international market; taking the good chance of sharply falling price of natural gas, the Company strengthened safety operation and economic generation; meanwhile, on the basis of practically making construction for cycle economic projects and investment in project in Xinchang, Jiangxi, the Company also made overall emend and improvement for its internal control system;

actively conformed inventory assets, optimized industry structure, enhanced risk-fighting ability, searched broadly for investment chance in nuclear power project as well as sought for long-term sustainable development.

In the report period, due to great shrink of power generation, the Company accumulatively realized operation income of RMB 878.654 million, 54.91% down over the same period of last year, among which: RMB 875.8625 million was realized by production and supply of electric power, steam and heat water, 49.27% down over the same period of last year, and RMB 2.7915 million for other industries, 98.74% down over the same period of last year. Since fuel cost had dropped greatly, main business profit realized by production and supply of electric power, steam and heat water amounted to RMB 18.6276 million, 42.37% up over the same period of last year, and RMB -1.9616 million for other industries, 75.19% down over the same period of last year; the net profit attributable to owners of parent company amounted to RMB 60,961,600, 101.44% up over the same period of last year; earnings per share amounted to RMB 0.1, 101.44 % up over 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 of last year (%)	Increase or decrease of operating cost over the last same period of last year (%)	Increase or decrease of gross profit ratio over the last same period of last year (%)
Production and supply of electric power, steam and heat water	87,586.25	85,723.49	2.13%	-49.27%	-64.59%	Increased 42.37 percentage points
Other industries	279.15	475.31	-70.27%	-98.74%	-97.75%	Decreased 75.19 percentage points
Main operations classified according to products						
Power production	87,147.98	84,703.70	2.80%	-48.79%	-64.58%	Increased 43.30 percentage points
Steam production	438.27	1,019.79	-132.68%	-82.17%	-66.05%	Decreased 110.46 percentage points
Engineering contract	190.10	416.34	-119.01%	-91.04%	-48.82%	Decreased 180.68 percentage points
Others	89.05	58.97	33.78%	-99.56%	-99.71%	Increased 34.84 percentage points

Including: In the report period, the total related transaction amount that the listed Company sold products and provided labor forces to the controlling shareholders and its subsidiaries totaled to 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	50,889.03	-57.52%
Zhongshan	16,311.37	-52.29%

Dongguan	20,665.00	-49.47%
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3. In the report period, the main operation and its structure of the Company did not have significant change over the same period of last year.
4. Reason for significant change happened to the gross profit ratio of the report period over the same period of last year: great drop in fuel cost.
5. In the report period, reason for significant change happened to profit composing over the same period of last year: due to the great drop in fuel cost, profit gained from power supply climbed greatly, which relatively brought its great advances in proportion of profit composing.
6. In the report period, no other operation activities which had material influence upon profit occurred.
7. In the report period, the Company received no investment income which influenced net profit of the Company over 10%, from its share-participation company.

8. Problems and difficulties in operation:

In the report period, influenced by the continuous spread of the international economic crisis, power demand in Guangdong province has sharply decreased. The following factors made it extremely hard for the Company to shoot for power generation amount: operation of new machine sets in Guangdong province; high burthen for power transfer from west to east as well as economic attemper policy. Serious delay of subsidy for processing fuel and oil increased capital turnover pressure of the Company, correspondingly, capital application cost also increased. Besides, the State started to toll fuel tax on fuel oil, which further raised the Company's production cost. All the aforementioned factors brought huge pressures to the Company for operation and production.

(II) Investment in the report period

1. Application of raised proceeds

In the report period, the Company neither raised proceeds, nor had proceeds raised in former periods but extended to use in the report period.

2. Investment of non-raised proceeds

(1) Cycle economy project

① Particulars about Nanshan Power Plant

The drying up sludge project: civil construction has been basically finished; installation has started at end of May of this year, and till now, 70% of the plan has been finished. During the report period, the Company has not increased investment; till Jun. 30th, 2009, the Company had totally poured RMB 46.34 million for this investment and actually finished total investment amount of RMB 87.32 million.

Combined supply of cold and heat power project: civil construction of demonstration project has been almost finished and went into integrated adjust step in later times of July. The design scheme of cooling water pipe network outside the factory for the demonstration project-combined supply with cool, heat as well as power has acquired principle agreement and approval from the branch bureau directly under Shenzhen Municipal Planning Bureau. The initial scheme of cooling supply designed for Shenzhen University Normal College Middle School, the significant user outside the demonstration project has been completed. With discussion and approval from

the 21st meeting of the 5th board of directors of the Company, the Company was agreed to establish a project company exclusively, and relevant industrial and commercial registration procedures are being transacted. In the report period, the Company added RMB 3.0412 million in this investment; till June 30th of 2009, totally RMB 5.7034 million has been input in this project.

② Progress of the cycle economy project in Shennandian (Zhongshan) Company: for the phase-I project of combined supply of power and heat, the routing measure works have been basically finished; the basic route for heat supply pipe network has been ensured. At present, the detail measure is being done.

(2) Project in Xinchang, Jiangxi province

Until June 30th of 2009, the construction of project is wholly progressing well, and it is predicted that the first machine set would be input for operation at the end of this year according to the plan. In the report period, the Company added RMB 67.7143 million in this investment; till June 30th of 2009, the Company accumulatively invested RMB 146,571,400.

(III) Operation plan for the later half year

Due to the financial crisis, it remains extremely hard for operation in the later half year. The Company will continue to carry forward the spirit of brawniness and striving, keep sober for the situation, unify its thought and carry out various works earnestly and practically.

1. The 3rd quarter is the key step for power generation across the whole year. The Company will continue to strengthen management in safety and economy, hold firmly safety production and economic operation of its subsidiary power plants, and make well of operation and maintenance of power generation equipments.
2. The Company will promote construction of cycle economy projects, ensuring that the projects could be able to run as scheduled with high standard and striving for formation of obvious demonstration effect; meanwhile, it actively develops potential investment opportunity, seeking for long-term sustainable development.
3. The Company actively communicates with the various supervising departments of the government, to promote continuous execution of the present subsidy policy for electricity price in Guangdong province and Shenzhen, strengthen power in tolling electricity fee and subsidy for power generation.
4. On the basis of taking spot sourcing of gas in the market and striving for increasing proportion that natural gas takes in power generation as big as possible in the 3rd quarter, the Company carries out negotiation with China National Offshore Oil Corp for Qatar Long-term Contract on Natural Gas. .
5. The Company further perfects the internal control system and risk supervising & control system, aiming to enhance its operation administration level and risk-prevention ability.

(IV) Special explanations by the Board of Directors on the matters involved in non-standard qualified opinion issued by CPAs.

In year 2008, PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. issued qualified auditor's report with paragraph of emphasized matters for the Company. During the report period, the matters involved in non-standard qualified opinion has not any progress (for details, refer to the notice dated April 9, 2009 with Notice No. 2009-019).

V. Significant Events

(I) Actual administration of the Company

In the report period, the Company operated in law and standardized 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. The actual corporate management structure basically accorded with the regulations of relevant standard documents on administration of listed company issued by CSRC. Till the end of the report period, the four special committees including the Strategy and Investment management Committee, Remuneration and Examination Committee, Nomination Committee and Audit Committee had well developed relevant work.

At present, the Company is revising and enlarging relevant inner control system, constantly complementing and perfecting corporate management structure to form effective balance relationship of authority institution, decision-making institution, supervisory institution and execution institution, therefore keep the operation constantly improving.

(II) Profit distribution plan and its execution

There was no profit distribution plan, plan on public reserve conversion into shares or new share issuing plan implemented in the report period which was drawn in the past.

In the first half of 2009, there was no profit distribution preplan or plan on public reserve conversion into shares.

There was no equity incentive proceeding.

(III) In the report period, 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) Purchase and sale of assets and enterprise combination in the report period

On Apr. 29, 2009, the Company held the Annual Shareholders' Meeting 2008, which approved Proposal on Related Transaction of Shenzhen Energy Group Co., Ltd. Purchasing Small Thermal Power Generating Unit Which Were Shut Down by the Company with the total amount of RMB 27,846,000 and it's expected to produce profit of RMB 26.4 million (Details could be found in Notice No. 2009-017 and 2009-028). During the report period, part contracts have been signed, but the transaction has not accomplished.

(V) Significant related transaction in the report period

I. Daily related transaction in the report period

(1) Pipeline using fee paid to related parties

① Transaction scale

Name of enterprise	Jan.-Jun., 2009		Jan.-Jun., 2008	
	Amount (RMB'0000)	Proportion taken in total	Amount (RMB'0000)	Proportion taken in total
Shenzhen Mawan Power Co., Ltd.	43.00	100%	101.15	100%

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.-Jun., 2009		Jan.-Jun., 2008	
	Amount (RMB'0000)	Proportion taken in total	Amount (RMB'0000)	Proportion taken in total
Shenzhen Moon Bay Oil Port Co., Ltd.	421.90	100%	611.73	100.00%

② Confirmation reference of purchasing price
It is confirmed referring to market price.

2. In the report period, related transactions of asset purchasing and selling occurred
For details, refers to the Significant Events (IV) Purchase and sale of assets and
enterprise combination in the report period.

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			52.00	2,129.00
Shennandian (Zhongshan) Power Co., Ltd.	760.00	27,016.00		
Zhongshan Shenzhong Real Estate Development Co., Ltd.	1,416.00	58,533.00		
Shenzhen Server Petrochemical Supplying Co., Ltd.	-862.00	5,593.00	370.00	1,472.00
Shennandian (Dongguan) Weimei Electric Power Co., Ltd	6,492.00	25,166.00		
Shenzhen New Power Industrial Co., Ltd.			-584.00	14,923.00
Shenzhen Shennandian Environment Protection Co., Ltd.			358.00	200.00
Total	7,806.00	116,308.00	196.00	18,724.00

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

1. 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.

2. There is no other material contract in the report period.

3. During the report period, the Company has not entrusted others to manage cash assets.

4. 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		90,157.44				
Total balance of guarantee for controlling subsidiaries at the end of the report period (B)		90,157.44				
Particulars about the external guarantee of the Company (Including the guarantee for the controlling subsidiaries)						
Total amount of guarantee (A+B)		90,157.44				
The proportion of the total amount of guarantee in the net assets of the Company		48.69%				
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)		51,557.44				
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)		51,557.44				

(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. 30, 2009, 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. 30, 2009, the balance of external guarantee of the Company amounts to RMB 901,574,400 (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-tradable 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.

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

(IX) Till the end of this report period, shareholders holding more than 5% shares of the Company have no commitment on share restriction for trading, such as willingly extended restricted term of shares, and set or elevated the lowest price of decreasing-holding, etc.

(X) Reception for investigation, communication and interview

Reception date	Reception place	Way of reception	Object received	Discussion issue and offered information
February 28, 2009	The Company	Spot investigation	Industry Analyst from Finance and Industry Institute of Northeast Securities 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

During the report period, the designated newspapers for information disclosure are China Securities Journal, 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
January 6 th of 2009	Notice on Resolutions of the Extraordinary Meeting of the 5 th Board of Directors	Securities Times Page B7, China Securities Journal Page C12, Hong Kong Wen Wei Po Page B1
January 22 nd of 2009	Notice on Resolution of the 1 st Temporary Shareholders' General Meeting for 2009	Securities Times Page D9, China Securities Journal Page B08, Hong Kong Wen Wei Po Page B2
January 23 rd of 2009	Notice on Performance Forecast	Securities Times Page B8,

