Stock code: 000037、200037 Notice No.: 2007-18

Short form of the stock: Shen Nan Dian A、Shen Nan Dian B

SHENZHEN NANSHAN POWER STATION CO., LTD.

SUMMARY OF ANNUAL REPORT 2006

§1. Important Notes

1.1 Board of Directors and the Supervisory Committee of Shenzhen Nanshan Power Station Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

1.2 No director, supervisor and senior executive stated that they couldn't ensure the correctness, accuracy and completeness of the contents of Annual Report 2006 or have objection for this report.

1.3 Name of absent director

Name	Reason of absence	Name of entrustee
Wang Jianbin	Due to business	Fu Bo
Zhong Chengli	Due to business	Fu Bo
Huang Sujian	Due to business abroad	Zhou Chengxin

1.4 Guangdong Yangcheng Certified Public Accountants Ltd. and PricewaterhouseCoopers Certified Public Accountants respectively audited the Company's financial report and issued the standard unqualified Auditor's Report for the Company.

1.5 Chairman of the Board Wei Wende, Director General Manager Fu Bo, CFO Lu Xiaoping and Head of Financial Dept. Chen Xueshun hereby confirm that the Financial Report enclosed in Annual Report 2006 is authentic and complete.

§2. Company Profile

2.1 Basic information

Short form of the stock	Shen Nan Dian A, Shen Nan Dian B
Stock code	000037, 200037
Listed stock exchange	Shenzhen Stock Exchange
Registered address	No.18, Yueliangwan Avenue, Nanshan District, Shenzhen, P.R.C
Post code of registered address	518052
Office address	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong, P.R.C.
Post code of office address	518053
Internet web site of the Company	http://www.nsrd.com.cn
E-mail	public@nspower.com.cn

2.2 Contact person and method

	Secretary of the Board	**Securities Affairs Representative**
Name	Hu Qin	
Contact address	16/F-17/F, Hantang Building, OCT, Nanshan District, Shenzhen, Guangdong, P.R.C.	
Telephone	0755-26003683	
Fax	0755-26003684	
E-mail	investor@nspower.com.cn	

§3. Summary of Accounting Data and Financial Indexes

3.1 Major accounting data as of the year 2006 Unit: RMB'000

Items	**Amount**
Sales	3,858,907
Operating profit	219,935
Profit before income tax	77,153
Equity attributable to the Company	63,101
Net cash rising from operating activities	-145,159
Net increase/decrease of cash	316,458

3.2 Major accounting date and financial ratio over the past three years

Unit: RMB'000

	Attributable to the equity holders of the Company			**Minority interests**	**Total interests**
	Share equity	**Other reserves**	**Retained profit**		
Surplus on Jan.1, 2005	547,966	700,663	507,963	102,033	1,858,625
Stock dividends in 2004			-273,983		-273,983
Annual profit			29,919	-22,463	7,456
Reevaluation of financial assets available for sale		-2,910			-2,910
Carrying over capital reserve		40,365	-40,365		
Input assets of minority shareholders				93,328	93,328
Balance of monetary exchange		-2,211			-2,211
Surplus on Dec.31, 2005	547,966	735,907	223,534	172,898	1,680,305
Surplus on Jan., 1, 2006	547,966	735,907	223,534	172,898	1,680,305
Stock dividends in 2005				-13,162	-13,162
Annual profit			63,101	-5,865	57,236
Reevaluation of financial assets available for sale		7,786			7,786
The subsidiaries changed from associates				22,350	22,350
Distributing from retained profit		11,229	-11,229		
Input assets of minority shareholders				31,309	31,309

Balance of monetary exchange		-1,682			-1,682
Surplus on Dec., 31, 2006	547,966	753,240	275,406	207,530	1,784,142

3.3 Differences between CAS and IAS:

√ Applicable ☐Inapplicable Unit: RMB

	CAS	IAS
Net profit	63,466,109.28	63,101,000
Explanation on difference	The differences on net profit amounting to RMB 365,000 were caused by the differences of consolidating the subsidiaries.	

