



# **SHENZHEN NANSHAN POWER CO., LTD**

## **Semi-Annual Report 2010**

Notice No.: 2010—045

**August 17, 2010**

## **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.

Deputy Chairman—Sun Yulin, Director—Yu Chunling and Independent Director—Wu Xiaolei absent the Meeting due to business, and authorized Director – He Yingyi, Director – Huang Fuhan and Independent Director – Yu Xiufeng to attend and vote on her/his behalf respectively.

The Semi-annual Financial Report 2010 of the Company has not been audited.

Chairman of the Board Mr. Yang Haixian, General Manager Mr. Fu Bo, CFO Mr. Lu Xiaoping and Manager of Financial Department Mr. Huang Jian hereby confirm the truthfulness and completeness of the Financial Report in the Semi-annual Report 2010.

This report has been prepared in Chinese and English version respectively. In the event of differences in interpretation between the two versions, the Chinese report shall prevail.

# Content

<b>I. Company Profile -----</b>	<b>4</b>
<b>II. Changes in Share Capital and Particulars about Shareholders-----</b>	<b>7</b>
<b>III. Particulars about Directors, Supervisors and Senior Executives-----</b>	<b>9</b>
<b>IV. Report of the Board of Directors -----</b>	<b>9</b>
<b>V. Significant Events-----</b>	<b>12</b>
<b>VI. Financial Report (Un-audited) -----</b>	<b>21</b>
<b>VII. Documents Available for Reference-----</b>	<b>21</b>

# 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. Legal Representative: Yang Haixian

### 3. Secretary of the Board: Hu Qin

Tel: (0755)26948888

Fax :( 0755)26003684

E-mail: investor@nspower.com.cn

Contact address: 16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, China.

### 4. Registered Address: No.2097 Yueliangwan Avenue, Nanshan District, Shenzhen, China.

Post Code: 518052

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

Post Code: 518053

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

E-mail: [public@nspower.com.cn](mailto:public@nspower.com.cn)

### 5. Newspapers Designated for publishing notices: Securities Times ,China Securities Journal and Hong Kong Comercial Daily.

Website desinated by China Securities Regulatory Committee for publishing semi-annual report:  
<http://www.cninfo.com.cn>

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

### 6. 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

### 7. Other Relevant Information:

Initial Registration Date: April 6, 1990

Initial Registration Address: Nanshan Jiaozui, Nanshan District, Shenzhen

Registration Address after the Change: No.2097Yueliangwan Avenue, Nanshan District, Shenzhen

Registration code of the enterprise business license: 440301501125497

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

Organization Code: 61881512—1

### 8. Definition

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

Xiefu Company: Shenzhen Xiefu Fuel Suupply Co., Ltd. whose 50% shares held by the Company;

New Power Company: Shenzhen New Power Industrial Co., Ltd. whose 100% equity is held by the Company;

Singaporean Company: Shennandian (Singapore) Co., Ltd. whose 100% equity is held by the Company;

Syndisome Company: HONG KONG SYNDISOME CO., LIMITED;

Shennandian Engineering Company: Shennandian Turbine Engineering Technology Co., Ltd. whose 100% equity is held by the Company;

Shennandian Zhongshan Co., Ltd.: Shennandian (Zhongshan) Electric Power Co., Ltd. whose 80% equity is held by the Company;

Shennandian Dongguan Company: Shennandian (Dongguan) Weimei Electric Power Co., Ltd. Whose 70% equity is held by the Company;

Shennandian Envionment Protection Company: Shenzhen Shennandian Envionment Protection Co., Ltd. Whose 100% equity is held by the Company;

Wanneng Tongling Company: Wanneng Tongling Power Generation Co., Ltd. Whose 2.83% equity is held by the Company;

Shenzhen Energy Environmental Corporation: Shenzhen Energy Environmental Co., Ltd. Whose 10% equity is held by the Company;

Nanshan Power Factory: Nanshan Power Factory who is the second degree institution of Shenzhen Nanshan Power Co., Ltd.;

Zhongshan Nam Long Power Plant: Zhongshan Nam Long Power Plant of Shennandian (Zhongshan) Electric Power Co., Ltd.;

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

Shenzhong Zhiye Company: refers to Shenzhen Zhongshan Real Estate Investment Properties Co., Ltd whose 75% equity is held by the Company

Shenzhong Real Estate Company: Zhongshan Shenzhong Real Estate Investment Property Co., Ltd. whose 75% equity is held by the Company;

Jiangxi Xinchang Company: China Power Investment Xinchang Power Generation Co., Ltd. of Jiangxi;

Jiangxi Pengze Nuclear Power Company: China Power Investment Jiangxi Nuclear Power Co., Ltd. whose 5% equity is held by the Company;

CSRC: China Securities Regulatory Committee;

SZSRC: Shenzhen Supervision Municipal of China Securities Regulatory Committee;

SZSE: Shenzhen Stock Exchange;

Designated newspapers: Securities Times, China Securities Journal and Hong Kong Comercial Daily;

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

## (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	4,938,745,306.90	4,926,596,324.59	0.25%
Owners' equity attributable to shareholders of the listed company	1,592,214,140.62	1,847,287,676.40	-13.81%
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))	2.64	3.06	-13.81%

	This report period (Jan. to Jun.)	The same period of last year	Increase/decrease in this report period year-on-year (%)
Total operating income	702,859,674.61	878,653,990.33	-20.01%
Operating profit	-442,321,305.40	-104,958,219.59	Decreased 337,360,000
Total profit	-270,933,519.42	75,241,843.20	Decreased 346,170,000
Net profit attributable to shareholders of the listed company	-255,073,535.78	60,961,656.20	Decreased 316,030,000
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-255,262,197.62	59,856,559.41	Decreased 315,120,000
Basic earnings per share (RMB/Share)	-0.42	0.10	Decreased RMB0.52 per share
Diluted earnings per share (RMB/Share)	Inapplicable	Inapplicable	-
Return on equity (%)	-14.83%	3.32%	Decreased 18.32 percentage point
Net cash flow arising from operating activities	-67,342,242.23	23,093,133.77	Decreased 90,430,000
Net cash flow per share arising from operating activities (RMB/Share)	-0.11	0.04	Decreased RMB0.15 per share

## 2. Items of non-recurring gains and losses

Unit: RMB

Non-recurring gains or losses	Amount
Gains and losses from disposal of non-current assets	-1,840.00
Other non-operating income and expenditure beside for the aforementioned items	250,055.79
Influenced amount of minority shareholders' equity	-59,553.95
Total	188,661.84

## 3. Appendix table of profit statement

Profit for the report period	Return on equity of weighted average (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of ordinary shares of the Company	-14.83%	-0.42	Inapplicable
Net profit attributable to shareholders of ordinary shares of the Company after deducting non-recurring gains and losses	-14.84%	-0.42	Inapplicable

4. There is no asset depreciation occurred 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, 2010) Unit: Share

Content	Before the Changes		Increase/Decrease in the Change (+, -)					After the Changes	
	Amount	Proportion (%)	Newly - issued shares	Bonus shares	Public reserve-converted shares	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares	12,993	0.002						12,993	0.002
1. State-owned shares									
2. State-owned legal person's shares								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	602,749,603	99.998						602,749,603	99.998
1. RMB Ordinary shares	338,895,157	56.224						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] No change on total share amount or share capital structure occurred during the report period.

(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 50,558 shareholders, of them, 33,329 shareholders of A-share, and 17,229 shareholders of B-share.

Unit: Share

Total amount of shareholders at the end of report	50,558				
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 INVESTMENT CO., LTD	State-owned legal person	18.61%	112,185,584	0	0
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	Foreign legal person	15.28%	92,123,248	0	0
SHENZHEN ENERGY (GROUP) CO., LTD.	State-owned legal person	10.80%	65,106,130	0	0
BNP P P/PAND INVESTMENT CO., LTD.	Foreign legal person	8.20%	49,426,518	0	0
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	State-owned legal person	5.97%	35,999,805	0	0
YAN TIAN GONG	Domestic natural person	0.55%	3,320,000	0	Unknown
Zhongshan Changli Real Estate Development Co., Ltd	Unknown	0.29%	1,770,000	0	Unknown
Jinbang Security Holding Co., Ltd	Foreign legal person	0.25%	1,500,000	0	Unknown
NAITO SECURITIES CO., LTD.	Foreign legal person	0.24%	1,426,115	0	Unknown
YANG SHI MIN	Domestic natural person	0.23%	1,400,110	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 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.,	49,426,518		Domestically listed		

LTD		foreign share
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	35,999,805	RMB ordinary share
YAN TIAN GONG	3,320,000	Domestically listed foreign share
Zhongshan Changli Real Estate Development Co., Ltd	1,770,000	RMB ordinary share
Jinbang Security Holding Co., Ltd	1,500,000	Domestically listed foreign share
NAITO SECURITIES CO., LTD.	1,426,115	Domestically listed foreign share
YANG SHI MIN	1,400,110	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) Particulars about the changes on controlling stockholders and the actual controller

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) Particulars about changes of shares held by directors, supervisors and senior executives

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.

There were no changes of directors, supervisors and senior executives in the report period.

### **IV. Report of the Board of Directors**

(I) Discussion and analysis on operational situation of the Company in the report Period

In the first half year of 2010, national economy takes on a good momentum of steady recovery. Along with the further warming of the economy of Guangdong Province, demand in power supply continually increase. From January to June, power generated by the whole province accumulated to 143.813 billion kwh, 25.63% up over the same period of last year; the total power used by Guangdong province for social purpose reached 186.686 billion kwh, 18.43% up over the same period of last year. Despite increase in power generated by the whole province and power used by the whole society during the first half year, influenced by the rising pressure from environment protection, the supply uncertainty and running-high price of natural gas, unit overhaul of the affiliated Zhongshan Nanlang Power Plant, LNG technology

reformation and other disadvantageous factors, total amount of power generated by all plants of the Company did not increase in line with power demand. During the report period, power generated by plants of the Company totaled 1.197 billion kwh , 21.04% down over the same last period.

Confronted with severe market environment and operational dilemma, the Company persistently carries forward the operational idea of “striving for survival and going through difficulties”, conforms to trend of readjusting policies for national energy industry and changing economic growth manner and proactively pushes forward the recycle economy project and industrial structure adjustment. During the report period, the drying- up sludge project of Nanshan Thermal Power Plant affiliated to the Company entered into trial operation stage; demonstrative project of combing supply of cold and heat power was put into commercial operation officially, range of mobile heat-supply was enlarged and “gas-for-fuel” technological reformation was completed in a full scale, and the plant was listed as long-term user of Second Line Project of “West-to-East Gas Transportation”. Successful implementation of the aforesaid projects not only improves order of the generating units in energy-saving allocation, but propels the plant to switch from an enterprise with single grid load regulation purpose to one with overall energy- cascade utilization purpose, equipping the existing electrical assets with long surviving conditions.

At the beginning of this year, newly-constructed project of “adopting high-power generating units and shutting low-power units” of Jiangxi Xinchang Company whose 30% share is held by the Company, namely, two sets of ultra supercritical 600MW units were completed and put into commercial operation. At the same time, the Company further deepened its cooperation with China Power Investment Corporation and made a successful march forwards domestic nuclear- electricity construction field, laying down a good foundation for the long-term and sustainable developmental pattern of the Company.

## (II) Corporate Operation during the Report Period

During the report period, the Company accumulatively realized operating income of RMB702,859,700.00, 20.01% down over the same period of last year, among which, RMB701,624,200.00 was realized by power and steam production and supply and project contracted construction, 20.01%down over the same period of last year; RMB 1,235,500.00was realized by other industries, 47.47% up over the same period of last year; Since the fuel cost has increased, main business profit realized by power, steam and project contracted construction amounted to RMB-301,089,200.00, decreased RMB 318,307,000.00 over the same period of last year, other industries realized profit RMB 699,500.00 in main business, 181.94% up over the same period of last year; net profit attributable to owners of the parent company amounted to RMB -255,073,500.00, decrease RMB 316,035,200.00 over the same period of last year; earnings per share reached RMB-0.42 per share.

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

Unit: RMB'0000

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 (%)
Power production	69,071.13	99,366.89	-43.86%	-20.75%	16.75%	-37.50%
Steam production	499.19	666.67	-33.55%	13.90%	4.03%	9.87%
Engineering	592.10	237.78	59.84%	211.47%	-23.44%	234.91%

contract						
Others	123.55	53.60	56.62%	47.47%	-9.11%	56.58%

## 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	47,323.02	-7.01%
Zhongshan	584.48	-96.42%
Dongguan	22,378.47	8.29%

3. In the report period, the profit composition, 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 increase in fuel cost.

5. During the report period, accounted by equity method, share-jointed company of the Company—Jiangxi Xinchang Company suffers investment losses of RMB32.2319 million with impact on net profit of the Company reaching 12.64%.

### (III) 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. The drying -up sludge project: ever since 2008, the project has been assessed as significant construction project of Shenzhen for successive three years and both dynamic and static debug has been conducted on its four sludge-drying disposal lines in succession since November of last year. Ended by June, 30, the project had accumulatively disposed about 2900 ton of wet sludge and utilized about 900 ton of dry sludge. Relevant municipal departments have approved the project's entry into trial operation.

2. Combined supply of cold and heat power project: the project was reckoned as key construction project of Shenzhen in 2009 and key prophase project of Shenzhen in 2010. During the report period, the Company add RMB 0.7167 million to the investment and till the end of the report period, the Company accumulatively funded RMB 8.1888million. The Company signed cooling supply contract with Shenzhen Longshan Environment Protection Co., Ltd, which is its first out-factory user in February of 2010, and began to supply concentrated cooling from the middle May. On July, 8, demonstration project of combining supply of cold and heat power entered into commercial operation.

During the report period, according to the requirement proposed by the 25<sup>th</sup> Meeting of 5<sup>th</sup> Board of Directors, the Company carried out active prophase research on implementing combined supply of cold and heat power project in Qianhai Development Zone and finished composition of Proposals, and in the meanwhile, intended to conducted research on feasibility of project planning with programming and designing organs of Shenzhen and discussed program of implementing energy overall utilization in downtown of Qianhai with potential cooperative partners.

### (2) Project in Xinchang ,Jiangxi Province

In the report period, the Company added RMB 23.1429 million in its investment in company in Xinchang ,Jiangxi Province and till the end of the period, the Company accumulatively invested RMB 219.4286 million. Two sets of ultra supercritical 600MW units in the newly-constructed project of “adopting high-power generating units and shutting low-power units” of the company respectively passed performance test of working with full load for 168 hours on December 14, 2009 and February 14, 2010 and entered into commercial operation officially.

During the report period, the company shifted its working focus from engineering construction to production and operation management, realized power generation of 2.026 billion kwh and safe operation of successive 198 days. However, due to the low amount of power generated by the units and high cost of fuel, the company suffered loss of RMB 107.4396 million in the first half year, that is, loss of RMB32.2319 million was incurred in investment of this period if calculated in 30% equity accounting method.

### (3) Nuclear Power Project in PengZe, Jiangxi Province

On January 15, 2010, China Power Investment Group, Jiangxi Ganneng Co., Ltd and the Company jointly signed Agreement about China Power Investment Group’s Share Equity in Jiangxi Nuclear Power Co., Ltd and decided to establish new project company—Jiangxi Pengze Nuclear Power Co., Ltd in which the Company will hold 5% share. The investment for the first phase of the project amounted to RMB 35 billion while capital amount totaled RMB 7 billion, and according to the investing proportion of 5%, the Company is expected to invest RMB 347.85 million; Initial registration capital of the first phase of the project is RMB 727.27 million. During the report period, the Company invested RMB 37.315million. Up to now, land acquisition, relocation, smoothing of the land, “two appraisals” and other important prophase works has been finished and the project is pressing with approval procedures.

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

In 2009, Deloitte Huayong 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 13, 2010 with Notice No. 2010 – 011).

## **V. Significant Events**

### (I) 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. During the report period, shareholders, Shareholders’ General Meeting, directors and Board of Directors, supervisors and Supervisory Committee all operates in conformity with laws and ensured the lawful interest of the Company, shareholders especially medium and small shareholders.

In April of 2010, pursuant to requirements in Notice of Requiring the Establishment of Responsibility Accountability System for Major Error in Annual Report Information Disclosure of Listed Companies, the 30<sup>th</sup> Meeting of the 5<sup>th</sup> Board of Directors approved Responsibility Accountability System for Major

Error in Annual Report Information Disclosure and strictly enforced the system hereafter.

In May of 2010, Pursuant to requirements in On Full-scale and Profound Implementation of Special Campaign of Standardizing Basic Financial Accounting Works in Listed Companies of Shenzhen, the Company established special team aimed at standardizing basic routines of financial account, worked out plan for carrying out the campaign, conducted self -inspection and self-correction on allocation of financial personnel and departments, basic works of accountant accounting , capital management, taxation management, development and enforcement of financial management system and set up of financial information system and its application, and formed report of self-inspection particulars. At present, The Company is putting correction into action in accordance to corrective scheme.

#### (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.

There was no profit distribution preplan or plan on public reserve conversion into shares or equity incentive proceeding in the report period.

#### (III) Significant lawsuit or arbitration

The Company had not involved in any significant lawsuit or arbitration during the report period.

#### (IV) Investment in securities

During the report period, the Company neither held equity in other listed companies or in financial enterprises such as joint commercial banks, securities companies, insurance companies, trusted companies and futures companies nor joint in companies intended to go listing.

#### (V) Significant purchase and sale of assets and enterprise combination in the report period

##### 1. Listed to transfer 2.83% equity of Tongling Power Generation Co., Ltd. of Anhui Energy Group

On March 25, 2010, the 29<sup>th</sup> Meeting of the 5<sup>th</sup> Board of Director approved Proposal on Transferring 2.83% Equity of Tongling Power Generation Co., Ltd. of Anhui Energy Group which assents to take the evaluated assets value as the bottom price and transfer the company's holding of 2.83% equity of Tongling Power Generation Co., Ltd. of Anhui Energy Group by listing in stock exchange. (Details can be seen in notice of March 31, 2010, Notice No. 2010-006)

The Company listed in Shenzhen Property Ownership Exchange Center to transfer the above mentioned equity on April 21, 2010 at a listing price of RMB 34.7782 million. Huainan Minerals (Group) limited which originally held 25.54% equity of Tongling Power Generation Co., Ltd. of Anhui Energy Group and had no relationship with the Company applied to Shenzhen Property Ownership Exchange Center for bidding for equity sold on May 19, 2010 as an applier for bid. As there was only one potential buyer till the listing expired, two transaction parties could transfer relevant equity in the manner of contract in accordance to relevant regulations. On May 22, 2010, the Company signed Equity Transfer Contract with Huainan Minerals (Group) Limited at a transferring price of RMB 34.7782 million. On June30, Shenzhen Union Property Ownership Exchange Center verified that this transaction was conforming to legal procedures. On July 5, 2010, the Company received a lump sum of RMB 34.7782 million.

##### 2. Transfer of Capacity of #7 and #9 Units of Nanshan Thermal Power Plant

On May 5, 2010, Shareholders' General Meeting 2009 approved Proposal on Closing the #7 and #9 Units of Affiliated Nanshan Thermal Power Plant and Transferring Capacity of the Units to Shenzhen Energy (Group) Co., Ltd which agrees to transfer the closed capacity of #7 and #9 units, amounting to 0.1734 million kwh, to Shenzhen Energy Group Co., Ltd (hereinafter referred to as "Shenzhen Energy" ) at the

price of RMB 260 per kw, with transaction value totaled RMB 45.084 million. (Details could be seen on notice of December 3, 2009, notice No. 2009-067; notice of April 14, 2010, notice No. 2010-014; notice of May 6, 2010, notice No. 2010-027)

### 3. Capacity Compensation for Originally Closed Units Involving Zhongshan Shenzhong Real Estate Investment Co., Ltd. and Zhongshan Shenzhong Real Estate Development Co., Ltd.

