

Stock Code: 000037, 200037

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

Notice No.:2012-032

# Semi-Annual Report 2012

## I 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.

Objection statements from the Directors, Supervisors and Senior executives

Name	Title	Reasons of guarantee no reality, accuracy and complete-ness of the Report
-	-	-

Statement:

Except for the follow directors, others are present the meeting of the Board for deliberating the semi-annual report of the Company

Name of director not attended in person	Title of director not attended in person	Reasons for absent	Trustee
Jiang Xiaojun	Director	Due to business	Sun Yulin

Tips for audited opinion

Yang Haixian, person in charge of the Company, Fu Bo, person in charge of accounting works, CFO Lu Xiaoping as well as person in charge of accounting institution (accounting officer) Huang Jian hereby confirm the truthfulness and completeness of the Financial Report in the Semi-annual Report 2012.

Paraphrase

Items	Refers to	Definition
Company, the Company, Shen Nan Dian	Refers to	Shenzhen Nanshan Power Co., Ltd.
Shen Nan Dian Zhongshan Co	Refers to	Shen Nan Dian (Zhongshan) Electric Power Co., Ltd.
Shen Nan Dian Dongguan Co	Refers to	Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd
Shen Nan Dian Engineering Co.,	Refers to	Shenzhen Shennandian Turbine Engineering Technology Co., Ltd.
Shen Nan Dian Envionment Protection Co.,	Refers to	Shenzhen Shen Nan Dian Envionment Protection Co., Ltd.
Server Co.,	Refers to	Shenzhen Server Petrochemical Supplying Co., Ltd.
New Power, New Power Co.,	Refers to	Shenzhen New Power Industrial Co., Ltd.
Singapore Company	Refers to	Shen Nan Energy (Singapore) Co., Ltd.
Nanshan Power Factory	Refers to	Nanshan Power Factory of Shenzhen Nanshan Power Co., Ltd.
Zhongshan Nam Long Power Plant	Refers to	Zhongshan Nam Long Power Plant of Shen Nan Dian (Zhongshan) Electric Power Co., Ltd

Dongguan Gaobu Power Plant	Refers to	Dongguan Gaobu Plant of Shen Nan Dian (Dongguan) Weimei Electric Power Co., Ltd.
Shenzhong Properties Company	Refers to	Zhongshan Shenzhong Real Estate Investment Properties Co., Ltd
Shenzhong Real Estate Company	Refers to	Zhongshan Shenzhong Real Estate Development Co., Ltd
Syndidome Co.,	Refers to	Hong Kong Syndidome Co., Ltd.
Jiangxi Nuclear Power	Refers to	CPI Jiangxi Nuclear Power Co., Ltd.

## II. Company Profile

### (I) Company information

Code for A-share	000037	Code for B-share	200037
Short form for A-share	Shen Nan Dian A	Short form for B-share	Shen Nan Dian B
Listing stock exchange	Shenzhen Stock Exchange		
Legal Chinese name of the Company	深圳南山热电股份有限公司		
Abbr. of legal Chinese name of the Company	Shen Nan Dian		
Legal English name of the Company	SHENZHEN NANSHAN POWER.CO.,LTD.		
Abbr. of legal English name of the Company	NSRD		
Legal Representative	Yang Hai Xian		
Registered Add.	No.2097 Yueliangwan Avenue, Nanshan District, Shenzhen, Guangdong Province		
Post Code of registered add.	518052		
Office Add.	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province		
Post Code of office add.	518053		
Internet website	www.nsrdf.com.cn		
E-mail	public@nspower.com.cn;		

### (II) Contact person and ways

	Secretary of the Board	Rep. of security affairs
Name	Hu Qin	-
Contact adds.	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong Province	-
Tel.	0755-26948888	-
Fax.	0755-26003684	-
E-mail	investor@nspower.com.cn	-

### (III) Information disclosure and place for preparation

Newspapers Designated for information disclosure	<i>China Securities Journal, Securities Times and Hong Kong Comercial Daily</i>
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Website desinated by CSRC for publishing semi-annual report	http://www.cninfo.com.cn/
place for preparation of semi-annual report	Secretariat of the Board

### III. Major accounting data and business abstract

#### (I) Major accounting data and financial indexes

Whether retroactive adjusted on previous financial report or not

Yes  No

Major accounting data

Major accounting data	Reporting period (Jan. to June)	Same period of last year	Increase/decrease in this report period year-on-year (%)
Total business revenue(RMB)	705,842,198.56	1,143,413,610.78	-38.27%
Business profit(RMB)	-596,675,942.29	-676,784,833.99	-11.84%
Total profit(RMB)	-122,552,268.65	-87,767,475.29	39.63%
Net profit attributable to shareholders of the listed company (RMB)	-105,739,436.64	-84,855,867.31	24.61%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-128,966,580.86	-146,853,231.12	-12.18%
Net cash flow arising from operating activities(RMB)	121,728,257.73	38,488,966.75	216.27%
	End of this period	End of last period	Increase/decrease in this period-end over that of last period-end (%)
Total assets(RMB)	5,420,788,209.16	5,452,746,682.91	-0.59%
Owners' equity attributable to shareholders of the listed company(RMB)	1,647,632,115.19	1,753,371,551.83	-6.03%
Share capital(Share)	602,762,596	602,762,596	0%

Major financial indexes

Major financial indexes	Reporting period (Jan. to June)	Same period of last year	Increase/decrease in this report period year-on-year (%)
Basic earnings per share (RMB/Share)	-0.18	-0.14	18%
Diluted earnings per share (RMB/Share)	-	-	
Basic EPS after deducting non-recurring gains/losses (RMB/Share)	-0.21	-0.24	-12.5%

Fully diluted ROE (%)	-	-	-
Weighted average ROE (%)	-6.22%	-5.01%	-1.21%
Fully diluted ROE after deducting non-recurring gains/losses (%)	-	-	-
Weighted average ROE after deducting non-recurring gains/losses (%)	-7.58%	-8.67%	1.09%
Net cash flow per share arising from operating activities (RMB/Share)	0.20	0.06	233.33%
	End of this period	End of last period	Increase/decrease in this period-end over same period of last period-end (%)
Net assets per share attributable to shareholder of listed company (RMB/ Share)	2.73	2.91	-6.19%
Asset-liability ratio (%)	66.16%	65.38%	0.78%

Explanation on previous major accounting data and financial indexes at period-end (filling the adjustment explanation if retroactive adjusted)

## (II) Difference of accounting data under CAS and IAS

### 1. Difference of net profit and net assets disclosed in financial report based on IAS and CAS

Applicable  Non-applicable

### 2. Difference of net profit and net assets disclosed in financial report based on foreign accounting standards and CAS

Applicable  Non-applicable

### 3. Detail items for major differences

Items with major differences	Amount involved (RMB)	Reasons for differences	Explanation on IAS and(or) foreign accounting standards involved
-	-	-	-

### 4. Explanation on accounting data difference under the foreign/domestic accounting standards

Inapplicable

## (III) Item and amount with non-recurring gains/losses deducted

applicable  Non-applicable

Items	Amount (RMB)	Note
Gains and losses from disposal of non-current assets	-	-
Tax refund or exemption out of	-	-

authorization, with absence of official approval document or accidentally		
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	133,750.02	-
Fund occupation expenses received from non-financial enterprises that reckon into current gains/losses	-	-
Income occurred when investment cost paid by enterprise for obtaining subsidiaries, associates and joint ventures are lower than its share in fair value of net realizable assets of invested units	-	-
Gains and losses from exchange of non-monetary assets	-	-
Gains and losses from entrusted investment or management assets	-	-
Various asset impairment reserve provided for force majeure, such as natural disaster;	-	-
Gains/losses from debt reorganization	-	-
Reorganization expenses, such as expenditure for allocation of employees and integration fee	-	-
Gains and losses from excess of transaction which are conducted on a non-fair-valued basis over its fair value	-	-
Current net gains and losses of subsidiaries occurred from combination under the same control commencing from period-begin to combination date	-	-
Gains and losses from contingent events which has no relation with normal business of the Company	-	-
Gains and losses from change of fair values of held-for-transaction financial assets and financial liabilities except for the effective hedge business related to normal business of the Company, and investment income from disposal of transactional financial assets and liabilities and financial assets available for sale	-	-
Reversal of impairment reserve for account receivable with separate impairment testing	-	-
gains/ losses from external entrustment loans	-	-
Gains and losses arising from change of fair value of investment properties whose	-	-

follow-up measurement are at fair value		
Affect upon current gains/losses arising from the one-off adjustment in subject to requirement of laws and rules in relation to taxation and accounting	-	-
Income from entrusted custody operation	-	-
Other non-operating income and expenditure except the abovementioned	260,474.5	-
Other item that satisfied the definition of non-recurring gains and losses	-	-
Influenced amount of minority shareholders' equity	-6,839,516.02	-
Impact on income tax	-	-
Import VAT refunds for natural gas	29,672,435.72	-
<b>Total</b>	<b>23,227,144.22</b>	<b>-</b>

Explanation on “Other item that satisfied the definition of non-recurring gains and losses” and defined non-recurring gains and losses as recurring gain/loss according to natures and characteristic of self-operation status

Item	Amount involved (RMB)	Note
-	-	-

## IV. Changes in Share Capital and Particular about Shareholders

### (I) Changes in share capital

#### 1. Statement of changes in shares

applicable Non-applicable

	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	18,263	0.003%						18,263	0.003%
1. State-owned shares									
2. State-owned legal person's shares									
3. Other domestic shares									
Including: Domestic 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	18,263	0.003%						18,263	0.003%

II. Unrestricted shares	602,744,333	99.997%						602,744,333	99.997%
1. RMB Ordinary shares	338,894,012	56.223%						338,894,012	56.223%
2. Domestically listed foreign shares	263,850,321	43.774%						263,850,321	43.774%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	602,762,596	100%						602,762,596	100%

Approval of changes in shares (if applicable)

Inapplicable

Ownership transfer of changed shares

Inapplicable

Influence on latest EPS, net assets per share and other financial index from changes in shares (if applicable)

Inapplicable

Other information necessary to be disclosed by the Company or should be disclosed according to requirement of securities regulators

Inapplicable

## 2. Changes in restricted shares

applicable Non-applicable

### (II) Security offering and listing

#### 1. Security offering in previous three years

applicable Non-applicable

#### 2. Changes of total shares and structures as well as outcome of asset-liability structures

applicable Non-applicable

#### 3. Current shares held by internal staffs

applicable Non-applicable

### (III) Shareholders and actual controller

#### 1. Total shareholders at period-end

Till end of reporting period, total shareholders of the Company amounting to 42,945 with 27,278 of A-shareholders and 15,667 of B-shareholders.

#### 2. Shares held by top ten shareholders

Shareholders (full name)	Nature of shareholders	Proportion of shares held (%)	Total amount of shares held	Amount of the restricted shares held	Shares pledged or frozen	
					Share status	Amount
Shenzhen Guangju Industrial Co., Ltd.	State-owned shares	16.72%	100,769.712	0		
HONG KONG NAM	Foreign-own	15.28%	92,123,248	0		

HOI (INTERNATIONAL) LIMITED	ed shares					
SHENZHEN ENERGY (GROUP) CO., LTD.	State-owned shares	10.8%	65,106,130	0		
BNP P P/PAND INVESTMENT CO., LTD.	Foreign-own ed shares	8.2%	49,426,518	0		
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	State-owned shares	5.97%	35,999,805	0		
LI WEI PING	Foreign-own ed shares	0.25%	1,509,281	0		
Jinbang Security Holding Co., Ltd	Foreign-own ed shares	0.25%	1,500,000	0		
WU SHU HUA	Others	0.22%	1,351,400	0		
Naito Securities Corp.	Foreign-own ed shares	0.2%	1,212,586	0		
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	Foreign-own ed shares	0.17%	1,053,043	0		
Explanation of shareholders	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.					

Particulars about the shares held by the top ten unrestricted shareholders

applicable Non-applicable

Shareholders	Amount of unrestricted shares held at period-end	Type/amount of shares	
		Type	Amount
Shenzhen Guangju Industrial Co., Ltd.	100,769.712	A-share	100,769.712
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	92,123,248	B-share	92,123,248
SHENZHEN ENERGY (GROUP) CO., LTD.	65,106,130	A-share	65,106,130
BNP P P/PAND INVESTMENT CO., LTD.	49,426,518	B-share	49,426,518
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	35,999,805	A-share	35,999,805
LI WEI PING	1,509,281	B-share	1,509,281
Jinbang Security Holding Co., Ltd	1,500,000	B-share	1,500,000
WU SHU HUA	1,351,400	A-share	1,351,400
Naito Securities Corp.	1,212,586	B-share	1,212,586
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	1,053,043	B-share	1,053,043

Explanation on associated relationship among the top ten shareholders or (and) 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.

### 3. Controlling shareholders and actual controller

(1) The Company does not have the dominant shareholders and actual controllers and it is not changed in the reporting period.

(2) Chart of property right and control relationship between major stockholders and the Company:

Explanation of the names in the diagram below:

The Company: Shenzhen Nanshan Power Co., Ltd

Shenzhen Energy Group: Shenzhen Energy Corporation

Nanhai Foreign Firm: Hong Kong Nanhai Foreign Firm (International) Co., Ltd

Guangju Industry: Shenzhen Guangju Industry Co., Ltd.

Hong Kong Tengda: Tengda Property Co., Ltd

State Grid Energy: State Grid Shenzhen Energy Development Group Co., Ltd

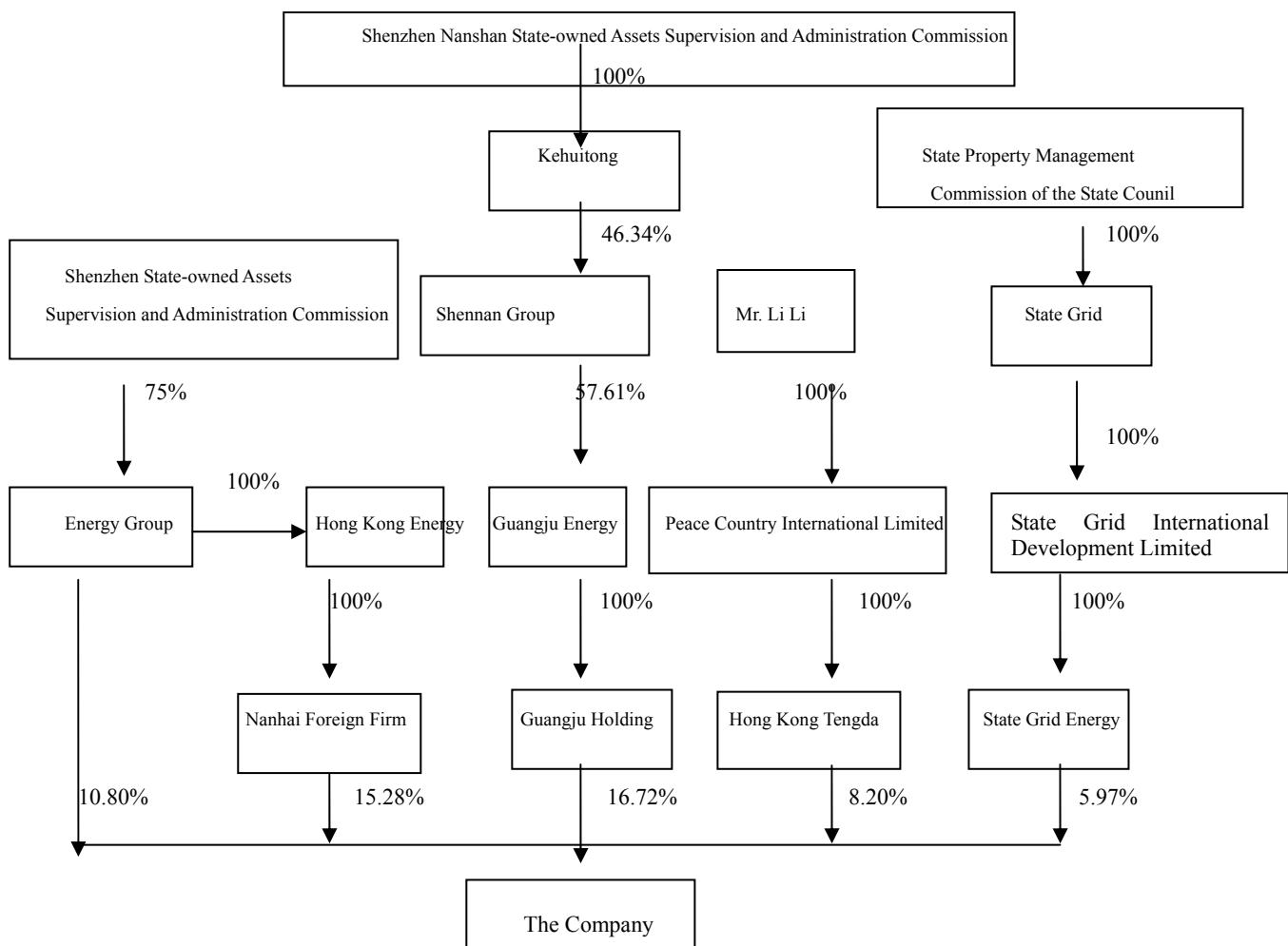
Hong Kong Energy: Shenzhen Energy (Hong Kong) International Co., Ltd.

Guangju Energy: Shenzhen Guangju Energy Co., Ltd

Shennan Group: Shenzhen Shennan Petroleum (Group) Co., Ltd

Kehuitong: Shenzhen Kehuitong Investment Holding Co., Ltd Shenzhen Guangju Investment Holding Co., Ltd

State Grid International Development Limited: State Grid International Development Limited



#### (1) Changes of controlling shareholders and actual controller

applicable Non-applicable

#### (2) Introduction of controlling shareholders and actual controller

Whether has new actual controller or not

Yes No

Name of actual controller	
Type of actual controller	

Explanations

Inapplicable

**(3) Block diagram of property rights and controlling relationship between the Company and actual controller**

Inapplicable

**(4) Actual controller controlling the Company by means of entrust or other assets management**applicable Non-applicable**4. Other legal person's shareholders with over ten percent shares held**applicable Non-applicable

Legal person shares	Legal rep.	Date of foundation	Business scope or management activities	Register capital (RMB 10,000)
Shenzhen Guangju Industrial Co., Ltd.	Du Wen Jun	1989-05-31	Industrial establishment, power investment	11,111
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	Yu Chun Ling	1985-05-14	Investment	1,533
SHENZHEN ENERGY (GROUP) CO., LTD.	Gao Zi Min	1985-07-15	Development, production, purchase and sales of various normal energies (including power, heat, coal, oil and gas) and new energies; design, construction, management and operation of various energy engineering projects; operation of equipments and the affiliated parts, facilities, aluminium, wood, cement and other raw materials required for energy engineering projects; conduct of import & export businesses (based on the document SMGSZZi No.147); operation of personnel training, consultation and other related service businesses affiliated for energy engineering (further application will be made particularly); development of environmental friendly technology, transfer of technology and technology services; investment and operation of transportation business (road, costal and ocean) in respect of fuels, raw materials and equipments required by energy projects; property management (operate with qualified certificate for property management) and lease of self-owned property.	95,555.5556
Explanation	NAM HOI was registered with HKD			

**(IV) Convertible bonds**  
applicable Non-applicable

## **V. Directors, Supervisors and Senior Executives**

**(I) Changes of shares held by directors, supervisors and senior executive**

Name	Title	Sex	Age	Office dated from	Office dated ended	Shares held at period-begin(Share)	Amount of shares increase in this period(Share)	Amount of shares decreased in this period (Share)	Shares held at period-end (Share)	Including: restricted shares held (Share)	Amount of stock option held at period-end (Share)	Reasons for changes	Whether received remuneration from shareholder's unit or other related unit or not
Yang Haixian	Chairman	M	56	2011-05-25	2014-05-25	0			0				No
Li Hongsheng	Deputy chairman	M	49	2011-05-25	2014-05-25	0			0				Yes
Sun Yuli	Deputy chairman	M	61	2011-05-25	2014-05-25	0			0				Yes
Fu Bo	GM; Director	M	50	2011-05-25	2014-05-25	0			0				No
HuangfuH an	Director	M	58	2011-05-25		0			0				Yes
Yu Chunling	Director	F	47	2011-05-25	2014-05-25	0			0				Yes
Zhou Qun	Director	M	48	2011-05-25	2014-05-25	0			0				Yes
Chen Lihong	Director	F	49	2011-05-25	2014-05-25	0			0				Yes
Jiang Xiaojun	Director	M	48	2011-05-25	2014-05-25	0			0				Yes
Li Zheng	Independent Director	M	55	2011-05-25	2014-05-25	0			0				No
Wang Xiaodong	Independent Director	M	52	2011-05-25	2014-05-25	0			0				No
Wang Junsheng	Independent Director	M	52	2011-05-25	2014-05-25	0			0				No
Wu Xiaolei	Independent	F	48	2011-05-25	2014-05-25	0			0				No

	Director												
Tan Tianyun	Independent Director	M	52	2011-05-25	2014-05-25	0			0				No
Pan Chengwei	Independent Director	M	66	2011-05-25	2014-05-25	0			0				No
Zhao Xiangzhi	Chief Supervisor	M	54	2011-05-25	2014-05-25	0			0				Yes
Ma Fengming	Supervisor	F	50	2011-05-25	2014-05-25	0			0				Yes
Ji Yuanhong	Supervisor	F	48	2011-05-25	2014-05-25	0			0				Yes
Wang Difei	Supervisor	M	44	2011-05-25	2014-05-25	0			0				Yes
Zhen Dalei	Supervisor	M	48	2011-05-25	2014-05-25	0			0				No
Peng Bo	Supervisor	M	39	2011-05-25	2014-05-25	1,527	0	0	1,527	1,145			No
Li Huiwen	Supervisor	F	50	2011-05-25	2014-05-25	5,500	0	0	5,500	4,125			No
Tao Lin	Supervisor	M	45	2011-05-25	2014-05-25	0			0				No
Lin Qing	Deputy GM	F	48	2011-05-25	2014-05-25	0			0				No
Ji Ming	Deputy GM	M	56	2011-05-25	2014-05-25	0			0				No
Zhang Jie	Deputy GM	F	44	2011-05-25	2014-05-25	17,325	0	0	17,325	12,993			No
Zhu Wei	Deputy GM	M	55	2011-05-25	2014-05-25	0			0				No
Wang Rendong	CE	M	51	2011-05-25	2014-05-25	0			0				No
Lu Xiaoping	CFO	M	50	2011-05-25	2014-05-25	0			0				No
Hu Qin	Secretary of the Board	F	45	2011-05-25	2014-05-25	0			0				No
Total	--	--	--	--	--	24,352	0	0	24,352	18,263		--	--

Directors, supervisor and senior executives who awarded equity incentive in report period

applicable Non-applicable

**(II) Representation**

Representation in shareholders' unit  
applicable Non-applicable

Name	Shareholders' unit	Post occupied	Service term from	Service term ended	Whether received remuneration from shareholders' unit or not
Yang Haixian	SHENZHEN ENERGY (GROUP) CO., LTD.	Director	September of 2008		No
Li Hongsheng	Shenzhen Guangju Energy Co., Ltd.	Director GM	October of 2009		Yes
Sun Yulin	State Grid International Development Limited	Bureau researcher of the shareholder of the company	2010		Yes
Huangfu han	SHENZHEN ENERGY (GROUP) CO., LTD.	Deputy director of science & technology innovation committee	May of 2006		Yes
Yu Chunling	SHENZHEN ENERGY (GROUP) CO., LTD.	Director GM of Shenzhen Energy (H.K) International Co., Ltd.	2009		Yes
Zhou Qun	SHENZHEN ENERGY (GROUP) CO., LTD.	Chairman of controlling subsidiary Shenzhen Energy Financial Company	2010		Yes
Chen Lihong	Shenzhen Guangju Energy Co., Ltd.	Deputy GM	2005		Yes
Jiang Xiaojun	State Grid International Development Limited	Deputy GM of the of the company	2009		Yes
Zhao Xiangzhi	SHENZHEN ENERGY (GROUP) CO., LTD.	Chief accountant	2012		Yes
Ma Fenming	SHENZHEN ENERGY (GROUP) CO., LTD.	Staff supervisor	2011		Yes
Ji Yuanhong	Shenzhen Guangju Energy Co., Ltd.	Director Deputy GM; secretary of the Board	2008		Yes
Wang Difei	STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	GM	2005		Yes
Explanation on job occupation in shareholders' unit					

## Representation in other unit

applicable Non-applicable

Name	other unit	Post occupied	Service term from	Service term ended	Whether received remuneration from other unit or not
Li Zheng	Guangdong Shentiancheng Law Firm	Attorney	August of 2010		Yes

Wang Xiaodong	Grandall Legal Group (Shenzhen) Office	Attorney partner	January of 2005		Yes
Wang Junsheng	China Economic Research Advisory Co., Ltd.	researcher			Yes
Wu Xiaolei	Investment bank division of headquarter of China Merchants Bank	Deputy GM	2005		Yes
Tan Tianyun	Haier New York Life Insurance Co., Ltd.	Director, deputy chairmen	June of 2009		Yes
Explanation on job occupation in other unit					

### (III) Remuneration of directors, supervisors and senior executives

Procedure for deciding remunerations of directors, supervisors and senior management	According to relevant provisions of the Articles of Association, remunerations of directors and supervisors are subject to the decision of general meeting, and those of senior management are subject to the Board.
Bases on which remunerations of directors, supervisors and senior management are decided	Remunerations of directors, supervisors and senior management are on a year basis, and decide by reference to the operating profit of that year and specific positions they take based on the general remuneration level of the industry. The Company conducts performance reviews on the performance of responsibilities and annual actual performance of the directors and senior management, and examines the annual performance-related remunerations as per such review results.
Actual payment of remunerations of directors, supervisors and senior management	The Company pays remunerations in strict compliance with the decision procedure and determination bases of remunerations of directors, supervisors and senior management.

