

Stock Code: 000037, 200037

Stock Code: 2009-058

Short Form of the Stock: Shennandian A, Shennandian B

Shenzhen Nanshan Power Co., Ltd.
The Third Quarterly Report for 2009
 (Full Text)

§1. Important Notes

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

1.2 All the directors presented the board meeting on discussing the Third Quarterly Report except for the following directors.

Name of absent directors	Positions of absent directors	Reasons for absence from the meeting	Name of entrustee
Wang Jianbin	Vice Chairman	Absent due to other work	Independent Director Wu Xiaolei
He Yingyi	Director	Absent due to other work	Vice Chairman Sun Yulin
Li Hongsheng	Director	Absent due to other work	Independent Director Wu Xiaolei
Zhou Chengxin	Independent Director	Absent due to other work	Independent Director Yu Xiufeng
Xu Jing'an	Independent Director	Absent due to other work	Independent Director Yu Xiufeng

1.3 The Third Quarterly Financial Report of 2009 has not been audited by CPAs.

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

§2. Company Profile

2.1 Main accounting highlights and financial indexes:

Unit: RMB

	Sep. 30, 2009	Dec. 31, 2008	Increase/decrease scope (%)
Total assets (RMB)	5,223,649,340.71	4,985,939,525.71	4.77%
Owners' equities attributable to the shareholders of listed company (RMB)	1,941,048,161.36	1,773,172,227.76	9.47%
Share capital (Share)	602,762,596.00	602,762,596.00	0.00%
Net assets per share attributable to the shareholders of listed company (RMB/Share)	3.22	2.94	9.52%

	July-Sep. 2009	Increase/decrease over the same period of the last year (%)	Jan.-Sep. 2009	Increase/decrease over the same period of the last year (%)
Total operating income (RMB)	609,216,822.80	-30.22%	1,487,870,813.13	-47.27%
Net profit attributable to the shareholders of listed company (RMB)	106,914,277.39	4,838.89%	167,875,933.60	499.40%
Net cash flow arising from operating activities (RMB)	-	-	236,872,808.32	-294.35%
Net cash flow arising from operating activities per share (RMB/Share)	-	-	0.39	-294.35%
Basic earnings per share (RMB/Share)	0.177	-4,525.00%	0.279	506.52%
Diluted earnings per share (RMB/Share)	0.177	-4,525.00%	0.279	506.52%
Return on equity (%)	5.51%	4,338.46%	8.65%	437.27%
Return on equity after deducting non-recurring gains and losses (%)	5.49%	18,400.00%	8.58%	-770.31%

Unit: RMB

Items of non-recurring gains and losses	Balance from year begin to the end of report period	Remarks
Net value of non-operating income and expense	1,376,466.01	
Total	1,376,466.01	-

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

Unit: Share

Total number of shareholders at the end of report period	41,168	
Particulars about the shares held by the top ten shareholders with unrestricted conditions		
Full Name of shareholder	Unrestricted shares held	Type of shares
SHENZHEN GUANGJU ELECTRONIC INVESTMENT CO., LTD	119,802,838	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.	41,726,049	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
YAN TIAN GONG	2,075,200	Domestically listed foreign share
Zhongshan Changli Real Estate Development Co., Ltd.	1,770,000	RMB ordinary share
NAITO SECURITIES CO., LTD.	1,700,382	Domestically listed foreign share

§3. Significant events

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

√ Applicable □ Inapplicable

(1)Particulars about profit statement

Item	Change scope	Main reasons
Operating income	-47.27%	Power generation was reduced
Operating cost	-63.71%	Power generation was reduced; fuel cost fell greatly
Sales expense	-58.22%	Decreased purchase for oils
Non-operating income	-75.49%	Power generation was reduced; and subsidy for fuel oil decreased
Non-operating expenditure	-99.00%	Decreased loss from disposing fixed assets
Income tax expense	-98.73%	Profit of this year was used for offsetting the losses of previous years
Net profit attributable to owners of parent company	499.40%	Fuel cost fell greatly; compressed administration and financial expenses

(2)Particulars about balance sheet

Item	Change scope	Main reasons
Account receivable	74.42%	Income receivable from power generation increased
Account paid in advance	-61.96%	Accounts paid in advance to suppliers for goods decreased
Long-term equity investment	78.43%	Invested Jiangxi Xinchang Power Plant and Anhui Tongling Power Plant
Construction in progress	162.51%	Mainly increased the project in progress of sludge drying
Long-term expenses to be apportioned	37.47%	Amortization in this period
Notes payable	127.91%	Increased bank acceptance for purchasing raw materials
Account received in advance	184.41%	Mainly referred to the engineering account received in advance
Long-term liabilities due within one year	-40.00%	Returned loans
Undistributed profit	35.43%	Profit earned in this period