In November of 2008, Development and Reform Bureau of Zhongshan unveiled Compensation Plan for Zhongshan Hengmen Power Plant's Replacing the Closed Coal Electricity Units by Project of Adopting High-power Units While Closing Low-power Units. According the aforesaid compensatory plan, the closed capacity replaced by the project of adopting high-power units while closing the low-power ones shall be compensated with the standard of RMB 100 per kwh( include tax), and Zhongshan Shenzhong Real Estate Investment Co., Ltd. and Zhongshan Shenzhong Real Estate Development Co., Ltd. affiliated to the Company shall obtain compensation totaled 25.6737 million. On June 30, 2010, the 34<sup>th</sup> Meeting of the 5<sup>th</sup> Board approved relevant resolutions (See details on notice dated July 3, 2010, Notice No. 2010-034). Currently, relevant compensatory agreement is still under conclusion.

### 4. Transfer 10% equity of Shenzhen Energy Environment Protection Co., Ltd. by agreement

On May 4, 2010, Shenzhen Energy (Security Code: 000027) release Notice of Related Transaction (Notice No. 2010-020) in which the Board approved transferring the Company' holding of 10% equity of Shenzhen Energy Environment Protection Company by contract. According to relevant regulations, the Company issued Suggestive Notice on Related Transaction of Planning to Transfer 10% Equity of Shenzhen Energy Environment Protection Co., Ltd. by Agreement (see details on notice dated May 5, 2010 with notice No. 2010-026). Within the validity period of asset appraisal results involved in the equity, the Company failed to reach agreement with Shenzhen Energy on equity transfer issue, so at present this part of equity has no conditions for transferring.

## (VI) Significant related transaction

### 1. Related transaction related to daily operation

(1) During the report period, daily related transaction occurred in the Company were as follows:

Unit: RMB'0000

Related party	Type of related transaction	Description of related transaction	Pricing approach and decision-making procedure for related transaction	Occurred amount from January of 2010 to June of 2010	Proportion to transactions of the same type
Shenzhen Moon Bay Oil Port Co., Ltd.	Lease	Rent wharf	Priced by market	87.67	100%
Shenzhen Manwan Power Co., Ltd.	Lease	Rent oil transportation pipe	Priced by market	23.22	100%

(2) Purchase inventory fuel oil of Shenzhen Mawan Power Co., Ltd.

On January 29 of 2010, the Company received bid –inviting letter for stock of 5.37213 thousand ton of

fuel oil in Moon Bay Combustion Engine Power Plant affiliated to Shenzhen Mawan Power Co., Ltd. (hereinafter referred to as “Manwan Power”). In order to guarantee fuel needed by normal production and operation, the Company consulted fuel oil price in the current domestic and Singapore international markets and took part in bidding at a price of RMB 4600 per ton on February 2<sup>nd</sup>, and received tender-wining notification from Mawan Power on February 5<sup>th</sup>. On March 25, 2010, the 29<sup>th</sup> Meeting of 5<sup>th</sup> Board of Directors approved relevant proposal. (Details could be seen on notice of March 31, 2010, notice No. 2010-007). Delivery of the transaction target has been made and the transaction amount of RMB 24.7346 million has been paid and settled.

## 2. Related transaction incurred by purchase or sales of assets during the report period

Details could be seen in “V. Significant events: (V) Significant purchase and sale of assets and enterprise combination: 2. Transfer of capacity of #7 and #9 units in Nanshan Thermal Power Plant and 4. Transfer 10% of Shenzhen Energy Environment-Protection Co., Ltd. by agreement.”

## 3. Current related liabilities and debts

Unit: RMB

Related parties	Funds offered to related parties by listed company		Funds offer to listed company by related parties	
	Occurred amount	Balance	Occurred amount	Balance
Xiefu Company	-	6,279,664.17	-2,455,253.22	2,410,292.43
Shennandian (Zhongshan) Power Co., Ltd.	239,214,264.87	508,629,723.58	-	-
Shenzhong Real Estate Development Co., Ltd.	10,918,413.30	677,004,186.72	-	-
Shennandian Engineering Company	-	-	-1,847,625.23	-
Shennandian (Dongguan) Company	-110,741,527.27	53,318,668.57	-	-
New Power Company	-	597,875,904.41	-25,888,323.20	308,381,404.30
Shennandian Environment Company	-366,631.30	-	1,135,838.47	1,135,838.47
Shenzhen Energy Group Co., Ltd.	-	-	-1,158.78	510,249.91
Syndisome Company	-	-	-8,277.48	1,813,776.55
Singapore Company	-	31,072.34	-	-
Mawan Power Company	-	-	-49,171.39	-
Moon Bay Oil Company	-	-	-	-
<b>Total</b>	<b>139,024,519.60</b>	<b>1,843,139,219.79</b>	<b>-29,113,970.83</b>	<b>314,251,561.66</b>

(VII) 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.

(VIII) 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	Related Announcement disclosure day and Announcement No.	Maximum guarantee amount	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranteee term	Complete Implementation or not	Guarantee for related party (Yes or no)
Shennandian (Zhongshan) Company	09.4.9(2009-014)/09.4.30(2009-018)	15,000	2010.03.26	5,000	Maximum Amount Guarantee	1 year	No	Yes
Shennandian (Dongguan) Company	09.4.9(2009-014)/09.4.30(2009-018)	12,020	2009.04.01	12,020	Maximum Amount Guarantee	1 year	No	Yes
(A1) Total maximum amount of external guarantees to approve during the report period		15,000		(A2) Total actual amount of external guarantee during the report period			15,000	
Total maximum amount of external guarantees approved at the end of the report period(A3)		27,020		Total actual balance of external guarantee at the end of the report period (A4)			17,020	

Particulars about the Guarantee of the Company for Subsidiaries

Name of the Company guaranteed	Related Announcement disclosure day and Announcement No.	Maximum guarantee amount	Date of happening (Date of signing agreement)	Actual amount of guaranteee	Guarantee type	Guaranteee term	Complete Implementation or not	Guarantee for related party (Yes or no)
Shennandian (Zhongshan) Company	09.4.9(2009-014)/09.4.30(2009-018)	10,000	2009.06.04	10,000	Maximum amount guarantee	1 year	No	Yes
Shennandian (Zhongshan)	09.4.9(2009-014)/09.4.3	7,500	2009.03.27	7,500	Maximum amount	1 year	No	Yes

Company	0(2009-018)				guarantee								
Shennandian (Dongguan) Company	09.4.9(2009-014)/09.4.30(2009-018)	30,000	2009.08.03	30,000	Maximum amount guarantee	1 year	No	Yes					
Shennandian (Dongguan) Company	09.4.9(2009-014)/09.4.30(2009-018)	10,000	2009.06.10	10,000	Maximum amount guarantee	1 year	No	Yes					
Shennandian (Dongguan) Company	09.4.9(2009-014)/09.4.30(2009-018)	8,000	2010.01.15	8,000	Maximum amount guarantee	1 year	No	Yes					
Shennandian Environment Protection Co., Ltd.	09.4.9(2009-014)/09.4.30(2009-018)	1,000	2009.06.09	1,000	Maximum amount guarantee	1 year	No	Yes					
Shennandian Environment Protection Co., Ltd.	09.4.9(2009-014)/09.4.30(2009-018)	8,000	2009.11.06	4,600	Maximum amount guarantee	1 year	No	Yes					
Shennandian Environment Protection Co., Ltd.	09.4.9(2009-014)/09.4.30(2009-018)	3,000	2010.03.30	1,000	Maximum amount guarantee	1 year	No	Yes					
Total maximum amount of guarantees for subsidiaries to approve during the report period (B1)		11,000		Total actual amount of guarantee for subsidiaries during the report period (B2)		9,000							
Total maximum amount of guarantees for subsidiaries approved at the end of the report period (B3)		77,500		Total actual balance of guarantee for subsidiaries at the end of the report period (B4)		72,100							
Total amount of guarantee of the Company (Total amount of the aforesaid two items)													
Total maximum amount of guarantees to approve during the report period (A1+B1)		26,000		Total actual amount of guarantee in the report period (A2+B2)		24,000							
Total maximum amount of guarantee approved at the end of report period (A3+B3)		104,520		Total actual balance of guarantee at the end of the report period (A4+B4)		89,120							
The proportion of the total amount of guarantee in the net assets of the Company (A4+B4)				55.97%									
Including:													
Amount of guarantee for shareholders, actual controller and its related parties (C)					0								
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70% directly or indirectly (D)					32,500								

Proportion of total amount of guarantee in net assets of the Company exceeded 50% (E)	12,156
Total amount of the aforesaid three guarantees (C+D+E)	44,656
Explanation for possible joint liquidation responsibility for undue guarantee	Naught

(IX) 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 June 30, 2010, 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 June 30, 2010, the balance of external guarantee of the Company amounts to RMB 1,045,200,000 (belong to loan guarantee provided by the Company for its controlling subsidiaries and guarantee provided by controlling subsidiaries for other controlling subsidiaries). 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.

(X) Implementation of commitment issued by shareholders holding above 5% equity (include 5%) of Company

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.

(XI) Reception for investigation, communication and interview

During the report period, no reception for investigation, communication and interview occurred.

(XII) 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.

(XIII) Index for the information of the Company

The designated newspapers for information disclosure are China Securities Journal, Securities Times, and Hong Kong Commercial Daily(During the report period, Hong Kong Wen Wei Po was the designated overseas newspaper for information disclosure before May 13<sup>th</sup>, and the website is Juchao Information Website (<http://www.cninfo.com.cn>).

Date	Content	Name and page of publishing press
2010.1.16	Notice on proposal of 2010 the first Extraordinary General Meeting	Securities Times Page B5, China Securities Journal Page C009, Hong Kong

		Wen Wei Po Page B3
2010.1.30	2009 Notice on Performance Forecast	Securities Times Page B16, China Securities Journal Page C004, Hong Kong Wen Wei Po Page B5
2010.2.26	Notice on Clarification	Securities Times Page D24, China Securities Journal Page D004, Hong Kong Wen Wei Po Page B6
2010.3.31	Notice on proposal of the 29 <sup>th</sup> meeting of the 5 <sup>th</sup> Board of Directors; Notice on proposal of the 23 <sup>rd</sup> meeting of the 5 <sup>th</sup> Board of Supervisors; Notice on Listing and Transferring the holding 2.83% equity of Wanneng Tongling Power Co., Ltd.; Notice on related transaction of Shenzhen Mawan Power Co., Ltd. Purchasing inventory fuel oil	Securities Times Page D4, China Securities Journal Page A12, Hong Kong Wen Wei Po Page B3
2010.4.13	Notice on Proposal of the 30 <sup>th</sup> meeting of the5 <sup>th</sup> Board of Directors; Notice on proposal of 24 <sup>th</sup> meeting of the 5 <sup>th</sup> Board of Supervisors; Summary of 2009 Annual Report (Chinese and English)	Securities Times Page D35-36, China Securities Journal Page D019-020, Hong Kong Wen Wei Po Page A26-27
2010.4.14	Supplementary Notice on related transaction That shut up subsidiary #7 and #9 Unit capacity of Nanshan Heat Electric Factory and transfer them to Shenzhen Energy Group Co., Ltd.; Notice on holding 2009 annual general shareholders' meeting; Notice on 2010 bank credit scale, Guarantee amount to holding subsidiaries and Authority for bank loan amount entrusted by internal capital	Securities Times Page C8, China Securities Journal Page A16, Hong Kong Wen Wei Po Page A27
2010.4.21	Notice of Performance Forecast for the First Quarter of 2010	Securities Times Page D9, China Securities Journal Page D004, Hong Kong Wen Wei Po Page B4
2010.4.22	Supplementary Notice for 2009 Annual Report	Securities Times Page D9, China Securities Journal Page D004, Hong Kong Wen Wei Po Page A41
2010.4.24	Notice on the 32 <sup>nd</sup> meeting of the 5 <sup>th</sup> Board of Directors;	Securities Times Page B53,

	Notice on the 25 <sup>th</sup> meeting of the 5 <sup>th</sup> Board of Supervisors; Notice on 2010 the second shareholders' general meeting; Text of 2010 the first season report (Chinese and English)	China Securities Journal Page C021, Hong Kong Wen Wei Po Page B8
2010.5.5	Referred Notice on related transaction of planning to discuss and transfer 10% shares of Shenzhen Energy Environmental Protection Co., Ltd.	Securities Times Page D8, China Securities Journal Page B008, Hong Kong Wen Wei Po Page B4
2010.5.6	Notice of Resolutions of Shareholders'General Meeting 2009	Securities Times Page D5, China Securities Journal Page B005, Hong Kong Wen Wei Po Page B8
2010.5.10	Notice of Abnormal Flotation of Stock Exchange	Securities Times Page C5, China Securities Journal Page B001, Hong Kong Wen Wei Po Page A44
2010.5.13	Notice on proposal of the 2 <sup>nd</sup> shareholders' general meeting; Notice on changing overseas press of information disclosure	Securities Times Page B12, China Securities Journal Page B004, Hong Kong Wen Wei Po Page B5, Hong Kong Commercial Daily Page A18
2010.7.3	Notice on the 34 <sup>th</sup> meeting of the 5 <sup>th</sup> Board of Directors; Notice on proposal of the 27 <sup>th</sup> meeting of the 5 <sup>th</sup> Board of supervisors; Notice on holding the 3 <sup>rd</sup> shareholders' general meeting; Notice on that compensation to previous closed unit capacity of Shenzhen Zhongshan Real Estate Investment Properties Limited and Zhongshan Shenzhong Real Estate Development Co., Ltd. Notice on disposal of Land Garden property and partial transport vehicle of Shenzhen Xie Fu Fuel Supply Co., Ltd.; Notice on offering guarantee for loan of Shennan Electric (Zhongshan) Electric Power Co., Ltd.; Notice on that Shennan Electric	Securities Times Page B10, China Securities Journal Page B008, Hong Kong Commercial Daily Page A7

	(Zhongshan) Electric Power Co., Ltd. Offered guarantee for loan of Shennan Electric (Dongguan) Aesthetic Electric Co., Ltd.	
--	--	--

## **VI. Financial Report (Un-audited)**

The 2010 Semi-annual Financial Report is un-audited (attached).

## **VII. Documents Available for Reference**

- (I) Semi-annual Report of 2010 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, Hong Kong Wen Wei Po and Hong Kong Commercial Daily 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 17, 2010

# Shenzhen Nanshan Power Co., Ltd.

## Semi-Annual Financial Report of 2010

### Consolidated Balance Sheet

Unit: RMB

Assets	30 Jan.2010	31 Dec.2009	Liabilities and owner's equity	30 Jan.2010	31 Dec.2009
<b>Current assets:</b>			<b>Current liabilities:</b>		
Monetary fund	405,071,002.22	379,162,100.63	Short-term loan	2,772,000,000.00	2,419,120,000.00
Bill receivable	-	200,000.00	Bill payable	-	68,210,216.75
Account receivable	358,378,314.93	339,735,079.02	Account payable	179,143,445.47	20,945,942.55
Account paid in advance	5,255,173.57	4,419,870.02	Account received in advance	1,692,125.87	589,000.00
Interest receivable	-	-	Remuneration payable	46,287,315.68	45,213,658.24
Dividend receivable	-	-	Tax payable	-445,741,405.40	-400,141,494.43
Other accounts receivable	16,090,162.17	12,135,292.96	Interest payable	2,592,874.75	3,121,564.50
Inventory	1,343,849,555.25	1,344,705,190.19	Dividend payable	-	-
Long-term stock investment due within one year	-	-	Other account payables	337,150,217.53	353,795,654.34
Other current assets	-	-	Long-term liabilities due within one year	-	200,000,000.00
			Other current liabilities	-	-
<b>Total of current assets</b>	<b>2,128,644,208.14</b>	<b>2,080,357,532.82</b>	<b>Total of current liabilities</b>	<b>2,893,124,573.90</b>	<b>2,710,854,541.95</b>
<b>Non-current assets:</b>			Non-current liabilities		
Long-term stock investment	290,980,119.13	262,754,150.41	Long-term borrowing	256,000,000.00	156,000,000.00
Investment real estate	8,211,777.69	8,550,910.89	Other non-current liabilities	5,350,000.00	3,850,000.00
Capital assets	2,197,260,370.25	2,286,167,921.21	Total of non-current liabilities	261,350,000.00	159,850,000.00
Project under construction	236,015,202.35	203,626,585.32	Total of liabilities	3,154,474,573.90	2,870,704,541.95
Disposal of capital assets	-141,748.73	5,875,631.20	Owners' equity		
Intangible assets	56,805,874.40	58,188,188.59	Share capital	602,762,596.00	602,762,596.00
Long-term unamortized expenses	359,661.42	465,561.90	Capital reserve	363,629,927.51	363,629,927.51
Deferred income tax assets	20,609,842.25	20,609,842.25	Reserve surplus	332,908,397.60	332,908,397.60
Other non-current assets	-	-	Undistributed profit	292,913,219.51	547,986,755.29
<b>Total of non-current assets</b>	<b>2,810,101,098.76</b>	<b>2,846,238,791.77</b>	Translation difference in foreign currency statement	<b>-</b>	<b>-</b>
			Equity attributable to owners of the parent company	1,592,214,140.62	1,847,287,676.40
			Minority shareholders' equity	192,056,592.38	208,604,106.24
			Total of shareholders' equity	1,784,270,733.00	2,055,891,782.64

Total of assets	4,938,745,306.90	4,926,596,324.59	<b>Total of liabilities and shareholders' equity</b>	4,938,745,306.90	4,926,596,324.59
-----------------	------------------	------------------	--	------------------	------------------

### Consolidated Balance Sheet of the Parent Company

Unit: RMB

Assets	30 Jan.2010	31 Dec.2009	Liabilities and owner's equity	30 Jan.2010	31 Dec.2009
<b>Current assets:</b>			<b>Current liabilities:</b>		
Monetary fund	156,028,645.45	35,564,935.05	Short-term loan	2,050,000,000.00	1,499,000,000.00
Bill receivable	-	-	Bill payable	-	-
Account receivable	120,437,839.32	86,395,444.92	Account payable	99,529,878.31	8,379,394.63
Account paid in advance	1,669,057.09	2,359,390.63	Account received in advance	-	-
Interest receivable	-	-	Remuneration payable	30,188,816.87	25,524,730.72
Dividend receivable	597,875,904.41	597,875,904.41	Tax payable	-373,608,500.64	-358,913,337.70
Other accounts receivable	870,163,904.77	871,865,434.98	Interest payable	2,592,874.75	3,998,222.73
Inventory	181,809,092.27	195,072,444.79	Dividend payable	-	-
Long-term stock investment due within one year	-	-	Other account payables	329,701,521.72	363,707,613.87
Other current assets	380,000,000.00	240,000,000.00	Long-term liabilities due within one year	-	110,000,000.00
<b>Total of current assets</b>	2,307,984,443.31	2,029,133,554.78	<b>Other current liabilities</b>		
<b>Non-current assets:</b>			<b>Total of current liabilities</b>	2,138,404,591.01	1,651,696,624.25
Long-term account receivable	-	-	Non-current liabilities		
Long-term stock investment	781,502,968.89	753,277,000.17	Long-term account payable	-	-
Investment real estate	-	-	Specific account payable	-	-
Capital assets	335,920,231.74	355,995,467.10	Total of non-current liabilities	-	-
Disposal of capital assets	-	-	Total of liabilities	2,138,404,591.01	1,651,696,624.25
Project under construction	58,864,884.74	46,316,005.30	<b>Shareholders' equity:</b>		
Intangible assets	937,237.51	1,368,935.26	Share capital	602,762,596.00	602,762,596.00
Development expense	-	-	Capital reserve	288,769,132.47	288,769,132.47
Long-term unamortized expenses	228,194.90	284,795.36	Reserve surplus	332,908,397.60	332,908,397.60
Deferred income tax assets	16,949,151.06	16,949,151.06	Undistributed profit	139,542,395.07	327,188,158.71
Other non-current assets	-	-	Minority shareholders' equity	-	-
<b>Total of non-current assets</b>	1,194,402,668.84	1,174,191,354.25	<b>Total of shareholders' equity</b>	1,363,982,521.14	1,551,628,284.78
Total of assets	3,502,387,112.15	3,203,324,909.03	<b>Total of liabilities and shareholders' equity</b>	3,502,387,112.15	3,203,324,909.03