### (IV) Changes of directors, supervisors and senior executives

Name	Post occupied	Changes	Dated of changes	Reasons of changes

### (V) Staff of the Company

Person on-jobs	327
Retirement person whose charges undertake by the Company	0
Professional categories	
Types of professional category	Numbers of professional category
Production staff	147
Sales man	0
Technician	29
Financial staff	17

Administration staff	130
Education background	
Type of education background	Numbers (people)
Junior college	98
Undergraduate	107
Master	27

#### Explanation of staff

There are 327 contract workers in reporting period.

## VI. Report of the Board

### (I) Management discussion and analysis

#### 1. Operation analysis of the major business of the Company during the reporting period

The major business of the Company is power production. The power generation enterprises held or controlled by the Company are located at Shenzhen, Zhongshan and Dongguan, etc. All burning machines are running with natural gas.

During the reporting period, economy condition in Guangdong province presented to fallback, and growth of power demands begun to slowdown, but the factor of West-East power begun to increasing transmission. Due to insufficient of subsidy for gas turbine in Guangdong Province, power of 9E GT was restricted by bureau in charge of power in Shenzhen as well as Guangdong Province. In the reporting period, the internal combustion engine power plants within the Company generated power in aggregate of 1.119 billion Kwh, representing a year-on-year decrease of 34.22% and representing 47.43% of the plan for the whole year.

Facing severe external environment and operating difficulties, the Company focused on safety management to ensure general safety for production and operation. Meanwhile, the Company strengthened economic operation, managing to cut down producing costs and generating power on an economic basis, aiming to raise the profitability of its major power business.

During the reporting period, meanwhile, price of natural gas remained high. the accumulative operating income of the Company was RMB705,842,200, representing a decrease of 38.27% as compared to the same period of last year, among which, RMB 705,703,900 was contributed by power, stream, engineering contract and sewage disposal business respectively, representing a decrease of 31.43% as compared to the same period of last year, and RMB 1,750,900 was contributed by other businesses, representing a decrease of 99.89% as compared to the same period of last year. It also recorded net profit attributable to owners of the parent of RMB -105,739,400, among which, net profit attributable to the parent of RMB -105,062,300 and RMB -3,365,700 were contributed by power enterprises and non-power enterprises in the first half year respectively, representing a further loss of RMB 20,883,600. Earnings per share were RMB -0.18 per share.

#### 2. Main conditions faced by the Company in respect of its production and operation in the latter half

Due to that system issues concerning power price of burning machines still exist, the operation prospectus of the Company remain uncertain subject to high price for natural gas and insufficient subsidy capital for power generation.

The difference between the actual operating results of the Company and the profit forecast or operation plan in respect of this reporting period which have been disclosed publicly exceeds 20% (no matter lower or higher) or not:

Yes  No

Operation and results analysis for the main subsidiaries and holding companies of the

Company  
(Unit: RMB'000)

No.	Basic particulars about company	Total assets	Net assets	Net profit
1	<b>Shen Nan Dian Zhongshan Company</b> The controlling subsidiary of the Company. Legal representative: Fu Bo; registered capital: RMB746.80 million; the shareholding of the Company: 55% and 25% held by Syndisome; operation scope: power generation by burning machines, power generation by remaining heat, power supply and heat supply (excluding pipeline network of heat supply), lease of dock and oil storage (excluding oil products, dangerous chemicals and inflammable and explosive materials).	109,566.33	11,944.75	-3,345.19
2	<b>Shen Nan Dian Dongguan Company</b> The controlling subsidiary of the Company. Legal representative: Fu Bo; registered capital: USD 35.04 million; the shareholding of the Company: 40% and 30% held by Syndisome; operation scope: construction and operation of natural gas power plants.	110,527.78	29,934.29	-2,380.55
3	<b>New Power Company</b> The controlling subsidiary of the Company. Legal representative: Fu Bo; registered capital: RMB 113.85 million; the shareholding of the Company: 75% and 25% held by Syndisome; operation scope: technology development regarding to application of remaining heat (excluding restricted items) and power generation with remaining heat. Add: power generation through burning machines.	118,526.77	10,368.72	-8,164.31

All risk factors that may cause adverse affects on the realization of future development strategy and operation target of the Company

1. Power demand declined which brought material influences upon those 9E burning machine enterprises.
2. Increasing rise of price of natural gas, resulting in increase of power generation costs.
3. The major power business of the Company still depended on governmental subsidy in a short term.
4. The PRC continued to implement strict control on banking credit scale, which made it more difficult to get available financing and resulting in rising costs.

## 1. Main business and operations

### (1) Statement of main business classified according to industries and products

Unit:

RMB

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 (%)
According to industries						

Energy	683,890,631.19	1,131,669,875.59	-39.57%	-29.92%	-22.98%	-5.99%
Engineering labor	480,000	2,406,341.85	-80.05%	-98.1%	-89.34%	-92.08%
Sludge drying	19,582,305.83	8,988,799.34	117.85%	19,231.02%	2.63%	216.7%
Other revenue	1,750,935.04	3,582,751.24	-51.13%	-93.71%	-24.92%	-18.51%
According to products						
Power marketing	680,603,743.31	1,124,608,977.96	-65.14%	-29.95%	-23.16%	-14.6%
Thermal marketing	3,286,887.88	7,060,897.63	-114.59%	-23.76%	6.5%	-60.97%
Fuel marketing	0	0	0%	-100%	-100%	-13.8%
Engineering labor	480,000	2,406,341.85	-401.32%	-98.1%	-89.34%	-412.06%
Sludge treatment	19,582,305.83	8,988,799.34	54.23%	0%	0%	54.23%
Other revenue	1,750,935.04	3,582,751.24	-104.63%	55.13%	-3.29%	808.66%

Explanation on main business classified according to industries and products

In reporting period, no major changes over last period in aspect of profit constitution, main business and its structures.

Explanation on major changes of gross profit over same period of last year

In reporting period, major changes in gross profit over same period of last year mainly due to the soaring fuel prices and sharply decrease of power generation.

#### (2) Main business classified according to areas

Unit: RMB

Areas	Operating revenue	Increase/decrease in revenue from operations over the same period of last year (%)
Domestic	705,703,872.06	-35.85%
Overseas		

Explanation on main business according to areas

Nil

Explanation on main business institution

Nil

#### (3) Explanation on reasons of material changes in main operations and its structure

Applicable      Non-applicable

#### (4) Explanation on reasons of material changes in profitability (gross profit ratio) of main operations compared with that of last year

Applicable      Non-applicable

#### (5) Analysis on reasons of material changes in profit structure compared with the previous year

Applicable Non-applicable

## 2. Internal control mechanism related with fair-value measurement

Applicable Non-applicable

## 3. Foreign currency financial assets and financial liabilities held

Applicable Non-applicable

### (II) Investment of the Company

#### 1. General Application of the raised proceeds

Applicable Non-applicable

#### 2. Commitments on projects of raised funds

Applicable Non-applicable

#### 3. Changes of projects of raised funds

Applicable Non-applicable

#### 4. Investment on major projects of non-raised funds

Applicable Non-applicable

Unit: RMB'000

Projects	Initial date for disclosure	Funds	Progress	Earnings
Capital increment to Shen Nan Dian Zhongshan Company	2003-10-09	19,250	<p>Late of April 2012, capital increment of 35 million yuan was successfully to Shen Nan Dian Zhongshan Company, register capital change increase from 396.8 million yuan to 746.8 million yuan. The Company invested 410.74 million yuan accumulative till end of reporting period.</p>	<p>After increment, capital pressure of Shen Nan Dian Zhongshan Company was effectively relieved, and leaves a favorable condition for production operations.</p>
Capital increment to Jiangxi Pengze Nuclear Power project	2009-12-29	800	<p>Another 8 million yuan was invested in reporting period. The Company invested 45.315 million yuan (including pre-phase expenses 0.945 million yuan) accumulative till end of reporting period.</p>	<p>The plan of project trust management was perfected and initial negotiation of project trust management contract was completed. Currently, Jiangxi Nuclear Power Company will continue to communicate with relevant State</p>

		period.	governments and local gov. for better preparation of approval of this project.
Total	20,050	--	--
Explanation on major projects of non-raised fund investment			

**(III) The modification of Board to the business plan for the second half of the year**

Applicable Non-applicable

**(IV) Prediction of business performance from January – September 2012**

Estimation on 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 on reason

Applicable Non-applicable

**(V) Explanation on “Qualified Opinion” from the Certified Public Accountants in the report period by the Board of Directors**

Applicable Non-applicable

**(VI) Explanation of the Management on changes and disposal of the issues involved in “Qualified Opinion” from the Certified Public Accountants in the last year by the Board of Directors**

Applicable Non-applicable

In year 2011, Deloitte Touche Tohmatsu CPAs Co., Ltd. issued qualified auditor's report with paragraph of emphasized matters for the Company. During the report period, the matter involved in non-standard qualified opinion has no any progress. (More details found in notice of No.: 2012-010 published on 24 April 2012)

**(VII) Stating the discussion results issued by the Board on changes in the Company's accounting policies and accounting estimates or reasons for material accounting error correction and influences thereof**

Applicable Non-applicable

**(VIII) Determination and implementation of cash dividend policies of the Company**

1. In May 2010, the Company established its cash dividend policies as required by the “Decision on Amendments to Certain Provisions Regarding to Cash Dividend of Listed Company” issued by the CSRC, and amended its Articles of Association. The Profit Distribution Plan for 2010 was approved at the 40<sup>th</sup> meeting of the 5<sup>th</sup> Board of the Company and the 2010 Annual General Meeting, while that of 2011 was approved at the 7<sup>th</sup> meeting of the 6<sup>th</sup> Board of the Company and the 2011 Annual General Meeting. Its cash dividend was in compliance with the requirements of decision-making procedures and the Articles of Association.

2. During the reporting period, according to the Notice issued by Shenzhen CSRC on Implementation of Certain Requirements of the Notice Regarding to Further Practice of Cash Dividend of Listed Company (SZJGSZi NO.43(2012)). Various approaches such phone, fax, email and investors' interaction platform were available for vast shareholders to issue opinions and requests, and the Company established “Return Plan for Shareholders for the Future Three Years (2012-2014)” based on its actual conditions, setting out adequate and clear dividend standards, dividend proportions, relevant decision-making process and improved system. Independent shareholders completed relevant responsibilities and functions,

to ensure legal interests of minor shareholders were adequately protected. Further amendments were made to the Articles of Association as far as profit distribution policies concerned. "Return Plan for Shareholders for the Future Three Years (2012-2014)" and the Articles of Association were considered and approved at the 10<sup>th</sup> meeting of the 6<sup>th</sup> Board of the Company, and their implementation are still subject to the submission to the 2<sup>nd</sup> extraordinary general meeting for 2012 for consideration and approval.

(IX) Plan of profit distribution or capital reserve capitalizing  
Applicable      Non-applicable

**(X) Positive retained profit accumulated at end of 2011 without cash distribution carried out**  
Applicable      Non-applicable

Retained profit accumulated at end of 2011	454,070,630.72
Use of related retained profit for the Company	Relieve capital shortage pressure, higher ability of short-term liabilities, guarantee security of capital chain and make sure normal production operations.
Whether generated earnings or not	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Reasons of unmatched between actual earnings and predicted earnings	Recover of government subsidy for generation is far behind the schedule recently which resulted in a sharply growth in account receivable; furthermore, there are 1.1 billion yuan lands are ready for development in inventory, a 88.15% in inventory; part of the current capital was occupied by the lands above and leaves a fund shortage situation to the Company. Till end of late June 2012, the un-develop lands generate no cash flows, the Company still in short of funds
Other explanation	Current ratio and liquid ratio still in a low standards due to the 65% asset-liability ratio of the Company, general solvency in short-term is low

**(XI) Establishment and implementation of registration mechanism for insiders**  
On 16 October 2009, the "Registration Mechanism for Insiders of Shenzhen Nanshan Power Co., Ltd." was deliberated and approved by 26th Meeting of 5th Session of the Board. In reporting period, the Company strictly executed management mechanism of insider registration, no violation of above situation occurred from insiders.

Whether implemented self-examination and accountability on insiders who dealing with stock of the Company as well as derivative products  
 Yes     No

Whether custody measurement and administration punishment on listed company and related staff from regulatory authorities in aspect of implementation of registration management mechanism of insiders or inside trading involved or not  
 Yes     No

**(XII) Other events disclosed****(XIII) Liabilities, credit changes and cash arrangement for debt paying in later year**

(Only applies to listed company with corporate convertible bonds offered)

Applicable      Non-applicable**VII. Significant Event****(I) Corporate governance**

The Company continued to standardize its operation in strict compliance with the Company Law, Securities Law and relevant laws and regulations of the CSRC. Currently, the actual corporate governance of the Company generally satisfies the requirements issued by the CSRC on standardized governance for listed company.

1. Pursuant to the requirements of the Supervision Opinions on the Spot Inspection at Shenzhen Nanshan Power Co., Ltd. (SZJGSZi No.21(2012)) issued by Shenzhen CSRC, the Company conducted and implemented earnest reforms and amended the Articles of Association and working procedures for three committees, thus to complete the Correction Report on the Issues Found by Shenzhen CSRC at the Spot Inspection. The report has been filed with Shenzhen CSRC upon consideration and approval at the 9<sup>th</sup> meeting of the 6<sup>th</sup> Board of the Company.
2. During the reporting period, in order to further improve its corporate governance structure and promote standardized operation, the Company, according to relevant laws and regulations and taking into account its actual conditions, also amended Working Rules of General Manager, Internal Control System, Provisional Rules for Internal Audit and Internal Reporting System for Material Information in addition to the aforesaid amendments to the Articles of Association and working procedures for three committees.
3. Aiming to enhance the scientific, constant and steady bonus decision and system, according to the Notice issued by Shenzhen CSRC on Implementation of Certain Requirements of the Notice Regarding to Further Practice of Cash Dividend of Listed Company (SZJGSZi NO.43(2012)), the Company proposed Return Plan for Shareholders for the Future Three Years (2012-2014) based on its actual conditions, and amended certain terms of the Articles of Association concerning dividend policies. Such amendments were considered and approved at the 10<sup>th</sup> meeting of the 6<sup>th</sup> Board of the Company, and their implementation is still subject to the submission to the general meeting for consideration and approval.
4. The unpublicized information reported to the biggest shareholder by the Company mainly contains: daily power volume, power production impediment report and accident report, monthly safety brief report as well. And the secretary of the Board collectively submit the proposals as amended by the general manage office to the directors and supervisors appointed by the shareholder before the conferences of the Board of directors and supervisors of the Company. Meanwhile, the Company filed with the property law department and administrative management department of the shareholder.

In order to strengthen management over the unpublicized information, the Company strictly controlled the scope of insiders, standardized information transmission, implemented relevant regulations of Registration System of Insiders for Unpublicized Information, and reported information of insiders and their close family members to Shenzhen CSRC periodically.

5. In accordance with the "Basic Rules of Internal Control for Enterprises" and requirements of relevant laws, regulations as well as evaluation guidelines, the Company conducted

self-evaluation on the effective-ness of design and execution for internal control dated 30 June 2012. In reporting period, internal control procedures are established by the Company for business and events that in the evaluation range, and with an effectively performance which achieve the target for internal control of the Company basically without major defects been found.

**(II) Implementation of profit distribution plan, capital reserve capitalizing or shares offering that plan out previously and carry out in this reporting period**

Applicable      Non-applicable

**(III) Material lawsuits and arbitrations**

Applicable      Non-applicable

No material lawsuits and arbitrations occurred in this period

**(IV) Related event of bankruptcy reorganization**

Applicable      Non-applicable

**(V) Equity of other listed company and stock jointly financial enterprise held by the Company**

**1. Security investment**

Applicable      Non-applicable

Explanation on security investment

**2. Equity of other listed company held by the Company**

Applicable      Non-applicable

Explanation on equity of other listed company held by the Company

**3. Equity of non-listed financial enterprise held by the Company**

Applicable      Non-applicable

Explanation on equity of non-listed financial enterprise held by the Company

**4. Buying and selling shares of other listed company**

Applicable      Non-applicable

Explanation on shares dealing of other listed company

**(VI) Assets transaction**

**1. Assets purchased or acquired**

Applicable      Non-applicable

Explanation on assets purchased

**2. Assets sold**

Applicable      Non-applicable

Explanation on assets sold

**3. Assets replacement**

Applicable      Non-applicable

Explanation on assets replacement

**4. Business combination**

Applicable      Non-applicable

**5. Progress of the events and their influence on the Company's operating results and financial status in the report period after the Report on Assets Restructure or Public**

**Notice on Acquisition and Sales of Assets being published**

Applicable      Non-applicable

**(VII) Explanation on shareholding increase proposed or implemented by largest shareholder of the Company and its persons acting in concert in reporting period**

Applicable      Non-applicable

**(VIII) Implementation and its influence of equity incentive**

Applicable      Non-applicable

**(XI) Significant related transaction**

**1. Related transaction related to daily operation**

Applicable      Non-applicable

**2. Related transaction incurred by purchase or sales of assets**

Applicable      Non-applicable

**3. Significant related transaction from jointly investment outside**

Applicable      Non-applicable

#### 4. Current related liabilities and debts

Applicable Non-applicable

Related parties	Relationship	Funds offered to related parties (RMB'000)						Funds offer to listed company by related parties(RMB'000)					
		Balance at period-beg in	Occurred amount	Amount paid	Balance at period-end	Interest earned	Interest cost	Balance at period-beg in	Occurred amount	Amount paid	Balance at period-end	Interest earned	Interest cost
Server Company	Subsidiary	627.94	0	0	627.94			2,636.44	1,010.95	492.42	3,154.97		105.11
Shen Nan Dian Zhongshan Company	Subsidiary	62,624.31	31,574.12	39,500	54,698.43	2,074.12						0	
Shenzhong Real Estate Company	Subsidiary	68,862.67	3,829.1	1,000	71,691.77	1,829.1						0	
Shen Nan Dian Engineering Company	Subsidiary				0			8,091.25	3,289.01	3,660	7,720.26		288.99
Shen Nan Dian Dongguan Company	Subsidiary	8,543.71	238.97	1,008.8	7,773.88	237.36		13,177.3	2,382.06	9,850	5,709.36		382.06
New Power Company	Subsidiary				0			77,641.39	17,076.77	34,984.9	59,733.26		
Shen Nan Dian Environment Protection Company	Subsidiary	1,100.69	445.37		1,546.06								
Shenzhen Energy Group	Subsidiary				0								
Syndidome Company	Subsidiary	3.51	0.89		4.4								
Singapore Company	Subsidiary	13.87	0.57		14.44								
Total		141,776.7	36,089.02	41,508.8	136,356.92	4,140.58	0	101,546.38	23,758.79	48,987.32	76,317.85	0	776.16
Funds offered to controlling shareholders and its subsidiary by the Company in report period (RMB'000)													36,089.02
Balance of funds offered to controlling shareholders and its subsidiary by the Company (RMB'000)													136,356.92
Reasons of related liabilities and debts		Related debts in report period mainly comes from the bank entrust loans, due in last year, which were replaced by subordinate Zhongshan Company.											
Liquidation of related liabilities and debts		Zhongshan Company pay off the previous financial subsidy to the Company											
Commitments concerned with related liabilities and debts		Assets of Zhongshan Company were pledged to the Company											
Influence on business performance and financial status of		No material influence in range of consolidated statement.											

the Company from related liabilities and debts	
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Including: in reporting period, 360.8902 million yuan were offered to controlling shareholders and its subsidiary by listed company, balance amounting to 1363.5692 million yuan

Fund occupation and progress of paying off

Applicable Non-applicable

Till end of reporting period, accountability plan proposed by the Board for completed no non-operational fund occupation from listed company

Applicable Non-applicable

## 5. Other significant related transaction

Non-applicable

### (X) Significant contracts and its implementation

#### 1. Profits earned from trusteeship, contract and lease reached over 10% (10% included) of total profit in this period

##### (1) Trusteeship

Applicable

Non-applicable

Clients	Trustor	Assets trust	Amount of assets trust(RMB'000)	Trust date from	Trust date end	Trust earnings (RMB'000)	Confirmation basis for trust earnings	Influence on the Company from trust earnings	Related transaction or not	Relationship
New Power Company	The Company	Trust earnings		2012-01-01	2012-06-30		Calculated base on 0.024 yuan /KWH according to generating capacity	3,676,302.50		
New Power Company	The Company	Trust earnings		2011-01-01	2011-06-30		Calculated base on 0.025 yuan /KWH according to generating capacity	8,670,931.00		
New Power Company	The Company	Cost apportionments		2012-01-01	2012-06-30		Sharing generating capacity	1,378,596.45		
New Power Company	The Company	Cost apportionments		2011-01-01	2011-06-30		Sharing generating capacity	2,014,943.14		
New Power Company	The Company	Expenses allocation		2012-01-01	2012-06-30		Sharing generating capacity	5,781,962.71		
New Power Company	The Company	Expenses allocation		2011-01-01	2011-06-30		Sharing generating capacity	9,541,067.55		

#### Custody particulars

According to the Custody and Operation Contract Concerning the Power Generation Machine Sets of Shenzhen New Power Industry Co., Ltd. entered into by the Company and New Power Company dated 23 December 2003, the Company was entrusted to operate and manage the 2#, 10# and 11# machine sets assets owned by New Power Company. The scope of the entrustment included: production plan, power scheduling, power measure and agent sales, collection of

electricity fees and safe operation and management of equipments, as well as purchase, stock and management of consumed materials and facilities required for maintenance and repairmen, normal maintenance of power generation equipments and facilities, organization and management of big- and middle-sized repair projects, technological innovation and updates for power generation equipments, etc.

