

Stock Code: 000037, 200037

No.: 2011-023

Short Form of Stock: Shen Nan Dian A, Shen Nan Dian B

Shenzhen Nanshan Power Co., Ltd.
The First Quarterly Report 2011
(Full-Text)

§1 Important Notice

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

1.2 Other directors attended the meeting on deliberating the Quarterly Report except for the followed.

Name of absent directors	Office title of the absent directors	Reason of absence	Name of entrusted
He Yingyi	Director	Due to business	Sun Yulin
Yu Xiufeng	Independent Director	Due to business	Zhou Chengxin
Xu Jing'an	Independent Director	Due to business	Zhou Chengxin
Huang Sujian	Independent Director	Due to business	Wu Xiaolei

1.3 The Financial Report For the 1st Quarterly Report of the Company has not been audited by CPAs.

1.4 Chairman of the Board Mr. Yang Haixian, Director and General Manager Mr. Fu Bo, CFO Mr. Lu Xiaoping and Director of Financial Department Mr. Huang Jian hereby confirm that the Financial Report enclosed in the 1st Quarterly Report is true and complete.

§2 Company Profile**2.1 Main Accounting Data and Financial Indexes:**

	At the end of the report period	At the end of the last year	Changes of increase/decrease (%)
Total assets (RMB)	5,312,440,320.59	5,278,954,349.90	0.63%
Owners' equity attributable to shareholders of the listed company (RMB)	1,656,003,054.77	1,735,842,488.46	-4.60%
Share capital (Share)	602,762,596.00	602,762,596.00	0.00%
Net asset per share attributable to shareholders of listed company (RMB/Share)	2.75	2.88	-4.51%
	In the report period	The same period of last year	Changes of increase/decrease (%)
Total operating income (RMB)	454,988,479.87	277,528,735.50	63.94%
Net profit attributable to shareholders of the listed company (RMB)	-79,839,433.69	-104,892,822.99	-23.88%

Net cash flow arising from operating activities (RMB)	-11,164,998.07	76,633,143.08	-114.57%
Net cash flow arising from operating activities per share (RMB/Share)	-0.02	0.13	-115.38%
Basic earnings per share (RMB/Share)	-0.13	-0.174	-23.53%
Diluted earnings per share (RMB/Share)	-0.13	-0.174	
Weighted average return on equity (%)	-3.16%	-3.86%	0.70%
Weighted average return on equity after deducting non-recurring gains and losses (%)	-3.16%	-3.87%	0.71%

Items of non-recurring gains and losses

√ Applicable □ Inapplicable

Unit: RMB

Items of non-recurring gains and losses	Amount	Remarks (If applicable)
Other non-operating income and expenditure except for the aforementioned items	-33,846.41	
Total	-33,846.41	-

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

Unit: Share

Total number of shareholders at the end of report period	47,855	
Particulars about the shares held by the top ten tradable shareholders with unrestricted conditions		
Full Name of shareholder	Amount of tradable shares with unrestricted conditions held at the end of report period	Type of shares
SHENZHEN GUANGJU ELECTRONIC INVESTMENT CO., LTD	100,769,712	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
Tengda Real Estate Co., Ltd.	49,426,518	Domestically listed foreign share
STATE GRID SHENZHEN ENERGY DEVELOPMENT GROUP CO., LTD.	35,999,805	RMB ordinary share
YAN TIAN GONG	3,300,000	Domestically listed foreign share
LI WEI PING	2,102,801	Domestically listed foreign share
Goldbond Securities holdings Limited	1,500,000	Domestically listed foreign share
ZHANG SU FENG	1,481,976	RMB ordinary share

WU SHU HUA	1,400,000	RMB ordinary share
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§3 Significant events

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

Applicable Inapplicable

(1) Items in profit statement

Item	Change scope	Main reason
Operation profit	Decreased RMB 84.039 million	Growth of the fuel cost and increase of the financial cost.
Income tax expense	1,390.46%	Income tax withdrawn increased
Net profit attributable to owners of parent company	Increased RMB 25.0534 million	Subsidy income occurred increased

(2) Items in balance sheet

Item	Change scope	Main reason
Note receivable	-100%	Clear off the note receivable of period-begin
Construction in process	-57.59%	Mainly due to the sludge drying project transfer to fixed assets
Account payable	138.98%	The amount payable to suppliers for commodities increased.
Account received in advance	-34.03%	Projects amount received in advance have been carried forward to income
wages payable	-35.16%	Remuneration paid to the employees in the period.