		China Securities Journal Page A04, Hong Kong Wen Wei Po Page B9
February 13 th of 2009	Notice on Clarification	Securities Times Page D4, China Securities Journal Page C12, Hong Kong Wen Wei Po Page B3
February 25 th of 2009	Notice on Influence of Increasing Tax Amount Per <u>Unit</u> of Fuel Oil and Diesel Consumption Tax on the Company	Securities Times Page B8, China Securities Journal Page D005, Hong Kong Wen Wei Po Page A24
March 18 th of 2009	Notice on Clarification	Securities Times Page B11, China Securities Journal Page B04, Hong Kong Wen Wei Po Page B11
March 19 th of 2009	Notice on Processing Fee Charging Criteria Adjustment of the Company's Controlling Subsidiaries	Securities Times Page A10, China Securities Journal Page B08, Hong Kong Wen Wei Po Page A19
March 21 st of 2009	Notice of Resolutions of the Extraordinary Meeting of the 5 th Board of Directors; Notice on Holding the 2 nd Temporary Shareholders' Meeting for 2009; Notice on Loan Guarantee for Shennandian (Zhongshan) Electric Power Co., Ltd. respectively by Shennandian and its Holding Subsidiaries	Securities Times Page B17, China Securities Journal Page C004, Hong Kong Wen Wei Po Page A59
April 4 th of 2009	Persistent Notice on Debt Restructuring, Asset Revitalization and Corporation Transformation of the Subsidiaries Zhongshan Power Plant Co., Ltd and Zhongshan Zhongfa Power Co., Ltd	Securities Times Page B13, China Securities Journal Page C012, Hong Kong Wen Wei Po Page B7
April 8 th of 2009	Notice on Resolution of the 2 nd Temporary Shareholders' Meeting for 2009	Securities Times Page A8, China Securities Journal Page C12, Hong Kong Wen Wei Po Page B2
April 9 th of 2009	Notice of Resolutions of the 17 th Meeting of the 5 th Board of Directors; Notice of Resolutions of the 17 th Meeting of the 5 th Supervisory Committee; Notice on Holding the 2009 Annual Shareholders' General Meeting; Notice on Related Transaction of Shenzhen Energy Group Co., Ltd. Purchasing Small Thermal Power Generating Unit Which Were Shut Down by the Company; Annual Report and its Summary of 2008 (Chinese and English versions)	Securities Times Page D36 , 37, China Securities Journal Page 028, Hong Kong Wen Wei Po Page A19-22
April 25 th of 2009	Notice of Resolutions of the 18 th Meeting of the 5 th Board of Directors; Notice of Resolutions of the 18 th Meeting of the 5 th Supervisory Committee	Securities Times Page B33, China Securities Journal Page C014, Hong Kong Wen Wei Po Page A11
April 30 th of 2009	Notice of Resolutions of 2008 Annual Shareholders' General Meeting	Securities Times Page D015, China Securities Journal Page D005, Hong Kong Wen Wei Po Page B2
May 7 th of 2009	Notice on Resignation of the Directors; Notice on Resignation of the Supervisors	Securities Times Page A19, China Securities Journal Page D004, Hong Kong Wen Wei Po Page B2
May 26 th of 2009	Suggestive Notice on Releasing Share Restriction for Trading	Securities Times Page D11, China Securities Journal Page D008, Hong Kong Wen Wei

		Po Page A26
June 13 th of 2009	Notice of Resolutions of the 19 th Meeting of the 5 th Supervisory Committee	Securities Times Page B12, China Securities Journal Page C012, Hong Kong Wen Wei Po Page B2
June 20 th of 2009	Notice of Resolutions of the 20 th Meeting of the 5 th Board of Directors	Securities Times Page B1, China Securities Journal Page C003, Hong Kong Wen Wei Po Page B4
July 3 rd of 2009	Notice of Resolutions of the 21 st Meeting of the 5 th Board of Directors	Securities Times Page B8, China Securities Journal Page D008, Hong Kong Wen Wei Po Page B5

VI. Financial Report (Un-audited)

The 2009 Semi-annual Financial Report is un-audited (attached).

VII. Documents Available for Reference

- (I) Semi-annual Report of 2009 carried with the personnel signature of Legal Representative;
- (II) Accounting Statements carried with the signature and seals of the Legal Representative, General Manager and C.F.O.;
- (III) All the originals of the Company's documents and public notices disclosed in Securities Times, China Securities Journal 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 3, 2009

**Shenzhen Nanshan Power Co., Ltd.
(Hereinafter referred to as "NSRD" or "the Company")**

Semi-Annual of Year 2009

Financial Statements & Notes

Shenzhen Nanshan Power Co., Ltd.
Consolidation and Balance Sheet of Parent Company as of June 30, 2009

Unit: RMB

Assets	Merger		Parent Company	
	June 30, 2009	Dec. 31, 2008	June 30, 2009	Dec. 31, 2008
Current assets:				
Monetary funds	241,218,144.34	429,507,715.29	18,129,372.96	29,272,846.21
Notes receivable	-	2,626,222.50		
Accounts receivable	506,858,643.18	339,893,125.56	159,783,884.13	114,758,696.74
Accounts paid in advance	34,282,307.82	67,011,796.04	14,740,853.51	5,391,749.58
Interest receivable	-	-	-	-
Dividend receivable	-	-	597,875,904.41	597,875,904.41
Other receivables	16,236,630.02	16,177,663.50	1,169,106,009.89	1,092,405,738.66
Inventories	1,282,510,849.84	1,292,492,515.40	193,036,285.90	200,016,725.06
Other current assets	-	-	-	-
	-	-		
Total current assets	2,081,106,575.20	2,147,709,038.29	2,152,672,310.80	2,039,721,660.66
Non-current assets:	-	-		
Long-term account receivable	-	-		
Long-term equity investment	226,083,229.00	154,568,943.00	716,606,078.76	645,091,792.76
Investment property	8,482,946.67	8,810,232.45	-	-
Fixed assets	2,414,432,064.95	2,501,462,089.16	379,988,995.13	398,151,919.32
Construction in progress	151,307,252.80	69,221,381.57	20,285,409.26	15,247,657.72
Disposal of fixed asset	6,468,209.20	-	15,578.00	-
Intangible assets	82,741,302.70	84,312,023.87	2,742,890.27	3,809,711.87
Long-term expenses to be apportioned	571,462.38	829,221.81	341,395.82	397,996.28
Deferred income tax asset	19,026,595.56	19,026,595.56	14,756,122.84	14,756,122.84
Other non-current asset	-	-	-	-
Total non-current asset	2,909,113,063.26	2,838,230,487.42	1,134,736,470.08	1,077,455,200.79
	-	-		
	-	-		
Total assets	4,990,219,638.46	4,985,939,525.71	3,287,408,780.88	3,117,176,861.45

Shenzhen Nanshan Power Co., Ltd.
Consolidation and Balance Sheet of Parent Company as of June 30, 2009 (Con.)

Unit: RMB

Liabilities and shareholder's equity	Merger		Parent Company	
	June 30, 2009	Dec. 31, 2008	June 30, 2009	Dec. 31, 2008
Current liabilities:				
Short-term loans	2,467,544,580.43	2,461,843,918.77	1,470,000,000.00	1,145,922,040.00
Notes payable	184,435,226.57	69,049,391.35	83,500,000.00	21,918,219.70
Accounts payable	33,362,795.33	104,706,998.24	12,298,665.61	175,244,357.18
Accounts received in advance	6,547,243.02	2,198,638.40	-	-
Wage payable	34,900,558.20	31,921,195.28	18,321,278.74	17,785,432.49
Taxes payable	-399,558,126.43	-339,865,158.06	-331,906,586.66	-286,213,117.57
Interest payable	36,001,777.29	34,361,227.33	-	2,171,300.00
Other accounts payable	317,532,073.58	304,241,543.35	196,853,492.46	196,718,008.59
Long-term liabilities due within 1 year	60,000,000.00	100,000,000.00	-	-
Total current liabilities	2,740,766,127.99	2,768,457,754.66	1,449,066,850.15	1,273,546,240.39
Non-current liabilities:	-	-		
Long-term loans	236,000,000.00	281,000,000.00	110,000,000.00	110,000,000.00
Deferred income t	2,600,000.00	600,000.00	-	-
Total non-current liabilities	238,600,000.00	281,600,000.00	110,000,000.00	110,000,000.00
Total liabilities	2,979,366,127.99	3,050,057,754.66	1,559,066,850.15	1,383,546,240.39
Owner's equity:	-	-		
Share capital	602,762,596.00	602,762,596.00	602,762,596.00	602,762,596.00
Capital public reserve	363,629,927.51	363,629,927.51	288,769,132.47	288,769,132.47
Surplus public reserve	332,908,397.60	332,908,397.60	332,908,397.60	332,908,397.60
Retained profit	534,832,962.85	473,871,306.65	503,901,804.66	509,190,494.99
Total owner's equity attributable to parent company	1,834,133,883.96	1,773,172,227.76		
Minority interests	176,719,626.51	162,709,543.29		
Total shareholder's equity	2,010,853,510.47	1,935,881,771.05	1,728,341,930.73	1,733,630,621.06
Total liabilities and shareholder's equity	4,990,219,638.46	4,985,939,525.71	3,287,408,780.88	3,117,176,861.45

Shenzhen Nanshan Power Co., Ltd.
Consolidation and Profit Statement of Parent Company as of Jan.-June, 2009

Unit: RMB

Items	Merger		Parent Company	
	Jan.-June, 2009	Jan.-June, 2008	Jan.-June, 2009	Jan.-June, 2008
I. Operating income	878,653,990.33	1,948,871,592.26	175,385,627.83	602,572,556.78
Less: Operating cost	861,187,994.60	2,632,628,739.96	191,470,461.98	985,474,041.63
Operating tax and extras	3,524,473.48	2,940,055.38	2,125,019.80	826,119.16
Sales expenses	497,766.79	1,195,649.56	-	-
Administration expenses	53,966,274.95	68,194,926.43	7,285,573.05	22,331,459.99
Financial expenses	64,435,700.10	77,338,216.43	13,855,694.33	15,927,952.80
Losses of devaluation of asset	-	-		
Add: Investment income	-	-		
II. Operating profit	-104,958,219.59	-833,425,995.50	-39,351,121.33	-421,987,016.80
Add: Non-operating income	180,256,133.16	895,390,136.93	34,062,431.00	499,065,396.00
Less: Non-operating expense	56,070.37	855,712.93	-	110,000.00
III. Total Profit	75,241,843.20	61,108,428.50	-5,288,690.33	76,968,379.20
Less: Income tax	270,103.78	13,530,480.00	-	11,797,847.13
IV. Net profit	74,971,739.42	47,577,948.50	-5,288,690.33	65,170,532.07
Net profit attributable to owner's equity of parent company	60,961,656.20	30,263,291.14		
Minority shareholders' gains and losses	14,010,083.22	17,314,657.36		
V. Earnings per share	-	-		
i. Basic earnings per share	0.101	0.050		
ii. Diluted earnings per share	0.101	0.050		

Shenzhen Nanshan Power Co., Ltd.
Consolidation and Cash Flow Statement of Parent Company
as of Jan.-June, 2009

Unit: RMB

Items	Merger		Parent Company	
	Jan.-June, 2009	Jan.-June, 2008	Jan.-June, 2009	Jan.-June, 2008
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	1,018,270,032.05	2,197,533,670.66	155,948,860.94	1,113,781,806.60
Write-back of tax received	7,897,031.12	4,676,598.29	-	-
Other cash received concerning operating activities	24,996,492.07	546,238,605.69	724,535,750.27	1,614,087,507.47
Subtotal of cash inflow arising from operating activities	1,051,163,555.24	2,748,448,874.64	880,484,611.21	2,727,869,314.07
Cash paid for purchasing commodities and receiving labor service	842,485,752.32	2,898,030,384.62	409,790,306.33	1,172,096,714.11
Cash paid to/for staff and workers	51,248,072.22	63,887,583.34	29,490,824.00	43,370,859.32
Taxes paid	102,460,531.59	51,014,105.47	53,904,761.89	6,011,036.90
Other cash paid concerning operating activities	31,876,065.34	48,065,274.79	596,571,736.56	1,804,677,975.28
Subtotal of cash outflow arising from operating activities	1,028,070,421.47	3,060,997,348.22	1,089,757,628.78	3,026,156,585.61
Net cash flows arising from operating activities	23,093,133.77	-312,548,473.58	-209,273,017.57	-298,287,271.54
II. Cash flows arising from investing activities:	-	-	-	-
Net cash received from disposal of fixed, intangible and other long-term assets	520.00	44,707,325.00	-	7,136,800.00
Subtotal of cash inflow from investing activities	520.00	44,707,325.00	-	7,136,800.00
Cash paid for purchasing fixed, intangible and other long-term assets	79,615,083.79	44,502,502.87	15,256,795.85	12,870,752.29
Cash paid for investment	71,514,286.00	43,095,360.49	71,514,286.00	59,657,143.00
Subtotal of cash outflow from investing activities	151,129,369.79	87,597,863.36	86,771,081.85	72,527,895.29
Net cash flows arising from investing activities	-151,128,849.79	-42,890,538.36	-86,771,081.85	-65,391,095.29
III. Cash flows arising from financing activities	-	-	-	-
Cash received from loans	2,067,690,335.18	3,357,738,525.82	1,108,000,000.00	1,415,871,360.00
Other cash received concerning financing activities	-	1,387,365.00	-	-
Subtotal of cash inflow from financing activities	2,067,690,335.18	3,359,125,890.82	1,108,000,000.00	1,415,871,360.00
Cash paid for settling debts	2,050,149,393.90	2,780,983,162.52	784,366,140.00	1,045,471,820.00
Cash paid for dividend and profit distributing or interest paying	77,832,666.48	96,699,661.72	38,733,162.74	36,829,530.42
Subtotal of cash outflow from financing activities	2,127,982,060.38	2,877,682,824.24	823,099,302.74	1,082,301,350.42
Net cash flows arising from financing activities	-60,291,725.20	481,443,066.58	284,900,697.26	333,570,009.58
IV. Influence on cash due to fluctuation in exchange rate	37,870.27	3,918,731.92	-71.09	-108,357.46