As for the fuels required for power production, they were purchased by New Power Company and then given to the Company for general use. Costs were charged according to the actual fuel consumption of the machine sets owned by New Power Company.

As for substantial repair expenses and facilities, they were purchased collectively by the Company as per the custody contract. When occurred, those cost attributable to the relevant machine sets were charged as the machine sets costs of New Power Company.

As for those costs that cannot be directly attributable to machine sets of New Power Company (such as utilities, depreciation of common assets and personnel salaries, etc), they should be shared by New Power Company and the Company based on the proportion of power generated.

The Company and New Power Company declared taxes according to the above share method.

## (2) Contract

Applicable      Non-applicable

## (3) Lease

Applicable      Non-applicable

## 2. Guarantees

Applicable      Non-applicable

Unit: RMB'000

Particulars about the external guarantee of the Company (Barring the guarantee for the controlling subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Yes or no)
Total approving external guarantee in report period (A1)				Total actual occurred external guarantee in report period (A2)				
Total approved external guarantee at the end of report period (A3)				Total actual balance of external guarantee at the end of report period (A4)				
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Yes or no)
Shen Nan Dian Dongguan Company	2011-04-15	4,000	2012-01-05	4,000	guarantee	1year	No	Yes
Shen Nan Dian	2012-04-24	8,000	2012-06-19	8,000	guarantee	1year	No	Yes

Dongguan Company								
Shen Nan Dian Dongguan Company	2012-04-24	10,000	2012-06-07	10,000	guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2012-04-24	10,000	2012-06-05	10,000	guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2012-04-24	10,000	2012-06-13	10,000	guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2011-04-15	8,000	2011-06-20	8,000	guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2011-04-15	10,000	2011-12-29	10,000	guarantee	1year	No	Yes
Shen Nan Dian Dongguan Company	2011-09-14	2,000	2012-01-05	2,000	guarantee	6 months	No	Yes
Shen Nan Dian Zhongshan Company	2011-09-14	9,000	2012-01-13	9,000	guarantee	1year	No	Yes
Shen Nan Dian Zhongshan Company	2011-04-15	1,000	2012-01-13	1,000	guarantee	1year	No	Yes
Shen Nan Dian Zhongshan Company	2011-04-15	5,000	2011-09-09	5,000	guarantee	1year	No	Yes
Shen Nan Dian Zhongshan Company	2011-04-15	3,568.4	2012-04-01	3,568.4	guarantee	1year	No	Yes
Shen Nan Dian Zhongshan Company	2011-04-15	920	2012-04-19	920	guarantee	1year	No	Yes
Shen Nan Dian Zhongshan Company	2011-04-15	3,500	2012-01-06	3,500	guarantee	1year	No	Yes
Shen Nan Dian Zhongshan Company	2011-04-15	5,000	2012-02-10	5,000	guarantee	1year	No	Yes
Shen Nan Dian Zhongshan Company	2011-04-15	1,000	2012-01-19	1,000	guarantee	1year	No	Yes

Shen Nan Dian Zhongshan Company	2012-04-24	3,000	2012-06-01	3,000	guarantee	3 months	No	Yes
Shen Nan Dian Environment Protection Co.	2011-04-15	1,000	2011-08-03	1,000	guarantee	1yera	No	Yes
Shen Nan Dian Environment Protection Co.	2012-04-24	1,000	2012-06-12	1,000	guarantee	6 months	No	Yes
Shen Nan Dian Environment Protection Co.	2012-04-24	1,000	2012-06-20	1,000	guarantee	1yera	No	Yes
Shen Nan Dian Environment Protection Co.	2011-04-15	2,600	2009-11-06	2,600	guarantee	3years	No	Yes
New Power Company	2012-04-24	10,000	2012-06-29	10,000	guarantee	6 months	No	Yes
New Power Company	2011-04-15	15,500	2012-12-23	15,500	guarantee	1year	No	Yes
New Power Company	2011-09-14	10,000	2011-12-22	10,000	guarantee	1year	No	Yes
New Power Company	2011-09-14	10,000	2011-12-29	10,000	guarantee	1year	No	Yes
New Power Company	2011-09-14	5,000	2012-04-28	5,000	guarantee	6 months	No	Yes
Total amount of approving guarantee for subsidiaries in report period (B1)		150,088.4	Total amount of actual occurred guarantee for subsidiaries in report period (B2)		150,088.4			
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		150,088.4	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		150,088.4			
Total amount of guarantee of the Company( total of two abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1)		150,088.4	Total amount of actual occurred guarantee in report period (A2+B2)		150,088.4			
Total amount of approved guarantee at the end of report period (A3+B3)		150,088.4	Total balance of actual guarantee at the end of report period (A4+B4)		150,088.4			
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+ B4)						91.09%		
Including:								
Amount of guarantee for shareholders, actual controller and its related parties(C)						0		
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)						144,488.4		
Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)						67,706.79		
Total amount of the aforesaid three guarantees(C+D+E)						212,195.19		
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees								

Explanations on external guarantee against regulated procedures	
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Special explanation and independent opinions issued by independent directors in relation to capital occupation by related parties and external guarantee

Pursuant to the provisions of the Notice on Standardizing Capital Activities between Listed Company and Related Parties and Certain Issues on External Guarantee Provided by Listed Company (ZJF No.56(2003)), the Notice on Strengthening Capital Occupation of Listed Company and Information Disclosure Concerning Illegal Guarantee (SZJFZi No.338(2004)) and the Notice on Standardizing External Guarantee of Listed Company (ZJF No.120(2005)), independent directors issued the following special explanation and opinions in relation to capital occupation by related parties and external guarantee of the Company for the first half of 2012, taking into account their knowledge and information enquiries about the Company:

1. As of 30 June 2012, all the capital activities between the Company and its related parties belong to normal non-operation capital activities, and no related party was found to occupy the Company's capital illegally.
2. As of 30 June 2012, the external guarantees of the Company were RMB1,500,884,000 in aggregate. Such guarantees represented those for bank loans provided by the Company for its holding subsidiaries and those provided by the holding subsidiaries for other holding subsidiaries. No guarantee was provided by the Company and its holding subsidiaries for shareholders, other related parties, any non-legal person entity or individual. The Company earnestly performed its duty to disclose information of external guarantees.

### 3. Trust financing

Applicable      Non-applicable

### 4. Implementation of material contracts entered into during the normal operation

1. As per the Assets Custody Operation Contract in Connection with Burning Machine-Stream Joint Cycle Heat Power Generation Machine Sets entered into in February 2003, the Company was entrusted to operate and manage the power generation machine sets owned by its wholly-owned subsidiary New Power Company. During the reporting period, other than such custody for New Power Company, the Company didn't trust, contract and lease any asset of other company, nor was any asset of listed company trusted, contracted and leased by other company.
2. As considered and approved in the 4th extraordinary general meeting for 2010 of the Company, the Company and Dongguan branch of Shenzhen Nanshan Power Co., Ltd. Were enter into natural gas purchase contracts with Guangdong Trade Branch of CNOOC Gas & Power Group (Guangdong Branch of CNOOC) respectively. In particular, the term of the contract of the Company (wholly-owned Nanshan Power Plant) was 2 years (January 2011 – December 2012), and that of Dongguan branch of Shenzhen Nanshan Power Co., Ltd. was 3 years (January 2011 – December 2013), details of which were disclosed in the announcements No. 2010-048,050 and 058. Such contracts are being implemented.

### 5. Other significant contract

Applicable      Non-applicable

### (XI) Explanation on corporate bonds offering

Applicable      Non-applicable

**(XII) Implementation of commitments****1. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period.**Applicable Non-applicable**2. Explanation on assets or projects that reached the original profit forecast as well as its reasons while the reporting period still in forecast period, and there are profit forecast on assets or projects of the Company**Applicable Non-applicable**(XIII) Items of other consolidated income**

Unit: RMB

Items	This period	Last period
1. Gains(losses) from financial assets available for sales		
Less: Income tax influences from financial assets available for sales		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period		
Subtotal		
2. Shares in the other consolidated income of the investee calculated based on equity method		
Less: Income tax influences of shares in the other consolidated income of the investee calculated based on equity method		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period		
Subtotal		
3. Gains(losses) from cash flow hedge instrument		
Less: Income tax influences from cash flow hedge		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period		
Adjusted amount transferred to initial confirmed amount of the arbitrated items		
Subtotal		
4. Differences from translating foreign currency financial statements		
Less: Net amount of disposing overseas business transferred to current gains/losses		
Subtotal		
5. Others		
Less: Income tax influences by others reckoned into other consolidated income		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period		

Subtotal		
Total		0

**(XIV) Registration form of receiving research, communication and interview in the report period**

Date	Place	Way	Type	Object	Content discussed and documents provided
2012-06-20	Conference room of the Company	Field research	Individual	Security investor	General operation of the Company; no files provided

**(XV) Engagement and non-reappointment of CPA**

Whether the semi-annual report was audited or not

Yes     No

**(XVI) Punishment and rectification for listed company and its directors, supervisor, senior executives, shareholders of the Company, actual controller and purchasers**

Applicable     Non-applicable

**(XVII) Explanation on other significant events**

Applicable     Non-applicable

**(XVIII) Major changes of profitability of turn debt guarantor, assets status and credit standings**

(Only applies to listed company with corporate convertible bonds offered)

Applicable     Non-applicable

**(XIX) Index for information disclosure**

Event	Name and page of publishing press	Date of disclosed	Internet website and searching route
“Prediction of performance for 2011”	<i>Securities Times</i> -D020, <i>China Securities Journal</i> - B017 and <i>Hong Kong Commercial Daily</i> - A8	2012-01-17	Juchao Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
”Resolution of 4 <sup>th</sup> extraordinary meeting of 6 <sup>th</sup> session of the board”	<i>Securities Times</i> -D76, <i>China Securities Journal</i> -B008 and <i>Hong Kong Commercial Daily</i> -A13	2012-02-29	Juchao Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
“Prediction of performance for 1 <sup>st</sup> quarterly of 2012”	<i>Securities Times</i> -D36, <i>China Securities Journal</i> -B005 and <i>Hong Kong Commercial Daily</i> -A20	2012-04-13	Juchao Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
“changes of shareholders’ name”; ”resolution of 7 <sup>th</sup> meeting of 6 <sup>th</sup> session of the board”; ”resolution of 8 <sup>th</sup> meeting of 6 <sup>th</sup> session of supervisory committee”; ”bank	<i>Securities Times</i> - D22, <i>China Securities Journal</i> -B041 and <i>Hong Kong Commercial Daily</i>	2012-04-24	Juchao Website <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

credit scale and external guarantee limit for year of 2012"; "financial support offering within the system for year of 2012"; and 'abstract of annual report 2012 and full text of annual report 2012 (English/Chinese version)"			
"Notice of Convening the Shareholders' General Meeting of 2011"; "Text of 1 <sup>st</sup> quarterly report 2012 and full text of 1 <sup>st</sup> quarterly report 2012 (English/Chinese version)"	<i>Securities Times</i> - D53, <i>China Securities Journal</i> -B049 and <i>Hong Kong Commercial Daily</i> -B10	2012-04-26	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> /
"Notice of Convening the Annual Shareholders' General Meeting of 2011"	<i>Securities Times</i> -D17, <i>China Securities Journal</i> -B009 and <i>Hong Kong Commercial Daily</i> -A14	2012-05-11	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> /
"Resolution notice of annual shareholders' general meeting of 2011"	<i>Securities Times</i> - D21, <i>China Securities Journal</i> -A28 and <i>Hong Kong Commercial Daily</i> -A21	2012-05-16	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> /
"resolution notice of 9 <sup>th</sup> meeting of 6 <sup>th</sup> session of the board"; "resolution notice of 10 <sup>th</sup> meeting of 6 <sup>th</sup> session of supervisory committee"; "specific notice of changes of accounting estimation" and "notice of 1 <sup>st</sup> extraordinary shareholders' general meeting of 2012"	<i>Securities Times</i> - B20, <i>China Securities Journal</i> -B009 and <i>Hong Kong Commercial Daily</i> -A15	2012-06-02	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> /
"resolution notice of 1 <sup>st</sup> extraordinary shareholders' general meeting of 2012"	<i>Securities Times</i> - D032, <i>China Securities Journal</i> -B008 and <i>Hong Kong Commercial Daily</i> -A11	2012-06-21	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> /

## VIII. Financial Report (Un-audited)

The 2012 Semi-annual Financial Report is un-audited (attached).

## IX. Documents Available for Reference

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- (I) Semi-annual Report of 2012 carried with the personnel signature of Legal Representative;
- (II) Accounting Statements carried with the signature and seals of the Legal Representative, General Manager and CFO;
- (III) All the original Company's documents and public notices disclosed in Securities Times, China Securities Journal and Hong Kong Commercial Daily in the report period;
- (IV) Place for inspection: Secretariat of the Board of Director of the Company.

**Board of Directors of  
Shenzhen Nanshan Power Co., Ltd.**  
7 August 2012

## **Accounting Statement & Annotations**

January - June of 2012

## Consolidated Balance Sheet

Unit: RMB

Assets	2012-6-30	2011-12-31	Liabilities and owner's equity	2012-6-30	2011-12-31
Current assets:			Current liabilities:		
Monetary fund	708,417,387.45	695,095,052.12	Short-term loan	3,208,884,008.18	3,265,824,953.89
Bill receivable	-	-	Bill payable	30,000,000.00	43,820,200.00
Account receivable	1,017,077,822.79	934,640,019.03	Account payable	419,024,277.78	214,748,889.66
Account paid in advance	81,394,386.19	31,576,397.23	Account received in advance	17,966,000.00	14,586,000.00
Interest receivable	-	-	Remuneration payable	33,773,316.00	32,691,674.04
Dividend receivable	-	-	Tax payable	-547,763,897.12	-521,900,793.90
Other accounts receivable	21,921,948.69	124,599,842.72	Interest payable	79,858,446.84	75,462,594.51
Inventory	1,261,292,454.50	1,258,195,597.25	Dividend payable	-	-
Long-term stock investment due within one year	-	-	Other account payables	313,454,938.34	358,597,380.00
Other current assets	-	-	Long-term liabilities due within one year	-	50,000,000.00
			Other current liabilities	-	-
Total of current assets	3,090,103,999.62	3,044,106,908.35	Total of current liabilities	3,555,197,090.02	3,533,830,898.20
Non-current assets:	-		Non-current liabilities		
Long-term stock investment	45,315,000.00	37,315,000.00	Long-term borrowing	26,000,000.00	26,000,000.00
Investment real estate	4,650,702.31	4,872,045.07	Other non-current liabilities	4,971,041.64	5,104,791.66
Fixed assets	2,138,937,835.63	2,227,103,579.26	Total of non-current liabilities	30,971,041.64	31,104,791.66
Project under construction	51,166,038.51	46,866,969.48	Total of liabilities	3,586,168,131.66	3,564,935,689.86
Disposal of capital assets	-	-	Owners' equity		
Intangible assets	64,016,826.54	63,807,538.62	Share capital	602,762,596.00	602,762,596.00

Long-term unamortized expenses	70,816.76	95,810.84	Capital reserve	363,629,927.51	363,629,927.51
Deferred income tax assets	3,714,114.31	3,714,114.31	Reserve surplus	332,908,397.60	332,908,397.60
Other non-current assets	22,812,875.48	24,864,716.98	Undistributed profit	348,331,194.08	454,070,630.72
Total of non-current assets	2,330,684,209.54	2,408,639,774.56	Translation difference in foreign currency statement	-	-
			Equity attributable to owners of the parent company	1,647,632,115.19	1,753,371,551.83
			Minority shareholders' equity	186,987,962.31	134,439,441.22
			Total of shareholders' equity	1,834,620,077.50	1,887,810,993.05
Total of assets	5,420,788,209.16	5,452,746,682.91	Total of liabilities and shareholders' equity	5,420,788,209.16	5,452,746,682.91

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

### Balance Sheet of parent company

Unit: RMB

Assets	2012-6-30	2011-12-31	Liabilities and owner's equity	2012-6-30	2011-12-31
Current assets:			Current liabilities:		
Monetary fund	297,440,484.94	303,150,447.89	Short-term loan	1,764,000,000.00	1,880,824,953.89
Bill receivable	-	-	Bill payable	-	-
Account receivable	669,196,028.23	646,023,065.42	Account payable	335,410,278.82	145,440,717.47
Account paid in advance	678,132.22	489,676.70	Account received in advance	14,586,000.00	14,586,000.00
Interest receivable	-	-	Remuneration payable	18,448,463.31	16,426,938.52
Dividend receivable	654,140,866.58	654,140,866.58	Tax payable	-414,918,391.88	-414,050,692.13
Other accounts	1,367,868,010.10	1,525,724,625.88	Interest payable	3,911,995.86	5,585,474.16

receivable					
Inventory	94,445,235.78	112,185,828.84	Dividend payable	-	-
Long-term stock investment due within one year	-	-	Other account payables	782,527,252.78	1,064,365,847.79
Other current assets	-	205,000,000.00	Long-term liabilities due within one year	-	-
			Other current liabilities		
Total of current assets	3,083,768,757.85	3,446,714,511.31	Total of current liabilities	2,503,965,598.89	2,713,179,239.70
Non-current assets:			Non-current liabilities		
Long-term stock investment	737,297,849.76	536,797,849.76	Long-term loan	-	-
Investment real estate	-	-	Other non-current liabilities	-	-
Fixed assets	300,756,949.83	327,435,225.16	Total of non-current liabilities	-	-
Construction in process	36,831,445.68	36,184,921.10	Total of liabilities	2,503,965,598.89	2,713,179,239.70
Disposal of capital assets	-	-	Owners' equity	-	
Intangible assets	9,954,013.57	10,658,977.27	Share capital	602,762,596.00	602,762,596.00
Long-term unamortized expenses	70,816.76	95,810.84	Capital reserve	288,769,132.47	288,769,132.47
Deferred income tax assets	-	-	Reserve surplus	332,908,397.60	332,908,397.60
Other non-current assets	-	-	Undistributed profit	440,274,108.49	420,267,929.67
Total of non-current assets	1,084,911,075.60	911,172,784.13	Converted difference in Foreign Currency Statements	-	-
			Total of shareholders' equity	1,664,714,234.56	1,644,708,055.74
Total assets	4,168,679,833.45	4,357,887,295.44	Total of liabilities and shareholders' equity	4,168,679,833.45	4,357,887,295.44

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Consolidated Profit Statement

Unit: RMB

Items	Jan.-Jun. of 2012	Jan.-Jun. of 2011
I. Operation income	705,842,198.56	1,143,413,610.78
Less: operation cost	1,146,829,174.36	1,635,583,031.68
Operation tax and surcharge	3,279,859.65	3,850,355.62
Sales expense	510,156.84	396,202.63
Management expense	50,598,310.93	50,599,499.76
Accounting expense	101,300,639.07	89,911,857.60
Loss of assets impairment	-	-
Plus: gain of fair value change	-	-
Investment gain (loss)	-	-39,857,497.48
Among: gain (loss) of investment into affiliated and joint enterprises	-	-39,857,497.48
II. Operation profit (loss)	-596,675,942.29	-676,784,833.99
Plus: Non-operation income	474,161,438.45	589,314,683.18
Less: Non-operation expense	37,764.81	297,324.48
Among: Loss from disposal of non-current assets	34,978.97	162,698.07
III. Total of profit	-122,552,268.65	-87,767,475.29
Less: income tax expense	638,646.90	3,585,345.15
IV. Net profit	-123,190,915.55	-91,352,820.44
Net profit attributable to shareholders of parent company	-105,739,436.64	-84,855,867.31
Minority shareholders' equity	-17,451,478.91	-6,496,953.13
V. Earnings per share	-	-
(I) Basic earnings per share	-0.18	-0.14
(II) Diluted earnings per share	Not applicable	Not applicable
VI. Other consolidated incomes	-	-
VII. Total of consolidated incomes	-123,190,915.55	-91,352,820.44
Total of consolidated incomes attributable to	-105,739,436.64	-84,855,867.31

shareholders of the parent company		
Total of consolidated incomes attributable to minority shareholders	-17,451,478.91	-6,496,953.13

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Profit Statement of Parent Company

Unit: RMB

Items	Jan.-Jun. of 2012	Jan.-Jun. of 2011
I. Operation income	344,470,185.31	442,608,095.42
Less: operation cost	533,917,664.37	694,282,683.32
Operation tax and surcharge	2,633,234.63	1,772,393.29
Sales expense	-	-
Management expense	23,592,854.98	19,283,461.96
Accounting expense	27,530,741.77	37,688,810.51
Loss of assets impairment	-	-
Plus: gain of fair value change	-	-
Investment gain (loss)	-	-39,857,497.48
Among: gain (loss) of investment into affiliated and joint enterprises	-	-39,857,497.48
III. Operation profit (loss)	-243,204,310.44	-350,276,751.14
Plus: Non-operation income	263,213,275.10	282,577,058.44
Less: Non-operation expense	2,785.84	3,846.41
Among: Loss from disposal of non-current assets	-	-
III. Total profit	20,006,178.82	-67,703,539.11
Less: Income tax expense	-	-
IV. Net profit	20,006,178.82	-67,703,539.11
V. Earnings per share		-
(i) Basic earnings per share	Not applicable	Not applicable
(ii) Diluted earnings per share	Not applicable	Not applicable
VI. Other consolidated income	-	-

VII. Total of consolidated income	20,006,178.82	-67,703,539.11
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Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Consolidated Cash Flow Statement

Unit: RMB

Items	Jan.-Jun. of 2012	Jan.-Jun. of 2011
I. Net cash flow from operation activities		
Cash received from sales of products and supply of labor	1,021,997,589.7 6	1,418,009,918.5 8
Tax expense returns received	-	-
Cash received and related to other operation activities	203,329,322.17	75,542,660.32
Subtotal of cash inflows from operation activities	1,225,326,911.9 3	1,493,552,578.9 0
Cash paid for purchase of goods and acceptance of labor	1,002,227,845.1 6	1,321,170,701.3 2
Cash paid to or for staff	52,746,098.27	56,866,969.06
Taxes paid	18,678,976.83	44,300,719.65
Cash paid and related to other operation activities	29,945,733.94	32,725,222.12
Subtotal of cash outflows from operation activities	1,103,598,654.2 0	1,455,063,612.1 5
Net cash flow from operation activities	121,728,257.73	38,488,966.75
II. Cash flow from investment activities		
Cash received from divestment	106,342,100.00	-
Cash received from investment returns	-	-
Net cash drawback from disposal of capital assets, intangible assets and other long-term assets	-	4,344,000.00
Net cash received from disposal of subsidiaries or other business units	-	-

Other investment-related cash received	-	-
Sub-total of cash inflows of investment activities	106,342,100.00	4,344,000.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	42,381,196.92	22,843,360.85
Cash paid for investment	8,000,000.00	47,881,000.00
Other investment-related cash payment	-	-
Sub-total of cash outflows from investment activities	50,381,196.92	70,724,360.85
Net cash flow from investment activities	55,960,903.08	-66,380,360.85
III. Cash flow from financing activities		
Cash received from investment take-up	70,000,000.00	-
Cash received from obtaining borrowings	2,033,884,008.1 8	2,379,100,000.0 0
Cash received from other financing-related activities	62,536,060.00	-
Subtotal of cash inflow from financing activities	2,166,420,068.1 8	2,379,100,000.0 0
Cash paid for debts	2,140,824,953.8 9	2,204,000,000.0 0
Cash paid for dividend or profit distribution, or interest	124,133,714.29	109,011,750.54
Other funding-related cash payment	68,500,000.00	-
Subtotal of cash outflows from financing activities	2,333,458,668.1 8	2,313,011,750.5 4
Net cash flow from financing activities	-167,038,600.00	66,088,249.46
IV. Influence of exchange rate fluctuation on cash and cash equivalents	-52,165.48	-3,074.21
V. Net increase of cash and cash equivalents	10,598,395.33	38,193,781.15
Plus: Balance of cash and cash equivalents at Period-beginning	629,318,992.12	591,386,814.04
VI. Balance of cash and cash equivalents at Period-end	639,917,387.45	629,580,595.19

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Cash Flow Statement of the Parent Company

Unit: RMB

Items	Jan.-Jun. of 2012	Jan.-Jun. of 2011
<b>I. Cash flow from operation activities</b>		
Cash received from sales of products and supply of labor	548,972,971.88	729,133,218.02
Tax expense returns received	-	-
Cash received and related to other operation activities	897,063,509.61	299,082,095.79
	1,446,036,481.	1,028,215,313.
Subtotal of cash inflows from operation activities	49	81
Cash paid for purchase of goods and acceptance of labor	432,050,267.81	696,657,561.65
Cash paid to or for staff	29,498,600.19	32,276,567.86
Taxes paid	6,754,852.07	8,350,015.33
Cash paid and related to other operation activities	675,676,545.41	352,099,113.80
	1,143,980,265.	1,089,383,258.
Subtotal of cash outflows from operation activities	48	64
Net cash flow from operation activities	302,056,216.01	-61,167,944.83
<b>II. Cash flow from investment activities</b>		
Cash received from investment	106,342,100.00	-
Cash received from investment returns	-	-
Net cash drawback from disposal of capital assets, intangible assets and other long-term assets	-	-
Cash received from relevant activities	-	-
Sub-total of cash inflows of investment activities	106,342,100.00	-
Cash paid for construction of fixed assets, intangible assets and other long-term assets	28,998,530.98	18,557,420.52
Cash paid for investment	200,500,000.00	56,841,000.00
Other investment-related cash payment	-	-
Sub-total of cash outflows from investment activities	229,498,530.98	75,398,420.52
	-123,156,430.9	
Net cash flow from investment activities	8	-75,398,420.52
<b>III. Cash flow from financing activities</b>		
Cash received from investment take-up	-	-
	1,024,000,000.	1,532,100,000.
Cash received from obtaining borrowings	00	00
Cash received from other financing-related activities	-	-
Subtotal of cash inflows from financing activities	1,024,000,000.	1,532,100,000.