## Consolidated Profit Statement

In RMB

Items	Jan.—Jun. 2010	Jan.—Jun. 2009
I. Operation income	702,859,674.61	878,653,990.33
Less: operation cost	1,003,249,405.69	861,187,994.60
Operation tax and surcharge	2,971,470.22	3,524,473.48
Sales expense	464,946.47	497,766.79
Management expense	47,023,275.69	53,966,274.95
Accounting expense	59,239,993.66	64,435,700.10
Loss of assets impairment	-	-
Plus: gain of fair value change	-	-
Investment gain (loss)	-32,231,888.28	-
Among: gain (loss) of investment into affiliated and joint enterprises	-32,231,888.28	-
II. Operation profit (loss)	-442,321,305.40	-104,958,219.59
Plus: Non-operation income	171,419,645.98	180,256,133.16
Less: Non-operation expense	31,860.00	56,070.37
Among: Loss from disposal of non-current assets	1,840.00	4,271.00
III. Total of profit	-270,933,519.42	75,241,843.20
Less: income tax expense	687,530.22	270,103.78
IV. Net profit	-271,621,049.64	74,971,739.42
Net profit attributable to shareholders of parent company	-255,073,535.78	60,961,656.20
Minority shareholders' equity	-16,547,513.86	14,010,083.22
V. Earnings per share		
(I) Basic earnings per share	-0.42	0.10
(II) Diluted earnings per share	Inapplicable	Inapplicable
VI. Other consolidated incomes	-	-
VII. Total of consolidated incomes	-271,621,049.64	74,971,739.42
Total of consolidated incomes attributable to shareholders of the parent company	-255,073,535.78	60,961,656.20
Total of consolidated incomes attributable to minority shareholders	-16,547,513.86	14,010,083.22

## Profit Statement of Parent Company

In RMB

Item	Jan.—Jun. 2010	Jan.—Jun. 2009
I. Operation income	167,055,044.81	175,385,627.83
Less: operation cost	294,907,340.61	191,470,461.98
Operation tax and surcharge	1,686,853.10	2,125,019.80
Sales expense	-	-
Management expense	7,828,022.18	7,285,573.05
Accounting expense	18,046,704.28	13,855,694.33
Loss of assets impairment	-	-
Plus: gain of fair value change	-	-
Investment gain (loss)	-32,231,888.28	-
Among: gain (loss) of investment into affiliated and joint enterprises	-32,231,888.28	-
III. Operation profit (loss)	-187,645,763.64	-39,351,121.33
Plus: Non-operation income	-	34,062,431.00
Less: Non-operation expense	-	-
Among: Loss from disposal of non-current assets	-	-
III. Total of profit	-187,645,763.64	-5,288,690.33
Less: Income tax expense	-	-
IV. Net profit	-187,645,763.64	-5,288,690.33
V. Earnings per share		
(I) Basic earnings per share	-	-
(II) Diluted earnings per share	Inapplicable	Inapplicable
VI. Other consolidated income	-	-
VII. Total of consolidated income	-187,645,763.64	-5,288,690.33

## Consolidated Cash Flow Statement

Unit: RMB

Item	Jan.—Jun. 2010	Jan.—Jun. 2009
<b>I. Net cash flow from operation activities</b>		
Cash received from sales of products and supply of labor		
Tax expense returns received	954,715,452.71	1,018,270,032.05
Cash received and related to other operation activities	-	7,897,031.12
Subtotal of cash inflows from operation activities	35,519,595.88	36,792,792.07
Cash paid for purchase of goods and acceptance of labor	990,235,048.59	1,062,959,855.24
Cash paid to or for staff	909,385,409.09	854,282,052.32
All tax paid	47,196,564.92	51,248,072.22
Cash paid and related to other operation activities	57,194,367.60	102,460,531.59
Subtotal of cash outflows from operation activities	43,800,949.21	31,876,065.34
Net cash flow from operation activities	1,057,577,290.82	1,039,866,721.47
<b>II. Cash flow from investment activities</b>	-67,342,242.23	23,093,133.77
Cash received from divestment		
Cash received from investment returns	-	-
Net cash drawback from disposal of capital assets, intangible assets and other long-term assets	-	-
Net cash received from disposal of subsidiaries or other business units	11,593,462.50	520.00
Other investment-related cash received	-	-
Sub-total of cash inflows of investment activities	-	-
Cash paid for construction of fixed assets, intangible assets and other long-term assets	11,593,462.50	520.00
Cash paid for investment	39,524,878.57	79,615,083.79
Net cash received from payment of subsidiaries and other operational units	60,457,857.00	71,514,286.00
Other investment-related cash payment	-	-
Sub-total of cash outflows from investment activities	-	-
Net cash flow from investment activities	99,982,735.57	151,129,369.79
<b>III. Cash flow from financing activities</b>	-88,389,273.07	-151,128,849.79
Cash received from investment take-up		
Cash received from obtaining borrowings	-	-
Cash received from other financing-related activities	2,296,000,000.00	2,067,690,335.18
Subtotal of cash inflow from financing activities	-	-
Cash paid for debts	2,296,000,000.00	2,067,690,335.18
Cash paid for dividend or profit distribution, or interest	2,043,120,000.00	2,050,149,393.90
Other funding-related cash payment	71,236,958.66	77,832,666.48
Subtotal of cash outflows from financing activities	-	-
Net cash flow from financing activities	2,114,356,958.66	2,127,982,060.38
<b>IV. Influence of exchange rate fluctuation on cash and cash equivalents</b>	181,643,041.34	-60,291,725.20
<b>V. Net increase of cash and cash equivalents</b>	-2,624.45	37,870.27

Plus: Balance of cash and cash equivalents at Period-beginning	25,908,901.59	-188,289,570.95
<b>VI. Balance of cash and cash equivalents at Period-end</b>	356,362,100.63	429,507,715.29
	382,271,002.22	241,218,144.34

## Cash Flow Statement of the Parent Company

In RMB

Item	Jan.—Jun. 2010	Jan.—Jun. 2009
<b>I. Net cash flow from operation activities</b>		
Cash received from sales of products and supply of labor	506,963,574.90	550,389,826.10
Tax expense returns received	-	-
Cash received and related to other operation activities	152,163,679.44	330,094,785.11
Subtotal of cash inflows from operation activities	659,127,254.34	880,484,611.21
Cash paid for purchase of goods and acceptance of labor	450,688,125.74	409,790,306.33
Cash paid to or for staff	22,434,981.27	29,490,824.00
All tax paid	5,932,097.07	53,904,761.89
Cash paid and related to other operation activities	377,847,817.06	596,571,736.56
Subtotal of cash outflows from operation activities	856,903,021.14	1,089,757,628.78
Net cash flow from operation activities	-197,775,766.80	-209,273,017.57
<b>II. Cash flow from investment activities</b>		
Cash received from divestment	-	-
Cash received from investment returns	-	-
Net cash drawback from disposal of capital assets, intangible assets and other long-term assets	-	-
Net cash received from disposal of subsidiaries or other business units	-	-
Sub-total of cash inflows of investment activities	-	-
Cash paid for construction of fixed assets, intangible assets and other long-term assets	19,267,886.09	15,256,795.85
Cash paid for investment	60,457,857.00	71,514,286.00
Net cash received from payment of subsidiaries and other operational units	-	-
Other investment-related cash payment	-	-
Sub-total of cash outflows from investment activities	79,725,743.09	86,771,081.85
Net cash flow from investment activities	-79,725,743.09	-86,771,081.85
<b>III. Cash flow from financing activities</b>		
Cash received from investment take-up	-	-
Cash received from obtaining borrowings	1,430,000,000.00	1,108,000,000.00
Cash received from other financing-related activities	-	-
Subtotal of cash inflows from financing activities	1,430,000,000.00	1,108,000,000.00
Cash paid for debts	989,000,000.00	784,366,140.00
Cash paid for dividend or profit distribution, or interest	43,032,885.87	38,733,162.74
Other funding-related cash payment	-	-
Subtotal of cash outflows from financing activities	1,032,032,885.87	823,099,302.74
Net cash flow from financing activities	397,967,114.13	284,900,697.26

<b>IV. Influence of exchange rate fluctuation on cash and cash equivalents</b>	-1,893.84	-71.09
<b>V. Net increase of cash and cash equivalents</b>	120,463,710.40	-11,143,473.25
Plus: Balance of cash and cash equivalents at Period-beginning	35,564,935.05	29,272,846.21
<b>VI. Balance of cash and cash equivalents at Period-end</b>	156,028,645.45	18,129,372.96

### Consolidated Statement of Changes in Owners' Equity

In RMB

Item	Amount in Jan.-Jun.2010					Amount of 2009					Minor sharehol ders' equity	Total of sharehol ders' equity		
	Shareholders' equity attributable to the parent company				Minor sharehol ders' equity	Shareholders' equity attributable to the parent company								
	Share capital	Capital reserves	Surplus reserves	Retained profit		Share capital	Capital reserves	Surplus reserves	Retained profit					
I. Balance at the end of last year	602,762,596.00	363,629,927.51	332,908,397.60	547,986,755.29	208,604,106.24	2,055,891,782.64	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		
Plus: Change of accounting policy	-	-	-	-	-	-	-	-	-	-	-	-		
Correction of previous errors	-	-	-	-	-	-	-	-	-	-	-	-		
II. Balance at the beginning of current year	602,762,596.00	363,629,927.51	332,908,397.60	547,986,755.29	208,604,106.24	2,055,891,782.64	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		
III. Increase/decrease changed in Year	-	-	-	-255,073,535.78	-16,547,513.86	-271,621,049.64	-	-	-	74,115,448.64	45,894,562.95	120,010,011.59		
(I) Net profit	-	-	-	-255,073,535.78	-16,547,513.86	-271,621,049.64	-	-	-	74,115,448.64	45,894,562.95	120,010,011.59		
(II) Other consolidated	-	-	-	-	-	-	-	-	-	-	-	-		

income												
Subtotal of the above (I) and (II)	-	-	-	-	-255,073,535.78	-16,547,513.86	-271,621,049.64	-	-	74,115,448.64	45,894,562.95	120,010,011.59
(III) Capital invested or reduced by shareholders	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital invested by shareholders	-	-	-	-	-	-	-	-	-	-	-	-
2. Share payment accounted into shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawl of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
2. Dividend distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Internal settlement and transfer of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital	-	-	-	-	-	-	-	-	-	-	-	-

reserves transferred to share capital											
2. Surplus reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-	-
IV. Balance ending at 30 June 2010	602,762,596.00	363,629,927.51	332,908,397.60	292,913,219.51	192,056,592.38	1,784,270,733.00	602,762,596.00	363,629,927.51	332,908,397.60	547,986,755.29	208,604,106.24
											2,055,891,782.64

### Statement of Changes in Owners' Equity (Parent Company)

In RMB

Item	Amount in Jan.-Jun.2010					Amount of 2009				
	Share capital	Capital reserves	Surplus reserves	Retained profit	Total of shareholders' equity	Share capital	Capital reserves	Surplus reserves	Retained profit	Total of shareholders' equity
I. Balance at the end of last year	602,762,596.00	288,769,132.47	332,908,397.60	327,188,158.71	1,551,628,284.78	602,762,596.00	288,769,132.47	332,908,397.60	509,190,494.99	1,733,630,621.06
Plus: Change of accounting policy	-	-	-	-	-	-	-	-	-	-
Correction of previous errors	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	602,762,596.00	288,769,132.47	332,908,397.60	327,188,158.71	1,551,628,284.78	602,762,596.00	288,769,132.47	332,908,397.60	509,190,494.99	1,733,630,621.06
III. Increase/decrease changed in Year	-	-	-	-187,645,763.64	-187,645,763.64	-	-	-	-182,002,336.28	-182,002,336.28
(I) Net profit	-	-	-	-187,645,763.64	-187,645,763.64	-	-	-	-182,002,336.28	-182,002,336.28
(II) Other consolidated income	-	-	-	-	-	-	-	-	-	-
Subtotal of the above (I) and (II)	-	-	-	-187,645,763.64	-187,645,763.64	-	-	-	-182,002,336.28	-182,002,336.28
(III) Capital invested or reduced by shareholders	-	-	-	-	-	-	-	-	-	-

1. Capital invested by shareholders	-	-	-	-	-	-	-	-	-	-
2. Share payment accounted into shareholders' equity	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-
1. Withdrawl of surplus reserves	-	-	-	-	-	-	-	-	-	-
2. Dividend distribution to shareholders	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-
(V) Internal settlement and transfer of shareholders' equity	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-
<b>IV. Balance ending at 30 June 2010</b>	<b>602,762,596.00</b>	<b>288,769,132.47</b>	<b>332,908,397.60</b>	<b>139,542,395.07</b>	<b>1,363,982,521.14</b>	<b>602,762,596.00</b>	<b>288,769,132.47</b>	<b>332,908,397.60</b>	<b>327,188,158.71</b>	<b>1,551,628,284.78</b>

## II. Notes to the financial statements

### (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.

The Company together with its subsidiaries (hereafter referred as the Company) is mainly engaged in businesses as production of power and heat, plant constructional, oil trader, property developmental, construction technology consultation and sludge drying.

### (II) Preparation basis of Financial Statements

#### 1. Preparation basis of Financial Statements

The Company takes the accrual system as the bookkeeping basis of accounting auditory. In addition to some financial instruments of fair value measurement, the Financial Statements are measured on the basis of historic cost. As for the assets impairment, available is the corresponding impairment provision accrued in line with the relevant rules.

#### 2. Declaration of obedience to corporate accounting principles

The Financial Statements are up to requirements of corporate accounting principles and relevant rules released by the Treasury Ministry on 15<sup>th</sup> February 2006, and also a true and thorough reflection to the Company together with its financial information as consolidated financial position on 30<sup>th</sup> June 2010, and the Company together with its consolidated operation results, and consolidated cash flow in the first half of 2010.

#### 3. Accounting period

The Group’s accounting year is Gregorian calendar year, namely from 1<sup>st</sup> January to 31<sup>st</sup> December.

#### 4. Bookkeeping standard currency

RMB is the currency in the Group’s main business economic environment and the bookkeeping standard one, which is adopted in preparation of the financial statements.

#### 5. Accounting methods for consolidation of enterprises under the same control or otherwise

The corporate consolidation is the transaction or events of the formation of an entity of financial statements by the combination of two or more individual enterprises.

The Group recognizes the assets and liabilities obtained by the corporate consolidation on the consolidation day or purchase day. The consolidation day is the date that transferred to the Group is the actual obtaining of the control over the consolidated or purchased party, namely the control rights in net assets and decision-making for production and operation, of the consolidated or purchased party.

##### 5.1 Consolidation of enterprises under the same control

The enterprises involved in the consolidation are all under the final control of one party or parties and the control is not temporary. That is the corporate consolidation under the common control.

The consolidation party is the one who obtained the control right over the participant enterprises, and the consolidated parties are other participant enterprises.

The difference between the book value of the net assets and the consideration value with total book value of

stock is used for reserve adjustment while it is used for retained earnings adjustment as not sufficient for eat up part of reserve.

Directly related expenses for corporate combination are reckoned into the current loss/gain

### 5.2 Consolidation of enterprises not under the same control and goodwill

The enterprises involved in the consolidation are ones not under the same final control of the common party or parties before and after the consolidation. That is the corporate consolidation under the different control. As for the consolidation, the purchaser is the party who obtained the control right over the other participant enterprises and the other ones is the purchased parties.

As for the consolidation, the consolidation cost is assets paid for and the liabilities responsible for the obtaining of the control right from the purchased party, together with the fair value of the equity instruments offered and all other expenses directly related to the consolidation. As for the consolidation accomplished via several exchange transaction, the cost is the total of every single transaction. As for the stipulation in the consolidation contract for the future events of probable influence on the consolidation cost, if the future events is expected of probable occurrence and the influence sum can be measured reliably on the purchase day, the future events is reckoned into the cost.

Measured on fair value on the purchase day are the recognizable assets, liabilities or the contingent liabilities obtained in the consolidation and recognized as qualified.

Measured by fair value is consolidation cost and recognized assets of the purchaser. The plus difference between fair values of the consolidation cost and the recognized net assets is recognized as business fame while as for the minus one, firstly the measurements of consolidated cost and fair value of the recognizable assets, liabilities or contingent liabilities was checked, and the consolidated cost which was checked and less than the fair value of the net assets obtained from the purchased party is reckoned into current loss/gain.

The impairment test is taken every year on the business fame formed by the consolidation. The test is taken in accordance with the relevant assets group or portfolio of groups. Namely, the book value of the fame is diluted reasonably into the relevant group from the purchase day; as for ones impossible to be diluted, they are diluted into the portfolio. The assets loss is recognized if the sum receivable of the assets group or the portfolio of the diluted business fame is lower than the book value. The impairment loss abates the book value of the business fame diluted into the group or the portfolio firstly and then abates book value of other assets proportionally according to the proportion of the book value of other assets.

The recoverable sum is the higher one between the net of assets fair value less disposal expenses and the current value of the future cash flow. The assets fair value is determined by the sales agreement price in the fair trade. As for the assets not in the sales agreement but in the active market, their fair value is determined by the offering price of the purchaser; as for the assets neither in the agreement nor in the active market, their fair value is based on the best information receivable. The disposal expenses are composed of the law expense, relevant tax, cartage, and the actual direct expenses enable the assets to be available. The assets current value of future cash flow is determined according to the future expected cash flow in the continual use and the final disposal and the appropriate discount rate.

Goodwill impairment will not be written back in subsequent fiscal periods as soon as it was recognized.

## **6. Preparation methods for corporate consolidated statements**

The scope is determined on the basis of control. The control is right to decide another enterprise's accounting and operation policies and obtain the interest according to the latter enterprise's operation.

The subsidiaries' main accounting policies and period are determined by the Company's uniform ones.

All substantive accounts of transactions between the Company and its subsidiaries or among the subsidiaries are balanced out in consolidation.

The amount not attributable to the parent company is the minority shareholders' equity and is listed in the consolidated balance sheet as minority shareholders' equity. The amount that the difference between the distributed loss by the minority shareholders and the share of the owners' equity at Period-beginning

## **7. Determination criteria of cash equivalent in cash flow statements**

Cash is the corporate storage cash and deposits available for payment anytime. Cash equivalents are investment of short-term, strong mobility and easy transfer to known sum cash, and slight risk of value vibration.

## **8. Foreign currency exchange**

The current rate of the trading day is adopted in the initial recognition of the foreign exchange.

Foreign monetary items are converted at the current rate on the assets/liabilities statements' day, for the exchange difference due to inconsistency of the current exchange rate on that day and in the initial recognition or on the last balance sheet day, in addition to: (1) the foreign specific borrowing difference up to the capitalization conditions reckoned into the relevant assets cost via capitalization; (2) difference of the hedging instruments for avoidance of the foreign exchange risk handled by the hedging accounting methods; (3) difference of the non-monetary items and from the changes of the book value of financial assets in addition to the diluted cost all reckoned into the current loss/gain.

Non-monetary items measured in historical cost are still measured by sum on the bookkeeping standard currency at the current exchange rate. The items measured by the fair value are converted at the current rate on the fair value recognition day. The difference is dealt as the fair value change and reckoned into the current loss/gain or recognized as the other consolidated income and reckoned into the reserve.

## **9. Financial instruments**

### 9.1 Recognition of fair value of financial assets and liabilities

The fair value is sum for assets exchange or debts payment between the trading parties. As for instrument in active market, the fair value is adopted according to the quotation in the active market. The quotation is the one easy to obtain in the exchange market, broker commercials, trade associates, price-setting service institutions. As for the instruments not in the active market, the fair value is recognized by the estimation technology. The technology is composed of the price in the latest fair trade, fair value according to the fundamentally same instruments, cash flow discount and stock price-setting model.