(3)Particulars about cash flow statement

Item	Change scope	Main reason
Net cash flow arising from operating activities	Increased RMB 358,749,400	Decline of fuel cost correspondingly brought down "Cash paid for purchasing commodities and receiving labor service"
Net cash flow arising from investment activities	Decreased RMB 212,380,700	Expenditure for purchasing fixed assets increased; Invested Jiangxi Xinchang Power Plant and Anhui Tongling Power Plant
Net cash flow arising from financing activities	Decreased RMB 296,897,400	Compressed monetary capital and returned loans

3.2 Progress of significant events, their influences, and analysis and explanation of their solutions

√ Applicable □ Inapplicable

In year 2008, Pricewaterhousecoopers Zhongtian Certified Public Accountants issued unqualified auditor's opinions with paragraph of emphasized matters for the Company. During the report period, the matters concerned in non-standard unqualified auditor's opinions did not have any progress. (For

details, please refer to the notice dated on April 9, 2009 with the notice number of 2009—019.)

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

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

3.5 Particulars about the other significant events which needed explanations

1 Whether the Company provided capital for controlling shareholders or its related parties, or disobeyed regulations and procedure to provide external guarantee

☐ Applicable ☒ Inapplicable

2 In the report period, whether the relevant parties make compensation for the committed gains in the Company's implementing Share Consolidation Reform and Material Assets Reorganization

☐ Applicable ☒ Inapplicable

3 Particulars about securities investment

☐ Applicable ☒ Inapplicable

4 Particulars about significant contract

☐ Applicable ☒ Inapplicable

5 Particulars about derivatives investment

☐ Applicable ☒ Inapplicable

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

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

§4. Appendix

4.1 Balance sheet

Prepared by Shenzhen Nanshan Power Co., Ltd.

Sep. 30, 2009

Unit: RMB

Items	Amount at period-end		Amount at year-begin	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	342,141,561.01	48,258,453.01	429,507,715.29	29,272,846.21
Settlement provisions				
Capital lent				
Transaction finance asset				
Notes receivable			2,626,222.50	
Accounts receivable	592,824,747.82	96,170,352.24	339,893,125.56	114,758,696.74
Accounts paid in advance	25,489,277.15	42,588,191.53	67,011,796.04	5,391,749.58
Insurance receivable				

Reinsurance receivables				
Contract reserve of reinsurance receivable				
Interest receivable				
Dividend receivable		597,875,904.41		597,875,904.41
Other receivables	15,786,347.43	1,008,924,525.35	16,177,663.50	1,092,405,738.66
Purchase restituted finance asset				
Inventories	1,311,879,385.90	177,950,694.17	1,292,492,515.40	200,016,725.06
Non-current asset due within one year				
Other current assets				
Total current assets	2,288,121,319.31	1,971,768,120.71	2,147,709,038.29	2,039,721,660.66
Non-current assets:				
Granted loans and advances				
Finance asset available for sales				
Held-to-maturity investment				
Long-term account receivable				
Long-term equity investment	275,797,515.00	766,320,364.76	154,568,943.00	645,091,792.76
Investment property	8,319,303.78		8,810,232.45	
Fixed assets	2,362,669,720.03	366,073,028.91	2,501,462,089.16	398,151,919.32
Construction in progress	181,713,689.71	29,959,981.22	69,221,381.57	15,247,657.72
Engineering material				
Disposal of fixed asset	5,891,209.20	15,578.00		
Productive biological asset				
Oil and gas asset				
Intangible assets	81,591,475.98	2,209,479.47	84,312,023.87	3,809,711.87
Expense on Research and Development				
Goodwill				
Long-term expenses to be apportioned	518,512.14	313,095.59	829,221.81	397,996.28
Deferred income tax asset	19,026,595.56	14,756,122.84	19,026,595.56	14,756,122.84
Other non-current asset				
Total non-current asset	2,935,528,021.40	1,179,647,650.79	2,838,230,487.42	1,077,455,200.79
Total assets	5,223,649,340.71	3,151,415,771.50	4,985,939,525.71	3,117,176,861.45
Current liabilities:				
Short-term loans	2,492,082,050.90	1,317,000,000.00	2,461,843,918.77	1,145,922,040.00
Loan from central bank				
Absorbing deposit and interbank deposit				
Capital borrowed				
Transaction financial liabilities				
Notes payable	157,370,282.59	38,500,000.00	69,049,391.35	21,918,219.70
Accounts payable	122,335,063.78	38,078,605.86	104,706,998.24	175,244,357.18
Accounts received in advance	6,252,956.20		2,198,638.40	