	00	00
Cash paid for debts	1,140,824,953.89	1,424,000,000.00
Cash paid for dividend or profit distribution, or interest	67,784,593.22	71,322,473.33
Other funding-related cash payment	-	-
Subtotal of cash outflows from financing activities	1,208,609,547.11	1,495,322,473.33
Net cash flow from financing activities	-184,609,547.11	36,777,526.67
IV. Influence of exchange rate fluctuation on cash and cash equivalents	-200.87	-720.94
V. Net increase of cash and cash equivalents	-5,709,962.95	-99,789,559.62
Plus: Balance of cash and cash equivalents at Period-beginning	303,150,447.89	269,369,131.18
VI. Balance of cash and cash equivalents at Period-end	297,440,484.94	169,579,571.56

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

## Consolidated Statement of Changes in Owners' Equity

Unit: RMB

Items	Jan.-Jun. of 2012					Amount of 2011						
	Shareholders' equity attributable to the parent company				Minor shareholder s' equity	Total of shareholders' equity	Shareholders' equity attributable to the parent company				Minor shareholder s' equity	Total of shareholders' equity
	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	454,070,630.72	134,439,441.22	1,887,810,993.05	602,762,596.00	363,629,927.51	332,908,397.60	436,541,567.35	196,615,862.35	1,932,458,350.81
Plus: Change of accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	602,762,596.00	363,629,927.51	332,908,397.60	454,070,630.72	134,439,441.22	1,887,810,993.05	602,762,596.00	363,629,927.51	332,908,397.60	436,541,567.35	196,615,862.35	1,932,458,350.81
III. Increase/decrease changed in Year	-	-	-	-105,739,436.64	52,548,521.09	-53,190,915.55	-	-	-	17,529,063.37	-62,176,421.13	-44,647,357.76
(i) Net profit	-	-	-	-105,739,436.64	-17,451,478.91	-123,190,915.55	-	-	-	17,529,063.37	-8,497,451.22	9,031,612.15
(ii) Other consolidated income	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal of the above (i) and (ii)	-	-	-	-105,739,436.64	-17,451,478.91	-123,190,915.55	-	-	-	17,529,063.37	-8,497,451.22	9,031,612.15
(III) Capital invested or reduced by shareholders	-	-	-	-	70,000,000.00	70,000,000.00	-	-	-	-	-	-
1. Capital invested by shareholders	-	-	-	-	70,000,000.00	70,000,000.00	-	-	-	-	-	-

2. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-53,678,969.91	-53,678,969.91	
1. Dividend distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-53,678,969.91	-53,678,969.91	
2. 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 of end of this year	602,762,59 6.00	363,629,92 7.51	332,908,39 7.60	348,331,194 .08	186,987,96 2.31	1,834,620,07 7.50	602,762,59 6.00	363,629,92 7.51	332,908,39 7.60	454,070,63 0.72	134,439,44 1.22	1,887,810,99 3.05		

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

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

Unit: RMB

Items	Jan.-Jun. of 2012					Amount of 2011				
	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	420,267,929.67	1,644,708,055.74	602,762,596.00	288,769,132.47	332,908,397.60	234,504,714.54	1,458,944,840.61
Plus: Change of accounting policy	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	602,762,596.00	288,769,132.47	332,908,397.60	420,267,929.67	1,644,708,055.74	602,762,596.00	288,769,132.47	332,908,397.60	234,504,714.54	1,458,944,840.61
III. Increase/decrease changed in Year	-	-	-	20,006,178.82	20,006,178.82	-	-	-	185,763,215.13	185,763,215.13
(i) Net profit	-	-	-	20,006,178.82	20,006,178.82	-	-	-	185,763,215.13	185,763,215.13
(ii) Other consolidated income	-	-	-	-	-	-	-	-	-	-
Subtotal of the above (i) and (ii)	-	-	-	20,006,178.82	20,006,178.82	-	-	-	185,763,215.13	185,763,215.13
(III) Capital invested or reduced by shareholders	-	-	-	-	-	-	-	-	-	-
1. Capital invested by shareholders	-	-	-	-	-	-	-	-	-	-
2. Others	-	-	-	-	-	-	-	-	-	-
(IV) Profit	-	-	-	-	-	-	-	-	-	-

distribution											
1. Withdrawl of surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2. 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 of end of this year	602,762,596.00	288,769,132.47	332,908,397.60	440,274,108.49	1,664,714,234.56	602,762,596.00	288,769,132.47	332,908,397.60	420,267,929.67	1,644,708,055.74	

Person in charge of the Company:

CFO:

Person in charge of financial department:

Check:

Tabulator:

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## II. Annotations of 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.

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, 2011.

Headquarter of the Company located in Shenzhen Guangdong Province.

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.

No controlling shareholder and actual controller exist in the Company, Shenzhen Energy Corporation (hereafter referred as the Energy Group) is the first largest shareholder of the Company.

### (II) Preparation basis of Financial Statements

#### 1. Preparation basis of Financial Statements

The Company executes the Accounting Standard for Business Enterprises issued by MOF on February 15, 2006. Moreover, the Company disclosed relevant financial information complied with the Preparation Rules on Information Revelation for the Company with Securities Public Offering No. 15 – General Rules of Financial Report (Revised 2010)

#### Continued operation

As of 30 June 2012, the total current liabilities of the Company exceeded the total current assets with RMB465, 093,090.4. meanwhile, as set out in note 7 Contingent events, as of the date for approving issue of this financial statement, the Company hasn’t concluded unanimous agreements with Jierun(Singapore) Private Ltd (hereinafter referred to as Jierun) in connection with the liabilities and compensation upon the termination of option contract. There is possibility to solve the dispute by both parties through justice channel. Since the unutilized banking facilities of the Group amounted to RMB1, 070,322,657.14 which was available to satisfy the Group’s capital requirements, and also since the Company believed that the matters set out in note 7 Contingent events would not result in material cash outflow in the first half of 2012 for the Group, the Company prepared this financial statement assuming a continued operation.

#### Book keeping basis and pricing principle

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The Company takes the accrual system as the bookkeeping basis of accounting audit. 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 also a true and thorough reflection to the Company together with its financial information as consolidated financial position on 30<sup>th</sup> June 2012, and the Company together with its consolidated operation results, and consolidated cash flow in the first half of 2012.

## **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 combination was divided into enterprise consolidation under the same control and the one not under the same control

### 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 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.

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. For merger under different control done through multiple trades by step, the merger cost is the sum of consideration paid at purchased day and the fair value of equity of bought party before purchasing on purchased date. For equity of bought party held before purchasing, re-measured by fair value on purchased date, and the difference of fair value and its book value should reckoned into current investment income; For equity of bought party held before purchasing but with other consolidation income involved, the other consolidation income related to them should transferred into current investment income at purchased date.

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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 in form of an item of assets and calculated initially by cost 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.

Goodwill formed by enterprise consolidation will list independently in consolidation financial statement and measure by the cost after accumulated impairment provision deducted. Impairment test on goodwill should verify at end of the every year at least.

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; 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 be included in current loss and gains and 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.

For subsidiaries being disposed, their business result and cash flow before the disposal day (losing power of control day) have been appropriately demonstrated in the consolidated income statement and cash flow statement.

Subsidiaries added as merger of enterprises under different control, their operation results and cash flow from the beginning of purchasing day (gaining power of control day) have been appropriately demonstrated in the consolidated income statement and consolidated cash flow statement. And the comparison amount and period-begin amount in the consolidated financial statement shall not be adjusted.

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Subsidiaries added as merger of enterprises under common control, their operation results and cash flow from the beginning of current term to the merger day have been appropriately demonstrated in the consolidated profit statement and consolidated cash flow statement.

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 attributable to minority shareholders' equity of current net loss/gains of subsidiaries is listed in the net profit item of consolidated profit as minority shareholders' equity.

When the share of losses attributable to the minor shareholders has exceeded their shares in the owners' equity at the beginning of term attributable to minority shareholders in the subsidiary, the balance shall offset the minor shareholders' equity.

Concerning the purchasing of minority shareholders' equity from subsidiary or the transaction of partial equity investment disposal without control rights loss in the subsidiary, calculated them as equity transaction. And reflect relevant equity changes in the subsidiary for adjusting the owners' equity attributable to parent company and book value of minority shareholders' equity. Difference between the adjusted amount on minority equity and fair value of consideration received/paid will adjust as capital reserve, adjusted as income retained while capital reserve fail for off-setting.

For control rights loss in original subsidiary for partial equity investment disposal or other reasons, the remained equity should re-measured based on the fair value at date of control losses. The difference between the net assets of original subsidiary share by proportion held that sustainable calculated since purchased date and sum of consideration obtained by equity disposal and fair value of remain equity, reckoned into the current investment income of control rights loss. The other consolidation income related to original subsidiary's equity investment will transfer to current investment income while control rights loss.

## **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.

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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**

Being party of the Contract of Financial Instruments, the Company recognized a financial assets or financial liabilities. At initial recognition, financial assets and financial liabilities are measured by fair value. Concerning the financial assets and financial liabilities that measured by fair value but with variation reckoned into current gains/loss, relevant transaction expense counted into gains/loss directly; for other category financial assets and financial liabilities, relevant transaction expense counted into initial recognition amount.

### 9.1 Recognition of fair value

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. 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 Actual interest rate

Actual interest rate is the method for calculation of amortized cost and interest income/expenditure of every period by actual interest rate of financial assets or financial liabilities (a set of financial assets or financial liabilities included). Discount the future cash flow of financial assets/liabilities that in predicted continuance or applicable shorter terms to the rate used in current book value of financial assets/liabilities consider as the actual interest rate.

While calculating actual interest rate, the Company will predict the future cash flow ( without future credit loss consideration) on base of all contract clause of financial assets/liabilities consideration, take the vary expenses, belong to actual interest rate that paid/received between contract parties, transaction expenses& discount and premium as well as into consideration.

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

On initial confirmation, the financial assets are divided into: financial assets measured by fair value and of which the changes are recognized to be current profit/loss, receivables, tradable financial assets and held-to-maturity investments. The financial assets are bought or sold by the regular way, and recognized or terminated to be recognized according to the trading day accounting.

Financial assets of the Company refers to 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, receivable equity and other account receivable.

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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.

#### 9.4 Impairment of financial assets

Except for financial assets accounted at fair value and variation accounted into current gain/loss account, the Company undertakes inspection on the book value of other financial assets at each balance sheet day, whenever practical evidence showing that impairment occurred with them, impairment provisions are provided. The practical evidence of impairment for financial assets refers to the items that has influence on the predicted future cash flow of financial assets, and the influences could be measured reliable by the enterprise which were actually occurred after the initial recognition of financial assets.

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

- (1) Severe financial difficulties of offering party 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 recognizing 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
  - Incidence 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.

##### *- Loss of impairment of financial assets measured by diluted cost*

Loss of impairment of financial assets measured by diluted cost is written down into the present value of future expected cash flow (un-occurred future credit losses excluded) that converted by original actual interest rate of the financial assets. 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 practical 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.

The Company performs impairment test separately on individual financial assets with major amounts; for financial assets without major amounts, the Company performs impairment test separately or inclusively in a group of financial assets with similar characteristics of risks. Those financial assets (individual financial assets with or without major amounts) tested separately with no impairment found shall be tested again along with the group of financial assets with similar risk

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characteristics. Financial assets confirmed for impairment individually shall not be tested along with the group of financial assets with similar risk characteristics.

#### 9.5 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.

#### 9.6 Categorizing, recognition and measuring of financial liabilities

Financial liabilities or equity instrument is recognized by the substance of financial instrument listed in contract and the definition of financial liabilities and equity instrument for the financial instruments issued by the Company.

At initial recognition, financial liabilities are classified into financial liabilities measured by fair value with changes counted into current gains/losses and other financial liabilities.

Financial liabilities of the Company refer to 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.

#### 9.7 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

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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 born) is 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. When issuing 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 Accounts receivable with significant amount and single provision for bad debt

Determination basis and amount standard of items with single significant amount	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 providing of bad debt provisions on account receivable by combination

Recognition basis of combination	
account receivable with individual minor amount and with individual major amount but without impairment found after separately testing	The Company believed that the account receivable with individual minor amount and with individual major amount but without impairment found after separately testing has a lower credit risk. The Company withdrawal no bad debt provision unless evidence of major credit risk on certain account receivable been found.

#### 10.3 account receivable with individual minor amount but withdrawal bed debt provision single

Reasons for bad debt provision single	If there is evidence proving that the credit risk of certain account receivable is big, the bad debt provision for account receivable should be accrued individually.
Methods for bad debt provision	Specific Identification Method

## 11. Inventory

### 11.1 Categories of inventory

The Company's inventory mainly consists of fuels, raw materials and developing products in process. The inventory is measured initially by cost. The cost for developing products 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 sate 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. 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.

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.

### 11.4 Inventory system

The inventory system is perpetual inventory system.

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## 12. Long-term equity investment

### 12.1 Recognition of investment cost

For the long-term equity investment formed by corporate merger, if it is the long-term equity investment obtained from the corporate merger under the same control, the share of book value of owner's equity on the merger date shall be taken as the investment cost. The merger cost of long-term equity investment obtained through the corporate merger under different control shall be taken as the investment cost of long-term equity investment. Concerning the corporate merger under different control with many transactions, the long-term equity investment cost refers to the total amount of book value of equity investment on purchase held before the purchased day and newly added investment cost in purchased day. The other equity investment besides the long-term equity investment formed by corporate merger shall conduct initial measurement according to its cost.

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

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

As for the long-term equity 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. In addition, long-term equity investment to subsidiary of the Company adopted the cost method for calculation in financial statement. Subsidiary refers to the invested units that control by the Company.

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

Investment to associated enterprise and joint ventures by the Company adopted equity method for calculation. Associated enterprise refers to the invested units that the Company has significant influence on it while joint venture refers to the invested units that controlled by the Company and other investors together.

When equity basis is adopted, if the initial cost of the long-term equity investment is greater than the share of fair value of the receiver's recognizable net asset, the initial investment cost of the long-term equity investment will not be adjusted; if the initial cost of the long-term equity investment is less than the share of fair value of the receiver's recognizable net asset, the balance shall be counted into current income account, and the cost of long-term equity investment shall be adjusted.

When equity basis is adopted, investment gain/loss of the current term is the share of net gains or losses of the investment receiver of the current year. Recognition of the share of net gains or losses of the investment receiver shall be on the basis of fair value of recognizable asset of the receiver when the investment was made, and recognized after adjustment on the net profit of the receiver in accordance with the Company's accounting policies and accounting period. For the gain/loss due to unrealised internal trade between the Company and co-operations, the share of the Company in this gain/loss shall be neutralized, and investment gains shall be recognized upon them. But the

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losses from unrealised trade between the Company and investment receivers which are regarded as losses from asset transferring shall not be neutralized. Change of equities of the investment receiver other than net gains or losses shall be counted into shareholders' equity, and the book value of long-term equity investment shall be adjusted correspondingly and recognized as other miscellaneous income and recorded in capital reserves.

Recognition of the share of net loss by the investment receiver shall be limited to when the book value of long-term equity investment and other long-term equity forms substantial net investment has been reduced to zero. Beside, if the Company is responsible for other losses of the investment receiver, predicted liability shall be recognized upon the prediction of responsibilities and recorded into current investment loss account. If the receiver realized net profit in the period thereafter, the share of gains is recovered after making up of share of losses which has not been recognized.

#### 12.2.3 Disposal of long-term equity investment

While disposal of long-term equity investment, the difference between the book value and actual price received shall be accounted into current gains/losses. For long-term equity investment accounted on equity basis, the part originally accounted into shareholders' equity is carried over to current gains/losses at corresponding rate when disposed.

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

Controlling power means the power over the firm's financial and operational decision-making, and can obtain profit from the operation of such firm. Mutual control means the controlling power on particular activity hold together with others against particular contract, and shall only take effect when all of the investment parties have collective affirmative opinions on the major financial or operational issues. Significant influence means the power to participate in decision-making but cannot control or collectively control the same. At considering of substantial control or significant influence of a firm, the potential voting right factors such as current convertible bonds or executable subscription options have been considered.

#### 12.4 Impairment testing and basis of impairment provision

Impairment testing is performed on the long-term equity investment at each balance sheet date. In case of there is evidence showing impairment has occurred, the recoverable amount shall be assessed. If the recoverable amount is lower than the book value, the impairment provision shall be provided at the difference and accounted into current income account.

Once the impairment loss of a long-term equity investment is recognized, it shall not be written back in subsequent fiscal periods.

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

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights and the land use rights which are held and prepared for transfer after appreciation, the rented buildings.

Investment real estate is measured according to the initial cost. The follow-up expenses that are related to investment real estate, if the economic interests related to the assets are likely to inflow cost and its costs can be reliably measured, shall be included in the cost of investment real estate. The other follow-up expense shall be included in the current gains/losses.

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The Company adopts the cost model to have follow-up measurements of the investment real estate, and to conduct depreciation or amortization according to the policies that are in consistent with the land use rights.

Impairment testing is performed on investment real estate 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 asset. If the recoverable value was hard to evaluate separately, it shall be decided along with the group of assets it belongs to. If the recoverable value of an asset is lower than its book value, the balance shall be provided for impairment provision and accounted into current gains/losses.

Once impairment of investment real estate was recognized, it will not be written back in the subsequent fiscal periods.

The difference of the income from the sale, transfer, dispose of the investment real estate deducting the book value and relevant taxes shall be included in the gains and losses of the current period.

## **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 & management, and have more than one fiscal year of service life. The fixed assets recognized on the condition of economy benefit probably in-flow into the Company and the cost should measured reliably only. Initial measurement shall be conducted on fixed assets according to the actual cost when obtain them and also considering the expected costs for disposal.

Concerning the follow-up expenses related to fixed assets, if the relevant economy benefit of fixed assets probably in-flow into the Company and can be measured reliably, reckoned into cost of fixed assets and terminated the recognition of the book value of the parts that been replaced. Others follow-up expenses should reckoned into current gains/losses while occurred.

### 14.2 Depreciation of various fixed assets

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.

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	20-40 years	10%	2.25%-4.50%
Equipment (fuel machinery group excluded)	10-20 years	5%-10%	4.5%-9%
Equipment--fuel machinery group (note)		10%	The work quantity method

Transportation tools	5-12 years	10%	7.5%-18%
Other equipment	5-8 years	10%	11.25%-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.

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

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

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

#### 14.4 Other remarks

The Company rechecks, at least at the end of each year, the useful life, estimated net residual value, and total hours of power generation of gas turbine generator units and depreciation method of fixed assets. In case of any change to the above said items, it will be treated as change of accounting estimate

Terminated the recognition of fixed assets that in the status of disposal or pass through the predicted usage or without any economy benefits arising from disposal. Income from treatment of fixed asset disposing, transferring, discarding or damage, the balance after deducting of book value and relative taxes is recorded into current income account.

### **15. Construction-in-progress**

Cost of construction in process is determined at practical construction expenditures, including all expenses during the construction, capitalized loan expenses before the construction reaches useful status, and other relative expenses. No depreciation accrued on construction in progress. It is transferred to fixed asset as soon as the construction reaches the useful status.

Impairment testing is performed on construction in process at each balance sheet day by the Company.

When evidence showing that impairment has occurred, the recoverable value shall be assessed. Assessment of recoverable value is based on individual asset. If the recoverable value was hard to evaluate separately, it shall be decided along with the group of assets it belongs to. If the recoverable value of an asset is lower than its book value, the balance shall be provided for impairment provision and accounted into current gains/losses.

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

### **16. Borrowing expenses**

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Borrowing expenses that can be directly attributed for purchasing or construction of assets that are complying with capitalizing conditions start to be capitalized when the payment of asset and borrowing expenses have already occurred, and the purchasing or production activities in purpose of make the asset usable have started; Capitalizing will be terminated as soon as the asset that complying with capitalizing conditions has reached its usable or saleable status. The other borrowing expenses are recognized as expenses when occurred.

Interest expenses practically occurred at the current term of a special borrowing are capitalized after deducting of the bank saving interest of unused borrowed fund or provisional investment gains; Capitalization amounts of common borrowings are decided by the weighted average of exceeding part of accumulated asset expenses over the special borrowing assets multiply the capitalizing rate of common borrowings adopted. Capitalization rates are decided by the weighted average of common borrowings.