### 9.2 Classification, reorganization and measurement of financial assets

The financial assets are bought or sold by the regular way, and recognized or terminated to be recognized according to the trading day accounting. 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 initial recognition is measured by the fair value. As for the assets measured by the fair value and with the change gain/loss reckoned into the current gain/loss, the relevant expenses are reckoned into the initial recognition sum.

The assets are loans and account receivable.

### Loan and the account receivable

The assets are the un-derivative financial assets without quotation in the active market, steady or recognizable recoverable sum. The assets are composed of bill receivable, account receivable and other account receivable.

The actual interest rate and the diluted cost are adopted in the follow-up measurement of loan and account receivable. Gain or loss is reckoned into the current gain/loss upon the recognition termination, impairment or dilution.

### 9.3 Impairment of financial assets

On the asset/liabilities day, besides check on book value of financial asset to exclusion of tradable financial assets, preparation for assets impairment is made if there is objective evidence to prove impairment.

Objective evidence for impairment of financial assets is composed of the following events observable:

- (1) Severe financial difficulties of offering part or debtor;
- (2) Breach of the contract, as in payment of interest or principal or payment overdue;
- (3) Recession making for debtors by creditors inconsideration of economic or legal factors;
- (4) Probable bankruptcy or other financial restructuring of debtors;
- (5) Incapability of trading the financial assets in the market as the offering party's substantive financial difficulties;
- (6) Incapability of recognize whether cash flow of certain assets decreases or not but the discovery after the general evaluation that as can be measured, the expected future cash flow surely decreases since the initial recognition, including:
  - Gradual worsening of the debtor's solvency for the group financial assets
  - Incidences of the probable chance to cause the group financial assets unable to be paid in the debtors' country or district;
- (7) Material unfavorable changes in the debtor's operation environment of technology, market, economy and law;
- (8) Severe or permanent fall-down in fair value of equity instrument investment;
- (9) Other objective evidence to prove the impairment of the financial assets.

The individual impairment test is taken on the singly substantive financial assets. The individual impairment test is taken on the singly small assets or the impairment test is taken on the assets portfolio of the similar credit risk characters.

#### - Impairment of the loans and the account receivable

Loss of impairment of financial assets measured by diluted cost is written down into the future expected cash flow. The written-down sum is recognized as the impairment loss and reckoned into the current loss/gain. After the recognition of impairment of the above assets, if there is objective evidence to show that the asset has recovered, which is related to events following up the loss, the previous impairment loss is taken back. The book value of the assets transferred back into the impairment loss is not above the diluted cost supposedly un-accrued on the transfer day.

#### 9.4 Recognition and measurement of transfer of financial assets

As for the financial assets up to the following conditions, the recognition termination is available: (1) Termination of the contract right to take the cash flow of the financial assets;(2) transferred to the transferring-in part nearly all risk and compensation;(3) all risk and compensation neither transferred nor retained, and with the give-up of the control over the financial assets.

As for financial assets of almost all risk and compensation neither transferred nor retained, and without the give-up of the control over the financial assets, it was recognized according to the extension of the continual entry into the transferred financial assets and relevant liabilities are correspondingly recognized. The continual entry into the transferred financial assets is risk level which the enterprise faces up to due to the assets changes.

As for the whole transfer of the financial assets up to the recognition termination conditions, the book value of the transferred assets, together with the difference between the consideration value and the accumulative total of the fair value change of the other consolidated income, is reckoned into the current gain/loss.

As for the partial transfer of the financial assets up to the recognition termination conditions, the book value of the transferred assets is diluted on the relative fair value between the terminated part and the un-terminated part; and reckoned into the current loss/gain is the difference between the sum of the consideration value and the accumulative sum of the valuation change ought to be diluted into the recognition termination part but into the other consolidated income, and the above diluted book value, is reckoned into the current loss/gain.

#### 9.5 Categories and measurement of financial liabilities

The financial liabilities are divided into the financial liabilities measured on the fair value and with their changes reckoned into the current loss/gain, and the other financial liabilities. The liabilities in the initial recognition are measured on fair value. As for the financial liabilities measured on the fair value and with their changes reckoned into the current loss/gain, the relevant transaction exchange expenses are directly reckoned into the current loss/gain while as for the other liabilities, the relevant transaction expenses are reckoned into initial recognition sum.

The Company's liabilities are the other financial liabilities.

#### Other financial liabilities

The follow-up measurement by the cost is taken on the derivative financial liabilities which is hooked with the stock instrument without the quotation in the active market and the reliable measurement, and settled by handing over the stock instrument. The follow-up measurement at the actuarial rate and by the diluted cost is taken on the other financial liabilities.

#### 9.6 Termination recognition of financial liabilities

Only is released the whole or part of the current duties, the termination of the liabilities or part of it is available. The Group (the creditor) signed the agreement with the debtor: the existing liabilities are replaced by the bearing of the new liabilities; and the contract terms are fundamentally different of the new liabilities and the existing ones; the termination of the recognition of the existing ones is available; and the recognition of new ones is available.

As for the whole or partial termination of the recognition of the liabilities, the difference between the book value of the part of recognition termination and the consideration value paid (including the non-cash assets transferred out or the liabilities newly beard) is reckoned into the current loss/gain.

## 9.7 Derivative instruments and embedded derivative instruments

The derivative instruments are measured initially on fair value on the contract signing day and consequently also on the fair value. In addition to the derivative instruments designated as the hedging instruments with highly effective hedge and with the loss/gain from the fair value change reckoned into the loss/gain according to the nature of the hedging relations and requirements of the hedging accounting, the fair value changes of other derivative instruments are reckoned into the current loss/gain.

As for the mixed instruments including the embedded derivative instrument, if they are not designated as the financial assets and liabilities to be measured on the fair value and with the fair value change to be reckoned in the current change and there is no close relationship between the embedded instrument and the principle contract in the economic characters and risks and the independent instrument of the same conditions with the embedded derivative instrument and coincident with the definition of the derivative instrument, the derivative embedded instrument will be separated from the mixed instrument and be dealt with as the independent derivative financial instrument. If the embedded financial instrument cannot be measured independently upon the obtaining or on the balance sheet day, the integrity of the mixed instruments are designated as the financial assets or liabilities to be measured on the fair value with the fair value change to be reckoned into the current loss/gain.

## 9.8 Balance-out between the financial assets and liabilities

As the Company has the legal right to balance out the financial liabilities by the net or liquidation of the financial assets, the balance-out sum between the financial assets and liabilities is listed in the balance sheet. In addition, the financial assets and liabilities are listed in the balance sheet without being balanced out.

## 9.9 Stock instrument

The stock instrument is the contract to prove the holding of the surplus stock of the assets with the deduction of all liabilities in the Company. As for the corporate consolidation stock and other stock instruments, the consideration value received in offering with the deduction of trading expense is used for increasing the shareholders' equity.

The Company's all distribution (shares dividend excluded) to the holders of the stock instrument will decrease the shareholders' equity. The Company does not recognize the fair value change sum of the stock instrument.

# **10. Account receivable**

## 10.1 Recognition standards of bad account preparation for single substantive account receivable

Recognition standards of bad account preparation for single substantive account receivable	The single account receivable above RMB 2 million is recognized as single substantive account receivable
Accrual methods of bad account preparation for single substantive account receivable	The Company takes the independent impairment test on the single substantive account. As for the account receivable without the impairment in the test, it is included in the account receivable portfolio of the similar credit risk characters for the impairment test. As for the account receivable with the recognition of impairment loss, it is not included in the account receivable portfolio of the similar credit risk characters for the impairment test

## 10.2 Recognition standards and accrual methods of bad account preparation for account receivables as not substantive singly but rather risky portfolio

Recognition criteria of credit risk portfolio	The Company groups the account receivables such as the single small one or the single substantive one according to the similarity and the relevancy of the credit risk characters. The credit risks are usually a reflection of the debtor's solvency of all due sum under the contract conditions of the assets, and also relevant to the test and measurement of the future cash flow of the checked account receivable.
Accrual methods recognized according to the credit portfolio	As for the impairment test of the portfolio, the provision for bad debts is evaluated and recognized according to the portfolio structure and similar credit characters (the debtor's solvency of debts under the contract conditions) and based on the historic loss experience and the current economic situations as well as the existing loss in the expected account receivable. As for the expected account receivable of the possible impairment loss, the loss of bad debts is recognized for the accrual of bad debts on the difference between the book value and the recoverable sum.

## 11. Inventory

### 11.1 Categories of inventory

The Company's inventory mainly consists of fuels, raw materials, property development cost and products. The inventory is measured initially by cost. The property development cost consists of the land transfer capital, supporting infrastructure expenditure, construction installation projects expenditure, the loan expense before the completion of the development projects and the other relevant expenses in the development. Other inventory cost consists of the purchase cost, process cost, and other expenditure enables the inventory to arrive at the present place and the state to occur.

### 11.2 Valuation method of inventory delivered

The actual cost of the property development products delivered is recognized by the individual valuation method. The actual cost of other inventories delivered is recognized by the weighted average method.

### 11.3 Recognition basis of net realizable value of inventory, and accrual methods of preparation for inventory depreciation

On the balance sheet day, the inventory is measured by the lower one between the cost and the net realizable value. As the net realizable value is lower than the cost, the inventory depreciation provision is accrued. As for the inventory of large sum and lower price, the inventory depreciation provision is accrued by the inventory categories. As for the inventory related to the product series produced and sold in the same district, of the same or similar final use or purpose and impossible to be separated from the other items, the provision is consolidated and accrued. The provision for other inventory is accrued by the difference between the cost and net realizable value.

Upon the accrual of the inventory depreciation provision, if the previous influence factors on the inventory deduction disappeared, which resulted in the net realizable value being higher than its book value; the accrual is transferred back within the previous accrual of the provision and reckoned into the current gain/loss.

The net realizable value is balance of the estimated sale price less the estimated forthcoming cost upon the completion, the estimated sale expense, and the relevant tax in the daily activities. Upon the recognition of net realizable value of the inventory, the concrete evidence is based on and the purpose of holding the inventory and the influence of events after the balance sheet day are considered.

## 11.4Inventory system

The inventory system is perpetual inventory system.

## **12. Long-term equity investment**

### 12.1 Recognition of initial investment cost

As for the long-term stock investment formed in the corporate consolidation, if it is the one obtained in the consolidation of enterprises under the same control, the book value of the consolidated party's shareholders' equity obtained on the consolidation day is taken as the initial investment cost; as for the one obtained in the consolidation of enterprises not under the same control, the consolidated cost is taken as the initial investment cost. Other stock investment besides the long-term stock investment formed in the corporate consolidation is measured initially by the cost.

### 12.2 Follow-up measurement and gain/loss recognition

As for the long-term stock investment without the common control over or significant influence on the invested units, the quotation in the active market and a reliable measurement of the fair value, it is measured by the cost. As for the investment with common control over or significant influence on the invested units, it is measured by the equity. As for the long-term stock investment without the common control over or significant influence on the invested units, but a reliable measurement of the fair value, it is checked as financial assets available for sale.

In addition, the long-term stock investment with the control over the invested units is checked by the cost in the parent company's financial statements.

#### 12.2.1. Long-term equity investment checked by the cost

Upon the cost check, the investment is valued on the initial cost. In addition to the actual prices or the announced but yet undistributed cash dividend or profit in consideration valuation, the current investment return is recognized by the announced cash dividend or profit by the invested units.

#### 12.2.2. Long-term equity investment checked by the equity

The long-term equity investment acquired by paying cash, should take purchasing price that actually paid as initial investment cost.

Initial investment cost including expense, tax and other necessary payout that directly related with acquiring the long-term equity investment. Accounting Standards of Business Enterprise No.8—Assets Impairment, the long-term equity investment acquired by issuing equity securities, should take fair value of the issued equity securities as initial investment cost.

The long-term equity investment invested by investors, should take the promised value in investment contract or agreement as initial investment cost, excluding those promised in the contract or agreement that the value is not fair.

The long-term equity investment acquired by non-monetary asset exchange, its initial investment cost should be confirmed according to Accounting Standards of Business Enterprise

On the 1<sup>st</sup> January 2007, the long-term equity investment acquired by debt reorganization, its initial investment cost should be confirmed

#### 12.2.3. Acquisition of the minority stock

In the preparation of the consolidated financial statements, the difference is used for the reserve adjustment of the long-term stock investment and the net assets, and the insufficient balance for the reserve deduction is remained for the return adjustment.

#### 12.2.4. Disposal of the long-term equity investment

The difference is reckoned into the shareholders' equity.

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.

#### 12.3 Recognition standards the common control over and significant influence on the invested units

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.

#### 12.4 Impairment test methods and the accrual methods for the impairment provision

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.

The impairment of long-term equity investment will not be written back in subsequent fiscal period as soon as it was recognized.

### **13. Investment real estate**

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.

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.

### **14. Fixed assets**

#### 14.1 Recognition conditions for the fixed assets

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation and management, and have more than one year of service life.

#### 14.2 Depreciation of various fixed assets

Initial measurement shall be conducted on fixed assets according to the actual cost when obtain them and also considering the expected costs for disposal. From the next month since reaching the intended use state, depreciations on fixed assets shall be accounted by using the method of average life length except the steam turbine generating unit that accounted by withdrawal the working volume method.

#### 14.2 Depreciation of various fixed assets – (Cont)

Life expectancy, expected net impairment value and annual depreciation rate of all assets are as follows:

Item	Life expectancy	Salvage value rate	Annual depreciation rate
Houses and buildings	20 years	10%	4.5%
Equipment (fuel machinery group excluded)	10 years	10%	9%
Equipment--fuel machinery group (note)		10%	The work quantity method
Transportation tools	5—10 years	10%	9%-18%
Other equipment	5 years	10%	18%

Estimated salvage value refers to the amount of value retrieved after deducting of predicted disposal expense when the expected using life of a fixed asset has expired and in the expected state of termination.

Note: Steam turbine generating unit that accounted by withdrawal the working volume method, the specifications are as follows:

Name	Fixed assets	Depreciation sum (RMB/hour)
The Company	No.1 Power Group	4,225.09
	No.3 Power Group	4,401.76
	No.7 Power Group	4,407.11
Shenzhen New Power Industrial Co., Ltd. (New Power Company)	No.10 Power Group	3,954.47
Shenzhen Nanshan Power (Zhongshan) Co., Ltd (“Zhongshan Power”)	No.1 Power Group	1,911.87
	No.2 Power Group	688.66
	No.3 Power Group	1,902.68
	No.4 Power Group	693.18
Shennandian (Dongguan) Weimei Co., Ltd (“Weimei Power Company”)	No.1 Power Group	2,009.43
	No.2 Power Group	585.11
	No.3 Power Group	1,980.18
	No.4 Power Group	585.08

#### 14.3 Impairment test on fixed assets and providing of impairment provision

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 reckoned in current profit/loss.

Once fixed assets impairment is recognized, it shall not be written back in subsequent fiscal periods.

#### 14.4 Other remarks

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 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.

### **15. Projects 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.

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.

Once impairment of construction impairment is recognized, it shall not be written back in subsequent fiscal periods.

### **16. Loans expenses**

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.

## **17. Intangible assets**

### 17.1 Intangible assets

Intangible assets are those recognizable non-monetary assets without physical shape under the Company's possessed or control.

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.

### 17.2 Impairment test method for the intangible assets and the accrual method

Impairment testing is performed on intangible assets at each balance sheet day. When evidence showing that impairment has occurred, the recoverable value shall be assessed. Assessment of recoverable value is based on individual assets. If the recoverable value was hard to evaluate

separately, it shall be decided along with the group of assets it belongs to. If recoverable value of an asset is lower than its book value, the balance shall be provided for impairment provision and accounted into current gains and losses.

Concerning those intangible assets with unknown use life and those that do not reach the use states, shall perform impairment test every year whether showed evidence of impairment.

Once intangible assets impairment loss was recognized, shall not be written back in subsequent fiscal year.

## **18. Long-term expenses to be amortized**

Long-term amortizable expenses are those already occurred and amortizable to the current term and successive terms for over one year. Long-term amortizable expenses are evenly amortized to the benefit period.

## **19. Projected liabilities**

Responsibilities connected to contingent issues and satisfy all of the following conditions are recognized as projected liabilities: (1) The responsibility is a current responsibility undertaken by the Company; (2) Fulfilling of the responsibility may lead to financial benefit outflow; (3) The responsibility can be measured reliably for its value.

At balance sheet day, with reference to the risks, uncertainty and periodic value of currency that connected to the contingent issues, the projected liabilities are measured according to the best estimation on the payment to fulfill the current responsibility.

If the expenses for clearing of projected liability is fully or partially compensated by a third party, and the compensated amount can be definitely received, it is recognized separated as assets. Though the compensated amount shall not greater than the book value of the projected liability.

## **20. Recognition of income**

### 20.1 Income from the sales of goods

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

### 20.2 Income from the supply of the labor

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.(1) 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.(2) Asset impairment reserve shall be calculated and recognized on the basis of single asset, (3) if the recoverable amount of a single asset is difficult to be estimated,(4) 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.

An asset group is the minimal asset group that may separately generate cash inflows. for the part replaced, the reorganization of its account value shall be terminated; all other subsequent expenses shall be reckoned in the current profit/loss.

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;

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.

### 20.3 Income from the use expenses

The income is recognized on the rights and responsibility.

#### **20.4 Interest income**

It is determined by the actual rate on the trading day.

### **21. 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.

### **22. Deferred income tax assets /liabilities**

#### **22.1 Current income tax**

At the balance sheet date, the income tax liabilities (or assets) formed at current term or previous terms are measured by the predicted income tax payable according to the tax law. The taxable amount of income used in calculating of income tax expense of current term is the result of adjusted accounting profit before tax of the current year according to the relative tax law.

#### **22.2 Deferred income tax assets or liabilities**

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 reorganization 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.

### 22.3 Income tax expenses

It consists of the current and the deferred income tax

In addition to the current and the deferred income tax related to the recognized consolidated income and transaction or events directly reckoned into the shareholders' equity, and the book value of deferred income tax in the consolidation for the adjustment of business fame, the other current and the deferred income tax are reckoned into the current gain/loss

### 22.4 Balance-out of income tax

If the Company has the legal right of the net settlement and intends to do the net settlement or the assets obtaining and the liabilities payment at the same time, the current income assets and liabilities is listed as the net balance.

If the Company has the legal right of the net settlement and the deferred income assets and liabilities are related to the income tax by the same taxation department on the same taxation object or the different one, and the objects intend to do the net settlement or the assets obtaining and the liabilities payment at the same time, the deferred income tax assets and liabilities is listed as the net balance.

## **23. Operation lease and financing lease**

The financing lease is the one of the transfer of all risks or compensation of all related assets. The ownership is transferred finally or not transferred. The other lease is the operation lease.

### 23.1 Lease business with the Company as the rentee

The rental is reckoned into the relevant assets cost or the current loss/gain in the linear way. The initial direct expenses are reckoned into the current gain/loss, or the actual rental into the current loss/gain.

### 23.2 Lease business with the Company as the rentor

The rental is reckoned into the relevant assets cost or the current loss/gain in the linear way. The initial direct substantive expenses are capitalized and reckoned into the current gain/loss, or the actual rental into the current loss/gain. The initial direct small expenses are reckoned into the current actual gain/loss, or the actual rental into the current loss/gain.

## **24. Staff emulation**

The staff emulation is recognized as the liabilities in the accounting period of the supply of the staff's service.

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 relevant expenditure is reckoned into the assets cost or the current loss/gain. 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 (dismissal benefits)

## 25. Debt restructures

The debts restructuring is events of recession according to the agreement with the debtor or the legal judgment by the court under the financial difficulty.