V. Net increase of cash and cash equivalents	-188,289,570.95	129,922,786.56	-11,143,473.25	-30,216,714.71
Add: Balance of cash and cash equivalents at the period -begin	429,507,715.29	419,172,277.64	29,272,846.21	125,774,088.96
VI. Balance of cash and cash equivalents at the period -end	241,218,144.34	549,095,064.20	18,129,372.96	95,557,374.25

Shenzhen Nanshan Power Co., Ltd
Consolidated Statement of Changes in Shareholders' Equity
as of Jan.-Jun., 2009

Unit: RMB

	Owners' equity attributable to the parent company					Minority interest	Total owners' equity
	Share capital	Capital reserves	Surplus reserves	Retained profit	Others		
I. Balance in the beginning of 2008	547,965,998.00	363,629,927.51	332,908,397.60	534,342,963.11	-1,481,216.08	158,639,706.03	1,936,005,776.17
II. Changes of increase/decrease in 2008	54,796,598.00			-60,471,656.46	1,481,216.08	4,069,837.26	-124,005.12
(I) Net profit				10,763,920.54		4,069,837.26	14,833,757.80
(II) Distribute profit							
--Distribution for shareholders	54,796,598.00			-71,235,577.00			-16,438,979.00
(III) Gains calculating into shareholders							
- - Balance difference of foreign currency translation					1,481,216.08		1,481,216.08
III. Balance as of Dec. 31, 2008	602,762,596.00	363,629,927.51	332,908,397.60	473,871,306.65	-	162,709,543.29	1,935,881,771.05
IV. Changes of increase/decrease in semi-annual of 2009	-	-	-	60,961,656.20	-	14,010,083.22	74,971,739.42
(I) Net profit				60,961,656.20		14,010,083.22	74,971,739.42
(II) Distribute profit	-	-	-	-	-	-	-
V. Balance as of June 30, 2009	602,762,596.00	363,629,927.51	332,908,397.60	534,832,962.85	-	176,719,626.51	2,010,853,510.47

Shenzhen Nanshan Power Co., Ltd
Statement of Changes in Shareholders' Equity of Parent Company
as of J Jan.-Jun., 2009

Unit: RMB

	Share capital	Capital reserves	Surplus reserves	Retained profit	Total owners' equity
I. Balance in the year-begin as of Jan. 1,2008	547,965,998.00	288,769,132.47	332,908,397.60	314,075,825.78	1,483,719,353.85
II. Changes of increase/decrease in 2008	54,796,598.00	-	-	195,114,669.21	249,911,267.21
(I) Net profit				266,350,246.21	266,350,246.21
(II) Distribute profit					
--Distribution for owners (shareholders)	54,796,598.00			-71,235,577.00	-16,438,979.00
III. Balance as of Dec. 31, 2008	602,762,596.00	288,769,132.47	332,908,397.60	509,190,494.99	1,733,630,621.06
IV. Changes of increase/decrease in semi-annual of 2009	-	-	-	-5,288,690.33	-5,288,690.33
(I) Net profit				-5,288,690.33	-5,288,690.33
(II) Distribute profit	-	-	-	-	-
(III) Internal transfer of owner's equity					-
V. Balance as of June 30, 2009	602,762,596.00	288,769,132.47	332,908,397.60	503,901,804.66	1,728,341,930.73

Notes to Financial Statement

I. Company Profile

Shenzhen Nanshan Power Co., Ltd (hereinafter called as “Company”) was reorganized to be a joint-stock enterprise from a foreign investment enterprise in 1993, upon the approval of General Office of Shenzhen Municipal Government with Document Shen Fu Ban Fu No.897 in 1993. When transformed, the Company’s total capital was 103,000,000 Yuan with paper value per share 1 Yuan. In 1994, after approved by Document Shen Zhu Ban Fu No. 179 in 1993 issued by Shenzhen Securities Regulatory Office, the Company offered 40,000,000 RMB common shares and 37,000,000 foreign exchange shares listed in China respectively to domestic and overseas investors, which were listed in Shenzhen Securities Exchange respectively on Jul 1, 1994 and Nov 28, 1994. After the offering, the Company’s total capital increased to 180,000,000 Yuan. After several later dividend distributions and stock allotments, the Company’s capital increased to 602,762,596 Yuan on June 30, 2009.

II. Key accounting policies and estimates

(1) Accounting year

The accounting year is from January 1 to December 31 in the Gregorian calendar.

(2) Standard currency for account entry

The standard currency is RMB.

(3) Measurement attributes

Except for fair value, cashable net value and current value and other measurement attributes noted otherwise, the measurement attribute is historical cost.

(4) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions shall be reckoned into account with RMB exchanged by foreign currency at the spot rate on the trade date.

On the balance sheet date, the foreign currency items shall be exchanged to be RMB at the spot rate on the balance sheet date, and the difference caused by exchange shall be directly recognized as current profit/loss, except that the foreign currency translation difference, caused by the foreign currency loan specially for purchasing or constructing the assets meeting capitalization conditions, shall be treated in the principle of capitalization. The non-monetary foreign currency items measured by historical costs shall be exchanged on the balance sheet date at the spot rate of the trade date.

(b) Exchange of foreign currency financial statements

All items of assets and liabilities operated overseas shall be translated to be in RMB according to the spot rate on the balance sheet date. Except for the item “undistributed profit” in shareholders’ equity, other items shall be translated at the spot rates when the items happened. The items of incomes and expenses for overseas operation in income statement shall be translated at the spot rates when the items happened. The foreign currency translation differences of the above translations shall be separately listed in shareholders’ equity.

Foreign cash flows and cash flows of overseas subsidiaries shall be translated at the spot rates on the cash flow dates. The cash changes for foreign currency exchange rate shall be separately listed in cash flow statement.

(5) Cash and cash equivalents

The cash listed in cash flow statement means the cash in hand and the deposit available for payment at any time, and cash equivalents mean the investments with short holding term, high liquidity, easily converted to be known cash and low value change risk.

(6) Financial assets

On initial confirmation, the financial assets are divided into: financial assets measured by fair value and of which the changes are recognized to be current profit/loss, receivables, tradable financial assets and held-to-maturity investments. The classification of financial assets is depended on the Group's holding intention and capability on financial assets. The Group has not any held-to-maturity investment in the year.

(a) Financial assets measured by fair value and of which the changes are recognized to be current profit/loss

Financial assets measured by fair value and of which the changes are recognized to be current profit/loss include the financial assets with holding intentions to be sold in short terms, and the assets are listed as tradable financial assets in balance sheet.

(b) Receivables

Receivables mean the non-derivative financial assets without quotation but with fixed or confirmable recovering amount, and including receivable accounts and other receivables (Note 4 (7)).

(c) Tradable financial assets

Tradable financial assets include the tradable non-derivative financial assets classified on initial confirmation and the financial assets not classified to be other financial assets. The financial assets tradable within 12 months after the balance sheet date shall be listed as other current assets in balance sheet.

(d) Confirmation and measurement

Where the Group becomes a party of a financial instrument contract, the fair value of the financial assets shall be recognized in balance sheet. For the financial assets measured by fair value and of which the changes are recognized to be current profit/loss, it shall be reckoned in current profit/loss when related transaction cost acquired; the related transaction costs of other financial assets shall be reckoned in initial confirmation amounts. When the contracted rights on a cash flow of a financial asset have been terminated or almost all risks and rewards on the ownership of the financial assets have been transferred, the financial assets shall be confirmed finally.

Financial assets measured by fair value and of which the changes are recognized to be

current profit/loss and tradable financial assets shall be after-measured by fair value, however the equity instrument investment, without quotation in the active market and of which fair value can not be measured reliably, shall be measured by its cost; receivables and held-to-maturity shall be measured by the post-amortization cost according to actual interest rate method.

The fair value change of financial assets measured by fair value and of which the changes are recognized to be current profit/loss shall be recognized to be fair value change profit/loss and reckoned in current profit/loss; the received interests or cash bonus during holding an assets and disposal profit/loss in disposal of the asset shall be reckoned in current profit/loss.

Except for impairment loss and exchange profit/loss caused by foreign monetary financial assets, the fair value changes of tradable financial assets shall be directly reckoned in shareholders' equity, and upon the final of confirmation of the financial assets, the accumulation of fair value changes formerly and directly reckoned in equity shall be transferred into current profit/loss. The interests of the tradable liabilities instrument investment calculated according to actual interest rate method during being held, and cash bonus announced to be distributed by the invested enterprise and related to tradable equity instrument investment shall be reckoned as investment return in current profit/loss.

(e) Impairment of financial assets

Except for the financial assets measured by fair value and of which the changes are recognized to be current profit/loss, the Group will check all account values of financial assets on the balance sheet date, and if any objective evidence shows impairment on any financial asset, withdrawal for impairment reserve shall be recognized.

Where impairment of financial assets measured by post-amortization cost, the withdrawal of impairment reserve shall be recognized at the difference of the current value estimated with future cash flows (excluding future credit loss not occurred yet) lower than account value. If there is objective evidence that the value of the financial asset has been recovered, and the recovery is objectively related to the subsequent matters after the confirmation of the loss, the recognized impairment loss shall be returned and reckoned in current profit/loss.

Where the fair value of tradable financial asset changes greatly or decreases non-temporarily, the cumulative loss formerly directly recognized to be shareholders' equity and caused by the decrease of fair value shall be transferred out and reckoned in impairment loss. For the tradable liabilities instrument investment of which impairment loss has been recognized, when the fair value increases after the period and the increase is objectively related to the subsequent matters after the confirmation of the impairment loss, the formerly recognized impairment loss shall be returned and reckoned in current profit/loss. For the tradable equity instrument investment of which impairment loss has been recognized, when the fair value increases after the period and the increase is objectively related to the subsequent matters after the confirmation of the impairment loss, the formerly recognized impairment loss shall be returned and directly reckoned in current profit/loss.

When the impairment of equity instrument investment, without quotation in the active market and of which the fair value can not be measured reliably, occurs, the difference of

its account value higher than the current value of the future cash flows of similar financial assets calculated according to the current market profitability shall be recognized as impairment loss. Once impairment loss confirmed, its recovery shall not be returned in later periods.

(7) Receivables

Receivables include receivable accounts and other receivables. The receivable accounts of the Group caused by goods sales or rendering services shall be initially recognized with the receivable fair value prescribed in the contract or agreement. The receivable account shall be calculated according to actual interest method, and listed with the net value of post-amortization cost after bad accounts reserve deducted.

For a single receivable account with a great value, impairment test shall be done separately. When there is objective evidence that the Group can not receive such amount in accordance with the original conditions, bad account reserve shall be reckoned with the difference of the current value of the estimated future cash flows lower than its account value.

For a single receivable account without a great value, it shall be classified, together with the receivables without impairment found in single test, to be some groups according to their credit risk features, and based on the actual impairment rate of past similar or identical receivable account group with similar credit risk features, and in consideration of current circumstances, recognize bad account reserve.

For the receivable accounts of the Group without right of recourse transferred to financial institutions, the balance of the trading amounts deducting the transferred account value and related taxes shall be reckoned in current profit/loss.

(8) Inventory

Inventories are classified to be real estate development products and non-real-estate development products. Real estate development products include the products to be developed. Non-real-estate development products include fuel, spare goods and parts, auxiliary materials and low-value consumables. The inventory shall be listed with the lower between its cost and cashable net value.

The products to be developed shall be priced with the actual cost according to the purchased land use right for the usage of sales or lease. The cost of non-real-estate development products when delivery shall be calculated according to weighted mean method, and the fuel costs or maintenance expenditures for non-real-estate development products in consumption shall be reckoned according to the practices.

Inventory falling price reserves shall be provided according to the difference of the inventory's cost higher than cashable net value. Cashable net value of an inventory shall be recognized by its estimated price after deducting estimated sales expenses and related taxes.

The Group's inventory taking system is perpetual inventory system

(9) Long-term equity investment

Long-term equity investment includes the Company's equity investment in its subsidiaries, the Group's equity investment in joint ventures, and the Group's long-term equity investment in the invested enterprises, not being controlled or jointly controlled or greatly influenced by the Group, and without quotation in the active market and of which the fair value can not be measured reliably.

