

Securities Code: 000037, 200037

Notice No.: 2010-025

Short Form of the Securities: Shen Nan Dian A, Shen Nan Dian B

# Shenzhen Nanshan Power Co., Ltd.

## The 1<sup>st</sup> Quarterly Report For 2010

### (Full Text)

#### §1 Important Notice

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

Name of absent directors	Office title of the absent directors	Reason of absence	Name of entrusted
Yu Chunling	Director	Could not present the meeting for being on official	Director Huang Fuhan
He Yingyi	Director	Could not present the meeting for being on official	Vice-chairman Sun Yulin
Li Hongsheng	Director	Could not present the meeting for being on official	Vice-chairman Wang Jianbin
Huang Sujian	Independent Director	Could not present the meeting for being on official	Independent Director Yu Xiufeng

- 1.3 The Financial Report For the 1<sup>st</sup> Quarterly Report of the Company has not been audited by CPAs.
- 1.4 Chairman of the Board Yang Haixian, Director and General Manager Fu Bo, CFO Lu Xiaoping and Director of Financial Department Huang Jian hereby confirm that the Financial Report enclosed in the 1<sup>st</sup> Quarterly Report is true and complete.
- 1.5 The 1<sup>st</sup> Quarterly Report is prepared in both Chinese and English, and in case of any discrepancy between the two versions, the Chinese version shall prevail.

#### §2 Company Profile

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

	At the end of the report period	At the end of the last year	Changes of increase/decrease (%)	Unit: Yuan
Total assets (Yuan)	4,967,767,498.50	4,926,596,324.59	0.84	
Equity attributable to shareholders of listed companies (Yuan)	1,742,394,853.41	1,847,287,676.40	-5.68	
Share capital (share)	602,762,596.00	602,762,596.00	0.00	

Net asset per share attributable to shareholders of listed companies (Yuan/share)	2.89	3.06	-5.68
	In the report period	The same period of last year	Changes of increase/decrease (%)
Total operating income (Yuan)	277,528,735.50	365,346,858.88	-24.03
Net profit attributable to shareholders of listed companies (Yuan)	-104,892,822.99	-12,486,734.11	Inapplicable
Net cash flow arising from operating activities (Yuan)	76,633,143.08	20,252,909.72	278.38
Net cash flow arising from operating activities per share (Yuan/share)	0.13	0.03	278.38
Basic earnings per share (Yuan/share)	-0.17	-0.02	Inapplicable
Diluted earnings per share (Yuan/share)	-0.17	-0.02	Inapplicable
Weighted average ROE (%)	-3.86	-0.47	Inapplicable
Weighted average ROE after deducting the non-recurring losses and gains (%)	-3.87	-0.51	Inapplicable

Items of non-recurring gains and losses	Amount in year-begin to the end of report period
Net amount of non-operating income and expense	187,252.84
Total	187,252.84

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	50,124	
Particulars about the shares held by the top ten tradable shareholders with unrestricted conditions		
Full Name of shareholder	Amount of tradable shares with unrestricted conditions held at the end of report period	Type of shares
SHENZHEN GUANGJU ELECTRONIC INVESTMENT CO., LTD	112,185,584	RMB ordinary share
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	92,123,248	Domestically listed foreign share
SHENZHEN ENERGY GROUP CO., LTD.	65,106,130	RMB ordinary share
BNP P P/PAND INVESTMENT CO., LTD.	49,576,518	Domestically listed foreign share
STATE GRID SHENZHEN ENERGY DEVELOPMENT GROUP CO., LTD.	35,999,805	RMB ordinary share
YAN TIAN GONG	3,493,800	Domestically listed foreign share
YANG SHI MIN	2,299,710	Domestically listed foreign share
Guotai Junan Securities Co., Ltd.	2,129,916	RMB ordinary share
Zhongshan Changli Real Estate Development Co., Ltd.	1,770,000	RMB ordinary share
NAITO SECURITIES CO., LTD.	1,640,792	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) Items in profit statement

Item	Change scope	Main reason
Operation profit	Increased RMB 8,959.03 million	Power generation quantity decrease and fuel cost rise.
Income tax expense	320.77%	Income tax withdrawn increased.
Net profit attributable to owners of parent company	Decreased RMB 9,240.61 million	Operation profit and subsidies revenue decreased.