§4 Changes in Share Capital and Particulars about Shareholders

4.1 Statement of change in share capital Unit: Share

Items	**Before the Changes**		**Increase/Decrease in the Change (+, -)**						**After the Change**	
	Amount	**Proportion (%)**	**Rationed share**	**Bonus shares**	**Capitalization of public reserve**	**Additional issuing**	**Other**	**Subtotal**	**Amount**	**Proportion (%)**
I. Restricted shares	243,268,480	44.40		-15,218,143			+83,748,408	+68,530,265	311,798,745	56.90
1. State-owned shares										
2.State-owned legal person’s shares	243,252,179	44.39		-15,221,969				-15,221,969	228,030,210	41.61
3. Other domestic shares	16,301	0.01		+3,826				+3,826	20,127	0.01
Including: Domestic legal person’s shares										
Domestic natural person’s shares	16,301	0.01		+3,826				+3,826	20,127	0.01
4. Foreign shares							+83,748,408	+83,748,408	83,748,408	15.28
Including: Foreign legal person’s shares							+83,748,408	+83,748,408	83,748,408	15.28
Foreign natural person’s shares										
II. Unrestricted shares	220,949,110	40.32		+15,218,143				+15,218,143	236,167,253	43.10
1. RMB Ordinary shares	64,829,839	11.83		+15,218,143				+15,218,143	80,047,982	14.61
2.Domestically listed foreign shares	156,119,271	28.49							156,119,271	28.49
3. Overseas listed foreign shares										
4. Others										
III.Unlisted foreign-funded shares	83,748,408	15.28					-83,748,408	-83,748,408	0	0.00
IV. Total shares	547,965,998	100							547,965,998	100

The date for the restricted shares to be listed

Unit: Share

Date	The amount of additional listed shares expired the restricted period	Balance of the amount of restricted shares	Balance of the amount of unrestricted shares	Explanations
March 29, 2007	82,194,900	229,603,845	318,362,153	Ban-lifting on restricted shares during Share Merger Reform
June 30, 2007	20,127	229,583,718	318,382,280	Ban-lifting on shares held by original senior executives
Oct. 20, 2007	83,748,408	145,835,310	402,130,688	Listed circulation of B-share held by Hong Kong Nam Hoi (International) Limited
March 29, 2008	77,440,483	68,394,827	479,571,171	Ban-lifting on restricted shares during Share Merger Reform
March 29, 2009	68,394,827	0	547,965,998	Ban-lifting on restricted shares during Share Merger Reform

Shares held by the top ten restricted shareholders and restricted conditions

Unit: Share

No.	Name of the restricted shareholders	Amount of the restricted shares held	Date to be listed	Amount of the additional listed shares	Restricted condition
1	SHENZHEN GUANGJU ELECTRONIC INVESTMENT CO., LTD.	118,800,636	March 29, 2007	27,398,300	Legal
			March 29, 2008	27,398,300	
			March 29, 2009	64,004,036	
2	HONG KONG NAM HOI (INTERNATIONAL) LIMITED	83,748,408	Oct.20,2007	83,748,408	Legal
3	SHENZHEN ENERGY GROUP CO., LTD.	59,187,391	March 29, 2007	27,398,300	Legal
			March 29, 2008	27,398,300	
			March 29, 2009	4,390,791	
4	STATE GRID SHENZHEN ENERGY DEVELOPMENT GROUP CO.,LTD.	50,042,183	March 29, 2007	27,398,300	Legal
			March 29, 2008	22,643,883	
5	SUN SHOU LIN	20,127	June 30,2007	20,127	Legal

4.2 Statement of shares held by the top ten shareholders and the top ten shareholders of circulation share

Unit: Share

Total amount of shareholders	22,705				
Particulars about the shares held by the top ten shareholders					
Full Name of shareholder	Nature of	Proportion	Total	Amount of the	Amount of

	shareholders	of shares held	amount of shares held	restricted shares held	shares pledged or frozen
SHENZHEN GUANGJU ELECTRONIC INVESTMENT CO., LTD	State-owned shareholder	21.68%	118,800,636	118,800,636	0
HONG KONG NAM HOI (INTERNATIONAL) LIMITED	Foreign-funded shareholder	15.28%	83,748,408	83,748,408	0
TENGDA PROPERTY CO., LTD.	Foreign-funded shareholder	11.03%	60,462,337	0	0
SHENZHEN ENERGY (GROUP) CO., LTD.	State-owned shareholder	10.80%	59,187,391	59,187,391	0
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO.,LTD.	State-owned shareholder	9.13%	50,042,183	50,042,183	0
MORGAN STANLEY INT'L (CHINA)-FIRM	Others	4.74%	25,996,024	0	Unknown
ZHONGSHAN GAOLING INVESTMENT CO., LTD	Others	2.77%	15,201,676	0	Unknown
GUOTAI JUNAN SECURIES HONG KONG LIMITED	Others	0.79%	4,336,334	0	Unknown
CHINAFAMOUSBRAND SECURITIES HOLDING CO., LTD.	Others	0.67%	3,659,559	0	Unknown
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	Others	0.57%	3,114,854	0	Unknown