## **17. Intangible assets**

### 17.1 Intangible assets

Intangible assets including land-use right and software etc

The intangible assets are subject to initial measurement at cost. Those intangible assets with limited useful life are evenly amortized on straight basis from the date when they become useable to the end of expected useful life. The intangible assets with un-certain service life should not be amortized.

The useful life and amortization method of intangible asset with limited useful life is rechecked at the end of the period.

### 17.2 Impairment test method of intangible assets & calculation method of depreciation reserve

The Company checks, on every balance sheet date, whether the intangible asset with certain useful life shows evidence of possible depreciation. If any, its recoverable amount will be estimated. The recoverable amount of assets is estimated on the basis of individual asset. If it is difficult to estimate the recoverable amount of individual asset, the recoverable amount of asset group will be determined on the basis of the belonging asset group of the assets. If the recoverable amount of the assets is less than its book value, the assets depreciation reserve will be accrued according to their balance and counted in the current gains/losses.

The intangible assets with uncertain service life and those not yet up to the serviceable condition are subject to impairment test annually whether there is evidence of depreciation.

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

## **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.

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## **19. Predicted liabilities**

Responsibilities connected to contingent issues are the current liability undertaken by the Company and the liability has the probability of result in financial benefit outflow and 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 predicted liabilities are measured according to the best estimation on the payment to fulfill the current responsibility. If the monetary value has significant influence, than recognized the best estimation amount based on discount of predicted future cash flow.

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

## **20. Recognition of income**

### 20.1 Goods sales revenue

When significant risks and rewards of ownership of goods have been transferred to buyer, no continuous management right regularly related to ownership is retained, no effective control is conducted on goods sold, moreover, amount of income may be measured in a reliable way, relevant economic profit may have flown into enterprise and relevant incurred cost or to be incurred may be measured in a reliable way, implementation of goods sales revenue will be confirmed.

As for the income arising from sales of real estate development products, sales contract shall be signed by vendor and purchaser and filed with the relevant state land authorities; if real estate development products are completed and reach the condition for its intended use, then products shall be examined and qualified by relevant competent authorities and filing process shall be completed also; sales income is recognized when purchaser pays the agreed purchase amount according to the payment terms of sales contract and obtains the occupation qualification as agreed in sales contract, namely vendor receives all the purchase amount or the right to receive all the purchase amount, which means the relevant economic benefit is able to flow into the Company in full.

### 20.2 Revenue from Providing Labor Service

Under the condition of service providing business can be estimated in a reliable way, relevant economic benefit is likely to flow into enterprise, completion degree of business may be estimated in a reliable way and relevant incurred cost and to be incurred may be measured in a reliable way, the revenue from labor service providing recognized. Relevant service revenue may be confirmed by the Company as percentage-of-completion method on balance sheet date. Completion degree of service business will be determined as share of incurred service cost in estimated general cost.

If result of service providing business can't be estimated in a reliable way, service revenue should be confirmed as amount of incurred service cost expected to be compensated, where incurred service cost is taken as period charge. If no compensation is expected for incurred service cost, income won't be confirmed.

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## **21. Government grant**

Government subsidies are those monetary and/or non-monetary assets obtained from the government by free. Government subsidies are recognized when satisfied the attached qualification of government grant and receivable on hand.

Those government grants of monetary assets are measured at the amount received or receivable. Non-monetary government grants are measured at fair value. If no fair value is available, nominal amount will be adopted. Government subsidies measured at nominal amount are accounted into current gains/losses directly.

Asset-related government grants are recognized as deferred income and accounted into current gains/losses evenly upon their service life.

Those income-related government grants used to neutralize relative expenses and losses of successive periods are recognized as deferred income and accounted into current income at the period when the expenses are recognized; those used to neutralize relative expenses and losses which have already occurred are accounted into current gains/losses directly.

If confirmed government grant needs to be surrendered, for government grant with relevant balance of deferred income, book balance of relevant deferred income will be offset while remnant will be included in current profit and loss. On the contrary, for government grant without relevant deferred income, it will be directly in current gain and loss.

## **22 Deferred income tax asset/ deferred income tax liability**

Income tax expense includes current income tax and deferred income tax.

### 22.1 Current income tax

On balance sheet date, current income tax liability (or asset) formed during and before current period will be measured as amount of income tax payable (or repayable) as specified by tax law.

### 22.2 Deferred income tax asset & deferred income tax liability

For balance of book value of some asset/liability item and its tax base, or temporary difference derived from balance of book value and tax base of the item, which is not confirmed as asset or liability but tax base can be fixed as specified by tax law, deferred income tax asset & deferred income tax liability will be confirmed in balance sheet liability approach.

Generally, all temporary difference shall be recognized as relevant deferred income tax. But concerning the deductible temporary difference, relevant deferred income tax asset may be confirmed subject to amount of taxable income which is likely to be acquired to deduct deductible loss and taxation decrease in the future. Furthermore, for taxable temporary difference, which is related to initial recognition for goodwill and asset or liability produced by transaction which neither is business combination nor affects accounting profit and taxable income (or deductible loss), relevant deferred income tax liability won't be confirmed.

For deductible loss and taxation decrease which can be carried over to following fiscal year,

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relevant deferred income tax asset may be confirmed subject to amount of taxable income which is likely to be acquired to deduct deductible loss and taxation decrease in the future.

The Company recognized deferred income tax liabilities arising from taxable temporary differences of investment related between the subsidiaries, associated enterprise and joint ventures, unless the Company control time of switch-back on temporary differences and the difference will not be switch-back probably in predicted future. For those deductible temporary differences related to investment with subsidiaries, associated enterprise and joint ventures, the Company have deferred income tax assets recognized on the condition of temporary differences might probably carry-back in predicted future and in the future, have the portability obtained taxable amount that should be deducted the deductible temporary differences.

At the balance sheet day, those deferred income tax assets and income tax liabilities, according to the tax law, calculation will be on tax rate applicable to retrieving period of assets or clearing of liabilities.

Other current income tax and deferred income tax or income reckoned into current gains/loss except the followed: the current income tax and deferred income tax related to the transition and event of other consolidation income or shareholders' equity reckoned, counted into other consolidation income or shareholders' equity together with the book value of goodwill adjusted of deferred income tax arising from enterprise merger.

At the balance sheet day, verification will be performed on the book value of differed income tax assets. If it is not possible to obtain enough taxable income to neutralize the benefit of differed income tax assets, then the book value of the differed income tax assets shall be reduced. Whenever obtaining of taxable income became possible, the reduced amount shall be restored.

When accounting with net amount is a stipulated rights, and tending to account with net amount or acquire of asset and clearing of debts are performed simultaneously, the income tax asset and liabilities of the current term are accounted at net amount after neutralization.

When accounting of income tax asset and liabilities of current term with net amount is the stipulated rights, and the income tax asset and liabilities are related to the same subject recognized by the same taxation authority, or to the different subjects but within each period of writing back the differed income tax asset and liabilities with great importance, and tending to account with net amount or acquire of asset and clearing of debts are performed simultaneously, the income tax asset and liabilities of the current term are accounted at net amount after neutralization.

## **23. Operational leasing and financial leasing**

Finance lease is to virtually transfer all risks and rewards related to ownership of asset. Leases other than finance lease are operating leases.

### 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.

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## 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. Other Main Accounting Policies, Estimations and Preparation Method**

### 24.1 Employee wages

Except for the compensation for labor contract termination, the payable employee wages in the accounting period of service provided by employee of the Company were recognized as liabilities.

The Company participates in social security system for employee set up by government department as specified, including basic pension insurance, medical insurance, and housing fund and other systems. Expenses involved will be included in relevant cost of asset and current profit and loss when actually incurred.

The Company will sever labor relation with employee prior to expiration of labor contract, or encourage employee to voluntarily accept layoff and put forward suggestion on compensation. If we have formulated formal plan for severing labor relation or put forward voluntary layoff suggestion and plan to put into effect meanwhile the plan and suggestion can't be withdrawn unilaterally, estimated liability produced by compensation for severing labor relation with employee will be confirmed and included in current profit and loss.

### 24.2 Debt restructures

#### 24.2.1. Obligation of recording debt restructuring as debtor

For debt liquidated with cash, balance between book value of debt to be restructured and amount of actual payment will be included in current gain and loss. On the contrary, for debt liquidated with non-cash asset, balance between book value of debt to be restructured and fair value of non-cash asset transferred will be included in current gain and loss. Balance between fair value of non-cash asset transferred and book value of debt to be restructured will be included in current gains and loss.

When debt is transferred to capital, balance between book value of debt to be restructured and fair value of loaner's share derived from disclaim will be included in current gains and loss.

When other terms of debt are modified, fair value of debt after modification will be taken as entry value of restructured debt. Balance between book value of debt prior to restructuring and debt restructured will be included in current gain and loss.

When combination of multiple modes is applied, book value of debt to be restructured will be offset by cash for payment, fair value of non-cash asset transferred and fair value of loaner's share successively, then applicable method under modification mentioned above will be applied.

#### 24.2.2. Obligation of recording debt restructuring as loaner

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For debt liquidated with cash, balance between book balance of credit to be restructured and cash received will be included in current gain and loss. On the contrary, for debt liquidated with non-cash asset, balance between book balance of credit to be restructured and fair value of non-cash asset received will be included in current gain and loss.

When debt is transferred to capital, balance between fair value of loaner's share and book balance of credit to be restructured will be included in current gain and loss.

When other terms of debt are modified, fair value of credit after modification will be taken as book value of credit to be restructured. Balance between book balance of debt prior to restructuring and book value of credit restructured will be included in current gain and loss.

When combination of multiple modes is applied, book balance of credit to be restructured will be offset by cash received, fair value of non-cash asset received and fair value of loaner's share successively, applicable method under modification mentioned above will be applied.

When depreciation reserve has been accrued in credit to be restructured, accrual depreciation reserve will be offset by balances above. Remnant after offset will be included in current gain and loss.

## **25. Major judgment made in adopting accounting policies and key assumption and Uncertainties adopted in accounting estimation**

When using the accounting policies discussed in note 2, the Group needs to make judgment, estimation and assumption for carrying value of certain items which cannot be measured adequately due to inherent uncertainty of economic activities. Such judgment, estimation and assumption are based on historical experiences of the Group's management, together with consideration of other relevant factors. The actual results may be different from the Group's estimation. The Group conducts regular re-review on the aforesaid judgment, estimation and assumption on a continued operation basis. If the change of accounting estimation only affect current period, the affected amount is recognized in the period when change occurs. If the change affects current and future periods both, the affected amount is recognized in the period when change occurs and future periods.

### *- Key assumption and uncertainties adopted in accounting estimation*

As of the balance sheet date, the key assumptions and uncertainties that may result in material adjustments to carrying values of assets and liabilities of future periods mainly include:

#### Fixed assets are provided for depreciation by output method

The Group recognizes depreciation for unit electricity based on values of power generation machine sets, projected power sales volume and projected net remaining value, and provides for depreciation according to depreciation of unit electricity and actual power sales volume. Taking into account the prevailing industry policies, technologies, consumption, allocation method of power management authorities and past experiences, and the Group management believes that it is adequate for utilization life of such power generation machine sets, projected power sales volume, projected net remaining value and provision method for depreciation. If the future actual power sales volume differs substantially from the projected one, the Group would make adjustment to unit electricity depreciation, which would bring affects to the depreciation expenses included in profit and loss for the current and future periods.

### The provisional estimated value of fixed assets

As for the power generation machine sets and related buildings reaching the condition for intended use, due to the long construction period of power plant projects, high prices and long completion settlement time, they are accounted provisional based on project budget, project pricing or project actual costs before process of project completion settlement. And upon such settlement, the Company adjusts the original provisional value according to the actual costs. If provisional estimated values of power generation machine sets and related buildings differ materially from the actual costs, the Company may have to make corresponding adjustments to the values of fixed assets.

## (III) Taxes

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

Taxation items	Calculation bases	Tax rate
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	5% or 7%
Education surtax	VAT and business tax actually paid	3%
Local education surtax	VAT and business tax actually paid	2%
Enterprise income tax (Note)	Taxable income	16.5% to 25%
Land VAT	Value-added amount from transferring state-owned land use right, landing construction and its affiliates	Four level progressive rates
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
Land-use tax of town	Land occupation actually area	RMB 4.00 per Square meter

Note1: 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	
	2012	2011
The Company	25%	24%
New Power Company	25%	24%
Shennan Power Gas Turbine Engineering Technique Co., Ltd. ("Engineering Co.,")	25%	24%
Shenzhen Server Petrochemical Supplying Co., Ltd. ("Server Petrochemical Supplying")	25%	24%
Shennandian Environment Protection ("Environment Co.,")	25%	25%
Zhongshan Power Company	25%	24%
Weimei Power Company	25%	24%
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 Harbor Comprehensive Development Co., Ltd. ("Huidong Xiefu Co.,")	25%	25%
Huidong Harbor Development Co., Ltd. ("Huidong Harbor Co.,")	25%	25%
HONG KONG SYNDISOME CO., LIMITED ("Syndisome Co.,")	16.5%	16.5%

## 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 Company	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 Company	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
VAT	Environment protection Company	” Notice of adjustment and perfection on resources comprehensive usage and labor VAT policy”(CS No.115[2011])	Inapplicable	Inapplicable	VAT free for sludge treatment	Inapplicable
Enterprise income tax	Syndidome Company	” Arrangement of avoidance of double-taxation and prevention of tax free in mainland China and Hong Kong Special Administrative Region”(GSH No. 884[2006])	Inapplicable	Inapplicable	Levy income tax by 10% of total share interests	Inapplicable

## (IV) Enterprise merger and Consolidated Financial Statement

### Particular about subsidiaries

#### 1. Subsidiaries obtained through establishment or investment

Unit: RMB

Full name of the subsidiaries	Type of subsidiaries	Regis ter place	Busine ss nature	Register capital	Business scope	Actual investment at period-end	Other item balance of net investment towards subsidiaries	Proportion of shares held (%)	Proportion of voting right (%)	Conso lidated statement Yes/N o
Server Petrochemical Supplying Co., (note)	Limited Liability	Shenz hen	Trading	53,300,000.00	Self-business of fuel and agent for import-export	26,650,000.00	N/A	50	50	Yes
New Power Co.,	Jointed enterprise(H. K-capital)	Shenz hen	Power generati on	113,850,000.00	Technical development on wasted-heat usage, power generation by wasted-heat and fuel power	113,850,000.00	N/A	100	100	Yes
Zhongshan Power Company	Jointed enterprise(H. K-capital)	Zhong shan	Power generati on	746,800,000.00	Fuel power and power generation by wasted-heat	597,440,000.00	N/A	80	80	Yes
Engineering Co.,	Jointed enterprise(H. K-capital)	Shenz hen	Engineer ing consult ation	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	N/A	100	100	Yes
Weimei Power Grid	Jointed enterprise(H. K-capital)	Dongguan	Power generati on	35,040,000.00 美元	Establishment and operation of natural gas power station	208,102,049.76	N/A	70	70	Yes
Environment Co.,	Jointed enterprise(H. K-capital)	Shenz hen	Engineer ing	79,000,000.00	Sludge drying	79,000,000.00	N/A	100	100	Yes
Huidong Xiefu Co.,	Limited Liability	Huizhou	Pier operatio n	8,620,000.00	Establishment and operation of comprehensive pier and its affiliated facilities	6,465,001.00	N/A	84	84	Yes
Huidong Harbor Co.,	Limited Liability	Huizhou	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	N/A	55	55	Yes

## (2) Subsidiaries obtained through merger under no common control

单位：人民币元

Full name of the subsidiaries	Type of subsidiaries	Register place	Business nature	Register capital	Business scope	Actually invested capital at year-end	Other item balance of net investment towards subsidiaries	Proportion shares held (%)	Proportion of voting right (%)	Consolidated statement Yes/No
Shennan Singapore Co.,	Limited Liability	Singapore	Trading	SGD 1,500,000.00	gas turbine and its spares and fuel agents	6,703,800.00	-	100	100	Yes
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
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
Syndisome Co., (note )	Limited Liability	Hong Kong	Import-export trading	HKD 200,000.00	import-export trading	217,807.27	-	100	100	Yes

Note: On December 5, 2008, Shennan Singapore Company and ShenYe Investment and Management Co., Ltd signed the Share Transfer Agreement on the Purchase and Selling 2000 Shares of the Common Stock of HONGKONGSYNDISOMEKO., LIMITED, (Hein after referred to as ShenYe Investment Company), Shennan Singapore Company is to transfer 100% stock right which it has of Syndisome Company to ShenYe Investment Company at the consideration of 393,885,100.00 Hong Kong dollar. According to this Transfer Agreement, ShenYe Investment Company should pay 1,000,000.00 Hong Kong dollars on the date of transfer agreement, and pay the remaining transfer money within the six months after the date. Up to the approval day of this financial statements, ShenYe Investment Company hasn't yet paid 392,885,100.00 Hong Kong dollar of the remaining transfer money, so the Company still possess the actual control right over Syndisome Company, therefore will include it into the Consolidation scope of the Consolidation financial statements.

## (V) Notes to Consolidated Financial Statement

### 1. Monetary capital

Unit: RMB

Items	2012-6-30			2011-12-31		
	Amount of foreign currency	Exchange Rate	Amount of RMB	Amount of foreign currency	Exchange Rate	Amount of RMB
Cash:						
RMB	152,821.47	1.0000	152,821.47	175,127.11	1.0000	175,127.11
HKD	82,656.91	0.8152	67,381.91	82,656.91	0.8107	67,009.95
USD	995.22	6.3249	6,294.67	995.22	6.3009	6,270.78
EUO	1,017.87	7.8710	8,011.65	1,017.87	8.1625	8,308.37
Bank savings:						
RMB	630,665,828.57	1.0000	630,665,828.57	618,132,096.26	1.0000	618,132,096.26
HKD	825,453.22	0.8152	672,902.58	826,105.97	0.8107	669,724.11
USD	1,146,221.27	6.3249	7,249,492.58	1,968,962.94	6.3009	12,406,234.51
SGD	80,879.81	4.9690	401,891.78	98,879.81	4.8679	481,337.03
Other monetary capital (Note):						
RMB	69,188,100.53	1.0000	69,188,100.53	63,144,299.99	1.0000	63,144,299.99
USD	737.04	6.3249	4,661.70	737.04	6.3009	4,644.01
Total			708,417,387.45			695,095,052.12

Note: among the above other monetary capital, there are totally 68,500,000 yuan guarantee margin and draft margin included (on 31 December 2011: RMB 62,536,060.00)

### 2. Account receivable

#### (1) Account receivable classified according to types:

Unit: RMB

Type	2012-6-30				2011-12-31			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	3,474,613.06	0.34%	3,474,613.06	100.00%	3,474,613.06	0.37%	3,474,613.06	100.00%
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	1,017,077.822.79	99.57%	-	-	934,640,019.03	99.53%	-	-
Account receivable with individual minor amount but withdrawal bad debt provision independently	946,915.10	0.09%	946,915.10	100.00%	946,915.10	0.10%	946,915.10	100.00%
Total	1,021,499.350.95	100.00%	4,421,528.16	0.43%	939,061,547.19	100.00%	4,421,528.16	0.47%

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	2012-6-30				2011-12-31			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1year	1,016,941,996.41	99.55%	-	1,016,941,996.41	934,298,767.65	99.49%	-	934,298,767.65
1 to 2years	37,938.62	0.00%	-	37,938.62	243,363.62	0.03%	-	243,363.62
2 to 3years	-	0.00%	-	-	-	-	-	-
Over 3 years	4,519,415.92	0.44%	4,421,528.16	97,887.76	4,519,415.92	0.48%	4,421,528.16	97,887.76
Total	1,021,499,350.95	100.00%	4,421,528.16	1,017,077,822.79	939,061,547.19	100.00%	4,421,528.16	934,640,019.03

(2) Account receivable with individual minor amount but withdrawal bad debt provision independently at period-end:

Unit: RMB

Content of account receivable	Balance of Book	Withdrawal amount of bad debt provision	Withdrawal proportion (%)	Reasons
Account of engineering receivable	800,000.00	800,000.00	100%	Un-recover for overdue
Amount of oil sales receivable	146,915.10	146,915.10	100%	Un-recover for overdue
Total	946,915.10	946,915.10	100%	

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

(4)Top 5 companies in account receivables

Unit: RMB

Name of the company	Relationship between the Company	Amount	Age	Proportion in total account receivable (%)
Bureau of Finance of Shenzhen Municipality	Government institution	639,518,407.62	Within 1 year	62.61%
Bureau of Finance of Zhongshan	Government institution	149,264,024.44	Within 1 year	14.61%
Finance Bureau of Dongguan	Government institution	147,770,603.20	Within 1 year	14.47%
Guangdong Power Grid Corporation	Non-related client	72,168,383.35	Within 1 year	7.06%
Shenzhen Water Bureau	Government institution	6,455,727.60	Within 1 year	0.63%
Total		1,015,177,146.21		99.38%

### 3. Account paid in advance

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

Unit: RMB

Age	2012-6-30		2011-12-31	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1year	81,176,671.50	99.73%	31,358,682.53	99.31%
1to 2years	0.00	0.00%	280.00	0.00%
2to 3years	74,311.98	0.09%	84,031.98	0.27%
Over 3 years	143,402.71	0.18%	133,402.72	0.42%
Total	81,394,386.19	100.00%	31,576,397.23	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 un settlement
Shenzhen Dapeng LNG Sales Co., Ltd	Non-related supplier	53,554,839 .35	Within 1year	Purchase amount paid in advance
Ningbo Lvyuan LNG Development Co., Ltd.	Non-related supplier	13,671,454 .85	Within 1year	Purchase amount paid in advance
CNOOC Gas & Power Group	Non-related supplier	11,271,529 .40	Within 1year	Purchase amount paid in advance
Dongguan Huahui Fire Engineering Co., Ltd.	Non-related supplier	543,600.00	Within 1year	Purchase amount paid in advance
Jiangxi Zhongdian Power Engineering Co., Ltd.	Non-related supplier	355,200.00	Within 1year	Purchase amount paid in advance
Total		79,396,623 .60		

(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 clients:

Unit: RMB

Type	2012- 6-30	2011-12-31
Account paid in advance with individual major amount	78,497,823.60	25,710,536.31
Account paid in advance with minor individual amount but has major risks after combination of risk profile	56,008.00	133,402.72
Other minor account paid in advance	2,840,554.59	5,732,458.20
Total	81,394,386.19	31,576,397.23

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

Account paid in advance with minor individual amount but has major risks after combination of risk profile refers to account paid in advance with single minor amount but has over 3 years in book age

#### 4. Other account receivable

(1) Other account receivable classified according to type:

Unit: RMB

Type	2012-6-30				2011-12-31			
	Book amount		Bad debt provision		Book amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	26,237,404.46	48.98%	26,237,404.46	100.00%	26,237,404.46	17%	26,237,404.46	100.00%
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	19,430,302.70	36.27%	-	-	122,108,196.73	78%	-	-
Account receivable with individual minor amount but withdrawal bad debt provision independently	7,904,555.63	14.75%	5,412,909.64	68.48%	7,904,555.63	5%	5,412,909.64	68.48%
Total	53,572,262.79	100.00%	31,650,314.10	59.08%	156,250,156.82	100%	31,650,314.10	20.26%

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	2012-6-30				2011-12-31			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1year	8,895,078.03	16.60%	-	8,895,078.03	111,572,972.06	71.41%	-	111,572,972.06
1to 2 years	11,164,372.30	20.84%	10,000.00	11,154,372.30	11,164,372.30	7.15%	10,000.00	11,154,372.30
2to 3 years	1,672,519.64	3.12%	173,524.12	1,498,995.52	1,672,519.64	1.07%	173,524.12	1,498,995.52
Over 3years	31,840,292.82	59.43%	31,466,789.98	373,502.84	31,840,292.82	20.38%	31,466,789.98	373,502.84
Total	53,572,262.79	100.00%	31,650,314.10	21,921,948.69	156,250,156.82	100.00%	31,650,314.10	124,599,842.72

(2) Period-end account receivable with individual minor amount but withdrawal bad debt provision independently:

Unit: RMB

Content of other account receivable	Book balance	Withdrawal amount of bad debt provision	Withdrawal proportion (%)	Reasons
Deposit receivable	3,278,632.28	1,404,953.09	42.85%	Unrecover for those which was overdue
Dormitory amount receivable	2,083,698.16	1,736,004.16	83.31%	Unrecover for those which was overdue
Goods trust for sales	1,496,448.19	1,496,448.19	100.00%	Unrecover for overdue
Other	1,045,777.00	775,504.20	74.16%	Unrecover for those which was overdue
Total	7,904,555.63	5,412,909.64	68.48%	

(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	14,311,62 6.70	Over 3 years	26.71%
Shenzhen Dapeng LNG Sales Co., Ltd	Non-related supplier	10,032,00 0.00	1-2yeras	18.73%
Shenzhen Nanshan Investment Management Company	Note 2	5,895,738 .00	Over 3 years	11.01%
JINAN POWER EQUIPMENT FACTORY	Non-related clients	3,560,000 .00	Over 3 years	6.65%
Income tax advance for another	Inapplicable	2,470,039 .76	Over 3 years	4.61%
Total		36,269,40 4.46		67.70%

Note 1: Represented the project development amounts paid by the Company for the joint development of Dashihu project, south river, Huizhou with Huiyang Kangtai Industry Company in 1993.