(2) Items in balance sheet

Item	Change scope	Main reason
Account paid in advance	35.57%	Account paid to goods suppliers in advance increased.
Other accounts receivable	47.99%	Bid bond for procurement of oil increased.
Notes payable	-44.51%	Bank acceptance of raw materials purchase decreased.
Account payable	361.42%	Account payable for goods from suppliers increased.
Account received in advance	91.34%	Account received in advance for goods increased.
Interest payable	-41.06%	Interest payable to bank decreased.
Long-term borrowing	64.10%	Long-term borrowing from bank newly increased.
Other non-current liabilities	38.96%	Assets-related government subsidy received increased

(3) Items in cash flow statement

Item	Change scope	Main reason
Net cash flow arising from operating activities	278.38%	Operational items payable increased.
Net cash flow arising from investment activities	Increased RMB 6,411.93 million	Decreased expenditure for purchasing fixed assets and decreased cash paid for investment.
Net cash flow arising from financing activities	2,581.17%	Loan increased

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

Applicable Inapplicable

In 2009, Deloitte Touche Tohmatsu issued unqualified auditor's report with emphasized events for the Company. For progress of the events involved in the non-standard unqualified opinion in the report period, please refer to Notice 2010-011 on Apr. 13, 2010.

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

Applicable Inapplicable

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

Applicable      Inapplicable

3.5 Other significant events which need explanations

3.5.1 Particulars about securities investment

Applicable      Inapplicable

3.5.2 Registration form for receiving research, communication and interview in the report period. No investors' field research, telephone communication and written inquiries are received in the report period.

3.5.3 Particulars about the explanations on other significant events

Applicable      Inapplicable

1. In the report period, there were no such situations as the followings: the Company supplied funds to controlling shareholders or other related parties, or supplied external guarantees against the regulations;

2. In the report period, the Company did not sign up any material contract.

### 3.6 Derivatives investment

Applicable      Inapplicable

## §4 Appendix

### 4.1 Balance sheet

March 31, 2010

Prepared by Shenzhen Nanshan Power Co., Ltd.

Unit: RMB

Item	Ending balance		Beginning balance	
	Merger	Parent Company	Merger	Parent Company
Current assets:				
Monetary funds	492,299,148.95	157,499,300.64	379,162,100.63	35,564,935.05
Settlement provision				
Inter-bank lending				
Financial assets held-for-trade				
Notes receivable	200,000.00		200,000.00	
Accounts receivable	268,262,581.18	97,300,822.13	339,735,079.02	86,395,444.92
Accounts paid in advance	5,992,139.83	5,277,996.64	4,419,870.02	2,359,390.63
Premium receivable				
Accounts receivable reinsurance				
Accounts receivable reinsurance reserve				
Interest receivable				
Dividend receivable		597,875,904.41		597,875,904.41
Other receivables	17,959,352.19	853,829,074.45	12,135,292.96	871,865,434.98

Redemptory monetary capital for sale				
Inventories	1,323,756,376.91	168,001,790.08	1,344,705,190.19	195,072,444.79
Non-current assets due within one year				
Other current assets		150,000,000.00		240,000,000.00
Total current assets	2,108,469,599.06	2,029,784,888.35	2,080,357,532.82	2,029,133,554.78
Non-current assets:				
Loans and advances				
Finance asset available for sales				
Held-to-maturity securities				
Long-term account receivable				
Long-term equity investment	300,069,150.41	790,592,000.17	262,754,150.41	753,277,000.17
Investment property	8,380,428.00		8,550,910.89	
Fixed assets	2,247,971,672.86	349,775,267.31	2,286,167,921.21	355,995,467.10
Construction in progress	218,568,827.42	57,643,756.04	203,626,585.32	46,316,005.30
Engineering material				
Disposal of fixed asset	5,875,631.20		5,875,631.20	
Productive biological asset				
Oil and gas asset				
Intangible assets	57,409,735.64	1,065,874.87	58,188,188.59	1,368,935.26
Expense on Research and Development				
Goodwill				
Long-term expenses to be apportioned	412,611.66	256,495.13	465,561.90	284,795.36
Deferred income tax asset	20,609,842.25	16,949,151.06	20,609,842.25	16,949,151.06
Other non-current asset				
Total non-current asset	2,859,297,899.44	1,216,282,544.58	2,846,238,791.77	1,174,191,354.25
Total assets	4,967,767,498.50	3,246,067,432.93	4,926,596,324.59	3,203,324,909.03
Current liabilities:				
Short-term loans	2,482,000,000.00	1,575,000,000.00	2,419,120,000.00	1,499,000,000.00
Borrowing from the central bank				
Accept money deposits and call loans from banks				
Inter-bank borrowing				
Transaction financial liabilities				
Notes payable	37,852,837.46		68,210,216.75	
Accounts payable	96,649,092.59	48,244,914.04	20,945,942.55	8,379,394.63
Accounts received in advance	1,127,018.92		589,000.00	
Financial assets sold for				