(a) Subsidiary

A subsidiary means an enterprise invested by the Group, and the Group may control the enterprise, which means that the Group has the right to decide its financial and operating policies and may receive benefits from its operating activities. When confirming whether an invested enterprise may be controlled, the current convertible bonds, current exercisable subscription warrants and other potential voting rights of the invested enterprise shall be considered. The investment in subsidiaries shall be listed with the amount determined by cost method, and shall be adjusted by equity method and then consolidated for preparing consolidated financial statements.

Long-term equity investment calculated by cost method shall be measured with its initial investment cost. The cash bonus or profit announced to be distributed by the invested enterprise shall be recognized as current profit/loss. The recognized investment return is limited to the distribution of accumulative net profit after the invested enterprise accepts the investment, and the amount of the received profit or cash bonus higher than the above amount shall be reckoned in the return of initial investment cost.

(b) Joint ventures

A joint venture means an enterprise invested by the Group, in which the Group has an important influence on its accounting and operating decisions.

The investment cost to the joint venture shall be measured with the actual cost in initial measurement and equity method in follow-up measurement. If the initial investment cost is higher than the enjoyable share of the fair value of the invested enterprise identifiable net assets when investment, the initial investment cost shall be recognized as long-term equity investment cost; if the initial investment cost is lower than the enjoyable share of the fair value of the invested enterprise identifiable net assets when investment, the difference shall be reckoned in current profit/loss, and accordingly adjust and increase the cost of the long-term equity investment.

If equity method is adopted for calculation, the Group's enjoyable or attributable net profit/loss share in the invested enterprise shall be recognized as current profit/loss. The Group recognizes 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 for the losses or liabilities which the Group has additional responsibilities to bear, and that is compliant with confirmation conditions of estimated liabilities stipulated by contingency stipulations, the investment loss and estimated liabilities shall be recognized continuously. On the condition that the Group's shareholding ratio is consistent, other changes of shareholders' equity other than net profit/loss of the invested enterprise shall be directly reckoned in capital reserve in proportion to the shareholding ratio. By the Group's receivable profit or

bonus when announced to be distributed by the invested enterprise, accordingly subtract the account value of the long-term equity investment. In the transaction between the Group and its invested enterprise, the profit/loss in such internal transaction that is owe to the Group in proportion to its shareholding ratio shall be written off, and then recognize investment profit/loss. For the part of asset impairment loss in the transaction loss between the Group and its invested enterprise, the unrealized profit/loss shall not be written off.

(c) Other long-term equity investment

For other long-term equity investment to the invested enterprise of the Group that does not do joint control or does not have significant influences on the invested enterprise, if the investment has no quotation in the active market and its fair value cannot be reliably measured, it shall be accounted with cost method.

(10) Real estate for investment

Real estate for investment includes the promises for lease, and shall be initially measured with cost. The follow-up expenditures related to the real estate for investment shall be reckoned in the cost of the real estate for investment when the related economic benefits very likely flow in the Group and of which the cost may be measured reliably; or the expenditures shall be reckoned in current profit/loss upon their occurrences.

The Group adopts cost method to follow-up measure all its real estate for investment, and withdraws depreciation and amortization for the promises and land use right in accordance with their estimated service lives and net salvages. The estimated service lives, net salvages and annual depreciation (amortization) rate are following:

Estimated service lives	Estimated net salvages	Annual depreciation (amortization) rate
Promises	20 years	10%

If the usage of real estate for investment is changed to be private, since the change date, the real estate for investment shall be converted to be fixed asset or intangible asset. If the real estate for private usage is changed to be for investment, since the change date, the fixed asset or intangible asset shall be converted to be real estate for investment. When converted, the account value of the real estate before conversion shall be recognized to be the account value after conversion.

The estimated service lives, estimated net salvages and depreciation (amortization) method shall be re-checked and properly adjusted at the end of each year.

When a real estate for investment is disposed, or discarded permanently, and no economic benefits can be gained from such disposal, terminate to confirm the real estate for investment. The amount of the income from disposal (sales, transfer, discard or damage) of a real estate for investment after deducting its account value and related taxes shall be reckoned in current profit/loss.

(11) Fixed assets

Fixed assets include house, building, machinery, transport tools and other equipments. The purchased or newly constructed fixed assets shall be initially measured with the actual cost of the purchase and construction.

If the subsequent expenses related to a fixed asset, of which the related economic benefits likely flow in the Group and the cost may be measured reliably, they shall be reckoned in the cost of fixed asset; for the part replaced, the recognition of its account value shall be terminated; all other subsequent expenses shall be reckoned in the current profit/loss.

The depreciation of gas turbine set included in machinery shall be adopted with units-of-production depreciation method, and the depreciation shall be reckoned with its entry value after deducting its estimated net salvage and in accordance with the percentage of the actual generating hours to the estimated total generating hours as unit depreciation rate. The net salvage rate of gas turbine set is 10%.

Except for gas turbine set, the depreciation of fixed assets shall be adopted with straight-line method, and the depreciations shall be reckoned with its entry value within their estimated service lives after deducting their estimated net salvages. For the fixed assets with withdrawn impairment reserve, the depreciation shall be reckoned with the accounting value after impairment reserve deduced and according to the residual service life.

Except for gas turbine set, the estimated service lives, estimated net salvages and annual depreciation rates of other fixed assets are following:

	Estimated service life	Estimated net salvage rate	Annual depreciation rate
House and building	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%

At the end of each year, the estimated total generating hours of gas turbine set, and the estimated service lives, estimated net salvages and annual depreciation rates of fixed assets except gas turbine set shall be re-checked and properly adjusted.

For the fixed assets compliant with sales conditions, the lower amount between their account value and the fair value after deducting disposal expenses shall be listed as other current assets. The amount of fair value deducting disposal expenses lower than the former account value shall be reckoned in asset impairment loss.

When a fixed asset is disposed, or discarded permanently, and no economic benefits can be gained from usage and such disposal, terminate to confirm the fixed asset. The amount of the income from disposal (sales, transfer, discard or damage) of a fixed asset after deducting its account value and related taxes shall be reckoned in current profit/loss.

(12) Project under construction

Project under construction shall be measured with its actual cost. The actual cost includes construction expenses, necessary expenditures for the project under construction reaching the expected conditions for use, and the loan expenses for the construction meeting capitalization conditions before reaching the expected conditions for use. When a project under construction reaches the expected conditions for use and is transferred to be a fixed asset, its depreciation shall be reckoned since the next month.

(13) Intangible assets

Intangible assets include land use right and software licence, and are measured with actual costs.

(a) Land use right

Land use right shall be averagedly amortized in the period 20 ~ 70 years. The payment for purchasing land and building, which is difficult to be divided into the prices of land use right and building, shall be reckoned as fixed assets totally.

(b) Software use right

Software use right shall be averagedly amortized in the period 5 years.

(c) Regularly re-check service life and amortization method

Estimated service life and amortization method for the intangible asset with limited service life shall be re-checked and properly adjusted at the end of each year.

(14) Long-term expenses to be apportioned

Long-term expenses to be apportioned include improvement on leased-in operational fixed assets, which shall be averagedly amortized within the beneficial period, and listed with the net amount of actual cost deducting accumulative amortization.

(15) Long-term asset impairment

If on the balance sheet date there is any evidence indicating a possible impairment on fixed assets, constructions in process, intangible assets, real estate for investment measured by cost method, long-term equity investments to subsidiaries and joint ventures and other long-term equity investments, impairment test shall be done. If the results of impairment test indicate that the recoverable amount is lower than the account value, impairment reserve equal to the difference shall be withdrawn and reckoned in impairment loss. The recoverable amount shall be the higher between the net amount of the fair value of the asset deducting disposal expenses and the present value of the future cash flows of the asset. Asset impairment reserve shall be calculated and recognized on the basis of single asset, and if the recoverable amount of a single asset is difficult to be estimated, the recoverable amount of the asset group shall be recognized, which includes the asset. An asset group is the minimal asset group that may separately generate cash inflows.

Once the above asset impairment loss confirmed, its recovery shall not be returned in later periods.

(16) Loan expenses

The occurred loan expenses, directly for purchasing or constructing fixed assets which must reach the expected conditions for use after a long time of purchase or construction, shall be capitalized and reckoned in the cost of the fixed assets since the capital expenditures and loan expenses have occurred and the purchase and construction necessary for the fixed assets to reach the expected conditions for use have started. When the

purchased or constructed fixed assets reach the expected conditions for use, capitalization shall be stopped, and the subsequent loan expenses shall be reckoned in current profit/loss. If the purchase or construction of assets is abnormally interrupted, and the interruption lasts for over 3 month, the capitalization of the loan expenses shall be suspended until the purchase or construction of the assets restarts.

(17) Loans

Loans shall be measured initially with their fair value deducting trading cost, follow-up measured with the post-amortization cost by actual interest rate method. The loan with a maturing period no more than 1 year is a short-term loan, and other loans are long-term loans.

(18) Employee compensation

Employee compensation mainly include wages, bonuses, allowances and subsidies, welfare expenses for employees, social insurances, housing accumulation fund, labour union expenditure, employee education expenses, and other expenditures related to acquisition of services provided by employees.

The Group has established enterprise annuity fund plan, which is a defined contribution plan, or the Group makes payment to related enterprise annuity fund account in a certain proportion to the employees' pay cost salaries, and the Group has not any statutory or deductive responsibility to pay other fund except for the above payment. The above payment shall be reckoned in cost when the responsibility of the payment comes into existence. The assets of enterprise annuity fund shall be trusted by the annuity custodian with the qualification of a custodian, and shall be deposited separately from the Group's assets.

The payable employees' compensation recognized during the period of the employees rendering services shall be reckoned in the cost and expenses of the related assets in accordance with the beneficial of the services offered by the employees.

(19) Estimated liabilities

Because of current liabilities resulted from quality guarantee, loss contract, suspended lawsuit or claims, and the performance of such liabilities likely results in outflow of economic benefits, the liabilities shall be recognized as estimated liabilities when the amount of such liabilities may be measured reliably.

Estimated liability shall be initially measured with the best estimate of the expenditure necessary to perform the related current liability, and comprehensively in consideration of the risk, uncertainty and time value of money related to the contingent matters. If time value of money is important, the best estimate shall be determined after discounting future related cash outflows; the increase amount of the account value of estimated liabilities, resulted from discounting with time passing shall be recognized as interest expenses.

On the balance sheet date, the account value of estimated liabilities shall be re-checked and properly adjusted to indicate the best estimate.

(20) Deferred income tax asset and deferred income tax liability

Deferred income tax asset and deferred income tax liability shall be recognized in accordance with the difference (temporary difference) between the tax base and the account value of the assets and liabilities. For the deductible loss that may be deducted by the reduction of income tax in later years, the corresponding deferred income tax asset shall be recognized. For temporary difference resulted from initial recognition of assets or liabilities in non-enterprise-merger transaction, which does not influence on accounting profit nor taxable income (or deductible loss), the corresponding deferred income tax asset and deferred income tax liability shall not be recognized. On the balance sheet date, deferred income tax asset and deferred income tax liability shall be measured at the applicable tax rate during estimated recovery of the asset or settlement of the liability.

The deferred income tax liabilities shall be recognized to the extent of the amount of the taxable income which it is most likely to be obtained by the Group to deduct the deductible temporary difference, deductible loss and taxes.

The deferred income tax asset and deferred income tax liability, resulted from temporary difference related to the investments to the subsidiaries and joint ventures, shall be recognized. However, the deferred income tax asset and deferred income tax liability, of which the Group can control the time of the reverse of the temporary difference and the temporary difference are unlikely reversed in an expectable future, shall not be recognized.

The deferred income tax asset and deferred income tax liability, which can meet the both following conditions, shall be listed with the net amount after deduction:

- The deferred income tax asset and deferred income tax liability relates to the income tax levied by a same tax authority department on the Group as a whole taxpayer;
- In the Group, the taxpayer has the statutory right of estimating its current income tax assets and current income tax liabilities by net amount.

(21) Income recognition

The amount of an income shall be recognized with the fair value of received or receivable amount prescribed in the contract or agreement when the Group is selling goods or rendering services in its daily operation. An income shall be listed with its net value after TAX deducted.

If the economic benefits likely flow into the Group and related incomes may be measured reliably and simultaneously meet the following conditions about operating activities, the related incomes shall be recognized.

