SHENZHEN NANSHAN POWER STATION CO., LTD.
SUMMARY OF SEMI-ANNUAL REPORT 2004

NO.2004-19

§1. Important Notice

1.1 The Board of Directors of Shenzhen Nanshan Power Station Co., Ltd. (hereinafter referred to as the Company) and its directors hereby confirm that there are no important omissions, fictitious statements or serious misleading information carried in this report, and shall take all responsibilities, individually and/or jointly, for the reality, accuracy and completeness of the whole contents.
The summary of semi-annual report 2004 is abstracted from the semi-annual report; and full text of the semi-annual report is published on the Internet website http://www.cninfo.com.cn in the mean time. The investors are suggested to read the full text of semi-annual report to understand more details.
1.2 No director stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the Semi-annual Report or has objection for this report.
1.3 Due to vacation, Director Sun Yulin entrusted Vice Chairman of the Board Cui Jichun to attend and vote on his behalf; due to business trip, Chairman of the Board Liu Deyu and Director Yu Chunling entrusted Director Zhao Xiao to attend and vote on the behalf of them.
1.4 The semi-annual financial report 2004 of the Company has not been audited.
1.5 Liu Deyu, Chairman of the Board, Zhang Renyi, General Manager, Lu Xiaoping, CFO and Chen Xueshun, Person in Charge of Financial Dept. hereby confirm that the Financial Report of the Semi-annual Report is true and complete.

§ 2. Company Profile

2.1 Basic information

Short form of the stock	Shen Nandian-A, Shen Nandian-B	
Stock code	000037, 200037	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board	Securities Affairs Representative
Name	Fu Bo	Hu Qin
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2.2. Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB'000

Items	Jan.-Jun. 2004	Jan.-Jun. 2003	Increase/decrease in this report period compared with the same period of last year (%)
Turnover	1,107,979	803,738	37.85%
Other income		44,853	-100.00%
Profit after tax	177,609	217,097	-18.19%
Total shareholders' fund	1,441,006	1,491,118	-3.36%
Earnings per share (RMB)	0.32	0.40	-18.19%
Net assets per share (RMB)	2.63	2.72	-3.36%

2.2.3 Differences between CAS and IAS:

√Applicable ☐Inapplicable

Unit: RMB'000

	CAS	IAS
Net profit	175,166	177,609

Explanation on difference	Items	Net profit (RMB'000) (Jan.-Jun. 2004)
	As calculated under CAS	175,166
	Adjustment in line with IAS:	
	Nagative goodwill arising from purchasing of equity of affiliated company was reclassified to intangible assets from capital reserve and amortized	2,443
	As calculated under IAS	177,609

[Note] Reason for the aforesaid difference is due to the difference of accounting policy.

§3. Changes in Share Capital and Particulars about Shareholders

3.1 Statement of change in shares

☐Applicable √Inapplicable

3.2 Particulars about shares held by the top ten shareholders

Unit: share

Particulars about shares held by the top ten shareholders						
Full name of shareholders	**Increase / decrease in this report period**	**Holding shares at the period-end**	**Proportion (%)**	**Type of shares (circulating or non-circulating)**	**Number of share pledged or frozen**	**Nature of shareholders (state-owned shareholder or foreign shareholder)**

SHENZHEN GUANGJU ELECTRONIC INVESTMENT CO., LTD.	0	125,845,702	22.97	Non-circulating	Naught	Legal person shareholder
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	0	83,748,408	15.28	Non-circulating	Naught	Foreign legal person shareholder
SHENZHEN ENERGY GROUP CO., LTD.	0	62,697,297	11.44	Non-circulating	Naught	Legal person shareholder
SHENZHEN STATE POWER SCIENCE AND TECHNOLOGY DEVELOPMENT CO., LTD.	0	54,709,180	9.98	Non-circulating	Naught	Legal person shareholder
TENGDA PROPERTY CO., LTD.	0	47,553,343	8.68	Non-circulating	Naught	Foreign legal person shareholder
VALUE PARTNERS INTELLIGENT FUNDS-CHINESE MAINLAND FOCUS FUND	Unknown	4,565,483	0.83	Circulating	Unknown	B-share
BTFE-VALUE PARTNERS INTELLIGENT FD-CHINA B SHS FD	Unknown	4,455,104	0.81	Circulating	Unknown	B-share
BANK OF CHINA －GUOLLIAN ANDERSON SMALL WELL-CHOSEN SECURITIES INVESTMENT FUND	Unknown	3,190,364	0.58	Circulating	Unknown	A-share
NATIONAL COMBINATION OF 101 SOCIAL INSURANCE FUNDS	Unknown	2,824,094	0.52	Circulating	Unknown	A-share
SKANDIA GLOBAL FUNDS PLC	Unknown	2,650,562	0.484	Circulating	Unknown	B-share