Selling financial asset of repurchase				
Commission charge and commission payable				
Wage payable	37,212,081.19	20,616,154.21	31,921,195.28	17,785,432.49
Taxes payable	-379,077,236.84	-333,087,241.07	-339,865,158.06	-286,213,117.57
Interest payable	37,911,415.74		34,361,227.33	2,171,300.00
Dividend payable				
Other accounts payable	313,989,639.96	291,834,158.88	304,241,543.35	196,718,008.59
Reinsurance payables				
Insurance contract reserve				
Security trading of agency				
Security sales of agency				
Non-current liabilities due within 1 year	60,000,000.00		100,000,000.00	
Other current liabilities				
Total current liabilities	2,848,076,253.52	1,372,941,677.88	2,768,457,754.66	1,273,546,240.39
Non-current liabilities:				
Long-term loans	221,000,000.00	110,000,000.00	281,000,000.00	110,000,000.00
Bonds payable				
Long-term account payable				
Special accounts payable				
Projected liabilities				
Deferred income tax liabilities	3,600,000.00		600,000.00	
Other non-current liabilities				
Total non-current liabilities	224,600,000.00	110,000,000.00	281,600,000.00	110,000,000.00
Total liabilities	3,072,676,253.52	1,482,941,677.88	3,050,057,754.66	1,383,546,240.39
Owner's equity (or shareholders' equity):				
Paid-in capital (or 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	288,769,132.47	363,629,927.51	288,769,132.47
Less: Inventory shares				
Reasonable reserve				
Surplus public reserve	332,908,397.60	332,908,397.60	332,908,397.60	332,908,397.60
Provision of general risk				
Retained profit	641,747,240.25	444,033,967.55	473,871,306.65	509,190,494.99
Balance difference of foreign currency translation				
Total owner's equity attributable to parent company	1,941,048,161.36	1,668,474,093.62	1,773,172,227.76	1,733,630,621.06
Minority interests	209,924,925.83		162,709,543.29	
Total owner's equity	2,150,973,087.19	1,668,474,093.62	1,935,881,771.05	1,733,630,621.06
Total liabilities and owner's equity	5,223,649,340.71	3,151,415,771.50	4,985,939,525.71	3,117,176,861.45

4.2 Profit statement in the report period

Prepared by Shenzhen Nanshan Power Co., Ltd.

July-Sep. 2009

Unit: RMB

Items	Amount in this period		Amount in the same period of last year	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	609,216,822.80	120,118,088.71	873,028,113.31	297,471,035.46
Including: Operating income	609,216,822.80	120,118,088.71	873,028,113.31	297,471,035.46
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	665,770,098.03	146,109,815.62	1,489,546,192.01	588,404,346.25
Including: Operating cost	608,369,918.54	133,214,239.28	1,416,687,771.54	560,727,323.67
Interest expense				
Commission charge and commission expense				
Cash surrender value				
Net amount of expense of compensation				
Net amount of withdrawal of insurance contract reserve				
Bonus expense of guarantee slip				
Reinsurance expense				
Operating tax and extras	1,728,183.48	1,164,967.39	2,046,794.42	976,694.39
Sales expenses	232,616.78		552,614.07	
Administration expenses	26,223,618.58	4,974,646.71	28,775,786.49	9,823,177.93
Financial expenses	29,215,760.65	6,755,962.24	41,483,225.49	16,877,150.26
Losses of devaluation of asset				
Add: Changing income of fair value(Loss is listed with "-")				
Investment income (Loss is listed with "-")	266,089.80	266,089.80		67,557,104.24
Including: Investment income on affiliated company and joint venture				
Exchange income (Loss is listed with "-")				
III. Operating profit (Loss is listed with "-")	-56,287,185.43	-25,725,637.11	-616,518,078.70	-223,376,206.55
Add: Non-operating income	196,464,968.34	-34,142,200.00	641,611,404.93	350,533,512.53
Less: Non-operating expense	-12,871.80		3,464,207.73	88,650.00
Including: Disposal loss of non-current asset				
IV. Total Profit (Loss is listed with "-")	140,190,654.71	-59,867,837.11	21,629,118.50	127,068,655.98
Less: Income tax expense	71,077.99		13,405,213.55	12,768,540.44
V. Net profit (Net loss is listed with "-")	140,119,576.72	-59,867,837.11	8,223,904.95	114,300,115.54
Net profit attributable to	106,914,277.39		-2,256,104.27	