Particulars about the shares held by the top ten unrestricted shareholders		
Full Name of shareholder	**Amount of unrestricted shares held**	**Type of shares**
TENGDA PROPERTY CO., LTD.	60,462,337	Domestically listed foreign share
MORGAN STANLEY INT'L (CHINA)-FIRM	25,996,024	Domestically listed foreign share
ZHONGSHAN GAOLING INVESTMENT CO., LTD	15,201,676	RMB ordinary share
GUOTAI JUNAN SECURIES HONG KONG LIMITED	4,336,334	Domestically listed foreign share
CHINAFAMOUSBRAND SECURITIES HOLDING CO., LTD.	3,659,559	Domestically listed foreign share
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	3,114,854	Domestically listed foreign share
NAITO SECURITIES CO., LTD.	2,688,750	Domestically listed foreign share
LIANG XIAN LING	1,718,391	RMB ordinary share
HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	1,308,302	Domestically listed foreign share
LIU LI MIN	1,122,295	RMB ordinary share
Explanation on associated relationship among the top ten shareholders or consistent action	1. The fourth shareholder, Shenzhen Energy (Group) Co., Ltd. holds indirectly 100% equity of the second shareholder Hong Kong Nam Hoi (International) Limited; 2. The consistent actor of the third shareholder Tengda Property Co., Ltd held B tradable shares of the Company through the sixth shareholder MORGAN STANLEY INT'L (CHINA)-FIRM; for the details, please refer to the relevant	

	notice of the Company dated Feb.8, 2007. 3. Among other social public shareholders, the Company did not know whether there were associated relationships or belonging to consistent actors.

【Note】 The original state-owned shareholder of the Company Shenzhen State Power Science And Technology Development Co., Ltd has changed its name into State Grid Shenzhen Energy Development Group Co., Ltd in January, 2007.

4.3 Particulars about the controlling shareholders and actual controller of the Company

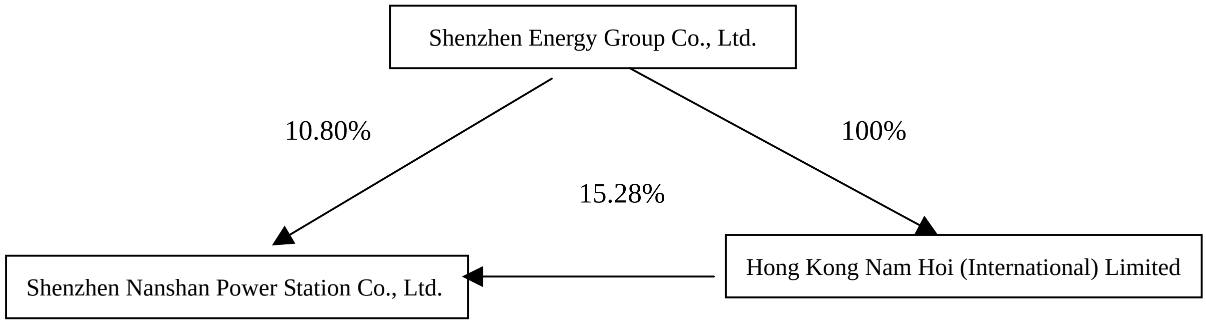
4.3.1 Particulars about change in the controlling shareholders and actual controller of the Company

□Applicable √Inapplicable

4.3.2 Introduction of especial situation for the controlling shareholder and other actual controller

The Company has no controlling shareholder. Shenzhen Energy Group Co., Ltd. is the actual largest shareholder of the Company, its legal representative is Gao Zimin; date of foundation: July 15, 1985, registered capital: RMB 955,555,556; enterprise type: company with limited liability; business scope: development, production and purchase and sale of conventionality energy (including electricity, heat, coal, oil and gas) and new energy; design, construction, management and operation of various energy project; facility and its fittings, equipments, aluminum, timber and cement and other raw materials demanded by energy project; operation of import and export business (transacted according to SMGSZ Zi No. 147 document); operating personnel training, consultation prepared for energy projects and other relevant service business (specific projects subject to approval by the authority); technology development, transfer and service of environments protection; investing and operating transportation business (highway, littoral and oceanic) of fuel, raw material and equipment demanded by energy projects, management of property (operated by property management qualification certificate), lease of owned property.