### 25.1 Debts restructuring duties with the Company as the debtor

The difference between the book value of the restructuring liabilities and the cash actually paid is reckoned into the current loss/gain. The difference between the book value of the restructuring liabilities and the non-cash assets transferred is reckoned into the current loss/gain. The difference between the fair value of the transferred assets and the book value is reckoned into the current loss/gain. The difference between the fair value of the creditor's stock and the book value is reckoned into the current loss/gain. The eatup part of the book value from the cash, fair value of the non-cash assets and the creditors' equity is dealt with the above methods.

The debts restricting is events of recession according to the agreement between the creditor and the debtor under financial difficulty.

### 25.2 Debts restructuring duties with the Company as the debtor

The difference between the book value of the restructuring liabilities and the cash received is reckoned into the current loss/gain. The difference between the book value of the restructuring liabilities and the non-cash assets is reckoned into the current loss/gain. The difference between the fair value of the debtor's stock and the book value is reckoned into the current loss/gain. The eatup part of the book value from the cash, fair value of the non-cash assets and the shareholders' equity is dealt with the above methods.

As for the restructuring debts accrued, the accrued eat sup the above difference; if is not enough to eat up, the accrued is reckoned into the current gain/loss.

## (III) Taxes

### 1. Main taxation items and its tax rate

Taxation items	Calculation bases	Tax rare
VAT	Balance of current output tax deducting current input tax	Output tax calculated based on the 13% or 17% of the sales volume regulated by Tax Law
Business tax	Income of business	3% or 5%
City maintenance tax	VAT and business tax actually paid	1%
Real estate tax	Calculated by the original value of real estate deducting 30%; rent income of the real estate	1.2% for the remaining sum of real estate; 12% for the rent income of the real estate
Enterprise income tax (Note)	Taxable income	16.5% to 25%
Land VAT	Use-right transfer of state-owned land, Value-added amount of buildings and its attachments	Progressive tax rate of 4-degree ultra filtration
Land-use tax of town	Land occupation actually area	RMB 4.00 per Square meter

Note: Tax rate of the enterprise income tax for the Company and its subsidiaries are shown as follows:

Name of the Company and its subsidiaries	Tax rate of enterprise income tax	
	2010	2009
The Company	22%	20%
Shenzhen New Power Industrial Co., Ltd. (New Power)	22%	20%
Shennan Power Gas Turbine Engineering Technique Co., Ltd. ("Engineering Co.,")	22%	20%
Shenzhen Xiefu Fuel Supply Co., Ltd. ("Xiefu Fuel Supply")	22%	20%
Shennandian Environment Protection ("Environment Co.,")	22%	20%
Zhongshan Power Grid	22%	20%
Weimei Power Grid	22%	20%
SHENNAN ENERGY (SINGAPORE) PTE LTD ("Shennan Singapore")	20%	20%
Zhongshan Shenzhong Real Estate Development Co., Ltd. ("Shenzhong Development Co.,")	25%	25%
Zhongshan Shenzhong Real Estate Investment Property Co., Ltd. ("Shenzhong Property Investment")	25%	25%
Huidong Xiefu Harbour Comprehensive Development Co., Ltd. ("Huidong Xiefu Co.,")	25%	25%
Huidong Harbour Development Co., Ltd. ("Huidong Harbour Co.,")	25%	25%
HONG KONG SYNDISOME CO., LIMITED ("Syndisome Co.,")	16.5%	16.5%

The Company, New Power, Engineering Co., Xiefu Fuel Supply and Environment Co., are the enterprise that established in the special economic zone. Zhongshan Power Grid and Weimei Power Grid are the foreign-investment enterprises that engaged in the manufacture of energy. The applicable income tax rate of the abovementioned subsidiaries and the Company was 15% before 1 January 2008. Since 1 January 2008, the tax rate will gradually turns to 25% in five years. The Company and abovementioned subsidiaries apply 22% tax rate in the report period.

## 2. Taxes preferential and approvals

Tax	Name of the company	Relevant regulation and policies basis	Approval institution	Approval documents	Exemption range	Period of validity
Enterprise income tax	Weimei Power Grid	Enterprise Income Tax Law of People's Republic of China and Notice of Transition Preferential Policy on Enterprise Income Tax from State Council. (State IssueNo.39 [2007])	Inapplicable	Inapplicable	Two years free-tax and three years half-taxes on enterprise income tax since 2008.	2008.1.1~2012.12.31
Enterprise income tax	Zhongshan Power Grid	Enterprise Income Tax Law of People's Republic of China and Notice of Transition Preferential Policy on Enterprise Income Tax from State Council. (State IssueNo.39 [2007])	Inapplicable	Inapplicable	Two years free-tax and three years half-taxes on enterprise income tax since 2008.	2008.1.1~2012.12.31

## (IV) Enterprise merger and Consolidated Financial Statement

### 1. Subsidiaries obtained through establishment or investment

Unit: RMB

Full name of the subsidiaries	Type of subsidiaries	Regis	Business nature	Register capital	Business scope	Actually invested capital at period-end	Other item balance of net investment towards subsidiaries	Propotion share s held (%)	Propotion of voting right (%)	Con soli date d state men t Yes/ No	Equity of minority shareholders	the eat-up part from the parent company's owners' equity of the balance between the subsidiary's shareholders' loss shares less their equity shares at Period-beginning	
Xiefu Fuel Supply Co., (note)	Limited Liability	Shenzh en	Trading	53,300,000.00	Self-business of fuel and agent for import-export	26,650,000.00	-	50	50	Yes	40,030,374.80	N/A	N/A
New Power Co.,	Jointed enterprise(H. K-capital)	Shenzh en	Power generati on	113,850,000.0 0	Technical development on wasted-heat usage, power generation by wasted-heat and fuel power	113,850,000.00	-	100	100	Yes	-	N/A	N/A
Zhongshan Power Grid	Jointed enterprise(H. K-capital)	Zhongs han	Power generati on	396,800,000.0 0	Fuel power and power generation by wasted-heat	317,440,000.00	-	80	80	Yes	-10,279,445.6 4	86,639,445.6 4	N/A
Engineering Co.,	Jointed enterprise(H. K-capital)	Shenzh en	Engineering consultat ion	10,000,000.00	technical consultation and relevant maintenance and inspection on running equipments for the union cycle power station by fuel gas and steam	13,520,000.00	-	100	100	Yes	-	N/A	N/A
Weimei Power Grid	Jointed enterprise(H. K-capital)	Dongguan	Power generati on	USD35,040,0 00	Establishment and operation of natural gas power station	208,102,049.76	-	70	70	Yes	129,030,986.7 9	N/A	N/A
Environment Co.,	Jointed enterprise(H. K-capital)	Shenzh en	Engineering	79,000,000.00	Sludge drying	79,000,000.00	-	100	100	Yes	-	N/A	N/A
Huidong Xiefu Co.,	Limited Liability	Shenzh en	Pier operatio n	8,620,000.00	Establishment and operation of comprehensive pier and its affiliated facilities	6,465,001.00	-	84	84	Yes	-	N/A	N/A
Huidong Harbor Co.,	Limited Liability	Shenzh en	Pier operatio n	10,000,000.00	Establishment and operation of general cargo pier, oil product pier, oil depot and affiliated facilities	5,500,000.00	-	55	55	Yes	-	N/A	N/A

Note: the Company holds 50% equity of the Xiefu Fuel Supply, and occupied majority voting rights in Xiefu Fuel Supply. Therefore, collected Xiefu Fuel Supply into the consolidated scope for actually controlling owned by the Company.

## 2. Subsidiaries obtained through merger under no common control

Unit: RMB

Full name of the subsidiaries	Type of subsidiaries	Register place	Business nature	Register capital	Business scope	Actually invested capital at period-end	Other item balance of net investment towards subsidiaries	Proportion of voting right (%)	Consolidated statement Yes/No	Equity of minority shareholders	Counteracted amount in minority shareholders' equity to gains/losses of minority shareholders	the eat-up part from the parent company's owners' equity of the balance between the subsidiary's shareholders' loss shares less their equity shares at Period-beginning
Shennan Singapore Co.,	Limited Liability	Singapore	Trading	SGD 1,500,000.00	gas turbine and its spares and fuel agents	SGD1,500,000.00	-	100	100	Yes	-	N/A
Shenzhong Development Co.,	Limited Liability	Zhongshan	Real estate development	177,800,000.00	real estate investment, property management, sales of self-owned commercial houses, rental and investment	-	-	75	75	Yes	15,143,031.65	27,626,099.45
Shenzhong Property Investment"	Limited Liability	Zhongshan	Real estate development	60,000,000.00	real estate investment, property management, sales of self-owned commercial houses, rental and investment	-	-	75	75	Yes	18,136,587.57	N/A
Syndisome Co.,	Limited Liability	Hong Kong	Import-export trading	HKD 200,000.00	import-export trading	HKD200,000.00	-	100	100	Yes	-	N/A

## (V) Notes to Consolidated Financial Statement

### 1. Monetary capital

Unit: RMB

Items	June 30, 2010			December 31, 2009		
	Amount of foreign currency	Exchange Rate	Amount of RMB	Amount of foreign currency	Exchange Rate	Amount of RMB
Cash:						
RMB	184,675.71	1.0000	184,675.71	266,797.65	1.0000	266,797.65
HKD	92,656.91	0.8724	80,833.89	92,656.91	0.8805	81,584.41
USD	995.22	6.7909	6,758.44	11,719.87	6.8282	80,025.97
EUO	1,017.87	8.2710	8,418.80	1,017.87	9.7971	9,972.18
Bank savings:						
RMB	365,207,178.75	1.0000	365,207,178.75	339,472,309.32	1.0000	339,472,309.32
HKD	5,404,235.70	0.8724	4,711,831.43	5,402,075.35	0.8805	4,756,578.07
USD	1,645,881.69	6.7909	11,179,890.56	1,593,047.44	6.8282	10,877,646.51
SGD	82,089.44	4.8351	396,910.65	50,660.87	4.8605	246,237.16
Other monetary capital:	-		-			
RMB (Note)	23,289,498.84	1.0000	23,289,498.84	23,366,056.75	1.0000	23,366,056.75
USD	737.04	6.7909	5,005.16	716.53	6.8282	4,892.61
Total			405,071,002.22			379,162,100.63

Note: was the guarantee margin and credit card savings. As at 30 June 2010, the restrained margin amounting to RMB 22,800,000.00(RMB 22,800,000 as at 31 December 2009).

### 2. Note receivable

Unit: RMB

Type	30 June 2010	31 December 2009
Commercial Acceptance Bill	-	200,000.00

At the end of report period, the account paid in advance decrease 100% over year-begin, mainly caused by the due of note receivable in this period.

### 3. Account receivable

(1) Account receivable classified according to types:

Unit: RMB

Type	30 June 2010				31 December 2009			
	Balance at book		Bad debt provision		Balance at book		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Significant single amounts	359,553,884.85	98.57%	5,877,682.84	92.22%	341,562,735.75	98.69%	5,877,682.84	92.22%
Insignificant single amounts with high	146,915.10	0.04%	146,915.10	2.30%	946,915.10	0.27%	306,915.10	4.82%

portfolio risk after combination								
Other insignificant amount	5,051,276.92	1.38%	349,164.00	5.48%	3,599,190.11	1.04%	189,164.00	2.97%
Total	364,752,076.87	100.00%	6,373,761.94	100.00%	346,108,840.96	100.00%	6,373,761.94	100.00%

The Group recognized account receivable with over RMB 2 million (RMB 2 million included) as significant single amounts.

Age analysis of account receivable:

Unit: RMB

Age	30 June 2010				31 December 2009			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1year	344,883,431.67	94.55%	-	344,883,431.67	322,237,306.76	93.10%	-	322,237,306.76
1 to 2years	6,260,430.00	1.72%	363,021.50	5,897,408.50	7,358,317.76	2.13%	363,021.50	6,995,296.26
2 to 3years	1,891,640.00	0.52%	189,164.00	1,702,476.00	1,891,640.00	0.55%	189,164.00	1,702,476.00
Over 3 years	11,716,575.20	3.21%	5,821,576.44	5,894,998.76	14,621,576.44	4.22%	5,821,576.44	8,800,000.00
Total	364,752,076.87	100.00%	6,373,761.94	358,378,314.93	346,108,840.96	100.00%	6,373,761.94	339,735,079.02

(2) Withdrawal of bad debt provision for account receivable of insignificant single amount or minor mount but exercising impairment test individually at period-end:

Unit: RMB

Content of account receivable	Balance of Book	Withdrawal amount of bad debt provision	Withdrawal proportion (%)	Reasons
Finance Bureau of Dongguan	137,535,551.96	-	-	
Guangdong Power Grid	201,091,683.55	-	-	
CHINA NATIONAL ELECTRIC EQUIPMENT CORPORATION	6,260,430.00	363,021.50	5.80%	Difficult recover for long age
Dongguan Dongxin Thermal Power Co.,Ltd.	7,200,000.00	1,440,000.00	20.00%	Difficult recover for long age
Shenzhen Petro-Chemical Bonded Oil Trading Co., Ltd.("Petro-Chemical Co.,")	3,474,661.34	3,474,661.34	100.00%	Difficult recover for long age
Others	3,991,558.00	600,000.00	15.03%	
Total	359,553,884.85	5,877,682.84	1.63%	

(2) There are no account receivable of the shareholders who hold over 5 % ( 5% included) voting rights in report period.

(3)Top 5 companies in account receivables

Unit: RMB

Name of the company	Relationship between the Company	Amount	Age	Proportion in total account receivable (%)
Guangdong Power Grid	Non-related client	201,091,683.55	Within 1 year	55.13%
Finance Bureau of Dongguan	Government institution	137,535,551.96	Within 1 year	37.71%
Dongguan Dongxin Thermal Power Co.,Ltd.	Non-related client	7,200,000.00	Over 3years	1.97%
CHINA NATIONAL ELECTRIC EQUIPMENT CORPORATION	Non-related client	6,260,430.00	1-2years	1.72%
Dongguan Tongming(Zhongming) Power Co., Ltd.	Non-related client	2,008,100.00	Within 1 year	0.55%
Total		354,095,765.51		97.08%

#### 4. Account paid in advance

(1) Account paid in advance classified according to age:

Unit: RMB

Age	30 June 2010		31 December 2009	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1year	3,274,922.49	62.32%	3,942,652.31	89.20%
1to 2years	1,665,448.37	31.69%	177,124.71	4.01%
2to 3years	18,304.20	0.35%	7,335.00	0.17%
Over 3 years	296,498.51	5.64%	292,758.00	6.62%
Total	5,255,173.57	100.00%	4,419,870.02	100.00%

(2)Top 5 companies in account paid in advance:

Unit: RMB

Name of the company	Relationship between the Company	Amount	Duration	Reasons for unsettlement
Wuxi Shijia Thermal Equipment Co., Ltd.	Non-related supplier	1,875,000.00	Within 1year	Purchase paid in advance
GE-ENERGY(SINGAPORE)CO.,LTD	Non-related supplier	1,209,846.37	Within 1year	Purchase paid in advance
Hangzhou Boiler Group Co., Ltd. Installation Branch	Non-related supplier	564,000.00	Within 1year	Purchase paid in advance
Nanjing Nangang Power Equipment Installation Co., Ltd.	Non-related supplier	473,400.00	Within 1year	Purchase paid in advance
Zhongshan Transformer Co., Ltd.	Non-related supplier	279,972.00	Within 1year	Purchase paid in advance
Total		4,402,218.37		

(3) There are no account paid in advance of the shareholders who hold over 5 % ( 5% included) voting rights in report period.

(4) Account paid in advance classified according to types:

Unit: RMB

Type	30 June 2010	31 December 2009
Significant single amounts	-	-
Insignificant single amounts with high portfolio risk	240,802.71	292,758.00
Other insignificant amounts	5,014,370.86	4,127,112.02
Total	5,255,173.57	4,419,870.02

## 5. Other account receivable

(1) Other account receivable classified according to type:

Unit: RMB

Type	30 June 2010				31 December 2009			
	Book amount		Bad debt provision		Book amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Significant single amounts	34,852,632.66	75.74%	26,237,404.46	87.68%	33,778,789.92	80.31%	26,237,404.46	87.68%
Insignificant single amounts with high portfolio risk	3,198,034.65	6.95%	2,927,761.85	9.78%	3,198,034.65	7.60%	2,927,761.85	9.78%
Other insignificant amounts	7,963,809.80	17.31%	759,148.63	2.54%	5,082,783.33	12.08%	759,148.63	2.54%
Total	46,014,477.11	100.00%	29,924,314.94	100.00%	42,059,607.90	100.00%	29,924,314.94	100.00%

The Group recognized other account receivable with over RMB 2 million (RMB 2 million included) as significant single amounts.

Other account receivable classified according to age:

Unit: RMB

Age	30 June 2010				31 December 2009			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1year	13,378,037.96	29.07%	-	13,378,037.96	9,423,168.75	22.40%	-	9,423,168.75
1to 2 years	81,091.50	0.18%	-	81,091.50	81,091.50	0.19%	-	81,091.50
2to 3 years	945,160.38	2.05%	759,148.63	186,011.75	1,919,785.41	4.56%	759,148.63	1,160,636.78
Over 3years	31,610,187.27	68.70%	29,165,166.31	2,445,020.96	30,635,562.24	72.84%	29,165,166.31	1,470,395.93
Total	46,014,477.11	100.00%	29,924,314.94	16,090,162.17	42,059,607.90	100.00%	29,924,314.94	12,135,292.96

(2) Withdrawal of bad debt provision for other account receivable of insignificant single amount or minor mount but exercising impairment test individually at period-end:

Unit: RMB

Content of other account receivable	Book balance	Withdrawal amount of bad debt provision	Withdrawal proportion (%)	Reasons
Huiyang Kangtai Industrial Co.,	14,311,626.70	14,311,626.70	100%	Difficult recover for long age
Nanshan Investment Co.,	5,895,738.00	5,895,738.00	100%	Unrecovered for overdue
Shandong Jinan Power Generation Equipment Plant	3,560,000.00	3,560,000.00	100%	Unrecovered for overdue
Individual income tax disbursement	2,470,039.76	2,470,039.76	100%	Unrecovered for overdue
Account receivable of dormitory un-received	2,083,698.16	-	0%	
Other	17,693,374.49	3,686,910.48	21%	
Total	46,014,477.11	29,924,314.94	65%	

Other account receivable of insignificant single amounts with high portfolio risk:

Unit: RMB

Age	30 June 2010			31 December 2009		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Over 3 years	3,198,034.65	100.00%	2,927,761.85	3,198,034.65	100.00%	2,927,761.85

The Group recognized other account receivable with insignificant single amount but has over 3 years as the other account receivable of insignificant single amounts with high portfolio risk.

(3) There are no other account receivable of the shareholders who hold over 5 %( 5% included) voting rights in report period.

(4) Top 5 companies in other account receivable

Unit: RMB

Name of the company	Relationship between the Company	Amount	Duration	Proportion in total other account receivable(%)
Huiyang Kangtai Industrial Co.,	Project cooperation party	14,311,626.70	Over 3 years	31.10%
Nanshan Investment Co.,	Project cooperation party	5,895,738.00	Over 3 years	12.81%

Shandong Jinan Power Generation Equipment Plant	Non-related client	3,560,000.00	Over 3 years	7.74%
Individual income tax disbursement	Inapplicable	2,470,039.76	Over 3 years	5.37%
Account receivable of dormitory un-received	Inapplicable	2,083,698.16	Over 3 years	4.53%
Total		28,321,102.62		61.55%

(5) At the end of report period, other account receivable increased 33% over year-begin, mainly caused by the pre-phase expenses in newly added projects.

## 6. Inventory

### (1) Classification of inventory

Unit: RMB

projects	30 June 2010			31 December 2009		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Fuels	165,038,996.36	4,745,614.13	160,293,382.23	181,757,093.38	4,745,614.13	177,011,479.25
Raw materials	151,678,073.14	11,481,059.43	140,197,013.71	155,641,091.81	11,481,059.43	144,160,032.38
Development cost of real estate	1,088,962,791.16	45,603,631.85	1,043,359,159.31	1,069,137,310.41	45,603,631.85	1,023,533,678.56
Total	1,405,679,860.66	61,830,305.41	1,343,849,555.25	1,406,535,495.60	61,830,305.41	1,344,705,190.19

In the balance of inventory at period-end, amount for loan pledge totally to RMB 852,032,606.80(as at 31 December 2009: RMB 852,032,606.80).