owner's of parent company				
Minority shareholders' gains and losses	33,205,299.33		10,480,009.22	
VI. Earnings per share				
i. Basic earnings per share	0.177		-0.004	0.190
ii. Diluted earnings per share	0.177		-0.004	0.190
VII. Other consolidated income				
VIII. Total consolidated income	140,119,576.72	-59,867,837.11	8,223,904.95	114,300,115.54
Total consolidated income attributable to owners of parent company	106,914,277.39	-59,867,837.11	-2,256,104.27	114,300,115.54
Total consolidated income attributable to minority shareholders	33,205,299.33	0.00	10,480,009.22	

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

Prepared by Shenzhen Nanshan Power Co., Ltd.

Jan.-Sep. 2009

Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	1,487,870,813.13	295,503,716.54	2,821,899,705.57	900,043,592.24
Including: Operating income	1,487,870,813.13	295,503,716.54	2,821,899,705.57	900,043,592.24
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	1,649,382,307.95	360,846,564.78	4,271,843,779.77	1,612,963,919.83
Including: Operating cost	1,469,557,913.14	324,684,701.26	4,049,316,511.50	1,546,201,365.30
Interest expense				
Commission charge and commission expense				
Cash surrender value				
Net amount of expense of compensation				
Net amount of withdrawal of insurance contract reserve				
Bonus expense of guarantee slip				
Reinsurance expense				
Operating tax and extras	5,252,656.96	3,289,987.19	4,986,849.80	1,802,813.55
Sales expenses	730,383.57		1,748,263.63	
Administration expenses	80,189,893.53	12,260,219.76	96,970,712.92	32,154,637.92
Financial expenses	93,651,460.75	20,611,656.57	118,821,441.92	32,805,103.06
Losses of devaluation of asset				
Add: Changing income of fair value(Loss is listed with "-")				
Investment income (Loss is listed with "-")	266,089.80	266,089.80		67,557,104.24
Including: Investment				

income on affiliated company and joint venture				
Exchange income (Loss is listed with “-”)				
III. Operating profit (Loss is listed with “-”)	-161,245,405.02	-65,076,758.44	-1,449,944,074.20	-645,363,223.35
Add: Non-operating income	376,721,101.50	-79,769.00	1,537,001,541.86	849,598,908.53
Less: Non-operating expense	43,198.57		4,319,920.66	198,650.00
Including: Disposal loss of non-current asset				
IV. Total Profit (Loss is listed with “-”)	215,432,497.91	-65,156,527.44	82,737,547.00	204,037,035.18
Less: Income tax expense	341,181.77		26,935,693.55	24,566,387.57
V. Net profit (Net loss is listed with “-”)	215,091,316.14	-65,156,527.44	55,801,853.45	179,470,647.61
Net profit attributable to owner's of parent company	167,875,933.60		28,007,186.87	
Minority shareholders' gains and losses	47,215,382.54		27,794,666.58	
VI. Earnings per share				
i. Basic earnings per share	0.279		0.046	0.298
ii. Diluted earnings per share	0.279		0.046	0.298
VII. Other consolidated income				
VIII. Total consolidated income	215,091,316.14	-65,156,527.44	55,801,853.45	179,470,647.61
Total consolidated income attributable to owners of parent company	167,875,933.60	-65,156,527.44	28,007,186.87	179,470,647.61
Total consolidated income attributable to minority shareholders	47,215,382.54		27,794,666.58	

4.4 Cash flow statement from year-begin to the end of report period

Prepared by Shenzhen Nanshan Power Co., Ltd.