repurchase				
Commissions payable				
Wage payable	43,071,878.40	26,060,981.47	45,213,658.24	25,524,730.72
Taxes payable	-404,871,256.76	-351,004,735.56	-400,141,494.43	-358,913,337.70
Interest payable	1,839,762.40	2,308,596.25	3,121,564.50	3,998,222.73
Dividend payable				
Other accounts payable	338,583,853.98	313,620,839.10	353,795,654.34	363,707,613.87
Accounts payable for reinsurance				
Insurance contract reserve fund				
Acting trading securities				
Acting sale securities				
Non-current liabilities due within 1 year	165,000,000.00	110,000,000.00	200,000,000.00	110,000,000.00
Other current liabilities				
Total current liabilities	2,761,253,186.99	1,724,230,595.30	2,710,854,541.95	1,651,696,624.25
Non-current liabilities:				
Long-term loans	256,000,000.00		156,000,000.00	
Bonds payable				
Long-term account payable				
Special accounts payable				
Projected liabilities				
Deferred income tax liabilities				
Other non-current liabilities	5,350,000.00		3,850,000.00	
Total non-current liabilities	261,350,000.00		159,850,000.00	
Total liabilities	3,022,603,186.99	1,724,230,595.30	2,870,704,541.95	1,651,696,624.25
Owner's equity (or shareholder's 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				
Special 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	443,093,932.30	297,396,711.56	547,986,755.29	327,188,158.71
Balance difference of foreign currency translation				
Total owner's equity attributable to parent company	1,742,394,853.41	1,521,836,837.63	1,847,287,676.40	1,551,628,284.78
Minority interests	202,769,458.10		208,604,106.24	
Total owner's equity	1,945,164,311.51	1,521,836,837.63	2,055,891,782.64	1,551,628,284.78
Total liabilities and owner's equities	4,967,767,498.50	3,246,067,432.93	4,926,596,324.59	3,203,324,909.03

## 4.2 Profit statement

Jan.-Mar., 2010

Prepared by Shenzhen Nanshan Power Co., Ltd.

Unit: RMB

Item	Current period		Last period	
	Merger	Parent Company	Merger	Parent Company
I. Total operating income	277,528,735.50	33,298,570.68	365,346,858.88	64,100,840.81
Including: Operating income	277,528,735.50	33,298,570.68	365,346,858.88	64,100,840.81
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	457,407,856.92	63,090,017.83	455,635,714.61	86,866,423.32
Including: Operating cost	406,357,906.95	53,359,142.56	392,632,944.49	76,457,537.03
Interest expense				
Commission charge and commission expense				
Surrender value				
Net compensation payment				
Net amount of reserves for reinsurance contract				
Policy dividend expense				
Reinsurance premium income				
Business taxes and surcharges	1,242,606.72	804,922.86	1,504,435.15	1,020,916.11
Sales expenses	286,000.43		249,876.62	
Administration expenses	22,564,681.76	1,730,318.91	28,316,452.46	3,185,890.52
Financial expenses	26,956,661.06	7,195,633.50	32,932,005.89	6,202,079.66
Losses of devaluation of asset				
Add: Changing income of fair value (loss expressed with a “-”)				
Investment income (loss expressed with a “-”)				
Including: income from investment in associates and joint ventures				
Exchange gain (loss expressed with a “-”)				
III. Operating profit (loss expressed with a “-”)	-179,879,121.42	-29,791,447.15	-90,288,855.73	-22,765,582.51
Add: Non-operating income	69,675,522.56		83,674,464.60	13,194,831.00
Less: Non-operating	31,650.00		40,391.67	

expense				
Including: Disposal loss of non-current asset				
IV. Total profit (loss expressed with a “-”)	-110,235,248.86	-29,791,447.15	-6,654,782.80	-9,570,751.51
Less: Income tax	492,222.27		116,981.31	
V. Net profit (loss expressed with a “-”)	-110,727,471.13	-29,791,447.15	-6,771,764.11	-9,570,751.51
Net profit attributable to owners of parent company	-104,892,822.99	-29,791,447.15	-12,486,734.11	-9,570,751.51
Minority shareholders' gains and losses	-5,834,648.14		5,714,970.00	
VI. Earnings per share				
i. Basic earnings per share	-0.174		-0.021	
ii. Diluted earnings per share	-0.174		-0.021	
VII. Other consolidated income				
VIII. Total consolidated income	-110,727,471.13	-29,791,447.15	-6,771,764.11	-9,570,751.51
Total consolidated income attributable to owners of parent company	-104,892,822.99	-29,791,447.15	-12,486,734.11	-9,570,751.51
Total consolidated income attributable to minority shareholders	-5,834,648.14		5,714,970.00	

## 4.3 Cash flow statement

Jan.-Mar., 2010

Prepared by Shenzhen Nanshan Power Co., Ltd.