(a) Sales of product or goods

The income of power sales shall be recognized when the electricity is transmitted to Shenzhen Power Supply Bureau, Guangdong Power Grid Corporation or Transmission Center, Guangdong Power Grid Corporation. The income of heat sales shall be recognized when vapor is transmitted to the consumer. The income of fuel sales shall be recognized when the goods is transported to the place of delivery in accordance with the contract or agreement and confirmed by the buyer.

(b) Rendering services

The income of the Group's rendering service shall be recognized by the percentage-of-completion method and in accordance with the percentage of the occurred cost to the total cost.

(c) Abalienating right to use assets

Interest income shall be recognized by adoption of actual interest rate and based on time proportion.

Lease income shall be recognized by straight-line method during the lease period.

(22) Government subsidy

A government subsidy shall be recognized when the Group meets all conditions necessary to the subsidy and may receive the subsidy. If a government subsidy is cash asset, it shall be measured with the actually received amount; if the subsidy allocated at the fixed standard shall be measured with the receivable amount; if the government subsidy is non-monetary asset, it shall be measured with its fair value; and if the fair value can not be found reliably, the subsidy shall be measured with the nominal amount and directly reckoned in current profit/loss.

A government subsidy related to assets shall be recognized as deferred income, and shall be averagely distributed during the service lives of the related assets and reckoned in current profit/loss.

If a government subsidy related to income is used for compensation of related expenses or loss during the later periods, it shall be recognized as deferred income, and during the period of recognizing of the related expenses, reckoned in current profit/loss; if the subsidy is to compensation for the related expenses or loss of an enterprise, it shall be directly reckoned in the current profit/loss.

(23) Lease

Finance lease shall refer to a lease that has transferred in substance all the risks and rewards related to the ownership of an asset. Other leases are operational leases.

The rental of an operational lease shall be reckoned in cost or current profit/loss of the related asset in accordance with straight-line method.

(24) Dividend distribution

Cash dividend shall be recognized as liability at the time approved by Shareholders' Meeting.

(25) Combination of enterprise

(a) Combination of enterprise under the same control

The combination value paid by the merging party and net assets acquired by the merging party shall be measured with the account value. According to the difference between the

accounting value of net assets acquired by the merging party and the accounting value of the consideration paid by the merging party, adjust the capital reserve; if the capital reserve is not sufficient to be offset, the retained earnings shall be adjusted.

All directly related expenses for corporate merger shall be reckoned in the current profit/loss upon the occurrence of the merger.

(b) Combination of enterprise under different controls

The merger cost of the purchasing party and the identifiable net assets acquired by the purchasing party in the merger shall be measured with the fair values on the purchase date. The difference of the merger cost higher than the fair value of the identifiable net assets of the purchased party on the purchase date shall be recognized as goodwill; the difference of the merger cost lower than the fair value of the identifiable net assets of the purchased party on the purchase date shall be reckoned in the current profit/loss.

At the end of the period during the corporate merger, if all identifiable assets, the fair values of liabilities and contingent liabilities acquired in the merger or the cost of corporate merger can only temporarily confirmed, the purchasing shall recognize and measure the corporate merger based on the confirmed temporary values.

The adjustment on the confirmed temporary value within 12 months after the purchase date shall be deemed as the recognition and measurement on purchase date.

The expenses directly related to corporate merger shall be reckoned in the cost of corporate merger.

(26) Compiling methods of consolidated financial statements

The consolidation scope of the consolidated financial statements includes the Company and its all subsidiaries.

Since the date of the acquisition of the actual control right of its subsidiary, the Group includes the subsidiary in the consolidation scope; and since the date of the loss of the actual control right of its subsidiary, the Group excludes the subsidiary in the consolidation scope. For a subsidiary acquired in a corporate merger under a same control, since the date when it and the Company is controlled by a same final controlling party, the subsidiary is included in the Company's consolidation scope, and its net profit achieved before merger date shall be separately listed in consolidated income statement.

When compiling consolidated financial statements, if the accounting policies or accounting period of a subsidiary is inconsistent with the Company, the financial statements of the subsidiary shall be adjusted necessarily according to the Company's accounting policies or accounting period. For the subsidiary acquired in corporate merger under different controls, its financial statements shall be adjusted based on the fair value of the identifiable assets on the purchase date.

The fair value of the purchased party's identifiable net assets on purchase date may only temporarily determine, and the adjustment on the fair value of the identifiable net assets within 1 year after purchase date may be deemed as on the purchase date. Except for material accounting error necessary to be adjusted retroactive, other adjustments after 1

year shall be reckoned in the current financial statements.

All important account balances, trading profit and unrealized profit within the Group shall be offset upon the compilation of the consolidated financial statements. The equity of the subsidiary's shareholders and the part of the current profit/loss not attributed to the Company shall respectively reckoned in minority equity and minority profit/loss and listed separately in the items shareholders' equity and net profit in the consolidated financial statements.

(27) Determination of the fair values of financial instruments

If a financial instrument has an active market, the offering price in the active market determines the fair value. If a financial instrument has not any active market, its fair value shall be determined by estimation method. Estimation method includes consideration of the price adopted by the involving and willing parties familiar with market situation in the recent market trades, consideration of the current fair value of other materially similar financial assets, discount cash flow method and so on. When an estimation method being adopted, the market parameters shall be adopted as possible, and the special parameters related to the Group shall be rejected as possible.

(28) 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
Enterprise income tax	17.5%, 18%, 20% and 25%	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%	
Business tax	3% and 5%	Taxable business tax

IV. Subsidiaries

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

Place of registration	Registered capital	Business nature and scope	Equity proportion held by the company		Vote proportion of the company	
			Direct	Indirect	Direct	Indirect
SHENNAN ENERGY (SINGAPORE) PTE LTD	S\$ 1,500,000	Agent the gas turbine and its spare parts and	100%	-	100%	-

					Sino-foreign joint venture self-use fuel				
IHONG SYNDISOME LIMITED	KONG CO., Hong Kong	HK\$ 200,000		Export and import trade	-	100%	-	100%	
Shenzhen New Power Industrial Co., Ltd. (New Power)	Power PRC	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 Power Co., Ltd.	PRC	RMB 396,800,000		Power generation of gas turbine and heat utilization	55%	25%	55%	25%	
Shenzhen Shennandian Gas Engines Engineering PRC Technology Co., Ltd.		RMB 10,000,000		Technology consultation of the construction engineering of gas, vapor combined and circulated power plant, and maintenance and overhaul of relevant operating equipments	60%	40%	60%	40%	
Shennandian (Dongguan) Weimei Electric Power Co., Ltd.	PRC	USD 35,040,000		Construction and operation of natural gas power plant	40%	30%	40%	30%	
Zhongshan Shenzhong Real Estate Investment Property Co., Ltd.	PRC	RMB 60,000,000		Real estate development and management, sales, lease of self-owned commercial houses, real estate development	75%	-	75%	-	
Zhongshan Shenzhong Real Estate Development Co., PRC Ltd.		RMB 177,800,000		Real estate development and management, sales, lease of self-owned commercial houses, real estate development	75%	-	75%	-	
Shenzhen Server Petrochemical Company PRC Supplying Co., Ltd.		RMB 53,300,000		Self-operation or agent for export and import of fuel	50%	-	50%	-	
Huidong Xiefu Port Overall Development Co., Ltd.	PRC	RMB 8,620,000		Construction and operation of integrated dock and its matching facilities	-	42%	-	84%	
Huidong Harbour Development Co., Ltd.	PRC	RMB 10,000,000		Construction and operation of sundries dock, petroleum product dock (from Guangdong and its matching facilities)	-	23%	-	55%	
Shennandian Environment Protection	PRC	RMB 79,000,000		Sludge drying	70%	30%	70%	30%	

No change is in the consolidation of the year.

V. Notes to the Consolidated Financial Statements

(1) Monetary capital

	June 30, 2009	December 31, 2008
Inventory Cash	338,295.79	238,542.91
Bank Deposit	233,735,524.33	371,280,844.52
Other Monetary Assets	7,144,324.22	57,988,327.86
	241,218,144.34	429,507,715.29

The money capital included the following foreign currency balance:

	June 30, 2009	December 31, 2008
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	Amount of foreign currency RMB'000	Exchange Rate	RMB. Converted into RMB'000	Amount of foreign currency	Exchange Rate	RMB. Converted into RMB'000
Dollar	1,609,185.57	6.8319	10,993,795.25	1,975,316.35	6.8346	13,500,497.13
Hong Kong Dollar	5,484,123.79	0.8815	4,834,436.13	5,490,417.43	0.8819	4,841,999.13
Euro	94,089.44	4.7139	443,528.21	112,559.44	4.7530	534,995.02
Singapore Dollar	1,017.87	9.6408	9,813.08	976.71	9.6590	9,434.04
			<u>16,281,572.67</u>			<u>18,886,925.32</u>

(2) Accounts receivable and other notes receivable

(a) Accounts Receivable

	December 31, 2008	June 30, 2009
Accounts Receivable	345,962,492.80	512,928,010.42
	Increasing of current year	Decreasing of current year
Minus: bad debt reserves	6,069,367.24	6,069,367.24
	<u>339,893,125.56</u>	<u>506,858,643.18</u>

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

	June 30, 2009			December 31, 2008				
	Amount	Ratio of the Total	Bad debt reserves	Withdrawal Rate	Amount	Ratio of the Total	Bad debt reserves	Withdrawal Rate
Within a year	493,807,785.18	96%		0%	323,441,067.56	93%	-	-
One to two years	1,891,640.00	0%	139,582.00	7%	2,791,640.00	1%	139,582.00	5%
Two to three years	12,000,000.00	2%	1,540,000.00	13%	14,700,000.00	4%	1,540,000.00	10%
Over three years	5,228,585.24	1%	4,389,785.24	84%	5,029,785.24	2%	4,389,785.24	87%
	<u>512,928,010.42</u>		<u>6,069,367.24</u>	<u>1%</u>	<u>345,962,492.80</u>	<u>100%</u>	<u>6,069,367.24</u>	<u>2%</u>

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

	June 30, 2009				December 31, 2008			
	Amount	Ratio of the Total	Bad debt reserves	Withdrawal Rate	Amount	Ratio of the Total	Bad debt reserves	Withdrawal Rate
Significant single amounts	505,731,961.94	99%	1,739,582.00	0.34%	337,781,915.79	98%	1,739,582.00	1%
Insignificant single amounts with high portfolio risk	5,228,585.24	1%	4,329,785.24	83%	5,029,785.24	1%	4,329,785.24	86%
Others	1,967,463.24	0%			3,150,791.77	1%	-	-
	512,928,010.42	100%	6,069,367.24	1%	345,962,492.80	100%	6,069,367.24	2%

Till to June 30, 2009, 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 451,437,691.94, which should be collected at the end of year, accounting for 88% of the total account receivables. And all the account receivable ages were less than one year.

No significant foreign currency balance existed in the account receivable.

In the last period of the report, the account receivable has increased 49% compared to the beginning of the year, is mainly for the increasing of the fuel processing fee receivable.

(b) Other Notes Receivable (Continued)

	December 31, 2008	June 30, 2009
Fund receivable from Huizhou Dashi Lake Project	14,311,626.70	14,311,626.70
Current Amount Receivable from Shenzhen Hehe Investment Development Company Ltd.	2,682,024.00	0.00
Current Amount Receivable from Nanshan Investment Management Company Ltd.	5,895,738.00	5,895,738.00
Shandong Jinan Power Generation Facility Plant	3,560,000.00	3,560,000.00
Others	21,670,286.39	24,411,276.91
	48,119,675.09	48,178,641.61
	Increase in this year	Decrease in this

	year
Minus: bad debt reserves	31,942,011.59
	16,177,663.50
	16,236,630.02

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

	June 30, 2009			December 31, 2008				
	Amount	Ratio of the Total	Bad debt reserves	Withdrawal Rate	Amount	Ratio of the Total	Bad debt reserves	Withdrawal Rate
Within 1 year	10,864,278.93	23%			10,805,312.41	22%		
One to two years	2,442,315.15	5%			2,442,315.15	5%		
Two to three years	206,278.51	0%	22,724.63	11%	206,278.51	0%	22,724.63	11%
Over three years	34,665,769.02	72%	31,919,286.96	92%	34,665,769.02	72%	31,919,286.96	92%
	48,178,641.61	100%	31,942,011.59	66%	48,119,675.09	100%	31,942,011.59	66%

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

	June 30, 2009			December 31, 2008				
	Amount	Ratio of the Total	Bad debt reserves	Withdrawal Rate	Amount	Ratio of the Total	Bad debt reserves	Withdrawal Rate
Significant single amounts	26,757,487.37	56%	21,163,296.96	79%	26,757,487.37	56%	21,163,296.96	79%
Insignificant single amounts with high portfolio risk	13,852,520.90	29%	6,903,721.78	50%	13,852,520.90	29%	6,903,721.78	50%
Others	7,568,633.34	16%	3,874,992.85	52%	7,509,666.82	15%	3,874,992.85	52%
	48,178,641.61	100%	31,942,011.59	66%	48,119,675.09	100%	31,942,011.59	66%

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 ended the report period was RMB 27,346,126.86 accounting for 75% of the total other account receivables.