Note 2: Pursuant to the Notice on Adjusting the State-owned Equity Ownership of Shenzhen Nanshan Power Co., Ltd. (SFB No.32 (1994)), Nanshan Electrical Industry Development Company transferred 23.47% shares in the Company held by it to Shenzhen Nanshan Investment Management Company in 1994. Pursuant to the Notice on Adjusting the State-owned Equity Ownership of Shenzhen Nanshan Power Co., Ltd. (SNT No.19 (1995)), Shenzhen Nanshan Investment Management Company transferred the aforesaid shares to Nanshan Electrical Industry Development Company again. Considering the account was not projected to recover, the Company provided for bad debt reserve in full in previous year.

## 5. Inventory

Classification of inventory

Unit: RMB

Projects	2012-6-30			2011-12-31		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Fuels	26,705,540.37	9,299,403.20	17,406,137.17	33,903,196.77	9,299,403.20	24,603,793.57
Raw materials	133,348,583.86	23,275,444.95	110,073,138.91	147,714,930.63	23,275,444.95	124,439,485.68
Land Space Needed to Development	1,179,416,810.27	45,603,631.85	1,133,813,178.42	1,154,755,949.85	45,603,631.85	1,109,152,318.00
Total	1,339,470,934.50	78,178,480.00	1,261,292,454.50	1,336,374,077.25	78,178,480.00	1,258,195,597.25

In the balance of inventory at period-end, amount for loan pledge totally to RMB 255,316,179.93 (as at 31 December 2011: RMB 252,782,341.45). More details found in Note (V)-22

In the balance of inventory at period-end, the capitalizing loan expenses amounting to RMB 193,026,066.06 (as at 31 December 2011: RMB 168,902,319.91). The capitalizing loan expense of this year was RMB 24,123,746.15 and the capitalizing rate was 6.63%.

## 6. Long-term equity investment

Details of long-term equity investment:

Unit: RMB

Invested company	Calculation method	Initial investment cost	Balance dated 31 December 2011	Increase/decrease(+,-)	Balance dated 30 June 2012	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
Petrol-Chemical Tax Free Co.,	Cost method	2,500,000.00	2,500,000.00	-	2,500,000.00	4%	4%	Inapplicable	2,500,000.00	-	-
CPI Jiangxi Nuclear Power Co., Ltd. (“Jiangxi Nuclear Power Co”)	Cost method	45,315,000.00	37,315,000.00	8,000,000.00	45,315,000.00	5%	5%	Inapplicable	-	-	-
Total		47,815,000.00	39,815,000.00	8,000,000.00	47,815,000.00				2,500,000.00	-	-
Less: devaluation provision			2,500,000.00	-	2,500,000.00						
Net amount of long-term equity investment			37,315,000.00	-	45,315,000.00						

## 7. Investment real estate

Unit: RMB

Item	2011-12-31	Increased this year	Decreased this year	Book balance dated 30 June 2012
I. Total original book value	9,708,014.96	-	-	9,708,014.96
1. House, buildings	9,708,014.96			9,708,014.96
2. Land-use right	-			-
II. Total accumulated depreciation and accumulated amortization	4,835,969.89	221,342.76		5,057,312.65
1. House, buildings	4,835,969.89	221,342.76		5,057,312.65
2. Land-use right	-			-
III. Total net book value of investment real estate	4,872,045.07			4,650,702.31
1. House, buildings	4,872,045.07			4,650,702.31
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	4,872,045.07		-	4,650,702.31
1. House, buildings	4,872,045.07		-	4,650,702.31
2. Land-use right	-	-	-	-

## 8. Fixed assets

### (1) Change of fixed assets

Unit: RMB

Items	2011-12-31	Increased this year	Decreased this year	Book balance dated 30 June 2012
I. Total original book value:	4,460,621,647.91	5,636,542.75	560,882.22	4,465,697,308.44
Including: House and buildings	484,414,218.30	293,100.00	-	484,707,318.30
Machinery equipment	3,895,568,517.51	3,681,760.33	-	3,899,250,277.84
Transportation means	32,237,034.62	717,866.00	558,660.00	32,396,240.62
Other equipment	48,401,877.48	943,816.42	2,222.22	49,343,471.68
II. Total accumulated depreciation:	2,196,925,392.65	93,744,764.83	503,360.67	2,290,166,796.81
Including: House and buildings	194,831,096.80	9,668,514.38	-	204,499,611.18
Machinery equipment	1,936,192,055.82	82,383,925.38	-	2,018,575,981.20
Transportation means	27,154,973.22	1,053,880.60	502,794.00	27,706,059.82
Other equipment	38,747,266.81	638,444.47	566.67	39,385,144.61
III. Total net book value of fixed assets	2,263,696,255.26			2,175,530,511.63
Including: House and buildings	289,583,121.50			280,207,707.12
Machinery equipment	1,959,376,461.69			1,880,674,296.64
Transportation means	5,082,061.40			4,690,180.80
Other equipment	9,654,610.67			9,958,327.07

IV. Total impairment provision	36,592,676.00		-	36,592,676.00
Including: House and buildings	23,291,844.37			23,291,844.37
Machinery equipment	13,077,735.62			13,077,735.62
Transportation means	81,846.84			81,846.84
Other equipment	141,249.17			141,249.17
V. Total book value of fixed assts	2,227,103,579.26			2,138,937,835.63
Including: House and buildings	266,291,277.13			256,915,862.75
Machinery equipment	1,946,298,726.07			1,867,596,561.02
Transportation means	5,000,214.56			4,608,333.96
Other equipment	9,513,361.50			9,817,077.90

## 9. Project in construction

(1)Particulars about projects in construction:

Unit: RMB

Items	2012-6-30			2011-12-31		
	Book balance	Provision for devaluation	Book net amount	Book balance	Provision for devaluation	Book net amount
Oil to Gas Works	39,549,115.52	14,790,696.15	24,758,419.37	39,549,15.52	14,790,696.15	24,758,419.37
Comprehensive building projects of recycling economy			0.00	-	-	-
Heat and power projects of recycling economy	9,626,286.05		9,626,286.05	9,622,579.25	-	9,622,579.25
Equipment Improvement Project	3,058,442.48		3,058,442.48	545,548.53	-	545,548.53
Cogeneration of heat and electricity Project	9,894,925.01		9,894,925.01	9,894,925.01	-	9,894,925.01
Technical transformation projects			0.00	-	-	-
Sludge drying project			0.00	-	-	-
Others	4,054,365.60	226,400.00	3,827,965.60	2,271,897.32	226,400.00	2,045,497.32
Total	66,183,134.66	15,017,096.15	51,166,038.51	61,884,065.63	15,017,096.15	46,866,969.48

(2) Changes of significant projects in construction

Unit: RMB

Projects	Budget	2011-12-31	Increase of this year	Transferred fixed assets	Other decrease	Proportion of project investment in budget (%)	Project progress	2012-6-30
Oil to Gas Works	74,400,000.00	39,549,115.52	-	-	-	53.16%	53.16%	39,549,115.52
Comprehensive building projects of recycling economy	30,000,000.00	9,622,579.25	3,706.80	-	-	32.09%	32.09%	9,626,286.05
Equipment Improvement Project		545,548.53	2,985,509.35	472,615.40	-			3,058,442.48
Cogeneration of heat and electricity Project		9,894,925.01	-	-	-			9,894,925.01
Others		2,271,897.32	1,782,468.28	-	-			4,054,365.60
Total		61,884,065.63	4,771,684.43	472,615.40	-			66,183,134.66

## 10. Intangible assets

Unit: RMB

Items	2011-12-31	Increase of this year	Decrease of this year	2012-6-30
I. Total book original value	98,707,995.21	1,881,433.50		100,589,428.71
Including: land use right	95,732,047.88	1,881,433.50		97,613,481.38
Software	2,975,947.33			2,975,947.33
II. Total accumulated amortization	29,785,392.88	1,672,145.58		31,457,538.46
Including: land use right	29,225,253.44	1,491,959.70		30,717,213.14
Software	560,139.44	180,185.88		740,325.32
III. Total net value of Intangible assets	68,922,602.33			69,131,890.25
Including: land use right (Note 5)	66,506,794.44			66,896,268.24
Software	2,415,807.89			2,235,622.01
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	63,807,538.62			64,016,826.54
Including: land use right	61,391,730.73			61,781,204.53
Software	2,415,807.89			2,235,622.01

Note1: acquisition in this year increase totally RMB 1,881,433.5

Note2: intangible assets amortized totally RMB 1,672,145.58 in this year

## 11. Long-term expense to be amortized

Unit: RMB

Item	Amount dated 31 December 2011	Increase amount of this year	Amortization amount of this year	Amount dated 30 June 2012
Improvements expenses of fixed assets from operating lease	95,810.84	-	24,994.08	70,816.76

## 12. Deferred income tax assets

Unit: RMB

Items	2012-6-30	2011-12-31
Deferred income tax assets:		
Provision for bad debts of accounts receivable	1,105,382.04	1,105,382.04
Other provision for bad debts of accounts receivable	1,010,200.86	1,010,200.86
Provision for inventory devaluation	100,171.61	100,171.61
Staff salary payable	627,581.00	627,581.00
Provision for devaluation of long-term equity investment	625,000.00	625,000.00
Other	245,778.80	245,778.80
Total	3,714,114.31	3,714,114.31

### 13. Other non-current assets

Unit: RMB

Item	Amount dated 30 June	Amount dated 31 December 2011
LNG projects	22,309,256.78	22,298,256.78
Land account paid in advance	-	1,730,000.00
Construction account paid in advance	503,618.70	836,460.20
Total	22,812,875.48	24,864,716.98

### 14. Particulars about provision for assets devaluation

Unit: RMB

Items	2011-12-31	Increase of this year	Decrease of this year		2012-6-30
			Rewind	Resellers	
I. Provision for bad debts	36,071,842.26	-	-	-	36,071,842.26
II. Provision for inventory devaluation	78,178,480.00	-	-	-	78,178,480.00
III. Provision for devaluation of long-term equity investment	2,500,000.00	-	-	-	2,500,000.00
IV. Provision for fixed assets devaluation	36,592,676.00	-	-	-	36,592,676.00
V. Provision for projects in construction	15,017,096.15	-	-	-	15,017,096.15
VI. Provision for intangible assets devaluation	5,115,063.71	-	-	-	5,115,063.71
Total	173,475,158.12				173,475,158.12

### 15. Short-term loan

Unit: RMB

Items	2012-6-30	2011-12-31
Pledge loan(Note)	839,884,008.18	1,110,000,000.00
Credit loan	2,369,000,000.00	2,155,824,953.89
Total	3,208,884,008.18	3,265,824,953.89

Note: borrowing guarantee offered to vary subsidiaries amounting to RMB 839,884,008.18

### 16. Notes payable

Unit: RMB

Category	2012-6-30	2011-12-31
Bank acceptance bill	30,000,000.00	43,820,200.00

### 17. Accounts payable

(1) Particulars about accounts payable is as follow:

Unit: RMB

Items	Amount dated 30 June 2012	Amount dated 31 December 2011
Guangdong Trading Branch of CNOOC Gas & Power Group Co., Ltd.	399,615,132.38	181,779,179.15
Shenzhen Nangang Power Project Co., Ltd	6,026,952.00	3,779,052.00
Guangdong Guoyu Energy Co., Ltd.	3,163,340.27	-
Xin'ao Energy Trading Co., Ltd.	1,478,230.97	-
Zhanjiang Hengyuan Transport Co., Ltd	1,233,592.78	5,646,006.85

Shenyang Electric Power Design Institution	1,000,000.00	7,315,553.15
Nanjing Nangang Power Equipment Installment Co., Ltd.	748,000.00	748,000.00
Fushun Huyou Energy Equipment Factory	268,500.00	1,253,000.00
Other	5,490,529.38	5,231,004.90
Guangzhou Dongli Gas Co., Ltd	-	3,125,154.90
Shenzhen Xishun Transport Industrial Co., Ltd	-	2,559,469.44
Xin'ao Energy Logistic Co., Ltd.	-	1,041,630.24
Shanshan Transport Branch of Xinjiang Guanghui LNG Co., Ltd.	-	1,000,000.00
Wuxi Shijia Thermal Equipment Co., Ltd.	-	662,469.80
Huasheng Filters (Shenzhen) Co., Ltd.	-	608,369.23
Total	419,024,277.78	214,748,889.66

(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.

## 18. Accounts received in advance

### (1) Particulars about accounts received in advance

Unit: RMB

Item	2012-6-30	2011-12-31
Transfer amount for unit capacity received in advance	14,586,000.00	14,586,000.00
Project accounts received in advance	3,380,000.00	-
Total	17,966,000.00	14,586,000.00

(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) The age of balance of RMB14, 586,000.00 received in advance from Shenzhen Energy Corporation Co., Ltd. (Energy Corporation) exceeded 1 year. Since the relevant project had not obtained approval from the NDRC, no income was carried forward at the end of the period. As of the date for approving issue of the financial statements, such amount has not been carried forward yet.

## 19. Staff salary payable

Unit: RMB

Items	2011-12-31	Increase of this year	Decrease of this year	2012-6-30
I. Salary, bonus, grants and subsidies	26,976,044.97	47,461,706.17	46,536,988.94	27,900,762.20
II. Welfare fees for staffs	-	-	-	-
III. Social insurance premium	865,434.98	7,903,955.04	7,797,250.44	972,139.58
Including: medical insurance	114,569.85	2,313,966.61	2,291,916.60	136,619.86
Old-age insurance	649,218.01	5,239,887.79	5,159,416.30	729,689.50
Unemployment insurance	38,621.28	88,170.64	86,913.59	39,878.33
Work injury insurance	61,567.18	243,004.84	243,792.41	60,779.61
Maternity insurance	1,458.66	18,925.17	15,211.54	5,172.28
IV. Housing fund	629,823.99	980,245.65	966,933.25	643,136.39
V. Union funds and employee education expenses	1,693,620.72	923,900.79	891,713.50	1,725,808.01
VI. Non-monetary welfare	-	133,583.25	133,583.25	-
VII. Compensation for labor	-	-	-	-

relationship dismissed				
VIII. Annuity	2,510,324.00	-	-	2,510,324.00
IX. Others	16,425.38	4,720.44	-	21,145.82
Total	32,691,674.04	57,408,111.34	56,326,469.38	33,773,316.00

No arrears amount in salary payables.

## 20. Tax payable

Unit: RMB

Items	2012-6-30	2011-12-31
Value-added tax	-546,816,136.79	-529,083,686.53
Operating tax	1,550,931.77	2,835,558.63
Corporate Income Tax	-6,596,377.58	-2,823,965.65
Personal Income Tax	1,997,860.93	3,411,627.24
Land use right in town/city	350,268.25	1,128,579.70
Land VAT	-	
Real Estate Tax	1,037,818.91	2,084,520.46
Others	711,737.39	546,572.25
Total	-547,763,897.12	-521,900,793.90

## 21. Interest payable

Unit: RMB

Item	2012-6-30	2011-12-31
Long-term loan interest with principal of installed interest payment and due repayment of seed capital	45,825.00	45,825.00
Interest payable of short-term loan	79,812,621.84	75,416,769.51
Total	79,858,446.84	75,462,594.51

## 22 Other accounts payable

(1). Particulars about other accounts payable:

Unit: RMB

Item	2012-6-30	2011-12-31
Zhongshan Xingzhong Group Co., Ltd. ("Xingzhong Group") (Note1)	182,152,108.65	182,152,108.65
Dongguan Weimei Ceramics Industry Park Co., Ltd. ("Weimei Ceramics Company")	35,785,979.94	36,385,912.01
Zhongshan Finance Bureau (Note2)	24,321,200.00	24,321,200.00
Temporary option contract amount	13,322,237.13	13,248,696.81
Project expense	11,817,021.35	17,267,313.76
Insurance premium	7,483,133.76	10,554,569.41
Shenzhen South Harbor Power Engineering Co., Ltd.	6,417,095.00	32,426,503.00
Gas Technology Branch of Xindi Energy Engineering Technology Co., Ltd.	5,949,059.79	11,411,059.79
Shenzhen Eastern Engineering Co., Ltd.	5,771,332.22	5,771,332.22
Guangdong Trading Branch of CNOOC Gas & Power Group Co., Ltd.	2,065,697.58	1,420,854.92
Guangdong Industrial Equipment Installment Co., Ltd.	1,416,349.41	1,416,349.41

Wuxi Shijia Thermal Equipment Co., Ltd.	1,088,000.00	1,088,000.00
Shenzhen Hengfulin Construction Decoration Design Engineering Co., Ltd.	800,643.46	1,402,704.46
Nanjing Nangang Power Equipment Installation Co., Ltd.	239,064.10	3,412,800.00
Other	14,826,015.95	11,341,990.48
Grants for Board of Directors	-	1,947,795.34
Sinopec Construction Co., Ltd.	-	1,688,000.00
Hangzhou Boiler Plant Engineering Materials Co., Ltd.	-	1,340,189.74
<b>Total</b>	<b>313,454,938.34</b>	<b>358,597,380.00</b>

Note 1: represented the amounts borrowed by Shenzhong Development Company from Xingzhong Group with the land use right and fixed assets owned by it as the pledge.

Note 2: represented the amounts borrowed by Shenzhong Development Company from the Treasury bureau of Zhongshan city.

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

Particulars about non-current liabilities due within one year:

Unit: RMB

Items	2012-6-30	2011-12-31
Guarantee loans	-	50,000,000.00

### 24. Long-term loan

(1) Category of long-term loan

Unit: RMB

Items	2012-6-30	2011-12-31
Guarantee loans (note )	26,000,000.00	26,000,000.00

Note: refers to the guarantee of 26,000,000.00 yuan for loans offered to Environment Protection Company.

(2) Details of long-term loans

Unit: RMB

Credit units	Commencement date of loan	Ending date of loan	Currency	Rate (%)	Amount dated 30 June 2012		Amount dated 31 December 2011	
					Foreign currency amount	RMB amount	Foreign currency amount	RMB amount
Shenzhen Jingtian Sub-branch of China Merchants Bank	2009.11.06	2017.09.20	RMB	6.35		26,000,000.00		26,000,000.00

## 25. Other non-current liabilities

Unit: RMB

Items	2012-6-30	2011-12-31
Treasury subsidies for sludge drying	4,738,750.00	4,866,250.00
Support fund of recycling economy for sludge drying	232,291.64	238,541.66
Total	4,971,041.64	5,104,791.66

## 26. Share capital

Unit: RMB

Items	Amount at year-begin	Change of this year			2012-6-30
		Bonus issue	Others	Subtotal	
<b>Jan.-June of 2012:</b>					
I. Shares with selling restriction					
1. Holding shares of State 1	-	-	-	-	-
2. Holding shares of State-owned legal person	-	-	-	-	-
3. Other domestic shares	18,263.00	-			18,263.00
4. Shares with foreign ownership	-	-	-	-	-
Total shares with selling restriction	18,263.00	-	-	-	18,263.00
II. Shares without selling restriction					
1. RMB ordinary shares	338,894,012.00	-	-	-	338,894,012.00
2. Domestically listed foreign shares	263,850,321.00	-	-	-	263,850,321.00
3. Overseas listed foreign shares	-	-	-	-	-
4. Others	-	-	-	-	-
Total shares without selling restriction	602,744,333.00	-			602,744,333.00
III. Total shares	602,762,596.00	-	-	-	602,762,596.00
<b>2011:</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	-	5,270.00	5,270.00	18,263.00
4. Shares with foreign ownership	-	-	-	-	-
Total shares with selling restriction	12,993.00	-	5,270.00	5,270.00	18,263.00
II. Shares without selling restriction					
1. RMB ordinary shares	338,895,157.00	-	-1,145.00	-1,145.00	338,894,012.00
2. Domestically listed foreign shares	263,854,446.00	-	-4,125.00	-4,125.00	263,850,321.00
3. Overseas listed foreign shares	-	-	-	-	-

4. Others	-	-	-	-	-
Total shares without selling restriction	602,749,603.00	-	-5,270.00	-5,270.00	602,744,333.00
III. Total shares	602,762,596.00	-	-	-	602,762,596.00

## 27. Capital Surplus

Unit: RMB

Items	Amount of year-begin	Increase of this year	Decrease of this year	2012-6-30
<b>Jan.-June of 2012:</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
Total	363,629,927.51	-	-	363,629,927.51
<b>2011:</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
Total	363,629,927.51	-	-	363,629,927.51

## 28. Surplus reserves

Unit: RMB

Items	Amount of year-begin	Increase of this year	Decrease of this year	2012-6-30
<b>Jan.-June of 2012:</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>2011:</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

## 29. Retained profit

Unit: RMB

Items	Amount
<b>Jan.-June of 2012:</b>	
Undistributed profit at year-begin	454,070,630.72
Add: net profit attributable to shareholders of parent company	-105,739,436.64

Less: withdrawal of statutory surplus reserve	-
Common Stock dividend payable	-
Retained profit at period-end	348,331,194.08
<b>2011:</b>	
Retained profit at year-begin	436,541,567.35
Add: net profit attributable to shareholders of parent company	17,529,063.37
Less: withdrawal of statutory surplus reserve	-
Common Stock dividend payable	-
Retained profit at year-end	454,070,630.72

### 30. Operating income, operating cost

#### (1) Operating income

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011
Main business income	705,703,872.06	1,029,131,736.95
Other business income	138,326.50	114,281,873.83
Operating cost	1,146,829,174.36	1,635,583,031.68