(3) Items in cash flow statement

Item	Change scope	Main reason
Net cash flow arising from operating activities	Decreased RMB 87.7981 million	Operational items payable increased.
Net cash flow arising from investment activities	Decreased RMB 2.3251 million	Cash paid for investment increased.
Net cash flow arising from financing activities	Decreased RMB 109.4034 million	Lower of the net financing amount, growth of the financial cost

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

3.2.1 Particular about Qualified Opinion

Applicable Inapplicable

In 2010, Deloitte Touche Tohmatsu issued unqualified auditor's report with emphasized events for the Company. For progress of the events involved in the modified opinion in the report period, please refer to notice (No.:2011—014) dated 15 April 2011.

3.2.2 Particular about fund offered to shareholder or its related parties by the Company and external guarantee with procedure violation

Applicable Inapplicable

3.2.3 Particular about the significant contract of routine operation signed and implemented

Applicable Inapplicable

3.2.4 Other

Applicable Inapplicable

In the report period, pursuant to the requirement of *Notice of Relevant Work on Pilot Standardized for Internal Control of Listed Company in Shenzhen Areas* (SZJGSZi [2011] No. 31) from Shenzhen Securities Regulatory Bureau, the Company set-up a specific institution of the regulated internal control. Furthermore, the Company determined the professional agency involved in the construction of internal control system and risk evaluation by invitation bidding on April 12. Relevant agreement still in process of signing.

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

Commitments made within the report period or persisted to the period by listed company and its director, supervisor and senior executives, shareholder with over 5 percent shares held and its actual controller

Applicable Inapplicable

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

Applicable Inapplicable

3.5 Other significant events which need explanations**3.5.1 Particulars about securities investment**

Applicable Inapplicable

3.5.2 Registration form for receiving research, communication and interview in the report period

No investors' field research, telephone communication and written inquiries are received in the report period.

3.6 Derivatives investment

Applicable Inapplicable

3.6.1 Particulars about derivatives investment held at the end of report period

Applicable Inapplicable

§4. Appendix**4.1 Balance sheet**

Prepared by Shenzhen Nanshan Power Co., Ltd.

March 31, 2011

Unit: RMB

Items	Balance at period-end		Balance at year-begin	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	514,995,676.93	162,680,951.84	601,386,814.04	269,369,131.18
Settlement provisions				
Capital lent				
Transaction finance asset				
Notes receivable			700,000.00	
Accounts receivable	644,342,738.22	361,530,081.63	518,392,276.69	277,107,630.12
Accounts paid in advance	11,048,604.90	323,458.71	13,529,901.89	455,623.51
Insurance receivable				
Reinsurance receivables				
Contract reserve of				

reinsurance receivable				
Interest receivable				
Dividend receivable		597,875,904.41		597,875,904.41
Other receivables	22,485,037.80	905,337,790.06	20,450,149.23	894,247,309.68
Purchase restituted finance asset				
Inventories	1,339,078,026.66	168,416,709.18	1,352,372,212.06	166,594,071.43
Non-current asset due within one year				
Other current assets	4,242,431.37	330,000,000.00	4,242,431.37	393,003,940.43
Total current assets	2,536,192,515.88	2,526,164,895.83	2,511,073,785.28	2,598,653,610.76
Non-current assets:				
Granted loans and advances				
Finance asset available for sales				
Held-to-maturity investment				
Long-term account receivable				
Long-term equity investment	337,361,117.06	836,843,966.82	306,208,274.30	796,731,124.06
Investment real estate	5,204,059.15		5,308,769.98	
Fixed assets	2,260,256,093.77	300,077,516.60	2,169,226,270.73	316,444,713.69
Construction in progress	83,442,773.02	63,787,182.21	196,729,476.64	56,766,007.77
Engineering material				
Disposal of fixed asset	-87,000.00			
Productive biological asset				
Oil and gas asset				
Intangible assets	63,490,379.29	9,047,411.56	64,236,931.51	9,318,739.90
Expense on Research and Development				
Goodwill				
Long-term expenses to be apportioned	213,778.50	143,294.21	273,212.64	171,594.44
Deferred income tax asset	4,624,405.14		4,624,405.14	
Other non-current asset	21,742,198.78		21,273,223.68	
Total non-current asset	2,776,247,804.71	1,209,899,371.40	2,767,880,564.62	1,179,432,179.86
Total assets	5,312,440,320.59	3,736,064,267.23	5,278,954,349.90	3,778,085,790.62
Current liabilities:				
Short-term loans	3,143,000,000.00	2,191,600,000.00	3,112,400,000.00	2,218,000,000.00