No significant foreign currency balance existed in other account receivable.

(3) Account paid in advance

Age	June 30, 2009		December 31, 2008	
	Amount	Ratio of the Total	Amount	Ratio of the Total
Within a year	33,947,040.12	99.02%	66,698,094.04	99%
Over a year	335,267.70	0.98%	313,702.00	1%
	<u>34,282,307.82</u>	<u>100.00%</u>	<u>67,011,796.04</u>	<u>100%</u>

There were no debts of the shareholders who hold over 5% (including 5%) voting rights in the account paid in advance.

At the end of report period, the account paid in advance has decreased 49% compared to the beginning of the year, is mainly for the decreasing of account paid in advance.

(4) Inventory

	December 31, 2008	Increasing during the year	Decreasing during the year	June 30, 2009
Cost I				
Fuel	183,327,747.23	1,491,724,984.92	1,523,185,982.41	151,866,749.74
Spare parts	129,871,475.38	10,561,881.72	7,172,236.99	133,261,120.11
Supplementary material	8,514,789.31	9,912,008.47	10,945,539.47	7,481,258.31
Low-value consumables	433,818.41	280,935.79	311,663.64	403,090.56
Products to be developed	1,029,392,010.92	19,153,946.05	-	1,048,545,956.97
	<u>1,351,539,841.25</u>	<u>1,531,633,756.95</u>	<u>1,541,615,422.51</u>	<u>1,341,558,175.69</u>

Minus:

Inventory

Price-

Reduction—

Spare parts	6,843,694.00	-	-	6,843,694.00
Fuel	6,600,000.00	-	-	6,600,000.00
Products to be developed	45,603,631.85	-	-	45,603,631.85
	<u>59,047,325.85</u>			<u>59,047,325.85</u>
	<u>1,292,492,515.40</u>			<u>1,282,510,849.84</u>

(a) Ended on June 30, 2009, the amount of interest capitalization of products to be developed was RMB 65,244,638.08 (RMB 46,221,257.93 in the year of 2008). The annual interest rate of interest capitalization is RMB 5.31%.

(5) Long-term investment on stocks

June 30, 2009 December 31, 2008

Joint Enterprises (a)	146,571,429.00	78,857,143.00
Other long-term investment on stocks (b)	98,385,400.00	94,585,400.00
	244,956,829.00	173,442,543.00
Minus: Depreciation reserves for long-term investment on stocks	18,873,600.00	18,873,600.00
	226,083,229.00	154,568,943.00

(a) Joint Enterprises

	December 31, 2008	Additional In vestment	June 30, 2009
Xinchang Power	<u>78,857,143.00</u>	<u>67,714,286.00</u>	<u>146,571,429.00</u>

Till to December 29, 2007, our Company had co-invested to set up the China Power Investment Jiangxi Xinchang Power Generation Company Ltd., (Hereinafter refers to as “Xinchang Power”) with China Power Investment Corporation, accounting for 30% equities.

Till to the year of 2009, the registered capital of Xinchang Power planed to increase RMB 225,714,286.67. The Company’s subscribed capital contribution, RMB 63,857,143.00 Yuan totally in accordance with the 30% shareholding ratio, has been entered into the account as paid-in capital.

(b) Other long-term investment on stocks

The invested company	Shareholding ratio	June 30, 2009
Anhui Tongling Shenneng Electricity Supply Limited Liability Company (“Anhui Tongling”)	3.80%	54,095,400.00
Shenzhen Energy & Environment Protection Engineering Co., Ltd. (“Energy & Environment Protection”)	10%	41,790,000.00
Shenzhen Petrochemical Bonded Oil Trading Co., Ltd. (“Petrochemical Bonded”)	4%	2,500,000.00
		<u>98,385,400.00</u>

(6) Investment real estate

<u>Original Price</u>	Building
December 31, 2008	14,354,637.09
Increasing of current year	
Decreasing of current year	
June 31, 2009	<u>14,354,637.09</u>

Accumulated depreciation

December 31, 2008	5,544,404.64
Increasing of current year	327,285.78

Decreasing of current year	
June 31, 2009	
	<u>5,871,690.42</u>

<u>Net Value</u>	
June 31, 2009	<u>8,482,946.67</u>
December 31, 2008	<u>8,810,232.45</u>

(7) Fixed assets

	Houseing and building	Machinery	Transportation equipment	Other equipments	Total
<u>Original cost</u>					
December 31, 2008	454,513,703.22	3,639,991,154.16	33,226,132.89	61,113,978.74	4,188,844,969.01
Transferred from construction in process	484,000.00	14,421,166.19	0.00	0.00	14,905,166.19
Increment in the year	38,800.00	422,364.11	1,034,042.00	208,542.49	1,703,748.60
Decrement in the year	1,084,739.03	14,925,039.81	529,274.00	0.00	16,539,052.84
June 30, 2009	<u>453,951,764.19</u>	<u>3,639,909,644.65</u>	<u>33,730,900.89</u>	<u>61,322,521.23</u>	<u>4,188,914,830.96</u>
<u>Accumulative depreciation</u>					
December 31, 2008	148,343,970.48	1,434,800,428.02	25,304,967.08	47,979,281.37	1,656,428,646.95
Withdrawn in the year	8,893,106.49	77,900,503.62	1,357,276.89	1,456,367.96	89,607,254.96
Decrement in the year	0.00	736,070.24	0.00	0.00	736,070.24
June 30, 2009	<u>157,237,076.97</u>	<u>1,511,964,861.40</u>	<u>26,662,243.97</u>	<u>49,435,649.33</u>	<u>1,745,299,831.67</u>
<u>Impairment reserve</u>					
December 31, 2008	27,160,227.90	3,529,642.27	85,255.84	179,106.89	30,954,232.90
Increment in the year					
Decrement in the year		1,771,298.56			1,771,298.56
June 30, 2009	<u>27,160,227.90</u>	<u>1,758,343.71</u>	<u>85,255.84</u>	<u>179,106.89</u>	<u>29,182,934.34</u>
Net value					
June 30, 2009	<u>269,554,459.32</u>	<u>2,122,643,842.42</u>	<u>6,983,401.08</u>	<u>11,707,765.01</u>	<u>2,414,432,064.95</u>
December 31, 2008	<u>279,009,504.84</u>	<u>2,201,661,083.87</u>	<u>7,835,909.97</u>	<u>12,955,590.48</u>	<u>2,501,462,089.16</u>

On June 30, 2009, the machinery with net value RMB 339,543,523.07 Yuan (original price RMB 413,055,890.11 Yuan) was taken as the mortgage for the long-term loan RMB 120,000,000.00 Yuan.

(8) Construction in progress

Project Name	Company	Budget	Dec. 31, 2008	Increasing of current year	Transferred f ixed asset	Jun. 30, 2009	Capital	Proportion of the project investment in the budget
								RMB Yuan
1 Conversion from oil to gas	Shennandian (Zhongshan)	34,000,000.00	5,371,739.25	52,620.50		5,424,359.75	Self-raised	16%
2 Conversion from oil to gas	Shennandian (Dongguan) Weimei Power	44,800,000.00	28,175,614.65	2,650,898.72	10,071,289.69	20,755,223.68	Self-raised	46%
3 Conversion from oil to gas	The Company	21,838,000.00	13,605,016.35	3,860,058.90	1,054,726.50	16,410,348.75	Self-raised	75%
4 Equipment improvement	New Power	9,284,000.00	3,330,776.57	4,344,390.72		7,675,167.29	Self-raised	83%
5 Technical improvement	Shennandian (Zhongshan)	6,648,000.00	1,861,417.80	87,086.26		1,948,504.06	Self-raised	29%
6 Combined heat and power generation	Shennandian (Zhongshan)	45,700,000.00	6,264,498.24	613,302.77		6,877,801.01	Self-raised	15%
7 Sludge drying project	Shennandian Environment Protection	186,337,000.00	6,269,428.86	80,555,298.25		86,824,727.11	Self-raised and bank loan	47%
8 Other projects			4,342,889.85	1,048,231.30		5,391,121.15	Self-raised	Not applicable
Including: capitalization of loan interest			2,282,171.94	2,967,331.00		5,249,502.94		
			69,221,381.57	93,211,887.42	11,126,016.19	151,307,252.80		

**(9) Intangible assets**

	Original Price	December 31, 2008	Increasing of current year	Amortization of current year	June 30, 2009	Accumulated amortization amount
Land use right	124,274,150.96	92,429,091.88	576,713.72	2,121,108.30	90,884,697.30	33,389,453.66
Software use right	235,907.07	124,259.89		26,326.59	97,933.30	137,973.77
		92,553,351.77	576,713.72	2,147,434.89	90,982,630.60	33,527,427.43
Less: impairment reserve for intangible assets		8,241,327.90			8,241,327.90	
- Land use right					82,741,302.70	
		84,312,023.87			0	

(10) Long-term expenses to be apportioned

	June 30, 2009	December 31, 2008
Expense for improvement of the fixed assets	571,462.38	829,221.81

(11) Short-term loan

	June 30, 2009	December 31, 2008
Loan in credit	1,901,880,000.00	1,268,825,738.00
Loan in assurance — Guarantee	565,664,580.43	1,193,018,180.77
	2,467,544,580.43	2,461,843,918.77

(12) Notes payable

	June 30, 2009	December 31, 2008
Bank Acceptance Bill	83,500,000.00	21,918,219.70
Commercial Acceptance Bill	100,935,226.57	47,131,171.65
	184,435,226.57	69,049,391.35

All notes payable expired within six months.

In the last period of the report, the notes payable have increased 167% compared to



the beginning of the year, is mainly for the increase of exchanging bill for purchasing raw materials.

(13) Account payable

Till June 30, 2009, in the accounts payable, there should be no fund of the shareholders who hold over 5% (including 5%) voting rights.

Till June 30, 2009, 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 decreased 68% compared to the beginning of the year, it mainly because the payment for goods to supplier's was decreased.

(14) Account received in advance

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

At the end of report period, the account received in advance has increased 198% compared to the beginning of the year; it is mainly for increasing of the account for project received in advance.

(15) Wages payable

	December 31, 2008	Increasing of cu	Decreasing of c	June 30, 2009
Wages, bonuses, allowances and subsidies	21,256,244.34	43,183,920.41	43,263,443.39	21,176,721.36
Workers' welfares	-	402,078.34	402,078.34	-
Social insurance premiums	1,167,203.60	1,637,648.04	1,169,356.73	1,635,494.91
of which, Medicare	717,743.81	350,352.08	194,752.23	873,343.66
Basic endowment insurance	393,343.80	914,531.70	624,907.63	682,967.87
Unemployment insurance premium	24,751.21	39,164.66	37,285.35	26,630.52
Work injury insurance premium	40,178.07	45,915.10	42,737.76	43,355.41
Childbirth insurance premium	-8,813.29	896.69	896.69	-8,813.29
Housing accumulation fund	2,049,907.02	2,813,613.46	2,881,149.00	1,982,371.48
Labor-union expenses and staff education expenses	1,431,140.32	1,076,857.24	716,927.10	1,791,070.46
Enterprise annuity	6,016,700.00	2,298,199.99	0.00	8,314,899.99
Others	0.00	-7,250.00	-7,250.00	0.00
	<u>31,921,195.28</u>	<u>51,405,067.48</u>	<u>48,425,704.56</u>	<u>34,900,558.20</u>

(16) Tax payable

June 30, 2009

December 31, 2008



Enterprise income tax payable	446,573.96	51,655,687.60
Business tax payable	1,407,877.69	4,238,994.53
Value added tax to be deducted – input taxes	-404,008,620.08	-397,639,549.59
Individual income tax payable	865,443.92	764,290.41
City maintenance construction tax payable	92,392.43	56,437.73
Land use right tax payable	368,014.80	554,964.57
Real estate tax payable	1,171,275.38	14,310.70
Others	98,915.47	489,705.99
	<hr/> <u>-399,558,126.43</u>	<hr/> <u>-339,865,158.06</u>

(17) Other account payables

	Jun. 30, 2009	Dec. 31, 2008
Temporary borrowings to Power Development payable	1,202,934.95	1,237,529.42
Temporary borrowings to Zhongshan Xingzhong Company Ltd. payable (Xingzhong Group)	182,152,108.65	182,152,108.65
Temporary borrowings to Zhongshan financial bureau payable	57,772,394.67	57,772,394.67
Project and equipmrnt fund payable	29,459,971.34	26,149,133.72
Temporary Receiving contract fund of derivative financial instruments	14,346,062.06	14,352,083.46
Funds payable for quality assurance	2,920,490.31	4,088,884.61
Current account payable to Shenzhen Energy Group Co., Ltd.	1,176,563.34	1,176,641.94
Others	<hr/> <u>28,501,548.26</u>	<hr/> <u>17,312,766.88</u>
	<hr/> <u>317,532,073.58</u>	<hr/> <u>304,241,543.35</u>

Till Jun. 30, 2009, other account payable to shareholders who held over 5% voting shares of the Company was RMB 1,176,563.34.