Particulars about shares held by the top ten shareholders of circulation share

Name of shareholders (Full name)	Circulation shares held at the period-end (share)	Type (A-share, B-share, H-share and other)
VALUE PARTNERS INTELLIGENT FUNDS-CHINESE MAINLAND FOCUS FUND	4,565,483	B-share
BTFE-VALUE PARTNERS INTELLIGENT FD-CHINA B SHS FD	4,455,104	B-share
BANK OF CHINA - GUOLLIAN ANDERSON SMALL WELL-CHOSEN SECURITIES INVESTMENT FUND	3,190,364	A-share
NATIONAL COMBINATION OF 101 SOCIAL INSURANCE FUNDS	2,824,094	A-share
SKANDIA GLOBAL FUNDS PLC	2,650,562	B-share
BTFE-BOBL/MANULIFE GLOBAL FUND-CHINA VALUE	2,325,543	B-share

DEUTSCHE BANK AG LONDON	2,085,376	B-share
GUANGFA SECURITIES CO., LTD.	2,074,695	A-share
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	2,027,478	B-share
NEITENG SECURITIES CO., LTD.	1,775,118	B-share
Explanation on associated relationship among the aforesaid shareholders or consistent action	Shenzhen Energy Group Co., Ltd. held 30,829,682 shares on behalf of the state, and it indirectly held 100% equity of Hong Kong Nam Hoi (International) Limited, the Company's No. 2 shareholder as well as the Company's foreign legal person shareholder. The Company is not aware of their associated relationships or whether belongs to the persons acting in concert regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies among other shareholders.	

3.3 Particulars about change in controlling shareholder and actual controller of the Company

□Applicable √Inapplicable

§4. Particulars about Directors, Supervisors and Senior Executives

4.1 Particulars about changes in shares held by directors, supervisors and senior executives

√Applicable □Inapplicable

Name	Title	Shares held at the year-begin	Shares held at the year-end	Reason for change
Sun Shoulin	Chief Engineer	0	16,301	Purchasing in the secondary market

§5. Discussion and Analysis of the Management

5.1 Statement of main operations classified according to industries

Unit: RMB

Industries	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations over the same period of last year (%)	Increase/decrease in cost of main operations over the same period of last year (%)	Increase/decrease in gross profit ratio over the same period of last year (%)
Power production	1,103,479,282.49	891,589,376.44	19.20	37.29	41.81	-11.85
Engineering contract	4,500,000	2,906,014.94	35.42			
Including: related transactions						

Products	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations over the same period of last year (%)	Increase/decrease in cost of main operations over the same period of last year (%)	Increase/decrease in gross profit ratio over the same period of last year (%)
Power	1,103,479,282.49	891,589,376.44	19.20	37.29	41.81	-11.85
Engineering contract	4,500,000	2,906,014.94	35.42			
Including: related transactions						

5.2 Particulars about main operations classified according to areas

Unit: RMB

Area	Income from main operations	Increase/decrease in income from main operations over the same period of last year (%)
Shenzhen	1,107,979,282.49	37.85

5.3 Other operations affecting material influence on net profit

☐Applicable √Inapplicable

5.4 Operation of share-holding companies (applicable to the situation where investment earnings takes over 10% of its net profit)

☐Applicable √Inapplicable

5.5 Explanation on reasons of material changes in main operations and its structure

☐Applicable √Inapplicable

5.6 Explanation on reasons of material changes in profitability capability of main operations (gross profit ratio) than that in the last year

☐Applicable √Inapplicable

5.7 Analysis to reasons of material changes in profit structure compared with the previous year

☐Applicable √Inapplicable

5.8 Application of the raised proceeds

5.8.1 Use of the raised proceeds

☐Applicable √Inapplicable

5.8.2 Particulars about the changed projects

☐Applicable √Inapplicable

5.9 Plan of the Board on amending the business plan in the second half of the year
√Applicable ☐Inapplicable

Increase:
1. Speeding up the implementation of Dongguan Gaobu Gas Turbine Power Project and invest and establish SHENNANDIAN (Dongguan) Weimei Power Co., Ltd. so as to ensure the first gas turbine to be accomplished and put into production in the peak period of power consumption in next year.
2. Reinforcing all prophase work in Zhejiang Ruian Gas Turbine Power Station Project so as to strive for approval of register as soon as possible.