In the balance of inventory at period-end, the capitalizing loan expenses amounting to RMB 104,367,536.83(as at 31 December 2009: RMB 84,943,517.90). The capitalizing rate was 5.31%.

### (2) Depreciation provision of inventory

Unit: RMB

Inventory type	Book balance at year-begin	Accruing amount at this year	Decrease in this year		Book balance at period-end
			Reversal	Charge-off	
Fuels	4,745,614.13				4,745,614.13
Raw materials	11,481,059.43				11,481,059.43
Development cost of real estate	45,603,631.85				45,603,631.85
Total	61,830,305.41				61,830,305.41

## 7. Investment for affiliated enterprises

Unit: RMB

Invested company	Type of company	Register place	Legal representative	Business nature	Register capital	The Company Proportion of share holding (%)	Voting rights in invested company Proportion of voting right held by the Company (%)	30 June 2010 Total assets	30 June 2010 Total liabilities	30 June 2010 Total net assts	January-June 2010 Total income	January-June 2010 Net profit
Affiliated enterprises												
Jiangxi CPI Xinchang Power Generation Co., Ltd. (Jiangxi Xinchang for short)	Limited Liability	Nanchang	Ren Deqing	Thermal power generation, energy management and cascade utilization, engineering consultation and service of electric technology trainings.	604,285,715.00	30	30	5,121,436,547.62	4,581,113,151.85	540,323,395.77	671,218,736.59	-107,439,627.59

## 8. Long-term equity investment

Details of long-term equity investment:

Unit: RMB

Invested company	Calculation method	Initial investment cost	Balance at year-begin	Increase/decrease(+,-)	Balance at period-end	Proportion of share holding in invested company (%)	Proportion of voting rights in invested company (%)	Explanation on the incongruity in share holding proportion and voting proportion in invested company	Impairment provision	Impairment provision of accruing this year	Cash bonus this year
Jaingxi Xinchang Co.,	Equity method	196,285,715.00	186,186,050.41	-9,089,031.28	177,097,019.13	30	30	-	-	-	-
Petro-Chemical Co.,	Cost method	2,500,000.00	2,500,000.00		2,500,000.00	4	4	-	2,500,000.00	-	-
Wannneg Tongling Power Generation Co., Ltd.	Cost method	54,095,400.00	54,095,400.00		54,095,400.00	2.83	2.83	-	19,317,300.00		
Shenzhen Energy Environment Co., Ltd.	Cost method	41,790,000.00	41,790,000.00		41,790,000.00	10	10	-	-		
CPI Jiangxi Nuclear Power Co., Ltd.	Cost method	37,315,000.00		37,315,000.00	37,315,000.00	5	5				
Total		294,671,115.00	284,571,450.41	28,225,968.72	312,797,419.13				21,817,300.00		

## 9. Investment real estate

Unit: RMB

Item	Book balance at year-begin	Increased this year	Decreased this year	Book balance at period-end
I. Total original book value	14,954,637.09	-	-	14,954,637.09
1. House, buildings	14,954,637.09	-	-	14,954,637.09
2. Land-use right	-	-	-	-
II. Total accumulated depreciation and accumulated amortization	6,403,726.20	339,133.20	-	6,742,859.40
1. House, buildings	6,403,726.20	339,133.20	-	6,742,859.40
2. Land-use right	-	-	-	-
III. Total net book value of investment real estate	8,550,910.89	-339,133.20	-	8,211,777.69
1. House, buildings	8,550,910.89	-339,133.20	-	8,211,777.69
2. Land-use right	-	-	-	-
IV. Total depreciation provision of investment real estate	-	-	-	-
1. House, buildings	-	-	-	-
2. Land-use right	-	-	-	-
V. Total book value of investment real estate	8,550,910.89	-	-	8,211,777.69
1. House, buildings	8,550,910.89	-	-	8,211,777.69
2. Land-use right	-	-	-	-

## 10. Fixed assets

### (1) Change of fixed assets

Unit: RMB

Items	Book balance at year-begin	Increased this year	Decreased this year	Book balance at period-end
I. Total original book value:	4,157,165,820.57	2,539,358.47	6,498,500.00	4,153,206,679.04
Including: House and buildings	445,152,484.64	45,000.00	-	445,197,484.64
Machinery equipment	3,615,790,267.15	1,785,017.05	6,480,100.00	3,611,095,184.20
Transportation means	33,114,720.80	493,890.60	-	33,608,611.40
Other equipment	63,108,347.98	215,450.82	18,400.00	63,305,398.80
II. Total accumulated depreciation:	1,842,669,766.36	86,195,889.36	1,210,705.11	1,927,654,950.61
Including: House and buildings	166,461,252.85	8,628,624.88	-	175,089,877.73
Machinery equipment	1,599,771,466.58	75,102,139.46	1,210,705.11	1,673,662,900.93
Transportation means	26,556,112.77	1,156,823.32	-	27,712,936.09
Other equipment	49,880,934.16	1,308,301.70	-	51,189,235.86
III. Total net book value of	2,314,496,054.21	-	-	2,225,551,728.43

fixed assts					
Including: House and buildings	278,691,231.79		-	-	270,107,606.91
Machinery equipment	2,016,018,800.57		-	-	1,937,432,283.27
Transportation means	6,558,608.03		-	-	5,895,675.31
Other equipment	13,227,413.82		-	-	12,116,162.94
IV. Total impairment provision	28,328,133.00		-	36,774.82	28,291,358.18
Including: House and buildings	26,617,378.45		-	-	26,617,378.45
Machinery equipment	1,446,500.82		-	36,774.82	1,409,726.00
Transportation means	85,146.84		-	-	85,146.84
Other equipment	179,106.89		-	-	179,106.89
V. Total book value of fixed assts	2,286,167,921.21		-	-	2,197,260,370.25
Including: House and buildings	252,073,853.34		-	-	243,490,228.46
Machinery equipment	2,014,572,299.75		-	-	1,936,022,557.27
Transportation means	6,473,461.19		-	-	5,810,528.47
Other equipment	13,048,306.93		-	-	11,937,056.05

(2)Temporary stranded fixed assets

Unit: RMB

Items	Original book value	Accumulated depreciation	Impairment provision	Net book value
Amount at period-begin:	8,395,863.99	1,292,090.22	1,446,500.39	5,657,273.38
Including: Machinery equipment	8,395,863.99	1,292,090.22	1,446,500.39	5,657,273.38
Amount at period-end:	1,909,688.99	244,042.41	1,409,725.57	255,921.01
Including: Machinery equipment	1,909,688.99	244,042.41	1,409,725.57	255,921.01

(3)Fixed assets with un-finished property certificate

Unit: RMB

items	Original value	Net value	Reason for un-finished property certificate	Prediction of the property certificate finished
Booster station	11,416,072.09	8,647,156.82		
Steam turbine plant	4,221,136.27	3,265,956.04		
Chemical water building	7,050,395.16	5,417,402.86		
Treatment plant of residue	1,357,924.60	1,052,612.51		
Pump house of fire-protection	709,475.99	549,663.15		
Recycle pump house	4,487,508.99	3,464,690.24		

Comprehensive building	7,076,356.29	5,654,717.69		
Production maintenance building	9,860,653.25	8,668,006.29		
Administration building	10,138,618.59	8,912,170.99		
Total	56,318,141.23	45,632,376.59		

## 11. Project in construction

(1) Particulars about projects in construction:

Item	2010-6-30			2009-12-31			Unit: RMB
	Book balance	Provision for devaluation	Book net amount	Book balance	Provision for devaluation	Book net amount	
Oil to Gas Works	81,265, 338.02	14,036,855.79	67,228,4 82.23	69,715, 999.71	14,036,855.79	55,679,1 43.92	
Comprehensive building projects of recycling economy	20,196, 664.80	-	20,196,6 64.80	8,421,7 48.20	-	8,421,74 8.20	
Heat and power projects of recycling economy	6,292,5 09.81	-	6,292,50 9.81	5,688,9 19.20	-	5,688,91 9.20	
Equipment Improvement Project	10,761, 429.51	-	10,761,4 29.51	9,367,9 13.34	-	9,367,91 3.34	
Cogeneration of heat and electricity Project	8,614,1 61.55	-	8,614,16 1.55	8,133,1 87.26	-	8,133,18 7.26	
Technical transformation projects	2,059,5 16.44	-	2,059,51 6.44	2,022,2 11.25	-	2,022,21 1.25	
Sludge drying project	117,598 ,768.82	-	117,598, 768.82	111,423 ,167.31	-	111,423, 167.31	
Others	3,263,6 69.19	-	3,263,66 9.19	2,890,2 94.84	-	2,890,29 4.84	
Total	250,052 ,058.14	14,036,855.79	236,015, 202.35	217,663 ,441.11	14,036,855.79	203,626, 585.32	

## (2) Changes of significant projects in construction

Unit: RMB

Item	Budget Number	2009-12-31-	Increase of this year	Transferred fixed assets	Other decrease	Proportion of project investment in budget (%)	Project progress	Accumulated amount of interest capitalization	Including: interest capitalization of this year	Source of capital	2010-6-30-Balance
Oil to Gas Works	153,200,000.00	69,715,999.71	11,549,338.31	-	-	53.05%	53.05%	311,059.50		Self-financing and loan	81,265,338.02
Comprehensive building projects of recycling economy	35,000,000.00	8,421,748.20	11,774,916.60	-	-	57.70%	57.70%			Self-financing	20,196,664.80
Heat and power projects of recycling economy	30,000,000.00	5,688,919.20	603,590.61	-	-	20.98%	20.98%			Self-financing	6,292,509.81
Equipment Improvement Project	-	9,367,913.34	1,393,516.17	-	-	-	-			Self-financing	10,761,429.51
Cogeneration of heat and electricity Project	45,700,000.00	8,133,187.26	480,974.29	-	-	18.85%	18.85%	395,111.00		Self-financing and loan	8,614,161.55
Technical transformation projects	6,648,000.00	2,022,211.25	37,305.19	-	-	30.98%	30.98%	111,343.58		Self-financing and loan	2,059,516.44
Sludge drying project	346,337,000.00	111,423,167.31	6,175,601.51	-	-	33.96%	33.96%	8,016,189.36	1,660,992.50	Self-financing and loan	117,598,768.82
Others	-	788,490.99	643,536.56	-	-					Self-financing	1,432,027.55
Total		215,561,637.26	32,658,779.24	-	-						248,220,416.50

(3) Provision for devaluation of projects in construction

Unit: RMB

Item	2009-12-31	Increase of this year	Decrease of this year	2010-6-30	Reason for accruing
Oil to gas project	14,036,855.79	-	-	14,036,855.79	
Total	14,036,855.79	-	-	14,036,855.79	

## 12. Disposal of fixed assets

Unit: RMB

Item	2009-12-31	2010-6-30	Reason for transferring to disposal
Power from left heat equipment	5,875,631.20	5,875,631.20	Has signed disposal contract, still in disposing stage, not dealt completely
Units and ancillary facilities	-	-6,017,379.93	Have been auctioned, but still not dealt completely
Total	5,875,631.20	-141,748.73	

## 13. Intangible assets

Unit: RMB

Item	Book balance at period-begin	Increase of this year	Decrease of this year	Book balance at period-end
I. Total book original value	86,523,977.29	-	-	86,523,977.29
Including: land use right	86,288,069.88	-	-	86,288,069.88
Software	235,907.41	-	-	235,907.41
II. Total accumulated amortization	23,220,724.99	1,382,314.19	-	24,603,039.18
Including: land use right	23,058,358.88	1,358,466.96	-	24,416,825.84
Software	162,366.11	23,847.23	-	186,213.34
III. Total net value of Intangible assets	63,303,252.30			61,920,938.11
Including: land use right (Note 5)	63,229,711.00			61,871,244.04
Software	73,541.30	-		49,694.07
IV. Total provision for devaluation	5,115,063.71	-	-	5,115,063.71
Including: land use right	5,115,063.71	-	-	5,115,063.71
Software	-	-	-	-
V. Total book value of intangible assets	58,188,188.59		-	56,805,874.40
Including: land use right	58,114,647.29		-	56,756,180.33
Software	73,541.30	-	-	49,694.07

## 14. Long-term expense prepaid

Unit: RMB

Item	2009-12-31-	Increase amount of this year	Amortization amount of this year	Other decrease amount	2010-6-30	Other reason for decrease
Improvements expenses of fixed assets from operating lease	465,561.90	-	105,900.48	-	359,661.42	Not applicable

## 15. Deferred income tax assets

Unit: RMB

Item	2010-6-30	2009-12-31
Deferred income tax assets:		
Provision for bad debts of accounts receivable	1,265,274.86	1,265,274.86
Other provision for bad debts of accounts receivable	5,660,976.83	5,660,976.83
Provision for inventory devaluation	2,754,958.61	2,754,958.61
Staff salary payable	6,615,681.71	6,615,681.71
Provision for devaluation of long-term equity investment	4,227,197.41	4,227,197.41
Other	85,752.83	85,752.83
<b>Total</b>	<b>20,609,842.25</b>	<b>20,609,842.25</b>

## 16. Particulars about provision for assets devaluation

Unit: RMB

Item	Book balance at period-begin	Increase of this year	Decrease of this year		Book balance at period-end
			Rewind	Resellers	
I. Provision for bad debts	36,298,076.88	-	-	-	36,298,076.88
II. Provision for inventory devaluation	61,830,305.41	-	-	-	61,830,305.41
III. Provision for devaluation of long-term equity investment	21,817,300.00	-	-	-	21,817,300.00
IV. Provision for fixed assets devaluation	28,328,133.00	-	-	36,774.82	28,291,358.18
V. Provision for projects in construction	14,036,855.79	-	-	-	14,036,855.79
VI. Provision for intangible assets devaluation	5,115,063.71	-	-	-	5,115,063.71
<b>Total</b>	<b>167,425,734.79</b>	<b>-</b>	<b>-</b>	<b>36,774.82</b>	<b>167,388,959.97</b>

## 17. Short-term loan

Unit: RMB

Item	2010-6-30	2009-12-31
Pledge loan	572,000,000.00	770,000,000.00
Credit loan	2,200,000,000.00	1,649,120,000.00
<b>Total</b>	<b>2,772,000,000.00</b>	<b>2,419,120,000.00</b>

## 18. Notes payable

Unit: RMB

Category	2010-6-30	2009-12-31
Commercial acceptance bill	-	45,960,000.00

Bank acceptance bill	-	22,250,216.75
Total	-	68,210,216.75

Notes payable of the period-end decreased by 100% compared to the one at the beginning of the year, mainly due to that the notes payable have been due.

## 19. Accounts payable

(1) Particulars about accounts payable is as follow:

Unit: RMB

Item	2010-6-30	2009-12-31
CNOOC Gas and Power Group Guangdong Trading Branch	97,925,844.53	-
CNOOC Gas and Power Group Guangdong	36,721,289.43	-
Dongguan Dongbao Energy Co., Ltd.	31,027,715.69	-
Shenzhen Nangang Power Engineering Co., Ltd.	12,080,512.82	16,862,052.29
Shenyang Lifa Heat Turbine Equipment Co., Ltd.	-	1,775,717.00
Wuhan Gangqi Power Co., Ltd.	-	1,420,000.00
Nanjing Jinyanxin Technology Industrial Co., Ltd.	-	403,200.00
Huasheng Filter(Shenzhen) Co., Ltd.	161,569.23	374,800.00
Others	1,226,513.77	110,173.26
Total	179,143,445.47	20,945,942.55

(2) Accounts payable in this reporting period exclude payments for shareholders whose 5% (including 5%) voting right equity was held by the Company.

(3) There exists no notes payable with above 1 year account age in the group.

(4) Accounts payable at the end of reporting period increased by 755% compared to the one at year-begin, mainly due to increased fuel accounts payable.

## 20. Accounts received in advance

(1) Particulars about accounts received in advance

Unit: RMB

Item	2010-6-30	2009-12-31
Project accounts received in advance	1,392,125.87	524,000.00
Fuel accounts received in advance	-	65,000.00
Margin for construction safety of units disposal	300,000.00	-
Total	1,692,125.87	589,000.00

(2) Accounts received in advance in this reporting period exclude payments from shareholders whose 5% (including 5%) voting right equity was held by the Company.

(3) Accounts received in advance at reporting period-end increased by 187% compared to the one at year-begin, mainly due to increased projects accounts.

## 21. Staff salary payable

Unit: RMB

Item	Book balance at year-begin	Increase of this year	Decrease of this year	Book balance at period-end
I. Salary, bonus, grants and subsidies	29,972,433.98	42,491,565.00	44,705,075.26	27,758,923.72
II. Welfare fees for staffs	0.00	27,495.98	27,495.98	0.00
III. Social insurance premium	786,758.37	1,687,528.32	1,236,663.08	1,237,623.61
Including: medical insurance	136,049.33	282,703.97	269,504.16	149,249.13
Old-age insurance	591,991.00	1,254,888.78	873,340.21	973,539.56
Unemployment insurance	20,179.19	50,609.59	32,491.83	38,296.94
Work injury insurance	38,538.85	75,938.21	50,857.65	63,619.41
Maternity insurance	0.00	23,387.78	10,469.22	12,918.56
IV. Housing fund	1,747,767.86	3,253,384.32	3,198,443.00	1,802,709.18
VI. Union funds and employee education expenses	1,586,952.32	1,056,880.46	541,685.30	2,102,147.48
VI. Annuity	11,113,100.00	2,266,165.98	0.00	13,379,265.98
VII. Others	6,645.71	38,101.00	38,101.00	6,645.71
Total	45,213,658.24	50,821,121.06	49,747,463.62	46,287,315.68

## 22. Tax payable

Unit: RMB

Item	2010-6-30	2009-12-31
Value-added tax	-450,427,700.51	-423,426,673.59
Operating tax	1,282,023.88	4,841,923.21
Corporate Income Tax	195,307.95	13,865,574.77
Personal Income Tax	1,394,765.22	1,389,494.34
Land use fees	368,014.80	-
LAT	-	1,156,140.00
Real Estate Tax	1,375,908.93	1,474,480.07
Others	70,274.33	557,566.77
Total	-445,741,405.40	-400,141,494.43

## 23. Interest payable

Unit: RMB

Item	2010-6-30	2009-12-31
Long-term loan interest with principal of installed interest payment and due repayment of	-	292,387.50

seed capital		
Interest payable of short-term loan	2,592,874.75	2,829,177.00
Total	2,592,874.75	3,121,564.50

## 24 Other accounts payable

(1). Particulars about other accounts payable:

Unit: RMB

Item	2010-6-30	2009-12-31
Zhongshan Xingzhong Group Co., Ltd. ("Xingzhong Group") (Note1)	209,214,951.59	204,351,945.66
Zhongshan Finance Bureau (Note 2)	70,608,365.62	76,959,519.80
Project expense	14,597,848.27	24,247,488.14
Insurance premium	7,499,090.03	10,681,774.93
Grants for Board of Directors	2,327,385.60	3,998,889.25
Zhongshan Guangzhong Investment Co., Ltd. ("Guangzhong Investment Company")	-	1,567,958.00
Temporary income from options contracts	14,197,480.00	14,329,299.79
Others	18,705,096.42	17,658,778.77
Total	337,150,217.53	353,795,654.34

Note 1: Accounts and interests borrowing from Xinzong Group which took the land use right owned by Shenzhong Development Company as loan collateral.