Loan from central bank				
Absorbing deposit and interbank deposit				
Capital borrowed				
Transaction financial liabilities				
Notes payable				
Accounts payable	146,051,306.98	74,960,770.23	61,115,438.61	1,749,561.08
Accounts received in advance	25,907,465.74	14,586,000.00	39,274,341.26	14,586,000.00
Selling financial asset of repurchase				
Commission charge and commission payable				
Wage payable	29,459,278.58	14,201,728.59	45,432,950.70	26,713,770.75
Taxes payable	-474,919,988.10	-421,985,708.42	-501,193,418.09	-436,158,042.22
Interest payable	61,124,461.85	3,888,162.05	59,348,039.27	3,720,714.47
Dividend payable				
Other accounts payable	294,928,410.71	492,438,585.32	288,768,647.34	490,528,945.93
Reinsurance payables				
Insurance contract reserve				
Security trading of agency				
Security sales of agency				
Non-current liabilities due within 1 year	50,000,000.00		50,000,000.00	
Other current liabilities				
Total current liabilities	3,275,550,935.76	2,369,689,537.77	3,155,145,999.09	2,319,140,950.01
Non-current liabilities:				
Long-term loans	186,000,000.00		186,000,000.00	
Bonds payable				
Long-term account payable				
Special accounts payable				
Projected liabilities				
Deferred income tax liabilities				
Other non-current liabilities	5,350,000.00		5,350,000.00	
Total non-current liabilities	191,350,000.00		191,350,000.00	

Total liabilities	3,466,900,935.76	2,369,689,537.77	3,346,495,999.09	2,319,140,950.01
Owner's equity (or shareholders' equity):				
Paid-in capital (or share capital)	602,762,596.00	602,762,596.00	602,762,596.00	602,762,596.00
Capital public reserve	363,629,927.51	288,769,132.47	363,629,927.51	288,769,132.47
Less: Inventory shares				
Reasonable reserve				
Surplus public reserve	332,908,397.60	332,908,397.60	332,908,397.60	332,908,397.60
Provision of general risk				
Retained profit	356,702,133.66	141,934,603.39	436,541,567.35	234,504,714.54
Balance difference of foreign currency translation				
Total owner's equity attributable to parent company	1,656,003,054.77	1,366,374,729.46	1,735,842,488.46	1,458,944,840.61
Minority interests	189,536,330.06		196,615,862.35	
Minority interests	1,845,539,384.83	1,366,374,729.46	1,932,458,350.81	1,458,944,840.61
Total owner's equity	5,312,440,320.59	3,736,064,267.23	5,278,954,349.90	3,778,085,790.62

4.2 Profit statement

Prepared by Shenzhen Nanshan Power Co., Ltd.

Jan.-Mar. 2011

Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	454,988,479.87	209,505,493.33	277,528,735.50	33,298,570.68
Including: Operating income	454,988,479.87		277,528,735.50	33,298,570.68
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	702,178,453.15	367,542,200.83	457,407,856.92	63,090,017.83
Including: Operating cost	633,682,028.70	336,383,237.65	406,357,906.95	53,359,142.56
Interest expense				
Commission charge and commission expense				
Cash surrender value				
Net amount of expense of compensation				
Net amount of withdrawal of insurance contract reserve				
Bonus expense of guarantee slip				

Reinsurance expense				
Operating tax and extras	1,031,640.79	738,487.20	1,242,606.72	804,922.86
Sales expenses	208,486.26		286,000.43	
Administration expenses	24,381,992.12	11,652,589.23	22,564,681.76	1,730,318.91
Financial expenses	42,874,305.28	18,767,886.75	26,956,661.06	7,195,633.50
Losses of devaluation of asset				
Add: Changing income of fair value(Loss is listed with “-”)				
Investment income (Loss is listed with “-”)	-16,728,157.24	-16,728,157.24		
Including: Investment income on affiliated company and joint venture	-16,728,157.24	-16,728,157.24		
Exchange income (Loss is listed with “-”)				
III. Operating profit (Loss is listed with “-”)	-263,918,130.52	-174,764,864.74	-179,879,121.42	-29,791,447.15
Add: Non-operating income	184,369,384.32	82,198,600.00	69,675,522.56	
Less: Non-operating expense	33,846.41	3,846.41	31,650.00	
Including: Disposal loss of non-current asset				
IV. Total Profit (Loss is listed with “-”)	-79,582,592.61	-92,570,111.15	-110,235,248.86	-29,791,447.15
Less: Income tax	7,336,373.37		492,222.27	
V. Net profit (Net loss is listed with “-”)	-86,918,965.98	-92,570,111.15	-110,727,471.13	-29,791,447.15
Net profit attributable to owner's equity of parent company	-79,839,433.69	-92,570,111.15	-104,892,822.99	-29,791,447.15
Minority shareholders' gains and losses	-7,079,532.29		-5,834,648.14	
VI. Earnings per share				
i. Basic earnings per share	-0.13		-0.174	
ii. Diluted earnings per share	-0.13		-0.174	
VII. Other consolidated income				
VIII. Total consolidated income	-86,918,965.98	-92,570,111.15	-110,727,471.13	-29,791,447.15

Total consolidated income attributable to owners of parent company	-79,839,433.69	-92,570,111.15	-104,892,822.99	-29,791,447.15
Total consolidated income attributable to minority shareholders	-7,079,532.29		-5,834,648.14	

Concerning the enterprise consolidation under common control occurred in the period; the merged party realized net profit before consolidation amounting to RMB00.00.