(18) Long-term loan

	Jun. 30, 2009	Dec. 31, 2008
Secured borrowings	-	
—Guaranteed	-	121,000,000.00
—Mortgage	120,000,000.00	150,000,000.00
Borrowings on credit	<hr/> <u>176,000,000.00</u>	<hr/> <u>110,000,000.00</u>
	<hr/> <u>296,000,000.00</u>	<hr/> <u>381,000,000.00</u>
Minus: Long-term loans due within one year		
—Guaranteed	-	40,000,000.00



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—Mortgage	60,000,000.00	60,000,000.00
	60,000,000.00	100,000,000.00
	236,000,000.00	281,000,000.00

Loan-term loan listed as loan bank:

	Jun. 30, 2009	Dec. 31, 2008
China Minsheng Bank	120,000,000.00	150,000,000.00
Hua Xia Bank	110,000,000.00	136,000,000.00
Industrial Bank	66,000,000.00	95,000,000.00
	296,000,000.00	381,000,000.00

Loan-term loan listed as due date:

	Jun. 30, 2009	Dec. 31, 2008
1-2 years	170,000,000.00	215,000,000.00
2-5 years	66,000,000.00	66,000,000.00
	236,000,000.00	281,000,000.00

(19) Share capital

	Dec. 31, 2008	Increase in the current year	Decrease in the current year	Jun. 30, 2009
Restricted Shares-				
State-owned legal person' shares	105,372,440.00	-	-	105,372,440.00
Other domestic shares	12,993.00	-	-	12,993.00
Including: shares held by non-state-owned units	-	-	-	-
Shares held by domestic legal persons	12,993.00	-	-	12,993.00
Foreign capital holding shares	-	-	-	-
	105,385,433.00	-	-	105,385,433.00
Unrestricted Shares				
Renminbi ordinary shares	233,522,717.00	-	-	233,522,717.00
Foreign Investment Sha Inside China	263,854,446.00	-	-	263,854,446.00
	497,377,163.00	-	-	497,377,163.00



Total shares	602,762,596.00	-	-	602,762,596.00
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(20) Capital Reserves

	Dec. 31, 2008	Increase in the current year	Decrease in the current year	Jun. 30, 2009
Share premium	215,487,650.42	-	-	215,487,650.42
Other capital reserves—				
The difference between minority interest and identifiable net assets from invested company calculated based on the new increased shareholding proportion	18,510,793.58	-	-	18,510,793.58
Transferred from original system capital surplus	129,631,483.51	-	-	129,631,483.51
	<u>363,629,927.51</u>	<u>-</u>	<u>-</u>	<u>363,629,927.51</u>

(21) Surplus reserve

	Dec. 31, 2008	Withdrawing in the current year	Decrease in the current year	Jun. 30, 2009
Statutory surplus reserve	310,158,957.87	-	-	310,158,957.87
Arbitrary surplus reserve	22,749,439.73	-	-	22,749,439.73
	<u>332,908,397.60</u>	<u>-</u>	<u>-</u>	<u>332,908,397.60</u>

(22) Minority Shareholders' Rights and Interests

The minority shareholders' equities attributable to the minority shareholders in the subsidiaries:

	Jun. 30, 2009	Dec. 31, 2008
Shennandian (Dongguan) Weimei Electric Power Co., Ltd	104,579,376.58	86,607,469.26
Shenzhen Server Petrochemical Supplying Co., Ltd.	36,437,193.56	35,956,675.44
Shennandian (Zhongshan) Power Co., Ltd.	2,767,321.07	5,619,731.52
Shenzhong Real Estate Investment and Tenancy Co., Ltd.	16,673,979.69	16,912,975.45
Shenzhong Real Estate Development Co., Ltd.	16,261,755.61	17,612,691.62
	<u>176,719,626.51</u>	<u>162,709,543.29</u>

(23) Operating income and operating cost



Jun. 30, 2009

Dec. 31, 2008

Main operating income	877,763,484.19	1,946,664,016.95
Other operating income	890,506.14	2,207,575.31
	<u>878,653,990.33</u>	<u>1,948,871,592.26</u>

(a) Main operating revenue and main operating cost

	Main operating revenue	Main operating costs	Main operating revenue	Main operating costs
Business of electricity sale	871,479,770.56	846,237,021.24	1,702,244,033.69	2,391,126,041.15
Business of fuel sale	-		198,008,414.77	197,959,124.33
Business of heat sale	4,382,723.63	10,197,884.43	24,209,912.46	33,821,235.18
Engineering Consulting business	1,900,990.00	4,163,383.50	21,036,984.00	9,657,093.65
Other	-	-	1,164,672.03	-
	<u>877,763,484.19</u>	<u>860,598,289.17</u>	<u>1,946,664,016.95</u>	<u>2,632,563,494.31</u>

(b) Other operating revenue and other operating cost

	Other operating revenue	Other operating cost	Other operating revenue	Other operating cost
Rental income	481,801.60	355,466.93	392,166.60	22,158.56
Other	408,704.54	234,238.50	1,815,408.71	43,087.09
	<u>890,506.14</u>	<u>589,705.43</u>	<u>2,207,575.31</u>	<u>65,245.65</u>

(24) Sales tax and extra charges

	Jan.-June, 2009	Jan.-June, 2008
Business tax	3,076,747.79	2,482,178.33
Urban maintenance and construction tax	413,253.73	433,298.64
Others	34,471.96	24,578.41
	<u>3,524,473.48</u>	<u>2,940,055.38</u>

(25) Financial expenses



	Jan.-June, 2009	Jan.-June, 2008
Interest expense-borrowing interest	63,962,853.91	113,012,163.41
Minus: interest income	1,508,766.11	3,211,486.68
Exchange losses	1,492,698.89	-522,028.39
Minus: exchange gains	149,458.53	43,167,575.22
Others	638,371.94	11,227,143.31
	<hr/> 64,435,700.10	<hr/> 77,338,216.43

(26) Non-operating income and expenses

(a) Non-operating income

	Jan.-June, 2009	Jan.-June, 2008
Revenue from Fuel subsidies	33,062,431.00	494,896,076.00
(a)		
Fuel processing charge(b)	145,945,731.36	326,201,497.60
Income from debts restructuring	-	70,119,143.33
Income from disposing fixed assets	106,019.60	-
Others	1,141,951.20	4,173,420.00
	<hr/> 180,256,133.16	<hr/> 895,390,136.93

(a) In accordance with the SFB [2009] No. 54 issued by Shenzhen Municipal Government, 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.

(b) In accordance with the Notice on Temporarily Receiving Combustion Gas and Fuel Processing Charge (YFH [2008]No. 31) issued by Guangdong Provincial Government and relevant documents issued by Bureau of Commodity Price of Guangdong Province, the subsidiary of the Company - Shennandian (Zhongshan) Electric Power Co., Ltd and Shennandian (Dongguan) Weimei Electric Power Co., Ltd received the fuel processing charge allowance from the government calculated as power generation and allowance standard.

(b) Non-operating expenses

	Jan.-June, 2009	Jan.-June, 2008
Loss of disposing fixed assets	4,271.00	311,859.93
Others	51,799.37	543,853.00
	<hr/> 56,070.37	<hr/> 855,712.93



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(27) Income tax

	Jan.-June, 2009	Jan.-June, 2008
Current income tax	270,103.78	13,530,480.00

(28) 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, 2009	Jan.-June, 2008
Attributable to the combination of ordinary shareholders of the parent company	60,961,656.20	30,263,291.14
Weighted average number of ordinary shares which are issued to the public (1'000 shares)	602,762,596	602,762,596
Basic earnings per share (RMB)	0.101	0.050

(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 the first half of 2009, therefore, the diluted earnings per share is the same to the basic earnings per share.

(29) Notes to Cash Flow Statement

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

	Jan.-June, 2009	Jan.-June, 2008
Net profit	74,971,739.42	47,577,948.50
Add: Provision for fixed assets devaluation	-	-
Depreciation of fixed assets	78,812,328.47	124,949,148.69
Amortization of intangible assets	2,147,434.89	9,314,726.90
Amortization of Long-term expenses to be apportioned	257,759.43	1,265,882.22
Losses from disposal of fixed, intangible	-101,748.60	602,421.20



and other long-term assets

Losses from obsolete fixed assets	-	33,071.73
Losses from changes of fair value	-	-
Financial expenses	63,962,853.91	113,012,163.41
Losses from investment	-	-
Decrease of deferred income tax	-	-
Increase of deferred income tax	-	-
Decrease of inventory	28,997,619.56	-489,095,754.78
Decrease of operating receivables	169,949,366.86	-390,542,206.19
Increase of operating payables	-395,904,220.17	270,334,124.74
Other	-	-
Net cash generated from operations	<u>23,093,133.77</u>	<u>-312,548,473.58</u>

(b) Net increase in cash /cash equivalent

	Jan.-June, 2009	Jan.-June, 2008
Balance of cash at period-end	241,218,144.34	549,095,064.20
Less: Balance of cash at period-beginning	429,507,715.29	419,172,277.64
Net increase in cash /cash equivalent	<u>-188,289,570.95</u>	<u>129,922,786.56</u>

(c) Cash Payment for other operating-rated activities

	Jan.-June, 2009	Jan.-June, 2008
Cost for inntermediary organs	5,681,474.46	1,548,970.75
Transportation costs	2,490,791.83	2,948,909.54
Rental fee	3,410,630.37	3,105,798.95
Business entertainment	2,323,419.62	2,270,318.69
Board charge	2,685,866.84	1,453,188.21
Enterprise culture charges	615,286.36	1,095,860.08
Telecommunication charges	726,316.77	563,557.12
Intercommunication charges	797,931.64	999,556.76
Office allowance	334,614.99	675,574.22
Expenses in prephase of recycle economy	4,496,536.87	
Loan returning to Dongguan Trade and Economy Bureau		12,400,000.00
Others	8,313,195.59	21,003,540.47
	<u>31,876,065.34</u>	<u>48,065,274.79</u>

VI. Relations and transactions with associated parties

(1) Parent company and subsidiaries

None of the Company's shareholders has a shareholding ratio equal to or more than 50%, or control the Company by other way; therefore the Company has not any parent



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company.

(2) The natures of the related parties without controlling relationship

Name of related party	Relationship to the Group
Shenzhen Energy Group Co., Ltd.	A shareholder has important influences on the Company
The directors and other senior management officers of the Company	Key management officers

(3) Balance of receivables from or payables to related parties – the Group

(a) Other payables

	Jan.-June, 2009	Jan.-June, 2008
Shenzhen Energy Group	1,176,563.34	1,177,216.16
On Jun. 30, 2009, the total payable of the Group to its related parties is 0.4% of the total of its payables.		

(4) Related-party transaction – parent company

The price of fuel purchased by the Company to its subsidiaries is determined in view of market price, and the warehouse lease paid to its subsidiaries and the service charge received from its subsidiaries are stipulated in contracts signed between both parties, and the fund possession fees received from or paid to its subsidiaries are determined in view of market loan interest rate.

(a) Purchase fuel from related parties

	Jan.-June, 2009	Jan.-June, 2008
Shenzhen Server Petrochemical Supplying Co., Ltd.	323,464,195.67	481,885,370.72
On Jun. 30, 2009, the expenses for purchasing fuel from its subsidiaries are 100% of the total of its expenses for purchasing fuel.		

(b) Render service for related parties

	Jan.-June, 2009	Jan.-June, 2008
Shenzhen New Power Industry Co., Ltd.	14,021,067.50	16,358,795.00
Shenzhen Shennandian Engineering Technology Co., Ltd.	150,000.00	-
	14,171,067.50	16,358,795.00

On Jun. 30, 2009, the income from rendering services by the Company for its subsidiaries is 99% of the total of its incomes from rendering services.