#### (2) Main business (by industries)

Unit: RMB

Industry	Jan-Jun of 2012		Jan-Jun of 2011	
	Operating income	Operating cost	Operating income	Operating cost
Energy Industry	683,890,631.19	1,131,669,875.59	975,927,223.18	1,469,258,727.45
Engineering labors and services	480,000.00	2,406,341.85	25,285,653.00	22,570,289.17
Sludge drying	19,582,305.83	8,988,799.34	101,299.90	8,758,539.50
Other income	1,750,935.04	3,582,751.24	27,817,560.87	26,710,339.99
Total	705,703,872.06	1,146,647,768.02	1,029,131,736.95	1,527,297,896.11

#### (3) Main business (by products)

Unit: RMB

Industry	Jan-Jun of 2012		Jan-Jun of 2011	
	Operating income	Operating cost	Operating income	Operating cost
Electricity sales	680,603,743.31	1,124,608,977.96	971,615,982.72	1,462,635,685.41
Heat sales	3,286,887.88	7,060,897.63	4,311,240.46	6,623,042.04
Sale of fuel oil	-	-	26,688,890.47	23,005,762.19
Engineering labors and services	480,000.00	2,406,341.85	25,285,653.00	22,570,289.17
Sludge drying	19,582,305.83	8,988,799.34	101,299.90	8,758,539.50
Income from rent	1,750,935.04	3,582,751.24	1,128,670.40	3,704,577.80
Total	705,703,872.06	1,146,647,768.02	1,029,131,736.95	1,527,297,896.11

#### (4) Main business (by areas)

Unit: RMB

Areas	Jan-Jun of 2012		Jan-Jun of 2011	
	Operating income	Operating cost	Operating income	Operating cost

Domestic	705,703,872.06	1,146,647,768.02	1,029,131,736.95	1,527,297,896.11
Overseas	-	-	-	-
Total	705,703,872.06	1,146,647,768.02	1,029,131,736.95	1,527,297,896.11

### (5) Condition of operating income of top 5 clients

Unit: RMB

Clients	Operating income	Proportion in total operating income (%)
Guangdong Power Grid Corporation	680,686,258.97	96.44%
Shenzhen Water Bureau	19,582,305.83	2.77%
CCCC Fourth Harbor Co., ltd.	783,000.00	0.11%
Huidong Jiahua Materials Co., Ltd.	666,666.64	0.09%
Shenzhen University	649,918.50	0.09%
Total	702,368,149.94	99.51%

## 31. Operating tax and addition

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011
Operating tax	2,894,025.69	2,093,553.47
Urban maintenance and construction tax	201,427.05	1,204,934.89
Others	184,406.91	551,867.26
total	3,279,859.65	3,850,355.62

## 32. Management expenses

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011
Salary	19,824,999.03	18,689,743.50
Taxes	2,826,001.66	4,535,903.08
Leasing expenses	2,944,419.08	3,361,253.08
Entertainment expense	2,711,787.14	2,441,391.68
Expenses for agency appointment	3,038,572.30	2,395,745.99
Vehicles expenses	2,258,626.27	1,931,408.77
Expenses from the Board	1,330,808.14	3,969,555.99
Housing accumulation fund	737,263.63	513,495.80
Depreciation expense	1,709,271.98	1,141,879.78
Amortization of intangible assets	1,317,771.72	1,137,209.46
Verification expense for projects	160,942.60	56,749.00
Enterprise annuity	0.00	103,020.48
Environmental expense	1,041,730.15	948,713.70
Sundry expenses	1,284,449.24	814,932.34
Expenses for enterprise culture	814,907.37	858,945.87
Property expense	527,452.04	790,048.00

Office expenses	294,928.94	193,231.74
Charge of endowment insurance	1,450,113.30	841,411.77
Communication charge	828,359.05	375,862.55
Business traveling charge	271,201.52	443,283.72
Stock charge	356,465.00	308,687.40
Medical insurance	773,565.97	317,577.98
Labor union expense	366,562.98	357,837.30
Educational charge for employee	126,079.96	172,643.60
Long-term expense for amortized	24,994.08	100,089.54
Inventory loss	0.00	-90,552.07
Other	3,577,037.78	3,889,429.71
Total	50,598,310.93	50,599,499.76

### 33. Financial expenses

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011
Interest expenditure	121,414,814.44	107,372,239.27
Minus: capitalized interest expenses	24,123,746.15	21,255,074.08
Minus: interest income	2,619,399.23	1,622,061.46
Exchange differential	1,832,003.54	-49,893.26
Other	4,796,966.47	5,466,647.13
Total	101,300,639.07	89,911,857.60

### 34. Investment income

#### (1) Particulars about investment income

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011
Long-term equity investment income calculated by equity method	-	-39,857,497.48

### 35. Non-operating income

#### (1) Particulars about non-operating income

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011	Amount reckoned into non-recurring gains/losses
Governmental subsidies	444,190,763.42	516,078,289.40	133,750.02
Refund on value added tax of natural gas import (Note1)	29,672,435.72	70,689,758.96	29,672,435.72
Refund on customs fines	-	2,200,000.00	-
Disposal of waste and old materials	227,693.16	314,687.82	227,693.16
Other	70,546.15	31,947.00	70,546.15
Total	474,161,438.45	589,314,683.18	30,104,425.05

Note 1: represented the added value tax returns of RMB22, 585,975.1 and RMB7, 086,460.62 for the natural gas obtained respectively by the Company and Weimei Power Company from Guangdong Trade Branch of CNOOC Gas & Power Group.

## (2) Particulars about governmental subsidies

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011	Note
Income from fuel subsidies	240,627,300.00	236,819,900.00	Note 1
Subsidies income of fuel processing fee	203,429,713.40	279,258,389.40	Note 2
Government bond subsidy for sludge drying	133,750.02		
Total	444,190,763.42	516,078,289.40	

Note 1: Pursuant to the calculation method required by the Notice on Issuance of Provisional Collection of Gas and Fuel Processing Subsidy to Support the Peak Power Scheme of Local Burning Machine Power Plants (SFB No.74(2010)) issued by people municipality of Shenzhen, the Reply for Confirming the Power Generation Subsidy Scheme for Shenzhen Burning Machine Power Plants for 2011 (Szsitic No.207(2010)), the Notice on Continuous Collection of Gas and Fuel Processing Subsidy to Support the Peak Power Generation Losses of Local Burning Machine Power Plants (Szsitic No.2062011)) and the Notice on Issuance of Provisional Rules for Management over Power Subsidy of Shenzhen Local Fuel (Gas) Machine sets (SFB No.54(2009)) issued by people municipality of Shenzhen, the Company recognized fuel subsidy income of RMB240,627,300 for the period from January to June of 2012.

Note 2: Pursuant to the Notice on Provisional Collection of Gas and Fuel processing fees (YFH No.31 (2008)) issued by people municipality of Guangdong and the calculation method for subsidy

For fuel processing fees in 2011, Zhongshan Power Company and Weimei Power Company were projected to receive fuel processing subsidy of RMB203,429,713.4 for the period from January to June of 2012.

## 38. Non-operating expense

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011	Amount reckoned into non-recurring gains/losses
Gains and loss of disposal of fixed assets	34,978.97	162,698.07	34,978.97
Donation from the day of Helping the poor and caring for the needy	-	100,000.00	-
Others	2,785.84	34,626.41	2,785.84
Total	37,764.81	297,324.48	37,764.81

## 37. Income tax expenses

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011
Current income tax calculated based on tax laws and relevant regulations	638,646.90	3,585,345.15

## 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 2012	Jan-Jun of 2011
-------	-----------------	-----------------

Current net profit attributable to shareholders of parent company	-105,739,436.64	-84,855,867.31
Including: net profit attributable to constant operation	-105,739,436.64	-84,855,867.31
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

Item	Amount in this year	Amount in last year
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

## Earnings per share

Unit: RMB

Item	Amount in this year	Amount in last year
Calculating according to net profit attributable to shareholders of parent company:		
Basic EPS	-0.18	-0.14
Diluted EPS	Not applicable	Not applicable
Calculating according to net profit of constant operation attributable to shareholders of parent company:		
Basic EPS	-0.18	-0.14
Diluted EPS	Not applicable	Not applicable
Calculating according to net profit of ending operation attributable to shareholders of parent company:		
Basic EPS	-	-
Diluted EPS	Not applicable	Not applicable

The Company has no diluted EPS for having no potential dilution common shares.

## 39. Statement on items of cash flow sheet

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

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011
Received import tax refund of natural gas	29,672,475.10	70,689,758.96
Fuel subsidy income	164,829,383.00	-
Government grant and bonus	610,000.00	-
The due fixed deposit received	3,240,000.00	-
Others	4,977,464.07	4,852,901.36
Total	203,329,322.17	75,542,660.32

### (2) Other cash paid related to operating activities

Items	Jan-Jun of 2012	Jan-Jun of 2011
Expense for engaging intermediaries	4,733,572.30	1,918,079.19
Expense for Board of Directors	1,408,978.54	3,945,555.99
Lease fees	4,762,060.60	4,054,517.70
Communication fees	2,981,036.09	2,525,925.68
Fleet costs	2,596,721.18	2,143,162.13
Corporation culture costs	814,907.37	845,956.87
Telecommunication costs	948,917.97	451,665.16
Environment costs	1,221,389.60	159,143.92
Early expense of recycle economy	-	772,800.67
Supplementary pension	-	3,308,907.73
Others	10,478,150.29	12,599,507.08
Total	29,945,733.94	32,725,222.12

(3) Cash received related to other financing activities

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011
Margin received	62,536,060.00	-

(4) Cash paid for other financing activities

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011
Margin paid	68,500,000.00	

## 40. Supplementary information of cash flow sheet

(1) Supplementary information of cash flow sheet

Unit: RMB

Supplementary information	Jan-Jun of 2012	Jan-Jun of 2011
<b>1.Operating activities cash flow transferred from net profit:</b>		
Net profit	-123,190,915.55	-91,352,820.44
Add: provision for assets devaluation		-
Fixed assets depreciation	93,966,107.59	103,867,776.77
Intangible assets amortization	1,672,145.58	1,493,104.50
Amortization of long-term prepaid accounts	24,994.08	113,057.34
Loss (gains) of disposal of fixed assets, intangible assets and other long-term assets		346,634.82
Loss from scrap of fixed assets	34,978.97	-
Finance expense (income))	100,745,117.85	89,065,557.60
Investment loss (income)		39,857,497.48
Decrease of deferred income tax assets (increase)		-
Decrease of inventory (increase)	21,127,319.80	100,082,240.91
Decrease of operating accounts receivable (increase)	-133,665,409.80	-420,110,752.49
Decrease of operating accounts payable (increase)	161,013,919.21	215,126,670.26
Others		-

Net amount of cash flow arising from operating activities	121,728,257.73	38,488,966.75
<b>2. 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>3. Net change of cash and cash equivalent:</b>		
Period-end balance of cash and cash equivalent	639,917,387.45	629,580,595.19
Less: year-begin balance of cash and cash equivalent	629,318,992.12	591,386,814.04
Net increase amount of cash and cash equivalent	10,598,395.33	38,193,781.15

(2) Constitution of cash and cash equivalent

Unit: RMB

Items	2012-6-30	2011-6-30
I. Cash	639,917,387.45	629,580,595.19
Including: inventory cash	234,509.70	301,367.43
Bank deposit which can be used for payment at any time	638,990,115.51	510,588,045.13
Other currency capital which can be used for payment at any time	692,762.23	118,691,182.63
II. Year-end balance of cash and cash equivalent	639,917,387.45	629,580,595.19

## (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. Other related parties of the Company

Other related parties name	Relationship between the Company	Organization code
Energy Group	Shareholders have major influence on the Company	19218918-5
Weimei Ceramics Company	Minority shareholders of the subsidiaries	72919361X
Xingzhong Group	Minority shareholders of the subsidiaries	733112675
Energy Holding	Subsidiary of energy group	19224115-8
Directors of the Company and other senior executives	Key management staff	Inapplicable

### 4. Related Transactions

#### (1) Lending money of related party

This year:

Unit: RMB

Related parties	Amount of lending money	Commencement date	Maturity Date	Balance dated 30 June 2012	Note
<b>Borrowing</b>					
Xingzhong Group	125,316,816.85	2008.11.19	2011.12.31	125,316,816.85	Borrowings of debt reorganization (in the process of renewal)
Xingzhong Group	23,750,000.00	2009.10.15	2011.12.31	23,750,000.00	
Xingzhong Group	16,250,000.00	2009.03.27	2011.12.31	16,250,000.00	
Xingzhong Group	14,335,291.80	2008.12.29	2011.12.31	14,335,291.80	
Xingzhong Group	2,500,000.00	2009.03.27	2011.12.31	2,500,000.00	
Weimei Ceramics Company	35,785,979.94	2011.07.16	2012.07.16	35,785,979.94	

Last year:

Unit: RMB

Related parties	Amount of lending money	Commencement date	Maturity Date	Balance at end of 2011	Note
<b>Borrowing</b>					
Xingzhong Group	125,316,816.85	2011.01.01	2011.12.31	125,316,816.85	Renewal
Xingzhong Group	23,750,000.00	2011.01.01	2011.12.31	23,750,000.00	Renewal

Xingzhong Group	16,250,000.00	2011.01.01	2011.12.31	16,250,000.00	Renewal
Xingzhong Group	14,335,291.80	2011.01.01	2011.12.31	14,335,291.80	Renewal
Xingzhong Group	2,500,000.00	2011.01.01	2011.12.31	2,500,000.00	Renewal
Weimei Ceramics Company	35,785,979.94	2011.07.16	2012.07.16	35,785,979.94	

## (2) Fund occupation expenses

Unit: RMB

Related parties	Transaction type	Transaction content	Price setting principal	Jan-June 2012		Jan-June 2011	
				Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)
Xingzhong Group	Fund occupation expenses	Interest expenses	Note	6,040,973.48	83.58%	5,320,916.08	100%
Weimei Ceramics Company	Fund occupation expenses	Interest expenses	Note	1,186,822.14	16.42%	-	-

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

## (3) Account payable/receivable from related parties

### Account payable to related parties

Unit: RMB

Item	Related parties	Balance dated 30 June 2012	Balance dated 31 December 2011
Other account payable	Xingzhong Group	182,152,108.65	182,152,108.65
	Weimei Ceramics Company	35,785,979.94	36,385,912.01
Account received in advance	Energy Holding	14,586,000.00	14,586,000.00
Interest payable	Xingzhong Group	49,340,349.41	43,299,375.93

## (VII) Contingency

In March 2008, the Company and Just-run Company entered into a Contract Confirmation (hereafter referred to as “the Confirmation”) with contract numbers of 165723967102.11 and 165723968102.11.

The first confirmation is valid from March 3<sup>rd</sup>, 2008 to December 31<sup>st</sup>, 2008, constituted by three options contracts. When the floating price (that is, the arithmetic average of the closing settlement prices of light crude future contracts of New York Mercantile Exchange at that month within every decision validity) is higher than 63.50 U.S. dollars / barrel, the Company will receive 300,000 U.S.

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dollars of income per month ( $200,000 \text{ barrels} \times 1.50 \text{ U.S. dollars / barrel}$ ); When the floating price is 62.00-63.50 U.S. dollars / barrel, the Company will obtain the income of (the floating price -62.00 USD / barrel)  $\times 200,000$  barrels per month; when the floating price is less than 62.00 U.S. dollars / barrel, the company will pay Just-run Company an amount equivalent to (62.00 U.S. dollars / barrel - the floating price)  $\times 400,000$  barrels per month.

The second confirmation is valid from January 1<sup>st</sup>, 2009 to October 31<sup>st</sup>, 2010, constituted by three options contracts, Just-run Company has a right to choose whether to implement before 18:00 on December 30<sup>th</sup>, 2009. When the floating price is higher than 66.50 U.S. dollars / barrel, the Company will receive 340,000 U.S. dollars of income per month ( $200,000 \text{ barrels} \times 1.70 \text{ U.S. dollars / barrel}$ ); when the floating price is 64.80-66.50 U.S. dollars / barrel, the Company will receive a monthly income of (the floating price -64.80 U.S. dollars / barrel)  $\times 200,000$  barrels; when the floating price is lower than 64.50 U.S. dollars / barrel, the Company will pay Just-run Company an amount equivalent to (64.50 U.S. dollars / barrel - the floating price)  $\times 400,000$  barrels.

From Apr.2008 to Oct.2008, based on the above confirmations, Just-run Company pays to the Company with US\$ 2.10 million (equivalent to RMB 14,352,083.46), the Company includes it into "other payables" item after receives this payment.

On November 6<sup>th</sup>, 2008, Just-run Company writes to the Company. They deems that the Company intends to not perform transaction in the notice issued by the Company on October 21<sup>st</sup>, 2008 and the statement of the meeting held by the Company on October 29<sup>th</sup>, 2008, which has constituted a breach of contract, and Just-run Company announces the termination of the transaction. The Company replies Just-run Company that the company has never made any statement not intend to continue to perform transactions, and deems that Jierun Company's unilateral termination of the contract and refuse of paying the A/C payable under the first confirmation as of October, 2008 has constituted a breach of contract, so the Company announces the termination of the transaction. Although both sides terminate the transaction confirmation for different reasons, there are no differences about the termination reality of confirmation and transactions. After the transaction terminated, Just-run Company sends a letter to request the Company to compensate for the transaction termination loss, while sends another letter to express the hope to resolve the disputes by the commercial way. The company replies Just-run Company that the Company does not accept claims for loss compensations, while sends a separate letter to agree to peace talks. Then both sides do several rounds of consultations and negotiations, but no agreement has reached. On November 27<sup>th</sup>, 2009, the Company receives a letter of Allen & Overy LLP, which describes above matters and requires the Company to compensate Just-run with a total of US\$79,962,943.00 and the interests of US\$3,736,958.66 as of November 27<sup>th</sup>, 2009. The Company replies on January 25<sup>th</sup>, 2010, which shows that the Company did not accept claims for loss compensation.

On Mar. 31 of 2011, Just-run Company sent another letter to the Company which claimed that they are willing to coordinate with the Company continuously as for USD 79,962,943.00 we owed them and interests from the day of Nov. 6 of 2008, and invited the Company to raise up suggestion on this matter, meanwhile Just-run Company stressed to remain all the rights on this matter. The Company replied them with a letter on Apr. 6 of 2011 which showed we didn't accept requirements from Just-run Company about compensation for loss, and agreed to answer their invitation and negotiate based on equality without influence on rights of both parties.

On 6 February 2012, Jierun sent letter to the Company again, requiring the Company to pay the arrears of USD83, 699,901.66 and the related interests. The Company replied on 10 February 2012

to deny the loss compensation requirements of Jierun and require Jierun to pay the Company the amount payables of USD300, 000.00 under the confirmation latter No. 165723967102.11 arising in October 2008 and the interests accrued since 7 November 2008. And the Company agreed to be invited by Jierun for further negotiation in connection with this dispute provided that interests of both parties were not influenced. If the negotiation doesn't succeed, in the judgment of the management of the Company, it is possible to solve this dispute through justice channel.

Based on the legal opinions issued by independent qualified lawyers in connection with the aforesaid event, the board of directors of the Company believes that:

- (1) Two confirmation letters and transaction have been terminated by both parties;
- (2) Various uncertainties still exist during the process of this issue, so it is not possible to make estimation for the potential solution approaches and results;
- (3) Since the final results cannot be estimated reasonably and reliably currently, projected liabilities shall not be recognized in the financial statements for the first half of 2012.

The Board of Directors of the Company will promptly review the relevant accounting operation according to the progress of the above matters.

### **(VIII) Commitment**

#### **1. Capitalization commitment**

Unit: RMB

Item	2012-6-30	2011-12-31
Signed capital expenditure commitment which was still not recognized in financial statements		
-Construction commitment of long-term assets	11,865,534.73	17,900,039.34
-External investment commitment	12,000,000.00	-
Total	23,865,534.73	17,900,039.34

#### **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	2012-6-30	2011-12-31
Minimum lease payments of irrevocable operating lease:		
The first year after balance sheet day	6,173,109.33	3,378,118.33
The second year after balance sheet day	1,389,536.63	6,133,712.63
The third year after balance sheet day	1,427,596.50	1,427,596.50
Subsequent years	65,009,429.93	65,009,429.93
Total	73,999,672.39	75,948,857.39

## (IX) Segment report

According to the internal organization structural, management requirements and internal reporting systems of the Company, the operation business of the group is classified into 5 reporting segments, i.e. power and heat supply, fuel trade, sludge drying, real estate development and other relevant business. Management of the Company regularly evaluates the operation results of the reporting segments, so as to decide to distribute resources to them and evaluate their achievements.

The segment report information is disclosed according to the accounting policies and measuring standards adopted by all segments when reporting to the management and such measuring bases are kept consistent with the accounting and measuring bases upon preparation of the financial statements.

Unit: RMB

Items	Power and heat supply		Fuel trade		Real estate development		Sludge drying		Construction labor		Inter-segment offset		Total	
	Jan.-June 2012	Jan.-June 2011	Jan.-June 2012	Jan.-June 2011	Jan.-June 2012	Jan.-June 2011	Jan.-June 2012	Jan.-June 2011	Jan.-June 2012	Jan.-June 2011	Jan.-June 2012	Jan.-June 2011	Jan.-June 2012	Jan.-June 2011
Business income														
Foreign trade income	683,303,92 9.65	1,085,765,3 05.72	2,475,96 3.08	32,261,3 52.16	-	-	19,582,3 05.83	101,299.9 0	480,000. 00	25,285,6 53.00			705,842,19 8.56	1,143,413,6 10.78
Inter-segment trade income	8,717,583.5 7	14,744,742. 05	-	-	-	-	-	-	-	-	-8,717,58 3.57	-14,744,7 42.05	-	-
Total segment business income	692,021,51 3.22	1,100,510,0 47.77	2,475,96 3.08	32,261,3 52.16	-	-	19,582,3 05.83	101,299.9 0	480,000. 00	25,285,6 53.00	-8,717,58 3.57	-14,744,7 42.05	705,842,19 8.56	1,143,413,6 10.78
Segment management	1,141,130,6 21.07	1,597,325,8 72.81	4,868,61 3.25	28,479,8 87.66	-	890.40	13,406,9 92.63	8,762,247 .50	2,667,33 5.56	22,699,4 71.71	-11,454,3 71.66	-17,438,7 80.15	1,150,619,1 90.85	1,639,829,5 89.93
Management expenses	38,800,099. 17	37,769,656. 67	4,180,15 7.09	4,507,86 4.19	3,244,84 6.29	5,088,98 6.62	2,401,26 9.26	879,317.7 8	1,971,93 9.12	2,353,67 4.50	-	-	50,598,310. 93	50,599,499. 76
Financial expense	104,270,48	88,927,448.	-1,060,0	-42,719.6	802,852.	2,013,15	1,531,68	1,749,983	-4,292,4	-2,529,35	48,182.61	-206,649.	101,300,63	89,911,857.

s	2.65	15	78.78	2	95	2.73	4.43	.60	84.79	7.38		88	9.07	60
Investment income	-	-39,857,497.48	-	-	-	-	-	-	-	-	-	-	-	-39,857,497.48
<b><u>Operating profit</u></b>	-592,179,689.67	-663,370,427.34	-5,512,728.48	-683,680.07	-4,047,699.24	-7,103,029.75	2,242,359.51	-11,290,248.98	133,210.11	2,761,864.17	2,688,605.48	2,900,687.98	-596,675,942.29	-676,784,833.99
Non-operating income	473,729,449.12	586,768,348.36	13,300.00	2,129,625.00	284,939.31	416,709.82	133,750.02	-	-	-	-	-	474,161,438.45	589,314,683.18
Non-operating expenses	18,598.81	297,324.48	19,166.00	-	-	-	-	-	-	-	-	-	37,764.81	297,324.48
<b><u>Total profit</u></b>	-118,468,839.36	-76,899,403.46	-5,518,594.48	1,445,944.93	-3,762,759.93	-6,686,319.93	2,376,109.53	-11,290,248.98	133,210.11	2,761,864.17	2,688,605.48	2,900,687.98	-122,552,268.65	-87,767,475.29
Income tax	593,707.44	2,480,334.38	-	246,885.42	-	-	-	-	44,939.46	858,125.35	-	-	638,646.90	3,585,345.15
<b><u>Net profit</u></b>	-119,062,546.80	-79,379,737.84	-5,518,594.48	1,199,059.51	-3,762,759.93	-6,686,319.93	2,376,109.53	-11,290,248.98	88,270.65	1,903,738.82	2,688,605.48	2,900,687.98	-123,190,915.55	-91,352,820.44

**(X). Note to items of parent company's financial statements**

**1. Accounts receivable**

(1) Accounts receivable classifying according to the category:

Unit: RMB

Category	2012-6-30				2011-12-31			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	-	-	-	-	-	-	-	-
Accounts receivable with minor amount and accounts receivable with major amount found no devaluation after individual devaluation test	669,196,028.23	100%	-	-	646,023,065.42	100%	-	-
Account receivable with individual minor amount but withdrawal bad debt provision independently	-	-	-	-	-	-	-	-
<b>Total</b>	<b>669,196,028.23</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>646,023,065.42</b>	<b>100%</b>	<b>-</b>	<b>-</b>

Accounts receivable classifying according to the account age:

Unit:  
RMB

Account age	2012-6-30				2011-12-31			
	Amount	Proportion (%)	Provision for bad debts	Book value	Amount	Proportion (%)	Provision for bad debts	Book value
Within 1 year	669,155,200.61	99.99%	-	669,155,200.61	645,982,237.80	99.99%	-	645,982,237.80
1-2years	37,938.62	0.01%	-	37,938.62	37,938.62	0.01%	-	37,938.62
2-3years	-	0.00%	-	-	-	-	-	-
Above 3 years	2,889.00	0.00%	-	2,889.00	2,889.00	0.00%	-	2,889.00

Total	669,196,0 28.23	100.00%	-	669,196,0 28.23	646,023,0 65.42	100.00%	-	646,023,0 65.42
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(2) No account receivable with minor individual amount but withdrawal bad debt provision independently at year-end.