Note 2: Accounts and interests borrowing from Zhongshan Finance Bureau by Shenzhong Development Company

(2) Condition of balance of other accounts payable in this reporting period of units which held 5% (including 5%) voting right equity of the Company

## 25. Non-current liabilities due within one year

(1) Particulars about non-current liabilities due within one year:

Unit: RMB

Items	2010-6-30-	2009-12-31-
Long-term loan due within 1 year	-	200,000,000.00
Total	-	200,000,000.00

(2) Particulars about long-term loan due within one year:

Unit: RMB

Items	2010-6-30	2009-12-31
Guarantee loan	-	90,000,000.00
Credit loan	-	110,000,000.00
Total	-	200,000,000.00

## 26. Long-term loan

### (1) Category of long-term loan

Unit: RMB

Items	2010-6-30	2009-12-31
Pledge loan	200,000,000.00	156,000,000.00
Credit loan	56,000,000.00	-
Total	256,000,000.00	156,000,000.00

### (2) Top 5 units with largest long-term loan

Unit: RMB

Credit units	Commencement date of loan	Ending date of loan	Currency	Rate (%)	2010-6-30	
					Amount of foreign currency	Amount of local currency
Huaxia Bank, Shenzhen Branch	2010.2.1	2012.2.1	RMB	4.86		100,000,000.00
Huaxia Bank, Shenzhen Branch	2009.9.1	2011.9.1	RMB	4.86		100,000,000.00
Xingye Bank, Shenzhen Branch	2008.10.27	2013.10.27	RMB	6.18		10,000,000.00
China Merchants Bank, Jingtian Branch	2009.11.6	2017.11.6	RMB	5.35		46,000,000.00
Total						256,000,000.00

(3) Accounts received in advance at reporting period-end increased by 64% compared to the one at year-begin, mainly due to increased loan.

## 27. Other non-current liabilities

Unit: RMB

Items	Book balance at period-end	Book balance at period-beginning
Treasury subsidies	5,100,000.00	3,600,000.00
Support fund of cycle economy	250,000.00	250,000.00
Total	5,350,000.00	3,850,000.00

## 28. Share capital

Unit: RMB

Items	Amount at period-begin	Change of this year			Amount at period-end
		Bonus issue	Others	Subtotal	
<b>Year 2010:</b>					
I. Shares with selling restriction					
1. Holding shares of State 1	-				-
2. Holding shares of State-owned legal person	-				-
3. Other domestic shares	12,993.00				12,993.00
4. Shares with foreign ownership	-				-
Total shares with selling restriction	12,993.00				12,993.00
II. Shares without selling restriction					
1. RMB ordinary shares	338,895,157.00				338,895,157.00
2. Domestically listed foreign shares	263,854,446.00				263,854,446.00
3. Overseas listed foreign shares	-				-
4. Others	-				-
Total shares without selling restriction	602,749,603.00				602,749,603.00
III. Total shares	602,762,596.00				602,762,596.00
<b>Year 2009:</b>					
I. Shares with selling restriction					
1. Holding shares of State 1	-	-	-	-	-
2. Holding shares of State-owned legal person	105,372,440.00	-	-105,372,440.00	-105,372,440.00	-
3. Other domestic shares	12,993.00	-	-	-	12,993.00
4. Shares with foreign ownership	-	-	-	-	-
Total shares with selling restriction	105,385,433.00	-	-105,372,440.00	-105,372,440.00	12,993.00
II. Shares without selling					

restriction					
3. RMB ordinary shares	233,522,717.00	-	105,372,440.0	105,372,440.0	338,895,157.00
4. Domestically listed foreign shares	263,854,446.00	-	-	-	263,854,446.00
3. Overseas listed foreign shares	-	-	-	-	-
4. Others	-	-	-	-	-
Total shares without selling restriction	497,377,163.00	-	105,372,440.0	105,372,440.0	602,749,603.00
<b>III. Total shares</b>	<b>602,762,596.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>602,762,596.00</b>

## 29. Capital Surplus

Unit: RMB

Items	Amount of year-begin	Increase of this year	Decrease of this year	Amount of period-end
<b>Year 2010:</b>				
Capital premium	233,998,444.00	-	-	233,998,444.00
Including: invested capital by investors	215,487,650.42	-	-	215,487,650.42
Difference arising from purchasing equity of minority shareholders	18,510,793.58	-	-	18,510,793.58
Other capital surplus	129,631,483.51	-	-	129,631,483.51
Including: transferring from capital surplus in original system	129,631,483.51	-	-	129,631,483.51
<b>Total</b>	<b>363,629,927.51</b>	<b>-</b>	<b>-</b>	<b>363,629,927.51</b>
<b>Year 2009:</b>				
Capital premium	233,998,444.00	-	-	233,998,444.00
Including: invested capital by investors	215,487,650.42	-	-	215,487,650.42
Difference arising from purchasing equity of minority shareholders	18,510,793.58	-	-	18,510,793.58
Other capital surplus	129,631,483.51	-	-	129,631,483.51
Including: transferring from capital surplus in original system	129,631,483.51	-	-	129,631,483.51
<b>Total</b>	<b>363,629,927.51</b>	<b>-</b>	<b>-</b>	<b>363,629,927.51</b>

## 30. Surplus reserves

Unit: RMB

Items	Amount of year-begin	Increase of this year	Decrease of this year	Amount of period-end
-------	----------------------	-----------------------	-----------------------	----------------------

<b>Year 2010:</b>				
Legal surplus reserve	310,158,957.87	-	-	310,158,957.87
Discretionary surplus reserve	22,749,439.73	-	-	22,749,439.73
Total	332,908,397.60	-	-	332,908,397.60
<b>Year 2009:</b>				
Legal surplus reserve	310,158,957.87	-	-	310,158,957.87
Discretionary surplus reserve	22,749,439.73	-	-	22,749,439.73
Total	332,908,397.60	-	-	332,908,397.60

### 31. Retained profit

Unit: RMB

Items	Amount	Proportion of extraction or distribution
<b>Year 2010:</b>		
Undistributed profit at year-begin	547,986,755.29	
Add: net profit attributable to shareholders of parent company	-255,073,535.78	
Undistributed profit at period-end	292,913,219.51	
<b>Year 2009:</b>		
Undistributed profit at year-begin	473,871,306.65	
Add: net profit attributable to shareholders of parent company	74,115,448.64	
Undistributed profit at period-end	547,986,755.29	

### 32. Operating income, operating cost

#### (1) Operating income

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009
Main business income	701,624,196.24	877,763,484.19
Other business income	1,235,478.37	890,506.14
Operating cost	1,003,249,405.69	861,187,994.60

#### (2) Main business (sub-industry)

Unit: RMB

Industry	Jan-Jun of 2010		Jan-Jun of 2009	
	Operating income	Operating cost	Operating income	Operating cost
Energy Industry	695,703,196.24	998,624,839.08	875,862,494.19	856,434,905.67
Engineering labors and services	5,921,000.00	3,808,437.37	1,900,990.00	4,163,383.50

Other income	-	-	-	-
Total	701,624,196.24	1,002,433,276.45	877,763,484.19	860,598,289.17

(3) Main business (sub-products)

Unit: RMB

Industry	Jan-Jun of 2010		Jan-Jun of 2009	
	Operating income	Operating cost	Operating income	Operating cost
Electricity sales	690,711,341.40	991,958,211.09	871,479,770.56	849,871,615.61
Heat sales	4,991,854.84	6,666,627.99	4,382,723.63	6,563,290.06
Engineering labors and services	5,921,000.00	3,808,437.37	1,900,990.00	4,163,383.50
Other income	-	-	-	-
Total	701,624,196.24	1,002,433,276.45	877,763,484.19	860,598,289.17

(4) Main business (sub-region)

Unit: RMB

Region	Jan-Jun of 2010		Jan-Jun of 2009	
	Operating income	Operating cost	Operating income	Operating cost
Domestic	701,624,196.24	1,002,433,276.45	877,763,484.19	860,598,289.17
Overseas	-	-	-	-
Total	701,624,196.24	1,002,433,276.45	877,763,484.19	860,598,289.17

(5) Condition of operating income of top 5 clients

Unit: RMB

Clients	Operating income	Proportion in total operating income (%)
Guangdong Power Grid Shenzhen Power Supply Bureau	687,634,417.62	97.83%
China Tianchen Engineering Corporation	5,320,000.00	0.76%
Shenzhen Zhonglian Silk Co., Ltd.	1,325,762.63	0.19%
Shenzhen Fengdan Industrial Co., Ltd.	891,384.05	0.13%
Zuohao Fashion(Shenzhen) Co., Ltd.	729,352.53	0.10%
Total	695,900,916.83	99.01%

**33. Operating tax and addition**

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009	Calculate and pay the standard
Operating tax	2,545,108.31	3,051,656.72	3% or 5% of taxable income
Urban maintenance and construction tax	340,332.20	413,384.44	1%
Others	86,029.71	59,432.32	
total	2,971,470.22	3,524,473.48	

### 34. Investment income

#### (1) Particulars about investment income

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009
Long-term equity investment income calculated by cost method	-	-
Long-term equity investment income calculated by equity method	-32,231,888.28	-
Total	-32,231,888.28	-

#### (2) Long-term equity investment income calculated by equity method

Unit: RMB

Invested units	Jan-Jun of 2010	Jan-Jun of 2009	Reason for increase and decrease of this year compared to the one of last year
Jiangxi Xinchang Company	-32,231,888.28	-	Being in process of pre-construction at the same time of last year

### 35. Non-operating income

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009
Total gains and loss of disposal of non-current assets	-	106,019.60
Including: gains and loss of disposal of fixed assets	-	106,019.60
Subsidies income of Shenzhen fuel (gas) power	-	33,062,431.00

Subsidies income of fuel processing fee	139,518,326.56	145,945,731.36
Import natural gas tax revenues	31,621,243.63	-
Others	280,075.79	1,141,951.20
Total	171,419,645.98	180,256,133.16

### 36. Non-operating expense

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009
Gains and loss of disposal of fixed assets	1,840.00	4,271.00
Others	30,020.00	51,799.37
Total	31,860.00	56,070.37

### 37. Income tax expense

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009
Current income tax calculated according to Tax Law and relevant regulations	687,530.22	270,103.78

### 38. Calculation process of basic income per share and diluted income per share

Calculating basic income per share, the profit attributable to shareholders of parent company:

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009
Current net profit attributable to shareholders of parent company	-255,073,535.78	60,961,656.20
Including: net profit attributable to constant operation	-255,073,535.78	60,961,656.20
Net profit attributable to ending operation	-	-

Calculating basic income per share, denominator is weighted average number of general shares externally issued. The calculation process is as follow:

Unit: share

Items	Year 2010	Year 2009
Share amounts of externally issued general shares at year-begin	602,762,596	602,762,596
Add: weight amounts of general shares issued in this year	-	-
Less: weight amount of general shares repurchased	-	-
Weight amount of general shares externally issued at period-end	602,762,596	602,762,596

### Income per share

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009
Calculating according to net profit attributable to shareholders of parent company:		
Basic income per share	-0.42	0.10
Diluted income per share	Not applicable	Not applicable
Calculating according to net profit of constant operation attributable to shareholders of parent company:		
Basic income per share	-0.42	0.10
Diluted income per share	Not applicable	Not applicable
Calculating according to net profit of ending operation attributable to shareholders of parent company:		
Basic income per share	Not applicable	Not applicable
Diluted income per share	Not applicable	Not applicable

### 39. Statement on items of cash flow sheet

#### (1) Other received cash related to operating activities

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009
Received import tax refund of natural gas	31,621,243.63	-
Subsidies income for fuel power in Shenzhen	-	25,681,331.00
Received government subsidies and bonus	-	3,835,000.00
Others	3,898,352.25	7,276,461.07
Total	35,519,595.88	36,792,792.07

#### (2) Other payments of cash related to operating activities

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009
Expense for engaging intermediaries	2,342,529.31	5,681,474.46
Expense for Board of Directors	2,855,342.30	2,685,866.84
Lease fees	3,032,322.00	3,410,630.37
Communication fees	2,418,347.60	3,121,351.26
Fleet costs	2,047,506.44	2,490,791.83
Corporation culture costs	706,633.80	615,286.36
Telecommunication costs	436,080.02	726,316.77
Environment costs	4,920,055.50	1,730,946.39

Early expense of recycle economy	529,017.06	4,496,536.87
Payment for disposal tax of terminal depot by agent buyer	4,083,659.00	-
Payment for loans of Finance Bureau by Shenzhong Development	7,772,394.67	-
Compensation for settlement of staffs of Zhongshan Guangzhong	1,567,958.00	-
Others	11,089,103.51	6,916,864.19
<b>Total</b>	<b>43,800,949.21</b>	<b>31,876,065.34</b>

#### 40. Supplementary information of cash flow sheet

##### (1) Supplementary information of cash flow sheet

Unit: RMB

Supplementary information	Jan-Jun of 2010	Jan-Jun of 2009
<b>I. Operating activities cash flow transferred from net profit:</b>		
Net profit	-271,621,049.64	74,971,739.42
Add: provision for assets devaluation	-	-
Fixed assets depreciation	86,122,666.82	78,812,328.47
Intangible assets amortization	1,382,426.86	2,147,434.89
Amortization of long-term prepaid accounts	105,900.48	257,759.43
Loss (gains) of disposal of fixed assets, intangible assets and other long-term assets	-1,630.00	-101,748.60
Loss from scrap of fixed assets	-	-
Finance expense (income))	81,955,864.98	63,962,853.91
Investment loss (income)	32,231,888.28	-
Decrease of deferred income tax assets (increase)	-	-
Decrease of inventory (increase)	19,925,834.63	28,997,619.56
Decrease of operating accounts receivable (increase)	-77,533,696.33	169,949,366.86
Decrease of operating accounts payable (increase)	60,089,551.69	-395,904,220.17
Others	-	-
Net amount of cash flow arising from operating activities	-67,342,242.23	23,093,133.77
<b>II. Significant investment and financing activities un-related to income and expense of cash:</b>		
Debts transferring to assets	-	-
Convertible bonds due within 1 year	-	-
Fixed assets financed by leasing	-	-
<b>III. Net change of cash and cash equivalent:</b>		
Period-end balance of cash and cash equivalent	382,271,002.22	241,218,144.34
Less: year-begin balance of cash and cash equivalent	356,362,100.63	429,507,715.29
Net increase amount of cash and cash equivalent	25,908,901.59	-188,289,570.95

(2) Constitution of cash and cash equivalent

Unit: RMB

Items	2010-6-30	2009-12-31
I. Cash	382,271,002.22	356,362,100.63
Including: inventory cash	280,686.83	438,380.21
Bank deposit which can be used for payment at any time	381,495,811.39	355,352,771.06
Other currency capital which can be used for payment at any time	494,504.00	570,949.36
II. Period-end balance of cash and cash equivalent	382,271,002.22	356,362,100.63

**(VI) Related party and related transaction**

**1. Parent company of the Company**

Share holding proportion of any shareholder of the Company didn't reach 50%, and couldn't form a holding relationship of the Company through any methods. The Company has no parent company.

**2. Subsidiaries of the Company**

Detail of subsidiaries sees in Note (IV).

**3. Joint venture of the Company**

Details of joint ventures of the Company see in Note (V).

**4. Other related parties of the Company**

Other related parties name	Relationship between the Company	Organization code
SHENZHEN GUANGJU INVESTMENT CO., LTD (Guangju Holding for short)	Shareholders have major influence on the Company	192170273
HONGKONGNAMHOI(INTERNATIONAL)LTD	Shareholders have major influence on the Company	Inapplicable
BNPPP/PANDAINVESTMENTCOMPANYLIMITED	Shareholders have major influence on the Company	Inapplicable
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD. (State Grid for short)	Shareholders have major influence on the Company	71529249X
Energy Group	Shareholders have major influence on the Company	192241158
Dongguan Weimei Pottery Industrial Park Co., Ltd. (Weimei Pottery for short)	Minority shareholders of the subsidiaries	72919361X
Shenzhen Mawan Power Co., Ltd.(Mawan Power for short)	Subsidiaries of Energy Group	618816706

Yueliang Bay Fuel Company	Subsidiaries of Energy Group	618849428
Guangzhong Investment Company	Minority shareholders of the subsidiaries	733096986
Xinzhong Group	Minority shareholders of the subsidiaries	733112675
Directors of the Company and other senior executives	Key management staff	Inapplicable

## 5. Merger and related transaction of parent company

### Merger

(1) Related transaction of commodities purchase, labor service received/provided

Unit: RMB

Related parties	Transaction type	Transaction content	Price setting principal and strategy procedures	Jan.-June 2010		Jan.-June 2009	
				Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)
Mawan Power Company	Labor service received	Usage fee of oil pipeline	Reference to the market price or based on the price from executives department	231,126.66	100%	622,991.01	100%
Yueliang Bay Fuel Company	Labor service received	Usage fee of pier	Reference to the market price or based on the price from executives department	876,663.67	100%	5,621,570.49	100%

(2) Offering capital of related parties

Unit: RMB

Related parties	Amount of offering	Commencement date	Maturity Date	Balance at 30 June 2010	Note
<b>Borrowing</b>					
Xinzhong Group	125,316,816.85	2008.11.19	2010.12.31	125,316,816.85	Loan from debt restructures
Xinzhong Group	23,750,000.00	2009.10.15	2010.12.31	23,750,000.00	
Xinzhong Group	16,250,000.00	2009.03.27	2010.12.31	16,250,000.00	
Xinzhong Group	14,335,291.80	2008.12.29	2010.12.31	14,335,291.80	
Xinzhong Group	2,500,000.00	2009.03.27	2010.12.31	2,500,000.00	

(3) Account receivable of related parties

Unit: RMB

Items	Related parties	30 June 2010	31 December 2009
-------	-----------------	--------------	------------------

Account payable	Mawan Power Company	-	49,172.39
Other account payable	Energy Group	1,175,284.32	1,176,443.10
	Weimei Pottery Company	-	200,000.00
	Guangzhong Investment Company	-	1,567,958.00
	Xinzhong Group	209,214,951.59	204,351,945.66

### Parent company

(1) Related transaction of commodities purchase, labor service received/provided

Unit: RMB

Related parties	Transaction type	Transaction content	Price setting principal and strategy procedures	Amount accrued in this year		Amount accrued in last year	
				Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)
Xiefu Fuel Supply Company	Purchase	Fuel purchase	Reference to the market price or based on the price from executives department	11,185,594.06	9.38%	182,525,782.11	98.65%
New Power Company	Purchase	Fuel purchase	Reference to the market price or based on the price from executives department	253,160,447.98	100%	97,900,072.64	100%
Xiefu Fuel Supply Company	Labor service received	Storage and transportation fee	Reference to the market price or based on the price from executives department	10,155,584.63	100%	4,743,228.43	100%
Mawan Power Company	Labor service received	Usage of oil pipeline	Reference to the market price or based on the price from executives department	231,126.66	100%	622,991.01	100%
Yueliang Bay Fuel Company	Labor service received	Usage fee of pier	Reference to the market price or based on the price from executives department	876,663.67	100%	5,621,570.49	100%
New Power Company	Labor service received	Usage fee of Smoke& Gas	Reference to the market price or based on the price from executives department	992,918.40	100%	35,740.80	100%
New Power Company	Labor service received	Labor service fee of machinery units' entrusted	Reference to the market price or based on the price from executives department	13,026,305.00	100%	14,021,067.50	100%

### (1) Related entrusted

Unit: RMB

Name of consigner	Name of entrusted	Assets entrusted	Amount involved in assets entrusted	Date of beginning	Due date	Entrusted income	recognized basis of entrusted income	influence to the Company
New Power Company	The Company	Power generation unit of 2#,10# and	Original value 559,769,925.61	2010.01.01	2010.06.30	13,026,305.00	Calculated based on the RMB 0.025/kwh of the generation	13,026,305.00

		11#					volume	
New Power Company	The Company	Power generation unit of 2#,10# and 11#	Original value 559,769,925.61	2009.01.01	2009.06.30	14,021,067.50	Calculated based on the RMB 0.025/kwh of the generation volume	14,021,067.50