4.3.3 Property right and controlling relationship between the actual controller of the Company and the Company is as follows:



§5. Particulars about Directors, Supervisors and Senior Executives

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

Names	**Titles**	**Sex**	**Age**	**Beginning date of office term**	**Terminating date of office term**	**Shares held at the year-begin**	**Shares held at the year-end**	**Reason of change**	**Total remuneration drew from the Company in the report period (RMB'0000)**	**Draw the remuneration from other shareholder units or associates or not**
WeiWende	Chairman of the Board	Male	59	Oct., 2006	Oct., 2009	0	0			Yes
Wang Jianbin	Director & Vice Chairman of the Board	Male	43	Oct., 2006 Dec., 2006	Oct., 2009	0	0			Yes
Sun Yulin	Director & Vice Chairman of the Board	Male	55	Oct., 2006 Dec., 2006	Oct., 2009	0	0			Yes
Li Li	Director & Vice Chairman of the Board	Male	63	Oct., 2006 Dec., 2006	Oct., 2009	0	0			Yes
Fu Bo	Director & General Manager	Male	44	Oct., 2006	Oct., 2009	0	0		56.33	No
Yu Chunling	Director	Female	41	Oct., 2006	Oct., 2009	0	0			Yes
Zhong Chengli	Director	Male	59	Oct., 2006	Oct., 2009	0	0			Yes
He Yingyi	Director	Male	50	Oct., 2006	Oct., 2009	0	0			Yes
Huang Fuhan	Director	Male	52	Oct., 2006	Oct., 2009	0	0			Yes
Huang Shaoji	Director	Male	43	Oct., 2006	Oct., 2009	0	0			Yes
Huang Sujian	Independent Director	Male	51	Oct., 2006	Oct., 2009	0	0		3.33	No
Zhou Chengxin	Independent Director	Male	51	Oct., 2006	Oct., 2009	0	0		3.33	No
Xu Jing'an	Independent Director	Male	65	Oct., 2006	Oct., 2009	0	0		3.33	No
Yu Xiufeng	Independent Director	Male	42	Oct., 2006	Oct., 2009	0	0		3.33	No
Wu Xiaolei	Independent Director	Female	42	Oct., 2006	Oct., 2009	0	0			No

Zhao Xiao	Director	Male	61	June, 2003	Oct., 2006	0	0			Yes
Liu Zhanjun	Independent Director	Male	48	June, 2003	Oct., 2006	0	0		3.33	No
Zhu Tianfa	Chairman of the Supervisory Committee	Male	57	Oct., 2006	Oct., 2009	0	0			Yes
Zhou Qun	Supervisor	Male	42	Oct., 2006	Oct., 2009	0	0			Yes
Li Yongsheng	Supervisor	Male	34	Oct., 2006	Oct., 2009	0	0			Yes
Chen Lihong	Supervisor	Female	43	Oct., 2006	Oct., 2009	0	0			Yes
Zhang Yanmin	Supervisor	Male	47	Oct., 2006	Oct., 2009	0	0			Yes
Wang Wei	Employee Supervisor	Male	45	Oct., 2006	Oct., 2009	0	0		10.42	No
Li Chao	Employee Supervisor	Male	35	Oct., 2006	Oct., 2009	0	0		25.14	No
Yi Yaoping	Employee Supervisor	Male	38	Oct., 2006	Oct., 2009	0	0		28.44	No
Ji Ming	Supervisor	Male	50	June, 2003	Oct., 2006	0	0			Yes
Sun Peng	Supervisor	Male	33	June, 2003	Oct., 2006	0	0			Yes
Wang Rendong	Employee Supervisor	Male	45	June, 2003	Oct., 2006	0	0		46.64	No
Xu Shichun	Employee Supervisor	Male	55	June, 2003	Oct., 2006	0	0		29.67	No
Zhu Wei	Deputy GM	Male	49	Aug., 2003	Dec., 2006	0	0		46.63	No
Lin Qing	Deputy GM	Female	42	Oct., 2003	Dec., 2006	0	0		50.05	No
Lu Xiaoping	CFO	Male	44	Aug., 2003	Dec., 2006	0	0		50.03	No
Sun Shoulin	Chief Engineer	Male	60	Aug., 2003	Dec., 2006	16,301	20,127	Bonus share due to Share Merger Reform	50.42	No
Total						16,301	20,127	Bonus share due to Share Merger Reform	410.42	