Unit: RMB

Item	Current period		Last period	
	Merger	Parent Company	Merger	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	450,814,094.97	198,831,965.70	614,696,653.14	241,051,805.40
Net increase in deposits and due from banks				
Net increase in borrowing from the central bank				
Net increase in placements from other financial institutions				
Receipt from primary insurance premium				
Net cash flow from reinsurance				
Net increase in insured savings and sum invested				
Net increase in disposal				

of financial assets held-for-trade				
Receipt from interest, poundage and commission				
Net increase in inter-bank borrowing				
Net increase in repurchase				
Write-back of tax received	8,057,298.00		8,690,096.12	
Other cash received concerning operating activities	26,901,522.98	123,365,702.42	17,161,639.11	77,586,536.75
Subtotal of cash inflow arising from operating activities	485,772,915.95	322,197,668.12	640,548,388.37	318,638,342.15
Cash paid for purchasing commodities and receiving labor service	305,010,207.79	97,468,204.39	552,058,279.30	330,488,364.75
Net increase in loans and advances				
Net increase in due from central bank and others				
Payments for primary insurance indemnity				
Cash paid for interest, commission charge and commission expense				
Payment for policy dividend				
Cash paid to/for staff and workers	26,693,167.46	12,978,130.88	26,457,398.04	16,671,236.99
Taxes paid	19,554,487.25	2,868,882.44	22,190,954.14	4,182,552.61
Other cash paid concerning operating activities	57,881,910.37	92,881,261.14	19,588,847.17	302,408,520.33
Subtotal of cash outflow arising from operating activities	409,139,772.87	206,196,478.85	620,295,478.65	653,750,674.68
Net cash flows arising from operating activities	76,633,143.08	116,001,189.27	20,252,909.72	-335,112,332.53
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from obtaining investment gain				
Net cash received from disposal of fixed, intangible and other long-term assets			520.00	
Net cash received from disposal of subsidiaries and other business units				
Other cash received concerning investing				

activities				
Subtotal of cash inflow arising from investment activities			520.00	
Cash paid for purchasing fixed, intangible and other long-term assets	17,658,898.44	13,519,535.81	51,379,481.82	3,510,121.57
Cash paid for investment	37,315,000.00	37,315,000.00	67,714,286.00	67,714,286.00
Net increase in pledge loans				
Net cash received from the payment by subsidiaries and other business units				
Other cash paid concerning investment activities				
Subtotal of cash outflow arising from investment activities	54,973,898.44	50,834,535.81	119,093,767.82	71,224,407.57
Net cash flows arising from investing activities:	-54,973,898.44	-50,834,535.81	-119,093,247.82	-71,224,407.57
III. Cash flows arising from financing activities				
Cash received from absorbing investment				
Including: cash received from subsidiaries' absorbing minority shareholder investment				
Cash received from loan	1,037,000,000.00	585,000,000.00	876,572,517.27	530,000,000.00
Cash received from bond issuance				
Other cash received concerning financing activities				
Subtotal of cash inflow from financing activities	1,037,000,000.00	585,000,000.00	876,572,517.27	530,000,000.00
Cash paid for settling debts	909,120,000.00	509,000,000.00	832,534,841.04	94,327,000.00
Cash paid for dividend and profit distributing or interest paying	36,402,196.32	19,232,287.87	40,625,814.30	17,384,042.93
Including: dividend and profit paid to minority shareholders by subsidiaries				
Other cash paid concerning financing activities				
Subtotal of cash outflow from financing activities	945,522,196.32	528,232,287.87	873,160,655.34	111,711,042.93
Net cash flows	91,477,803.68	56,767,712.13	3,411,861.93	418,288,957.07

arising from financing activities				
IV. Influence on cash due to fluctuation in exchange rate			154,185.84	-586.42
V. Net increase of cash and cash equivalents	113,137,048.32	121,934,365.59	-95,274,290.33	11,951,630.55
Add: Balance of cash and cash equivalents at the period -begin	356,362,100.63	35,564,935.05	429,507,715.29	29,272,846.21
VI. Balance of cash and cash equivalents at the period -end	469,499,148.95	157,499,300.64	334,233,424.96	41,224,476.76

#### 4.4 Auditor's report

Auditor's opinions: Un-audited