(3) Related guarantee

*Guarantee provided*

Unit: RMB

Guarantee received	Guarantee amount	Guarantee beginning date	Guarantee due date	Implention of guarantee or not
Zhongshan Power Company	75,000,000.00	2010.03.26	2010.09.26	No
Zhongshan Power Company	50,000,000.00	2009.09.01	2011.09.01	No
Zhongshan Power Company	50,000,000.00	2010.04.01	2012.04.01	No
Weimei Power Company	40,000,000.00	2009.08.05	2010.08.05	No
Weimei Power Company	22,000,000.00	2009.09.09	2010.09.03	No
Weimei Power Company	22,000,000.00	2009.09.09	2010.09.06	No
Weimei Power Company	22,000,000.00	2009.09.09	2010.09.09	No
Weimei Power Company	40,000,000.00	2010.04.15	2011.02.03	No
Weimei Power Company	27,000,000.00	2010.04.20	2011.02.03	No
Weimei Power Company	40,000,000.00	2010.05.19	2011.02.03	No
Weimei Power Company	25,000,000.00	2010.06.04	2011.02.03	No
Weimei Power Company	22,000,000.00	2010.06.21	2011.02.03	No
Weimei Power Company	40,000,000.00	2010.06.24	2011.02.03	No
Weimei Power Company	60,000,000.00	2010.02.01	2012.02.01	No
Weimei Power Company	40,000,000.00	2010.04.01	2012.04.01	No
Weimei Power Company	80,000,000.00	2010.04.01	2011.04.01	No
Environment Company	46,000,000.00	2009.11.06	2017.11.06	No
Environment Company	10,000,000.00	2008.10.27	2013.10.27	No
Environment Company	10,000,000.00	2010.03.31	2011.03.31	No

(4) Lending money of related party

Unit: RMB

Related parties	Amount of lending money	Commencement date	Maturity Date	Balance at period-end	Note
<b>Borrowing</b>					
Engineering Company	60,000,000.00	2009.11.20	2010.11.17	60,000,000.00	Entrusted loan
<b>Offering</b>					
Shenzhong	70,040,000.00	2010.03.31	2011.03.31	70,040,000.00	Roll-overs

Development Company					
Shenzhong Development Company	48,750,000.00	2010.03.31	2011.03.31	48,750,000.00	Roll-overs
Shenzhong Development Company	7,500,000.00	2010.03.31	2011.03.31	7,500,000.00	Roll-overs
Shenzhong Development Company	375,950,450.55	2010.03.31	2011.03.31	375,950,450.55	Roll-overs
Shenzhong Development Company	43,005,307.50	2010.03.31	2011.03.31	43,005,307.50	Roll-overs
Shenzhong Development Company	46,280,000.00	2010.01.01	2010.12.31	46,280,000.00	Roll-overs
Shenzhong Development Company	4,875,000.00	2009.08.29	2010.03.31	4,875,000.00	Have been received in advance on Jan 6 <sup>th</sup> of 2010
Weimei Power Company	10,000,000.00	2008.10.28	2010.03.31	10,000,000.00	Have been received in advance on Jan 7 <sup>th</sup> of 2010
Weimei Power Company	140,000,000.00	2010.01.28	2010.07.27	140,000,000.00	Entrusted loan, and has been received 90 million yuan in advance on Feb 5 <sup>th</sup> of 2010.
Zhongshan Power Company	28,000,000.00	2010.03.31	2011.03.31	28,000,000.00	Roll-overs
Zhongshan Power Company	50,000,000.00	2010.03.31	2011.03.31	50,000,000.00	Roll-overs
Zhongshan Power Company	40,437,227.87	2010.03.31	2011.03.31	40,437,227.87	Roll-overs
Zhongshan Power Company	19,623,969.20	2010.03.31	2011.03.31	19,623,969.20	Roll-overs
Zhongshan Power Company	100,000,000.00	2009.12.24	2010.12.23	100,000,000.00	Entrusted loan
Zhongshan Power Company	180,000,000.00	2010.04.14	2011.04.13	180,000,000.00	Entrusted loan
Zhongshan Power Company	50,000,000.00	2010.06.12	2011.06.12	50,000,000.00	Entrusted loan

(5) Payment for the use of state funds

Unit: RMB

Related parties	Transaction type	Transaction content	Price setting principal	Jan-June 2010		Jan-June 2009	
				Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)

Engineering company	for the use of state funds	Interest expenses	Note	1,127,495.00	4.18%	518,602.19	1.82%
Xiefu fuel Supply Company	for the use of state funds	Interest income	Note	-		1,334,875.00	4.68%
Zhongshan Power Company	for the use of state funds	Interest income	Note	8,197,913.80	30.38%	7,601,350.04	26.63%
Weimei Power Company	for the use of state funds	Interest income	Note	1,859,237.50	6.89%	4,923,784.82	17.25%
Shenzhong Development Company	for the use of state funds	Interest income	Note	15,796,573.30	58.55%	14,160,374.23	49.62%

Note: payment for the use of state funds is calculated according to loan rate of current capital of peer banks.

#### (6) Account receivable of related parties

Unit: RMB

Items	Related parties	Amount at period-end	Balance at year-begin
Other account receivable	Xiefu fuel Supply Company	6,279,375.00	6,279,664.17
	Zhongshan Power Company	178,629,723.58	169,415,458.71
	Weimei Power Company	3,318,668.57	24,060,195.84
	Environment Company	-1,135,838.47	366,631.30
	Shenzhong Development Company	677,004,186.72	666,085,773.42
	Shennan Singapore Company	31,072.34	31,072.34
Dividend receivable	New Power Company	597,875,904.41	597,875,904.41
Other current liabilities	Zhongshan Power Company	330,000,000.00	100,000,000.00
	Weimei Power Company	50,000,000.00	140,000,000.00
Interest payable	Engineering Company	-	1,723,625.23
Accounts payable	Xiefu fuel Supply Company	1,391,839.34	3,802,647.30
	Mawan Power Company	-	49,171.39
	Yueliang Bay Fuel Company	-	-
Other accounts payable	Xiefu fuel Supply Company	1,018,453.09	1,062,898.35
	New Power Company	308,381,404.30	334,269,727.50
	Engineering Company	-9,721.66	124,000.00
	Syndisome Company	1,813,776.55	1,822,054.03
	Energy Group	510,249.91	511,408.69

## (VII) Commitment

### 1. Capitalization commitment

Unit: RMB

Item	2010-6-30	2009-12-31
Signed capital expenditure commitment which was still not recognized in financial statements	-	-
-Construction commitment of long-term assets	43,394,740.10	46,710,139.28
-External investment commitment	95,571,428.00	36,370,000.00
Total	138,966,168.10	83,080,139.28

### (2) Commitment on operating lease

Till the balance sheet day, the condition of irrevocable operating lease contract the Group externally signed is as follow:

Unit: RMB

Item	2010-6-30	2009-12-31
Minimum lease payments of irrevocable operating lease:		
The first year after balance sheet day	6,412,091.00	9,741,270.00
The second year after balance sheet day	1,376,850.00	1,376,850.00
The third year after balance sheet day	1,376,850.00	1,376,850.00
Subsequent years	68,006,003.05	68,006,003.05
Total	77,171,794.05	80,500,973.05

## (VIII) Subsequent events after balance sheet day

Item	Contents	Influence amount on financial condition and operating result	Reason for unexpected influence amount
Selling the holding shares of Wanneng Tongling Company	On Apr 21 <sup>st</sup> of 2010, according to Agreement of Entrust about Property Transfers signed by Board of Directors and Shenzhen United Assets and Equity Exchange Co., Ltd., the Company entrusted it to transfer the holding 2.83% equity of Wanneng Tongling. The transferring price was 34.7782 million yuan. On May 12 <sup>th</sup> of 2010, the list and transfer make a deal, the dealing price was	Has no influence on financial condition and operating result of the first half year of 2010 but the operating result of 2010 decreased 47,678 yuan.	Not applicable

34.7782 million yuan. The Company received transferred accounts 34.7782 million yuan on Jul 5<sup>th</sup> of 2010.

#### **(IX). Note to main items of parent company's financial statements**

## 1. Accounts receivable

(1) Accounts receivable classifying according to the category:

Unit: RMB

Category	2010-6-30				2009-12-31			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account with significant single amount	120,104,608.82	99.72%	-	-	86,128,794.42	99.69%	-	-
Account with significant single amount but with higher risk after merger according to credit risk trait		0.00%	-	-	-	-	-	-
Other un-significant account	333,230.50	0.28%	-	-	266,650.50	0.31%	-	-
Total	120,437,839.32	99.72%	-	-	86,395,444.92	100.00%	-	-

(2) Accounts receivable classifying according to the account age:

Unit: RMB

2-3years	-	-	-	-	-	-	-	-	-
Above 3 years	-	-	-	-	-	-	-	-	-
Total	120,437,839.32	100%	-	120,437,839.32	86,395,444.92	100%	-	86,395,444.92	

(3) Balance of account receivables excludes the debts of the shareholders who hold over 5% (including 5%) of voting share of our company in this reporting period.

(4) Particulars about top 5 units owing accounts receivable

Unit: RMB

Units	Relationship with the Company	Amount	Age limit	Total proportion in accounts receivable(%)
Guangdong Power Grid Corporation Shenzhen Power Supply Bureau	Non-related clients	120,104,608.82	Within 1 year	99.72%
Shenzhen Nanshan meat processing Factory	Non-related clients	218,156.50	Within 1 year	0.18%
Shenzhen Nan Rong New Hotel Co., Ltd.	Non-related clients	30,212.00	Within 1 year	0.03%
Shenzhen University	Non-related clients	23,695.00	Within 1 year	0.02%
Shenzhen Hengfeng Seaview International Hotel Co., Ltd.	Non-related clients	17,360.00	Within 1 year	0.01%
Total		120,394,032.32		99.96%

## 2. Other accounts receivable

(1) Other accounts receivable classifying according to the category:

Unit: RMB

Category	2010-6-30				2009-12-31			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account with significant single amount	888,900,375.38	99.40%	22,677,404.46	94.17%	890,601,905.59	99.40%	22,677,404.46	94.17%
Account with significant single amount but with higher risk after merger according to credit risk trait	645,804.46	0.07%	645,804.46	2.68%	645,804.46	0.07%	645,804.46	2.68%
Other un-significant account	4,700,082.48	0.53%	759,148.63	3.15%	4,700,082.48	0.52%	759,148.63	3.15%
Total	894,246,262.32	100.00%	24,082,357.55	100.00%	895,947,792.53	100.00%	24,082,357.55	100.00%

Other accounts receivable classifying according to the account age:

Unit: RMB

Account age	2010-6-30				2009-12-31			Book value
	Amount	Proportion (%)	Provision for bad debts	Book value	Amount	Proportion (%)	Provision for bad debts	
Within 1 year	286,085,963.39	31.99%	-	286,085,963.39	287,787,493.60	32.12%	-	287,787,493.60
1-2years	107,930,246.12	12.07%	-	107,930,246.12	107,930,246.12	12.05%	-	107,930,246.12
2-3years	474,823,145.73	53.10%	759,148.63	474,063,997.10	474,823,145.73	53.00%	759,148.63	474,063,997.10
Above 3 years	25,406,907.08	2.84%	23,323,208.92	2,083,698.16	25,406,907.08	2.84%	23,323,208.92	2,083,698.16
Total	894,246,262.32	100.00%	24,082,357.55	870,163,904.77	895,947,792.53	100.00%	24,082,357.55	871,865,434.98

(2) Accruing provision for bad debts of other accounts receivable with significant single amount in period-end or un-significant but with single valuation:

Unit: RMB

Other accounts receivable	Book balance	Amount of accruing provision for bad debts	Accruing proportion	Reason
Kangtai Huiyang County Industrial Corporation	14,311,626.70	14,311,626.70	100.00%	Can not recover overdue
Nanshan Investment Company	5,895,738.00	5,895,738.00	100.00%	Can not recover overdue
Disbursement of personal income tax payments	2,470,039.76	2,470,039.76	100.00%	Can not recover overdue
Other	871,568,857.86	1,404,953.09	0.16%	
Total	894,246,262.32	24,082,357.55	2.69%	

Other account receivable with significant single amount but with higher risk after merger according to credit risk trait

Unit: RMB

Account age	2010-6-30			2009-6-30			Provision for bad debts	
	Book balance		Provision for bad debts	Book balance		Provision for bad debts		
	Amount	Proportion (%)		Amount	Proportion (%)			
Above 3 years	645,804.46	0.07%	645,804.46	645,804.46	0.07%	645,804.46	645,804.46	
Total	645,804.46	0.07%	645,804.46	645,804.46	0.07%	645,804.46	645,804.46	

(3) Balance of other account receivables excludes the debts of the shareholders who hold over 5% (including 5%) of voting share of our company in this reporting period.

(4) Particulars about top 5 units owing other accounts receivable

Unit: RMB

Units	Relationship with the Company	Amount	Age limit	Total proportion in accounts receivable (%)
Shenzhong Development Company	Subsidiary of the Company	677,004,186.72	1-3 years	75.71%
Zhongshan Power Company	Subsidiary of the Company	178,629,723.58	Within 1 year	19.98%
Weimei Power Company	Subsidiary of the Company	3,318,668.57	Within 1 year	0.37%
Huiyang County Kangtai Industrial company	Project partners	14,311,626.70	Above 3 years	1.60%
Xiefu Oil Supply Company	Subsidiary of the Company	6,279,375.00	1-2 years	0.70%
Total		885,439,318.57		99.02%

Invested units	Calculation method	Original investment cost	Balance at period-begin	Increase and decrease	Balance 2010-6-30	Equity holding proportion in invested units (%)	Voting right proportion in invested units (%)	Reason for difference between equity holding proportion and voting right proportion	Provision for devaluation	Accrued provision for devaluation of this year	Cash dividend of this year
Xiefu Oil Supply Company	Cost method	26,650,000.00	26,650,000.00	-	26,650,000.00	50.00	50.00	-	-	-	-
New Electricity Company	Cost method	71,270,000.00	71,270,000.00	-	71,270,000.00	75.00	75.00	-	-	-	-
Zhongshan Electricity Power Company	Cost method	218,240,000.00	218,240,000.00	-	218,240,000.00	55.00	55.00	-	-	-	-
Engineering Company	Cost method	6,000,000.00	6,000,000.00	-	6,000,000.00	60.00	60.00	-	-	-	-
Weimei Electricity Company	Cost method	115,319,049.76	115,319,049.76	-	115,319,049.76	40.00	40.00	-	-	-	-
Shennan Singapore Company	Cost method	6,703,800.00	6,703,800.00	-	6,703,800.00	100.00	100.00	-	-	-	-
Environment Company	Cost method	46,340,000.00	46,340,000.00	-	46,340,000.00	70.00	70.00	-	-	-	-
Shenzhong Development Company	Cost method	-	-	-	-	75.00	75.00	-	-	-	-
Shenzhong Property	Cost method	-	-	-	-	75.00	75.00	-	-	-	-

Company												
Wanneng Tongling Company	Cost method	54,095,400.00	54,095,400.00	-	54,095,400.00	2.83	2.83	-	19,317,300.00			
Energy Environmental Corporation	Cost method	41,790,000.00	41,790,000.00	-	41,790,000.00	10.00	10.00	-	-	-	-	-
Jiangxi Xinchang Company	Equity method	196,285,715.00	186,186,050.41	-9,089,031.28	177,097,019.13	30.00	30.00	-	-	-	-	-
Jiangxi Nuclear Power Company	Cost method	37,315,000.00		37,315,000.00	37,315,000.00	5.00	5.00	-				
Total		782,693,964.76	772,594,300.17	28,225,968.72	800,820,268.89				19,317,300.00			

#### 4. Operating income and operating cost

##### (1) Operating income

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009
Main business income	144,086,307.60	160,770,114.99
Other business income	22,968,737.21	14,615,512.84
Operating cost	294,907,340.61	191,470,461.98

##### (2) Main business (Sub-industry)

Unit: RMB

Industry	Jan-Jun of 2010		Jan-Jun of 2009	
	Operating income	Operating cost	Operating income	Operating cost
Energy Industry	144,086,307.60	294,259,059.56	160,770,114.99	191,236,223.48

##### (3) Main business (Sub-products)

Unit: RMB

Industry	Jan-Jun of 2010		Jan-Jun of 2009	
	Operating income	Operating cost	Operating income	Operating cost
Electricity sales	143,161,046.58	292,167,488.02	159,505,646.16	190,948,554.96
Heat sales	925,261.02	2,091,571.54	1,264,468.83	287,668.52
Total	144,086,307.60	294,259,059.56	160,770,114.99	191,236,223.48

##### (4) Main business (Sub-region)

Unit: RMB

Region	Jan-Jun of 2010		Jan-Jun of 2009	
	Operating income	Operating cost	Operating income	Operating cost
Domestic	144,086,307.60	294,259,059.56	160,770,114.99	191,236,223.48

#### 5. Investment income

##### (1) Particulars about investment income

Unit: RMB

Items	Jan-Jun of 2010	Jan-Jun of 2009
Long-term equity investment income calculated by cost method	-	-
Long-term equity investment income calculated by equity method	-32,231,888.28	-
Total	-32,231,888.28	-

##### (2) Long-term equity investment income calculated by equity method

Unit: RMB

Invested units	Jan-Jun of 2010	Jan-Jun of 2009	Reason for increase and decrease of

			this year compared to last year
Jiangxi Xinchang Company	-32,231,888.28	-	The company was in construction period at the same time of last year

## 6. Supplementary information of cash flow sheet

Unit: RMB

Supplementary information	Jan-Jun of 2010	Jan-Jun of 2009
<b>1. Net profit transferred to cash flow of operating activities:</b>		
Net profit	-187,645,763.64	-5,288,690.33
Add: provision for assets devaluation	-	-
Fixed assets depreciation	22,539,592.88	19,506,594.28
Intangible assets amortization	431,697.75	1,066,821.60
Long-term accounts prepaid amortization	56,600.46	56,600.46
Loss of disposal of fixed assets, intangible assets and other long-term assets	-	-
Scrap loss of fixed assets	-	-
Financial expense (income)	43,805,893.79	13,855,694.33
Investment loss (income)	32,231,888.28	-
Decrease of deferred income taxes assets (Increase)	-	-
Decrease of inventory (Increase)	13,263,352.52	6,980,439.16
Decrease of operating accounts receivable (Increase)	-121,558,372.43	-127,689,984.50
Increase of operating accounts payable (Decrease)	-900,656.41	-117,760,492.57
Other	-	-
Net amount of cash flow arising from operating activities	-197,775,766.80	-209,273,017.57
<b>2. Significant investment and financing activities unrelated to cash income and expense:</b>		
Debts transferred to assets	-	-
Convertible Bonds due within 1 year	-	-
Fixed assets financed by leasing	-	-
<b>3. Net changes in cash and cash equivalents:</b>		
Period-end balance of cash and cash equivalents	156,028,645.45	18,129,372.96
Less: period-begin balance of cash and cash equivalent	35,564,935.05	29,272,846.21
Amount of increase of cash and cash equivalent	120,463,710.40	-11,143,473.25

## (X) Supplementary information

### 1. Particulars about current non-recurring gains and loss

Unit: RMB

Item	Jan-Jun of 2010	Jan-Jun of 2010
Loss and gains of disposal of non-current assets	-1,840.00	101,748.60
Government subsidies included in current gains and loss (excluding those closely in accordance with corporation business and enjoyed according to fixed amount under national united standard)	-	1,000,000.00
Gains and loss from debts restructure	-	-
Impairment reversal of accounts receivable with single devaluation test	-	-
Other operating income and expense excluding the above	250,055.79	90,151.83
Influence amount of income taxes	-	-21,203.92
Influence amounts of minority shareholders (after tax)	-59,553.95	-65,599.72
<b>Total</b>	<b>188,661.84</b>	<b>1,105,096.79</b>

## 2. Return on equity and earnings per share

Unit: RMB

Profit in reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	-14.83%	-0.42	Not applicable
Net profit attributable to ordinary shareholders of the Company deducting non-recurring gains and loss	-14.84%	-0.42	Not applicable