§ 6. Report of the Board of Directors

6.1 Discussion and analysis of management team

6.1.1. The overall operation status

The data in Analysis Report On the Electronic Industry of China for the 4th quarter in

2006 shows that the annual electricity consumption of the whole society amounted to 2,824.8 billion kwh with an increase of 14.0% over the same period of last year, a rise of 0.4 percentage points over the year 2005. The demand on electricity increased; at the same time, the electricity supply of the whole country also raised significantly, utilization hours of power aparatus continued to decline, and the annual output of power generation of the whole country amounted to 2,755.7 billion kwh with an increase of 13.57% over the same period of last year. By the end of the year 2006, the installed capacity of power generation had amouted to 622 million kilowatt with an increase of 20.3% over the same period of last year, which continued to relieve the tense situation of supply and demand of power, and the electric power shortage, the quantity in electricity-use -restricting load-shedding and the loss of the amount of electricity decreased sharply. The situation of supply and demand on electric power and power grids in regions throughout the country varies obviously this year; the contradiction between power supply and power demand in North China and East China, which are deadly lack of electricity in recent years, has gained distinct relief, but the supply and demand of power in southern regions is still in a tense state.

In 2006, the total output of power generation of the whole Guangdong Province was 245.9 billon kwh with an increase of 7.9% over the same period of last year; the quantity of outsourcing electric power amounted 65.5 billion kilowatt with an increase of 26.9% over the same period; the output of power generation and quantity of purchasing electric power of the whole province amounted to 311.4 billion kwh with an increase of 11.4% over the same period; the social electricity consumption of the whole province amounted to 299.1 billion kwh with an increase of 11.9% over the same period. The general situation of the whole-year power supply in Shenzhen was first tense then relaxed, and the electricity consumption of the whole society amounted to 47.83 billion kwh with an increase of 10.9% over the same period; the quantity of power supply of the whole city was 46.95 billion kwh (exclusive of Shekou) with an increase of 11.11% over the same period; however, among them, the quantity of online electricity of local fuel and power plant amounted to 10.6 billion kwh with a decrease of 19.44% over the same period, and utilization hours of the subordinate generator engine of the Company decline distinctly.

Facing the still severe external managing environment, the Compant fully displayed its subjective initiative, seeked truth and improvement, worked hard and lived simply, and made every effort, to creatively carry out various sorts of work, overcame the adverse factors such as the greatly going up of the fuel price, made out the warning mechanism of the oil price, made a dynamic adjustment to the annual power generation plan of the subordinate power generation enterprises according to the changing on fuel price and allowance for the electricity expenses, and ensured the economic operation of units. While carrying our the safe production and safeguarding the social electricity supply, the Company accomplished the Share Merger Reform, fulfilled the regional High Power Utilization and High Power Price policy, promoted the institutionalized allowance mechanism, implemented the Gas Instead of Oil project, started the circular economic project, and made outstanding achievements on refunding taxes of domestic-made equipment. Under the circumstance that the rise in annual average oil price reached nearly 30%, the Company finally realized the net profit's growth ratio of over 100%, overfulfilled the annual operation evaluation target sent down by Board of Directors of the Company.

In the report period, the accumulative amount of comprehensive power generation of the Company was 565 million kwh with growth of 9.79% over the same period of last year and completed the planned 105.96% for the whole year. The Heat and Power Supply Project of New Power Company with annual gas supply to the external of 38.19 ten thousand tons was influenced by the external migration of main heat users, so only 90.93% of planning amount of gas supply was finished. Shennandian Engineering Company took on the debugging project of Beijing Zhengdong Power Co., Ltd. and the project of guarantee for delivering units of Dongguan Dongxin Power Plant. In order to avoid the operation risk, Xiefu Company actively adjusted operation tactics, mainly supplied oil for power plants in the Shennandian system, contracted the industry chain step by step, and pressed on with the cleaning up of the bad assets.

By Dec.31, 2006, for the reason of adding the Xiefu Company and Shenandian (Dongguan) Company's being put into business operation to the consolidation scope of the Company's statement, the total assets of the Company were RMB 477,253.43 ten thousand with an increase of 12.81% over the year-begin; the net assets of the Company were RMB 158,715.69 ten thousand with an increase of 4.05% over the year-begin. In 2006, the amount of income from the main operation of the Company was RMB 386,175.24 ten thousand with an increase of 27.42% over the last year; the amount of income from allowance was RMB 44,956.37 ten thousand. The amount of returned enterprise income taxes by New Power Company's purchasing domestic equipment was RMB 2,284.01 ten thousand; the total amount of profit was RMB 5,503.55 ten thousand with an increase of 444.60% over the last year; the amount of consolidation profit (after tax) was RMB 6,346.61 ten thousand with an increase of 112.12% over the last year.