4.3 Cash flow statement

Prepared by Shenzhen Nanshan Power Co., Ltd.

Jan.-Mar. 2011

Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	574,247,943.86	304,663,477.00	450,814,094.97	198,831,965.70
Net increase of customer deposit and interbank deposit				
Net increase of loan from central bank				
Net increase of capital borrowed from other financial institution				
Cash received from original insurance contract fee				
Net cash received from reinsurance business				
Net increase of insured savings and investment				
Net increase of disposal of transaction financial asset				
Cash received from interest, commission charge and commission				
Net increase of capital borrowed				
Net increase of returned business capital				
Write-back of tax received			8,057,298.00	
Other cash received	8,223,931.53	195,327,306.37	26,901,522.98	123,365,702.42

concerning operating activities				
Subtotal of cash inflow arising from operating activities	582,471,875.39	499,990,783.37	485,772,915.95	322,197,668.12
Cash paid for purchasing commodities and receiving labor service	518,447,655.41	268,815,611.15	305,010,207.79	97,468,204.39
Net increase of customer loans and advances				
Net increase of deposits in central bank and interbank				
Cash paid for original insurance contract compensation				
Cash paid for interest, commission charge and commission				
Cash paid for bonus of guarantee slip				
Cash paid to/for staff and workers	35,301,493.20	21,862,044.10	26,693,167.46	12,978,130.88
Taxes paid	9,017,438.38	4,955,860.61	19,554,487.25	2,868,882.44
Other cash paid concerning operating activities	30,870,286.47	189,612,325.59	57,881,910.37	92,881,261.14
Subtotal of cash outflow arising from operating activities	593,636,873.46	485,245,841.45	409,139,772.87	206,196,478.85
Net cash flows arising from operating activities	-11,164,998.07	14,744,941.92	76,633,143.08	116,001,189.27
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income				
Net cash received from disposal of fixed, intangible and other long-term assets				
Net cash received from disposal of subsidiaries and other units				

Other cash received concerning investing activities				
Subtotal of cash inflow from investing activities				
Cash paid for purchasing fixed, intangible and other long-term assets	9,417,997.99	6,519,918.93	17,658,898.44	13,519,535.81
Cash paid for investment	47,881,000.00	56,841,000.00	37,315,000.00	37,315,000.00
Net increase of mortgaged loans				
Net cash received from subsidiaries and other units				
Other cash paid concerning investing activities				
Subtotal of cash outflow from investing activities	57,298,997.99	63,360,918.93	54,973,898.44	50,834,535.81
Net cash flows arising from investing activities	-57,298,997.99	-63,360,918.93	-54,973,898.44	-50,834,535.81
III. Cash flows arising from financing activities				
Cash received from absorbing investment				
Including: Cash received from absorbing minority shareholders' investment by subsidiaries				
Cash received from loans	1,675,600,000.00	878,600,000.00	1,037,000,000.00	585,000,000.00
Cash received from issuing bonds				
Other cash received concerning financing activities				
Subtotal of cash inflow from financing activities	1,675,600,000.00	878,600,000.00	1,037,000,000.00	585,000,000.00
Cash paid for settling debts	1,645,000,000.00	905,000,000.00	909,120,000.00	509,000,000.00
Cash paid for dividend and profit	48,525,552.51	31,672,098.44	36,402,196.32	19,232,287.87

distributing or interest paying				
Including: Dividend and profit of minority shareholder paid by subsidiaries				
Other cash paid concerning financing activities				
Subtotal of cash outflow from financing activities	1,693,525,552.51	936,672,098.44	945,522,196.32	528,232,287.87
Net cash flows arising from financing activities	-17,925,552.51	-58,072,098.44	91,477,803.68	56,767,712.13
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-1,588.54	-103.89		
V. Net increase of cash and cash equivalents	-86,391,137.11	-106,688,179.34	113,137,048.32	121,934,365.59
Add: Balance of cash and cash equivalents at the period -begin	591,386,814.04	269,369,131.18	356,362,100.63	35,564,935.05
VI. Balance of cash and cash equivalents at the period -end	504,995,676.93	162,680,951.84	469,499,148.95	157,499,300.64

4.4 Auditor's report

Auditor's opinions: Un-audited