(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

Company name	Relationship	Amount	Terms	Proportion in total account receivable (%)
Shenzhen Financial Bureau	Government division	639,518,407 .62	Within 1 year	95.57%
Guangdong Power Grid Company	Non-related clients	29,279,736. 71	Within 1 year	4.38%
Shenzhen Nanshan Meat Processing Factory	Non-related clients	194,419.20	Within 1 year	0.03%
Shenzhen University	Non-related clients	97,212.50	Within 1 year	0.01%
Zhongcai Energy Management Service Co., Ltd.	Non-related clients	52,523.80	Within 1 year	0.01%
Total		669,142,299 .83		99.99%

## 2. Other accounts receivable

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

Unit: RMB

Category	2012-6-30				2011-12-31			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with individual major amount and withdrawal bad debt provision independently	22,677,404.4 6	1.63%	22,677,404 .46	87.83%	22,677,404.4 6	1.46%	22,677,404 .46	100
Accounts receivable with minor amount and accounts receivable with major amount found no	1,365,646,63 6.91	97.99%	-	-	1,523,503,25 2.69	98.19%	-	-

devaluation after individual devaluation test								
Account receivable with individual minor amount but withdrawal bad debt provision independently	5,362,330.44	0.38%	3,140,957.25	12.17%	5,362,330.44	0.35%	3,140,957.25	58.57
Total	1,393,686.37 1.81	100.00%	25,818,361.71	100.00%	1,551,542.98 7.59	100.00%	25,818,361.71	1.66

Other accounts receivable classifying according to the account age:

Unit: RMB

Account age	2012-6-30				2011-12-31			
	Amount	Proportion (%)	Provision for bad debts	Book value	Amount	Proportion (%)	Provision for bad debts	Book value
Within 1 year	525,921.13 1.64	37.74%	-	525,921.13 1.64	683,777.74 7.42	44.07%	-	683,777.74 7.42
1-2years	46,951,064 .34	3.37%	-	46,951,064 .34	46,951,064 .34	3.03%	-	46,951,064 .34
2-3years	242,850.05 1.86	17.43%	173,524.12	242,676.52 7.74	242,850.05 1.86	15.65%	173,524.12	242,676.52 7.74
Above 3 years	577,964.12 3.97	41.47%	25,644,837.59	552,319.28 6.38	577,964.12 3.97	37.25%	25,644,837.59	552,319.28 6.38
Total	1,393,686, 371.81	100.00%	25,818,361.71	1,367,868, 010.10	1,551,542, 987.59	100.00%	25,818,361.71	1,525,724, 625.88

(2) Other account receivable with individual minor amount but withdrawal bad debt provision independently:

Unit: RMB

Other accounts receivable	Book balance	Amount of accruing provision for bad debts	Accruing proportion	Reason
Deposit receivable	3,278,632.28	1,404,953.09	45%	Unrecover for overdue
Dormitory amount receivable	2,083,698.16	1,736,004.16	55%	Unrecover for overdue
Total	5,362,330.44	3,140,957.25	59%	

(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	716,917.76 6.35	Within 1 year and over 3 years	51.44%

Zhongshan Power Company	Subsidiary of the Company	546,984,29 5.50	Within 1 year and over 3 years	39.25%
Dongguan Weimei Company	Subsidiary of the Company	77,738,750. 11	Within 1 year	5.58%
Shen Nan Dian Environment Protection Co.,	Subsidiary of the Company	15,460,686. 91	Within 1 year	1.11%
Huiyang County Kangtai Industrial company	Project partners	14,311,626. 70	over 3 years	1.03%
Total		1,371,413,1 25.57		98.40%

### 3. Long-term equity investment

#### Details of long-term equity investment:

Unit: RMB

Invested units	Calculation method	Investment cost	Amount dated 31 December 2011	Increase and decrease	Balance dated 30 June 2012	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
Server Petrochemical Supplying Co.,	Cost method	26,650,000.00	26,650,000.00	-	26,650,000.00	50	50	Inapplicable	-	-	-
New Power Company	Cost method	71,270,000.00	71,270,000.00	-	71,270,000.00	75	75	Inapplicable	-	-	-
Zhongshan Electricity Power Company	Cost method	410,740,000.00	218,240,000.00	192,500,000.00	410,740,000.00	55	55	Inapplicable	-	-	-
Engineering Company	Cost method	6,000,000.00	6,000,000.00	-	6,000,000.00	60	60	Inapplicable	-	-	-
Weimei Electricity Company	Cost method	115,319,049.76	115,319,049.76	-	115,319,049.76	40	40	Inapplicable	-	-	-
Shennan Singapore Company	Cost method	6,703,800.00	6,703,800.00	-	6,703,800.00	100	100	Inapplicable	-	-	-
Environment Company	Cost method	55,300,000.00	55,300,000.00	-	55,300,000.00	70	70	Inapplicable	-	-	-
Shenzhong Development Company	Cost method	-	-	-	0.00	75	75	Inapplicable	-	-	-
Shenzhong Property Company	Cost method	-	-	-	0.00	75	75	Inapplicable	-	-	-

Jiangxi Nuclear Power Co.,	Cost method	45,315,000.00	37,315,000.00	8,000,000.00	45,315,000.00	5	5	Inapplicabl e	-	-	-
Total		737,297,849.76	536,797,849.76	200,500,000.00	737,297,849.76				-	-	-
Less: devaluation provision			-		-						
Net amount of long-term equity investment			536,797,849.76		737,297,849.76						

## 4. Operating income and operating cost

### (1) Operating income

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011
Main business income	336,421,818.94	389,625,979.86
Other business income	8,048,366.37	52,982,115.56
Operating cost	533,917,664.37	694,282,683.32

### (2) Main business (by industry)

Unit: RMB

Industry	Jan-Jun of 2012		Jan-Jun of 2011	
	Operating income	Operating cost	Operating income	Operating cost
Energy Industry	336,421,818.94	529,483,326.41	389,625,979.86	654,210,959.97

### (3) Main business (by products)

Unit: RMB

Industry	Jan-Jun of 2012		Jan-Jun of 2011	
	Operating income	Operating cost	Operating income	Operating cost
Electricity sales	333,283,480.20	525,796,231.87	387,043,743.56	650,250,151.84
Heat sales	3,138,338.74	3,687,094.54	2,582,236.30	3,960,808.13
Total	336,421,818.94	529,483,326.41	389,625,979.86	654,210,959.97

### (4) Main business (by areas)

Unit: RMB

Areas	Jan-Jun of 2012		Jan-Jun of 2011	
	Operating income	Operating cost	Operating income	Operating cost
Domestic	336,421,818.94	529,483,326.41	389,625,979.86	654,210,959.97

### (5) Operating income of top 5 clients

Unit: RMB

Clients	Operating income	Proportion in total operating income (%)
Guangdong Power Grid Company	333,283,480.20	96.75%
Environment protection Co.,	4,252,931.62	1.23%

New Power Company	3,723,595.56	1.08%
Shenzhen University	649,918.50	0.19%
Zhongcai Energy Management Service Co., Ltd.	266,030.08	0.08%
Total	342,175,955.96	99.33%

## 5. Investment income

### (1) Particulars about investment income

Unit: RMB

Items	Jan-Jun of 2012	Jan-Jun of 2011
Long-term equity investment income calculated by equity method	-	-39,857,497.48

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

Unit: RMB

Invested units	Jan-Jun of 2012	Jan-Jun of 2011	Reasons of changes
Jiangxi Xinchang Company	-	-39,857,497.48	

## 6. Supplementary information of cash flow sheet

Unit: RMB

Supplementary information	Jan-Jun of 2012	Jan-Jun of 2011
<b>1. Net profit transferred to cash flow of operating activities:</b>		
Net profit	20,006,178.82	-67,703,539.11
Add: provision for assets devaluation	-	-
Fixed assets depreciation	30,158,307.74	33,240,256.10
Intangible assets amortization	704,963.70	468,527.22
Long-term accounts prepaid amortization	24,994.08	50,789.52
Loss of disposal of fixed assets, intangible assets and other long-term assets(gains)	-	-
Scrap loss of fixed assets		-
Financial expense (income)	25,245,086.79	66,915,573.91
Investment loss (income)	-	39,857,497.48
Decrease of deferred income taxes assets (Increase)	-	-
Decrease of inventory (Increase)	17,740,593.06	37,737,263.40
Decrease of operating accounts receivable(Increase)	305,525,100.14	-315,449,413.54
Increase of operating accounts payable (Decrease)	-97,349,008.32	143,715,100.19

Other	-	-
Net amount of cash flow arising from operating activities	302,056,216.01	-61,167,944.83
<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	297,440,484.94	169,579,571.56
Less: period-begin balance of cash and cash equivalent	303,150,447.89	269,369,131.18
Amount of increase of cash and cash equivalent	-5,709,962.95	-99,789,559.62

## 7. Related Transactions

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

Statement of commodity purchased/labor service received

Unit: RMB

Related parties	Transactio n content	Price setting principal and strategy procedures	Jan-Jun of 2012		Jan-Jun of 2011	
			Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)
Server Petrochemical Supplying Co.,	Warehouse and transportation charge	Reference to the market price or based on the price from executives department	725,028.04	100.00%	3,658,557.18	100.00%
New Power Company	Fuel purchasing	Reference to the market price or based on	78,984,589.65	13.77%	55,592,816.04	36.90%

		the price from executiv es departme nt				
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Commodity sold/labor service provided

Unit: RMB

Related parties	Transaction content	Price setting principal and strategy procedures	Jan-Jun of 2012		Jan-Jun of 2011	
			Amount	Proportion in amount of similar transaction (%)	Amount	Proportion in amount of similar transaction (%)
New Power Company	Charge of flue gas used	Reference to the market price or based on the price from executives department	47,293.06	100%	1,270,272.00	100%
New Power Company	Managed labor change of unit operations	Reference to the market price or based on the price from executives department	3,676,302.50	100%	8,670,931.00	100%
Dongguan Weimei Power Company	Materials lease	Reference to the market price or based on the price from executives department	16,028.35	100%	289,524.05	100%

Environment Protection Company	Sales of cooling/heat water	Reference to the market price or based on the price from executives department	3,291,236.79	100%	-	-
Environment Protection Company	Land lease	Reference to the market price or based on the price from executives department	906,000.00	100%	-	-
Environment Protection Company	Sales of tap water	Reference to the market price or based on the price from executives department	55,694.83	100%	-	-

(2) Related entrusted  
Statement of entrusted:

Unit: RMB

Name of consigner	Name of entrusted	Transaction type	Asset trust	Date of beginning	Due date	recognized basis of entrusted income	Trust income confirmed at the period
New Power Company	The Company	Trusteeship income	Power generation unit of 2#,10# and 11#	2012.01.01	2012.6.30	Calculated based on the RMB 0.024/kwh of the generation volume	3,676,302.50
New Power Company	The Company	Trusteeship income	Power generation unit of 2#,10# and 11#	2011.01.01	2011.6.30	Calculated based on the RMB 0.025/kwh of the generation volume	8,670,931.00
New Power Company	The Company	Cost-allocation	Power generation unit of 2#,10# and 11#	2012.01.01	2012.6.30	Allocated based on electrical energy of new power machine set	1,378,596.45
New Power Company	The Company	Cost-allocation	Power generation unit of 2#,10# and 11#	2011.01.01	2011.6.30	Allocated based on electrical energy of new power machine set	2,014,943.14
New Power Company	The Company	Expenses-allocation	Power generation unit of 2#,10# and 11#	2012.01.01	2012.6.30	Allocated based on electrical energy of new power machine set	5,781,962.71
New Power Company	The Company	Expenses-allocation	Power generation unit of 2#,10# and	2011.01.01	2011.6.30	Allocated based on electrical energy of new	9,541,067.55

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		11#		power machine set	
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Notes: according to the Custody and Operation Contract Concerning the Power Generation Machine Sets of Shenzhen New Power Industry Co., Ltd. entered into by the Company and New Power Company dated 23 December 2003, the Company was entrusted to operate and manage the 2#, 10# and 11# machine sets assets owned by New Power Company. The scope of the entrustment included: production plan, power scheduling, power measure and agent sales, collection of electricity fees and safe operation and management of equipments, as well as purchase, stock and management of consumed materials and facilities required for maintenance and repairmen, normal maintenance of power generation equipments and facilities, organization and management of big- and middle-sized repair projects, technological innovation and updates for power generation equipments, etc.

As for the fuels required for power production, they were purchased by New Power Company and then given to the Company for general use. Costs were charged according to the actual fuel consumption of the machine sets owned by New Power Company.

As for substantial repair expenses and facilities, they were purchased collectively by the Company as per the custody contract. When occurred, those cost attributable to the relevant machine sets were charged as the machine sets costs of New Power Company.

As for those costs that cannot be directly attributable to machine sets of New Power Company (such as utilities, depreciation of common assets and personnel salaries, etc), they should be shared by New Power Company and the Company based on the proportion of power generated.

The Company and New Power Company declared taxes according to the above share method.

(3) Related guarantee  
*Guarantee provided*

Unit: RMB

Assurance Provider	Guarantee received	Guarantee amount	Guarantee beginning date	Guarantee due date	Implotion of guarantee or not
The Company	Weimei Power Co., Ltd	40,000,000.00	2012.01.05	2012.12.28	No
The Company	Weimei Power Co., Ltd	80,000,000.00	2012.06.19	2013.06.19	No
The Company	Weimei Power Co., Ltd	100,000,000.00	2012.06.07	2013.06.07	No
The Company	Weimei Power Co., Ltd	100,000,000.00	2012.06.05	2013.06.05	No
The Company	Weimei Power Co., Ltd	100,000,000.00	2012.06.13	2013.06.13	No
The Company	Weimei Power Co., Ltd	80,000,000.00	2011.06.20	2013.06.20	No
The Company	Weimei Power Co., Ltd	100,000,000.00	2011.12.29	2012.12.29	No
The Company	Weimei Power Co., Ltd	20,000,000.00	2012.01.05	2012.07.20	No
The Company	Zhongshan Power Co., Ltd	90,000,000.00	2012.01.13	2013.01.13	No
The Company	Zhongshan Power Co., Ltd	10,000,000.00	2012.01.13	2013.01.13	No
The Company	Zhongshan Power Co., Ltd	50,000,000.00	2011.09.09	2012.09.09	No
The Company	Zhongshan Power Co., Ltd	35,684,000.00	2012.04.01	2013.04.01	No
The Company	Zhongshan Power Co., Ltd	9,200,000.00	2012.04.19	2013.04.19	No
The Company	Zhongshan Power Co., Ltd	35,000,000.00	2012.01.06	2013.01.06	No
The Company	Zhongshan Power Co., Ltd	50,000,000.00	2012.02.10	2013.02.10	No
The Company	Zhongshan Power Co., Ltd	10,000,000.00	2012.01.19	2013.01.19	No
The	Zhongshan Power	30,000,000.00	2012.06.01	2012.09.01	No

Company	Co., Ltd				
The Company	Environmental Protection Co., Ltd	10,000,000.00	2011.08.03	2012.08.03	No
The Company	Environmental Protection Co., Ltd	10,000,000.00	2012.06.12	2013.01.29	No
The Company	Environmental Protection Co., Ltd	10,000,000.00	2012.06.20	2013.06.20	No
The Company	Environmental Protection Co., Ltd	26,000,000.00	2009.11.06	2017.09.20	No
The Company	New Power Company	100,000,000.00	2012.06.29	2012.12.29	No
The Company	New Power Company	155,000,000.00	2011.12.23	2012.12.20	No
The Company	New Power Company	100,000,000.00	2011.12.22	2012.12.22	No
The Company	New Power Company	100,000,000.00	2011.12.29	2012.12.29	No
The Company	New Power Company	50,000,000.00	2012.04.28	2012.10.28	No

(4) Lending money of related party

Unit: RMB

Related parties	Amount of lending money	Commencement date	Maturity Date	Balance dated 30 June 2012	Note
<b>Borrowing</b>					
Engineering Company	60,000,000.00	2011.11.21	2012.11.21	60,000,000.00	
Engineering Company	30,000,000.00	2012.02.09	2013.02.09	13,400,000.00	
Server Petrochemical Supplying Company	15,000,000.00	2011.08.30	2012.08.29	15,000,000.00	
Server Petrochemical Supplying	10,000,000.00	2011.07.18	2012.07.17	10,000,000.00	

Company					
Server Petrochemical Supplying Company	5,000,000.00	2012.02.10	2013.02.09	5,000,000.00	
Weimei Power Company	30,000,000.00	2011.11.01	2012.11.01	30,000,000.00	
Weimei Power Company	21,500,000.00	2011.10.14	2012.10.14	21,500,000.00	
New Power Company	130,000,000.00	2011.12.07	2012.12.07	130,000,000.00	
Shenzhong Development Company	30,000,000.00	2011.09.16	2012.09.16	30,000,000.00	
Offering					
Shenzhong Development Company	545,245,758.05	2010.04.01	2011.12.31	545,245,758.05	
Weimei Power Company	77,738,750.11	2011.07.15	2013.07.15	77,738,750.11	
Zhongshan Power Company	8,060,000.00	2011.09.01	2012.09.01	8,060,000.00	
Zhongshan Power Company	15,000,000.00	2011.09.06	2012.09.01	15,000,000.00	
Zhongshan Power Company	40,000,000.00	2011.09.06	2012.09.06	40,000,000.00	
Zhongshan Power Company	35,000,000.00	2011.09.08	2012.09.08	35,000,000.00	
Zhongshan Power Company	100,000,000.00	2011.12.20	2012.12.20	100,000,000.00	
Zhongshan Power Company	100,000,000.00	2012.01.11	2013.01.11	100,000,000.00	
Zhongshan Power	55,000,000.00	2012-03-26	2013.03.26	55,000,000.00	

Company					
Zhongshan Power Company	55,000,000.00	2012.03.28	2013.03.28	55,000,000.00	
Zhongshan Power Company	55,000,000.00	2012.03.30	2013.03.30	55,000,000.00	

(5) Fund occupation expenses

Unit: RMB

Related parties	Transaction type	Transaction content	Price setting principal	Jan-June 2012	Jan-June 2011
Engineering Company	Fund occupation expenses	Interest expenses	Note	2,889,935.12	1,180,500.00
Server Petrochemical Supplying Company	Fund occupation expenses	Interest expenses	Note	1,051,057.77	-
Weimei Power Company	Fund occupation expenses	Interest expenses	Note	3,820,562.22	-
Zhongshan Power Company	Fund occupation expenses	Interest income	Note	23,818,124.00	14,573,326.22
Weimei Power Company	Fund occupation expenses	Interest income	Note	2,373,644.30	1,032,217.76
Shenzhong Development Company	Fund occupation expenses	Interest income	Note	18,291,045.37	17,279,288.97

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

(6) Account receivable/payable of related parties

Account receivable from related parties

Unit: RMB

Items	Related parties	2012-6-31	2011-12-31
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Other account receivable	Shenzhong Development Company	716,917,766.35	688,629,880.98
	Zhongshan Power Company	546,984,295.50	626,243,082.60
	Weimei Power Company	77,738,750.11	85,437,069.99
	Environment Protection Company	15,460,686.91	11,017,120.27
	Server Petrochemical Supplying Company	6,279,375.00	6,279,745.17
	Shennan Singapore Company	144,340.87	138,660.87
	Syndisome Company	43,775.67	35,127.06
Dividend receivable	New Power Company	597,875,904.41	597,875,904.41
	Engineering Company	56,264,962.17	56,264,962.17
Other current assets	Zhongshan Power Company	-	205,000,000.00

#### Account payable to related parties

Unit: RMB

Item	Related parties	2012-6-31	2011-12-31
Account received in advance	Energy Holding	14,586,000.00	14,586,000.00
Account payable	Server Petrochemical Supplying Company	-	332,376.11
Other account payable	New Power Company	597,332,718.07	776,413,945.94
	Weimei Power Company	57,093,584.45	131,773,022.23
	Engineering Company	77,202,614.06	81,036,534.88
	Server Petrochemical Supplying Company	32,059,821.20	26,364,386.39
	Syndisome Company	1,687,955.52	1,682,266.99

#### (XI) Supplementary information

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

Unit: RMB

Item	Amount of this year	Amount of last year

Loss and gains of disposal of non-current assets		-1,840.00
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)	133,750.02	-
Gains and loss from debts restructure	-	-
Impairment reversal of accounts receivable with single devaluation test	-	-
Import VAT refund for natural gas	29,672,435.72	
Other non-operating income/expenses beside the above said items	260,474.50	250,055.79
Influence amount of income taxes	-	-
Influence amounts of minority shareholders (after tax)	-6,839,516.02	-59,553.95
<b>Total</b>	<b>23,227,144.22</b>	<b>188,661.84</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	-6.22%	-0.18	Inapplicable
Net profit attributable to ordinary shareholders of the Company deducting non-recurring gains and loss	-7.58%	-0.21	Inapplicable