① Main suppliers and customers

The core business of the Company is the production of electric power. The main raw materials for generating plant are fuel oil and spare parts of the equipment service, etc. The purchasing company for main raw materials adopted the method of international bidding, and established the strategic supplier system by accumulating over ten years of work experiences on commodity purchase. In 2006, the purchasing amount of top five suppliers amounted to RMB 2,609,238,400 taking 58.36% of annual purchasing amount. The total amount in sales of electric power in Shenzhen of the Company amounted to RMB 2,493,008,900, 100% sold to Shenzhen Power Supply Bureau. In addition, the total amount in sales of electric power in Zhongshan of the Company amounted to RMB 626,768,500, 100% sold to Guangdong Power Grid Corporation. The total amount in sales of electric power in Dongguan of the Company amounted to RMB 741,975,000, 100% sold to Guangdong Power Grid Corporation.

② The financial status of the Company

Unit: RMB’000

Item	2006 (This year)	2005 (Last year)	Increase or decrease over last year (%)	2004
Turnover	3,858,907	3,030,682	27.33	2,432,712
Other income	507,035	155,456	226.16	111,839
Excluding profit before tax	77,153	22,399	244.45	487,551
Profit attributable to shareholders	63,101	29,919	110.91	444,582
	At the end of 2006 (This year-end)	At the end of 2005 (This year-end)	Increase or decrease over the end of last year (%)	At the end of 2004
Shareholders’ equity	1,576,612	1,507,407	4.59	1,708,136
Net cash inflow from operation activity	-145,159	615,701	123.58	466,491

③ Operations and achievements of main controlling shareholders’ companies and participating companies

1) New Power Company: The main business scopes are technological development and power generation of afterheat utilization with its registration capital of RMB 113,850,000, of which the Company hold 100% shares. Besides the normal power generation, the project on thermoelectricity cogeneration the company invested began to supply gas to its peripheral users in 2005 and the whole quantity of the year 2006 was amounting to 381,900 tons. Ended as December 31, 2006, the total assets of the company amounted to RMB 883,297,800 with a decrease of 13.05% over the year-begin; the net assets amounted to RMB 378,346,600 with an increase of 8.19% over the year-begin. In 2006, the income from main operation the company realized amounted to RMB 78,098.42 ten thousand with a decrease of 12.05% over the last year; the net profits amounted to RMB 2,864.69 ten thousand with a decrease of 84.59% over the last year, which was mainly because that massive increase in international oil price caused the fall in power generation profit.

2) Shennandian (Zhongshan) Company: The main business scopes are power generation of combustion engine and afterheat, power supply and heating supply (excluded the heating pipe networks) with its registration capital of RMB 396,800,000, of which the Company holds 80% shares. Ended as December 31, 2006, the total assets of the company amounted to RMB 140,924.92 ten thousand with an increase of 1.76% over the year-begin; the net asset amounted to RMB 12,024.90 ten thousand with a decrease of 39.41% over the year-begin. In 2006, the income from main operation amounted to RMB 62,676.85 ten thousand with an increase of 52.92% over the last year which was mainly because the practice of the policy of Direct Power Supply for Large Consumers in Zhongshan city led to the increase in power generation cost; the loss amounted to RMB 7,821.38 ten thousand with a decrease of 58.70% over the last year, which was still mainly because international oil price stayed high and the present temporary electrovalence to the network executed by the company was on the low side.

3) Shennandian (Dongguan) Company: The main business scopes are power generation of combustion engine and afterheat, power supply etc. The company is formally put into business operation in March of this year. Ended as December 31, 2006, the total assets of the company amounted to RMB 119,178.08 ten thousand; the net assets amounted to RMB 27,715.16 ten thousand. In 2006, the income from main operation amounted to RMB 74,197.51 ten thousand; the loss amounted to RMB 136.85 ten thousand.