Jan.-Sep. 2009

Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	1,839,361,452.69	320,901,078.18	3,489,396,629.45	1,678,378,785.00
Net increase of customer deposit and interbank deposit				
Net increase of loan from central bank				
Net increase of capital borrowed from other financial institution				
Cash received from original insurance contract fee				

Net cash received from reinsurance business				
Net increase of insured savings and investment				
Net increase of disposal of transaction financial asset				
Cash received from interest, commission charge and commission				
Net increase of capital borrowed				
Net increase of returned business capital				
Write-back of tax received	12,491,186.88		6,209,922.13	1,533,323.84
Other cash received concerning operating activities	27,521,556.44	1,326,176,801.70	1,092,668,632.01	2,351,797,657.06
Subtotal of cash inflow arising from operating activities	1,879,374,196.01	1,647,077,879.88	4,588,275,183.59	4,031,709,765.90
Cash paid for purchasing commodities and receiving labor service	1,397,844,952.95	546,735,923.11	4,352,068,126.69	1,717,604,748.53
Net increase of customer loans and advances				
Net increase of deposits in central bank and interbank				
Cash paid for original insurance contract compensation				
Cash paid for interest, commission charge and commission				
Cash paid for bonus of guarantee slip				
Cash paid to/for staff and workers	74,451,832.15	42,205,268.75	88,407,027.69	58,933,881.29
Taxes paid	120,665,909.05	55,763,429.87	76,825,953.33	7,508,569.51
Other cash paid concerning operating activities	49,538,693.54	933,044,828.26	192,850,675.02	2,502,689,260.34
Subtotal of cash outflow arising from operating activities	1,642,501,387.69	1,577,749,449.99	4,710,151,782.73	4,286,736,459.67
Net cash flows arising from operating activities	236,872,808.32	69,328,429.89	-121,876,599.14	-255,026,693.77
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income	266,089.80	266,089.80	43,760.14	
Net cash received from disposal of fixed, intangible and other long-term assets	577,520.00		140,448,525.00	41,268,000.00
Net cash received from disposal of subsidiaries and other units				
Other cash received concerning investing activities			4,339,722.28	

Subtotal of cash inflow from investing activities	843,609.80	266,089.80	144,832,007.42	41,268,000.00
Cash paid for purchasing fixed, intangible and other long-term assets	115,368,625.55	27,883,830.77	87,212,081.90	18,681,919.56
Cash paid for investment	121,228,572.00	121,228,572.00	123,002,844.13	104,197,143.00
Net increase of mortgaged loans				
Net cash received from subsidiaries and other units				
Other cash paid concerning investing activities			30,634.00	
Subtotal of cash outflow from investing activities	236,597,197.55	149,112,402.77	210,245,560.03	122,879,062.56
Net cash flows arising from investing activities	-235,753,587.75	-148,846,312.97	-65,413,552.61	-81,611,062.56
III. Cash flows arising from financing activities				
Cash received from absorbing investment			42,040,692.10	
Including: Cash received from absorbing minority shareholders' investment by subsidiaries				
Cash received from loans	2,819,661,079.03	1,317,000,000.00	4,107,538,631.84	1,850,871,360.00
Cash received from issuing bonds				
Other cash received concerning financing activities			2,215,290.00	
Subtotal of cash inflow from financing activities	2,819,661,079.03	1,317,000,000.00	4,151,794,613.94	1,850,871,360.00
Cash paid for settling debts	2,792,716,583.33	1,146,366,140.00	3,735,787,545.38	1,416,784,113.47
Cash paid for dividend and profit distributing or interest paying	115,424,663.13	72,130,593.21	165,549,218.37	71,000,565.87
Including: Dividend and profit of minority shareholder paid by subsidiaries				
Other cash paid concerning financing activities				
Subtotal of cash outflow from financing activities	2,908,141,246.46	1,218,496,733.21	3,901,336,763.75	1,487,784,679.34
Net cash flows arising from financing activities	-88,480,167.43	98,503,266.79	250,457,850.19	363,086,680.66
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-5,207.42	223.09	2,338,228.10	-83,278.77
V. Net increase of cash and cash equivalents	-87,366,154.28	18,985,606.80	65,505,926.54	26,365,645.56
Add: Balance of cash and cash equivalents at the period -begin	429,507,715.29	29,272,846.21	419,172,277.64	125,774,088.96
VI. Balance of cash and cash equivalents at the period -end	342,141,561.01	48,258,453.01	484,678,204.18	152,139,734.52

Shenzhen Nanshan Power Co., Ltd.

The Third Quarterly Report for 2009 (Full Text)

4.5 Auditor' report

Auditor's opinions: Un-audited

**Board of Directors of
Shenzhen Nanshan Power Co., Ltd.
October 20, 2009**