5.10 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 √Inapplicable

5.11 Explanation of the Management on "Qualified Opinion" from the Certified Public Accountants in the report period
☐Applicable √Inapplicable

5.12 Explanation of the Management on changes and disposal of the issues involved in "Qualified Opinion" from the Certified Public Accountants in the last year
☐Applicable √Inapplicable

§6. Significant Events

6.1 Acquisition and sales of assets and assets restructure
6.1.1 Assets acquired
☐Applicable √Inapplicable

6.1.2 Assets sold
☐Applicable √Inapplicable
6.1.3 Progress of these events and its influence on the 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 √Inapplicable

6.2 Guarantees
√Applicable ☐Inapplicable

Unit: RMB'0000

Name of objects guaranteed	Date of happening (date of agreement signing)	Amount of guarantee	Type of guarantee	Term of guarantee	Finish implementation or not	Guarantee for related parties or not (yes or no)

Total amount of guarantees	
Total balance of guarantees	
Including: total balance of related guarantees	
Total illegal guarantees	
Proportion of total guarantees in net assets of the Company	
Total guarantees provided by the listed company to its controlling subsidiaries	20,000

6.3 Current related credits and liabilities

√Applicable ☐Inapplicable

Unit: RMB'0000

Related parties	Relationships	Providing capital to related parties		Related parties' providing capital to the listed company	
		Amount	Balance	Amount	Balance
Xiefu Company	Controlling subsidiary	31.57	32.54	0	0.25
Energy Group	First largest shareholder factually			0	55.33
Total		31.57	32.54	0	55.58
In the report period, amount of capital provided by the listed company to the controlling shareholder and its subsidiaries		31.57			
In the report period, amount of capital provided by the listed company to the controlling shareholder and its subsidiaries		32.54			

6.4 Material lawsuits and arbitrations

☐Applicable √Inapplicable

6.5 Other significant events and explanation on analysis to their influences and solutions

√Applicable ☐Inapplicable

1. As approved by CSRC ZJGSZ [2004] No. 23 document, the unlisted foreign shares (amounting to 47,553,343 shares) of the Company held by foreign sponsor shareholder of the Company, Tengda Property, would be circulating on the B-share market of Shenzhen Stock Exchange one year after the approval date.

2. On Feb. 18, 2004, as approved by Shenzhen Municipal Government SWZYSHZZZ [2004] No. 0032 document, the Company and South Port Power Engineering (Hong Kong) Co., Ltd. invested and set up Shenzhen Nanshan Power Engineering Company together. The registered capital was RMB 10,000,000, of which the Company held

60% share equity and South Port Power Engineering (Hong Kong) Co., Ltd. held 40% share equity. The operation scope: construction of power plant, technology consultation, training, equipment examination and repair, spare parts and spare products. Since the establishment of Shenzhen Nanshan Power Engineering Company, business developed quickly; the general contract of combustion engine power station project, technology consultancy and program construction management business etc. developed smoothly; the technology advantage increasingly emerged. 3. According to SMGF [2004] No. 14 Document issued by Shenzhen Trade Industry Bureau and Shenzhen Finance Bureau on May 27, 2004, the Company received fuel subsidy in the peak period in 2003 summer amounting to RMB 5, 925,036 on Jun. 4, 2004. 4. According to the Residual Heat Using Technology Renovation Agreement signed by the Company and Power Exploitation Company with Zhonfa Power and Jiafa Power respectively on Dec. 8, 2003, the Company invested RMB 25,000,000 respectively and cooperated with Zhongfa Power and Jiafa Power on Jan. 7, 2004. The Company conducted residual heat using technology renovation on the power generation sets of the two companies and the duration was 6 years (Jan. 1, 2004- Dec. 31, 2009). During the operation terms, Zhongfa Power and Jiafa Power paid technology service expenses amounting to RMB 620,000 every month since the renovation program started to generate power.

§7. Financial Report

7.1 Auditing opinion

Financial Report	√Unaudited ☐Audited

7.2 Notes to financial report

7.3.1 Compared with the latest annual report period, there was no change in accounting policies and accounting estimates and correction in accounting errors in the report period.

7.2.2 On Feb. 18, 2004, approved by Shenzhen People's Government with SWZYSHZZZ [2004] No. 0032 approval license, the Company jointly invested and established Shenzhen SHENNANDIAN Combustion Engine Engineering Technology Co., Ltd. (hereinafter referred to as "SHENNANDIAN Engineering Company") with Nangang Drive Engineering (Hong Kong) Co., Ltd.. The business license registered no. of enterprise legal person is QHYSZZ No. 110557 with registered capital amounting to RMB 10 million, where the Company holds 60% equity and Nangang Drive Engineering (Hong Kong) Co., Ltd. holds 40% equity. In the period, this company was listed into the consolidated scope of accounting statements. This consolidation event made income from main operations be increased by RMB 4.50 million and cost of main operations be increased by RMB 2.9060 million.

Board of Directors of
Shenzhen Nanshan Power Station Co., Ltd.

Aug. 12, 2004