4) Shennandian Engineering Company: The main business scopes are technological advisory service on construction project of gas-steam combined cycle power plant (station), accepting the maintenance and repair on the running equipment of gas-steam combined cycle power plant (station) with its capitalization of RMB 10 million, of which the Company holds 60% shares. Ended as December 31, 2006, the total assets amounted to RMB 13,752.19 ten thousand with an increase of 6.11% over the year-begin; the net assets amounted to RMB 8,543.57 ten thousand with a decrease of 13.66% over the year-begin, which was mainly because of the proceeding of profit distribution. In 2006, the income from main operation amounted to RMB 3,221.08 ten thousand with a decrease of 63.19% over the last year; the net profits amounted to RMB 2,008.61 ten thousand with a decrease of 60.61% over the last year, and the mainly reason for the above was the market shrinkage of domestic combustion engine construction.

5) Xiefu Company: The main business scopes are the purchase and sales of the diesel oil, the heavy oil, the lubricating oil with its registration capital of RMB 53.3 million, of which the Company holds 50% shares. Ended as Dec. 31, 2006, the total asset of the Company amounted to RMB 332,651,200 with an increase of 165.49% over the year-begin, mainly because the business scale expanded and oil price did not go down but remained high which both made the short-term loan increase; the net asset of the Company amounted to RMB 48,327,300 with an increase of 15.75% over the year-begin, because of realizing the net profit in this year. In year 2006, the income from main operation the Company realized amounted to RMB 2,475,825,800 with an increase of 505.35% over last year; net profit the Company realized amounted to RMB 6,575,000 with a decrease of 55.53%, and the main reason was that the business increased, although the gross profit declined with a great margin.

6.1.2 Prospect for the Operation of 2006

In the year 2007, the situation of power utilization in Guangdong province will have a turning point. One, the power demand of Guangdong province will continually keep massive increase, and it is estimated that the amount of power utilization for the whole province in the whole year would get up to 333.9 billion kwh with a increase of 11.5% over last year; the other, the shortage of power supply will be basically solved, it is estimated that capability of the newly-increased units or sets for the whole province would be 12 million kilowatt, the capability of newly-increased units or sets will be larger than the increasing quantity of load of the whole province. Therefore, in the year 2007, the electric power consumption in the whole province is nearly even balanced; the electric energy to grid of uncontrolled thermal power plant will decrease

14.33 %, the local small thermal power generating is significantly influenced. The estimated electrical load average is about 8.62 million kilowatt, increased 13.18 % compared to the same period of last year; the electric power demand is expected to reach 50.8 billion kwh, increasing 12.5 % compared to the same period of last year. But due to more rapid increase in the controlled unit capacity than the social demand in Guangdong province, the controlled unit capacity merely increased in Guangdong is 1.3 million kilowatt, the dispatching load in Shenzhen decreased. According to the YFGN [2007] No.51 document promulgated by Guangdong Development and Reform Commission and The Economic & Trade Commission of Guangdong Province, the uncontrolled power plan is merely 9.6 billion kwh, decreased 9.4 % compared to the same period of last year. At the same time, the main organizations in the world and investment banks all predict that the oil price in international market will keep in high price operation in 2007, therefore, the normal operation of the Company will still face great pressure.

In 2007, the Company will continue to renovates the conception, changes the way of thinking, and adjusts the strategy around the two centers of "Benefit" and "Development", takes the spirit of second pioneering work as power, takes modern management perspective as the lead, tries hard to actualize the general goal of "Making Benefits with Management Inside, Seeking for Development with Innovation Outside". In the aspect of internal management, the Company will establish efficient pattern of management and control of subordinate enterprises, scientific performance assessment mechanism, standardized management system and regular work flow, actualize deposit assets maintaining value and increasing value, and create necessary inner conditions for sustainable development of the Company. At the same time, the Company will try the best to promote implement of strategic projects such as transferring oil to gas, recycled economy, combined heat & power, correctly estimate and fully exert the self-advantage, seek for various forms of development strategy, actively and steadily exploit larger market space.

1) Complete the evaluation of election of changing and engaging the management of medium level and management which were expedited by subordinate holding enterprises; consummate the management structure and organization structure of the subordinate holding enterprises.

2) Seek for the long-term incentive mechanism for senior executives and core talent according to overall plan of the Board of Directors.

3) Guarantee the safe production of the power plant, strengthen economic operation, actively promote the implement of the subsidy policy of fuel power generation, and ensure the timely allocation of subsidy capital.

4) Try best to promote all the work of transferring oil to gas project of subordinate power plants.

5) Grasp the opportunity of policy; promote the implementation of the Recycling Economy Project of Nanshan Power Plant and Combined Heat & Power Project of Zhongshan, Dongguan Company.