(c) Supplying fund for its related parties

	Jan.-June, 2009	Jan.-June, 2008
Shenzhong Real Estate Development Co., Ltd.	585,327,341.84	507,313,997.10



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Shennandian (Zhongshan) Power Co., Ltd.	270,162,822.83	187,724,978.64
Shennandian (Dongguan) Weimei Power CO., Ltd.	251,665,861.07	101,450,000.00
Shenzhen Server Petrochemical Supplying Co., Ltd.	55,935,067.83	
	<hr/>	<hr/>
	1,163,091,093.57	796,488,975.74

(d) Fund possession fees charged to the related parties

	Jan.-June, 2009	Jan.-June, 2008
Shenzhong Real Estate Development Co., Ltd.	14,160,374.23	-
Shennandian (Zhongshan) Power Co., Ltd.	7,601,350.04	-
Shenzhen Server Petrochemical Supplying Co., Ltd.	1,334,875.00	-
Shennandian (Dongguan) Weimei Power CO., Ltd.	4,923,784.82	-
	<hr/>	<hr/>
	28,020,384.09	-

Fund possession fees are charged at the bank loan interest rate in the same period.

(e) Electricity sales revenue received on behalf the related parties

	Jan.-June, 2009	Jan.-June, 2008
Shenzhen New Power Industrial Co., Ltd.	<hr/> 342,210,464.94	<hr/> 380,109,870.78

(f) Heat sales revenue received by the related parties on behalf of the Company

	Jan.-June, 2009	Jan.-June, 2008
Shenzhen New Power Industrial Co., Ltd.	<hr/> 3,118,254.80	<hr/> 11,136,939.14

(g) Charge paid to related parties for leasing storehouse

	Jan. to June, 2009	Jan. to June, 2008
Shenzhen Server Petrochemical Supplying Co., Ltd.	<hr/> 4,191,669.14	<hr/> 10,510,257.87

On Jun. 30, 2009, the fee paid by the Company to its subsidiaries for storehouse leasing accounted for 84% of the total leasing fee of the Company.

(h) Guarantee provided for subsidiaries for their bank loans

	Jan. to June, 2009	Jan. to June, 2008
Shennandian (Zhongshan) Power Co., Ltd.-bank loan	<hr/> 420,000,000.00	<hr/> 446,000,000.00
Shennandian (Dongguan) Weimei Electric Power Co., Ltd. -bank loan	<hr/> 320,000,000.00	<hr/> 296,000,000.00
Shenzhen Server Petrochemical	<hr/> 95,574,400.00	<hr/> 212,960,000.00



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Supplying Co., Ltd. -bank loan		
Shenzhen Shennandian Environment	66,000,000.00	
Protection Co., Ltd.	<hr/>	<hr/>
	901,574,400.00	954,960,000.00

(i) Occupancy of capital of related parties

	Jan. to June, 2009	Jan. to June, 2008
Shenzhen Shennandian Engineering Technology Co., Ltd.	20,000,000.00	20,000,000.00

(j) Paid for occupancy of capital

	Jan. to June, 2009	Jan. to June, 2008
Shenzhen Shennandian Engineering Technology Co., Ltd.	518,602.19	

(5)Balance of account receivable and payable of related parties-parent company

(a) Account payable

	June 30 th , 2009	Dec. 31 st , 2008
Account payable to Shenzhen Server Petrochemical Supplying Co., Ltd. for purchasing fuel	410,677.71	168,422,431.52
On Jun. 30, 2009, the account payable to subsidiaries accounted for 3% of the total account payable of the Company (96% for Dec. 31, 2008)		

(b) Other receivable

	June 30 th , 2009	Dec. 31 st , 2008
Temporary loan receivable from Shennandian (Zhongshan) Power Co., Ltd.	270,162,822.83	262,561,472.79
Temporary loan receivable from Shenzhong Real Estate Development Co., Ltd.	585,327,341.84	571,166,967.61
Current account receivable from Shenzhen Server Petrochemical Supplying Co., Ltd.	55,935,067.83	64,551,637.95
Current account receivable from Shenzhen Shennandian Environment Protection Co., Ltd.	-	1,584,984.42
Temporary loan receivable from Shennandian (Dongguan) Weimei Electric Power Co., Ltd.	251,665,861.07	186,742,076.25
	1,163,091,093.57	1,086,607,139.02

On Jun. 30, 2009, the account receivable from subsidiaries accounted for 99% of the total account receivable of the Company.

(c) Other payable

(c) Other payable June 30th, 2009 Dec. 31st, 2008



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Current account payable to Shenzhen New Power Industry Co., Ltd.	149,238,387.91	155,071,903.17
Current account payable to Energy Group	511,528.93	511,607.53
Current account payable to Shenzhen Shennandian Engineering Technology Co., Ltd.	21,295,581.14	20,775,929.37
Current account payable to SHENNAN ENERGY (SINGAPORE) PTE LTD	1,822,759.75	1,884,620.04
Current account payable to Shenzhen Server Petrochemical Supplying Co., Ltd.	14,720,425.04	11,020,959.95
	<hr/> 187,588,682.77	<hr/> 189,265,020.06

On Jun. 30, 2009, the account payable to related parties accounted for 95% of the total account payable of the Company.

VII. Commitments

(1) Capitalization commitment

The following item is the signed capital expenditure commitment unnecessary to be recognized in financial statements on the balance sheet date:

	June 30 th , 2009	Dec. 31 st , 2008
House, building and machinery	<hr/> 79,489,200.00	<hr/> 117,419,927.12

(2) Commitment on operating lease

In accordance with the signed irrevocable operating lease contracts, the lowest total rentals in future are following:

	June 30 th , 2009	Dec. 31 st , 2008
Within 1 year	4,430,172.00	3,920,615.00
1 to 2 years	2,073,120.00	2,073,120.00
2 to 3 years	2,073,120.00	2,073,120.00
Over 3 years	<hr/> 74,524,484.40	<hr/> 75,251,309.40
	<hr/> 83,100,896.40	<hr/> 83,318,164.40

VIII. Events after the balance sheet date

No other event except for the above-mentioned.

IX. Net profit after non-recurrent profit/loss deducted

Jan. to June, 2009

Net profit	74,971,739.42
Less: disposal of non-current assets	101,748.60



Liabilities restructuring	
Net value of other non-operating activities	1,090,151.83
The number of income tax influenced by non-recurrent profit/loss	-21,203.92
Net loss after non-recurrent profit/loss deducted	<u>73,801,042.91</u>
Including:	
Attributed to the parent company's shareholders	59,856,559.41
Minority equity	<u>13,944,483.50</u>

X. Note to main items of parent company's financial statements

(1) Accounts receivable and other receivables

(a) Accounts receivable

	Dec. 31 st , 2008	June 30 th , 2009
Accounts receivable	<u>114,758,696.74</u>	<u>159,783,884.13</u>
Accounts receivable are mainly incomes for sales of electricity receivable in RMB within 1 year from Shenzhen Power Supply Bureau, Guangdong Power Grid Corporation.		

(b) Other receivables

	Dec. 31 st , 2008	June 30 th , 2009
Account receivable for the development of Dashi Like, Huizhou City	14,311,626.70	14,311,626.70
Accounts receivable from Nanshan Investment Management Company Shennandian (Zhongshan) Power Co., Ltd.	262,561,472.79	270,162,822.83
Shennandian Dongguan Weimei Power Co., Ltd.	186,742,076.25	251,665,861.07
Shenzhong Real Estate Development Co., Ltd.	571,166,967.61	585,327,341.84
Shenzhen Server Petrochemical Supplying Co., Ltd.	64,551,637.95	55,935,067.83
Others	<u>11,258,576.91</u>	<u>9,889,909.17</u>
	<u>1,116,488,096.21</u>	<u>1,193,188,367.44</u>
	Increase in	Decrease



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	this year	in this year
Less: bad debt reserve	24,082,357.55	24,082,357.55
	<u>1,092,405,738.66</u>	<u>1,169,106,009.89</u>

Analysis on other receivables and relevant bad debt reserve:

	June 30 th , 2009			Dec. 31 st , 2008			
	Amount	Proportion in total amount	Withdرا wal proportion	Amount	Propo rtion in total amount	Bad debt reserve	Withdrawal proportion
Within a year	592,785,760.25	50%	-	516,085,489.02	46%	-	
1 to 2 years	572,077,073.42	48%	-	572,077,073.42	51%	-	
2 to 3 years	2,456,496.09		138,000.00 6%	2,456,496.09		138,000.00	6%
Over 3 years	25,869,037.68	2%	23,944,357.55 93%	25,869,037.68	2%	23,944,357.55 93%	
	1,193,188,367.44	100%	24,082,357.55 2%	1,116,488,096.21	100%	24,082,357.55 2%	

Analysis on other receivables according to category:

	June 30 th , 2009			Dec. 31 st , 2008				
	Amount	Proportion in total amount	Bad debt reserve	Withdrawal proportion	Amount	Proportion in total amount	Bad debt reserve	Withdrawal proportion
With significant single amount	1,175,737,576.11	98%	14,311,626.70	1%	1,099,037,304.88	98%	14,311,626.70	1%
With insignificant single amount but great portfolio risk	10,637,159.87	1%	5,895,738.00	55%	10,637,159.87	1%	5,895,738.00	55%



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Others	6,813,631.46	1%	3,874,992.85	57%	6,813,631.46	1%	3,874,992.85	57%
	1,193,188,367.44	100%	24,082,357.55	2%	1,116,488,096.21	100%	24,082,357.55	2%

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

(2) Long-term equity investment

	June 30 th , 2009	Dec. 31 st , 2008
Subsidiary(a)	490,522,849.76	490,522,849.76
Associated enterprise	146,571,429.00	78,857,143.00
Other long-term equity investment	95,885,400.00	92,085,400.00
	732,979,678.76	661,465,392.76
Less: The depreciation reserves of long-term equity investment	16,373,600.00	16,373,600.00
	716,606,078.76	645,091,792.76

The Company has no significant restriction in cashing long term investment and calling back returns.

(a) Subsidiary

	Initial investment cost	Investment added	Dec. 31 st , 2008	Increa se of this year	June 30 th , 2009
Shennandian (Zhongshan) Power Co., Ltd.	54,560,000.00	163,680,000.00	218,240,000.00	-	218,240,000.00
Shennandian (Dongguan) Weimei Electric Power Co., Ltd.	39,680,000.00	75,639,049.76	115,319,049.76	-	115,319,049.76
Shenzhen New Power Industry Co., Ltd.	14,950,000.00	56,320,000.00	71,270,000.00	-	71,270,000.00
Shenzhen Server Petrochemical Supplying Co., Ltd.	26,650,000.00	-	26,650,000.00	-	26,650,000.00
SHENNAN ENERGY (SINGAPORE) PTE LTD	6,703,800.00	-	6,703,800.00	-	6,703,800.00
Shenzhen Shennandian Engineering	6,000,000.00	-	6,000,000.00	-	6,000,000.00



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Technology Co., Ltd.			
Shenzhong Property Investment Co., Ltd.			
Shenzhong Real Estate Development Co., Ltd.			
Shenzhen Shennandian Environment Protection Co., Ltd.	46,340,000.00	-	46,340,000.00
			46,340,000.00
		<u>490,522,849.76</u>	<u>490,522,849.76</u>

(3) Operating revenue and operating cost

	Jan. to June, 2009	Jan. to June, 2008
Main business income	160,770,114.99	584,984,462.58
Other operating revenue	14,615,512.84	17,588,094.20
	<u>175,385,627.83</u>	<u>602,572,556.78</u>

(a) Main business income and main business cost

	Jan. to June, 2009		Jan. to June, 2008	
	Main business income	Main business cost	Main business income	Main business cost
Business of electricity sales	159,505,646.16	190,948,554.96	571,911,489.26	972,661,220.60
Business of heat sales	1,264,468.83	287,668.52	13,072,973.32	12,812,821.03
	<u>160,770,114.99</u>	<u>191,236,223.48</u>	<u>584,984,462.58</u>	<u>985,474,041.63</u>

The gross income from the sales to the top five customers of our company is RMB 159,505,646.16, accounting for 99% of the total sales income of our company.

(b) Other business income and other business cost

	Jan. to June, 2009		Jan. to June, 2008	
	Other business income	Other business cost	Other business income	Other business cost
Income from trusteeship and labor service	14,021,067.50		16,358,795.00	
Income from using of gas	35,740.80		1,229,299.20	
Training income	236,000.00	220,603.50		
Technical service fee	270,000.00	13,635.00		



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Income from waster	52,704.54		
	<u>14,615,512.84</u>	234,238.50	
			<u>17,588,094.20</u>