6) Broaden financial channels, further improve the financial management level and reduce the financial cost.

7) Start information construction of the Company; establish safety and quality standardization management system; continue to promote management transforms; optimize the main business chain management in the system of the Company.

6.2 Statement of main operations classified according to industries or products

Unit: RMB'0000

Main operations classified according to industries						
Classified according to industries or products	Income from main operations	Cost of main operations	Gross profit ratio of main operations (%)	Increase/decrease in income from main operations over the last year (%)	Increase/decrease in cost of main operations over the last year (%)	Increase/decrease in gross profit ratio over the last year (%)
Production and supply of power, steam and hot water	351,787.55	371,879.61	-5.71	23.34	27.56	-3.49
Contract of projects	2,958.54	875.96	70.39	-83.43	-92.51	35.85
Other	31,429.15	31,548.51	-0.38	—	—	—

6.3 Particulars about main operations classified according to areas

Unit: RMB'0000

Areas	Income from main operations	Increase/decrease in income from main operations over the last year (%)
Shenzhen	249,300.89	-4.88
Zhongshan	62,676.85	52.92
Dongguan	74,197.50	—

6.4 Application of the raised proceeds

☐ Applicable √ Inapplicable

Particulars about the changed projects

☐ Applicable √ Inapplicable

6.5 Application of the proceeds not raised through shares offering

√ Applicable ☐Inapplicable

Unit: RMB'0000

Name of projects	Amount	Proceeding of Project	Profit from the project
Project of transforming oil to gas	4,000.00	The project of Nanshan Power Plant (including Xindianli Company) was approved in the 17th meeting of the 4th Board of Directors of the Company, and officially started the construction in the report period. The Company plans to complete the engineering construction of the natural gas pipeline supply system and transformation of the	It is still on the construction period in the report period.

		subordinate combustion engine of the Plant to make it have the generating ability by natural gas in the year 2006 to 2007. The original total investment of the project amounted to RMB 70,000,000; finally, through negotiating with Guangdong Dapeng LNG Company Ltd., the investment and construction of the facilities out of the Plant are charged by Guangdong Dapeng LNG Company, the total investment decreased to about RMB 40,000,000, and RMB 24,860,000 already has been invested at the end of the report period.	
Project of Zhongshan	0.00	According to the spirit of the resolution of 15th meeting of the 4th Board of Directors, the Company and Zhongshan Power Development Corporation officially signed the Equity Transfer Agreement on Zhongshan Zhongfa Power Co., Ltd. and Zhongshan Power Plant Co., Ltd. on Sep. 28, 2006, the Company purchase 75% equity of the aforesaid two companies respectively which was held by Zhongshan Power Development Corporation by taking the debts with zero price. At present, the Company is in the process of the procedure of examination and approval by the foreign investment department, and will complete the alteration of business registration in time after the examination and approval finished. To know more details about the project, please refer to relevant public notice the Company published dated Jul. 26, 2005.	It has not already had influence on the operations of the Company.
Total	4,000.00	-	-

6.6 Explanation of the Board of Directors on the "Qualified Opinion" made by the CPAs

□Applicable √Inapplicable

6.7 The preplan of profit distribution and capitalization of capital public reserve of the Board of Directors

√Applicable □Inapplicable

Audited by Guangzhou Yangcheng CPAs Co., Ltd. according to the Independent Auditing Standards for Chinese Certified Public Accountants, the net profit realized by the parent company in 2006 was RMB 68,872,000. According to relevant provisions of the Articles of Association, withdrawal of 10% statutory public reserve amounted to RMB 6,887,200. In 2006, the profit available for distribution of parent company to the shareholders amounted to RMB 458,357,400, the profit available for distribution to the shareholders after consolidation was RMB 275,770,900. Audited by PricewaterhouseCoopers Certified Public Accountants, the profit available for distribution to the shareholders in 2006 based on the calculation according to Hong Kong Accounting Standards was RMB 275,406,000. According to relevant provisions of the State Ministry of Finance (CKZi (1995) No. 31 and China Securities Regulatory Commission ZJH (1994) No. 1, based on the principle of soundness and the lower of the two, the profit available for distribution to shareholders was worked out according to the domestic consolidation in 2006, namely RMB 275,406,000.

According to relevant provisions and Articles of Associations, the preplan on profit distribution in 2006 is: In the report period, it did not conduct profit distribution and convert capital public reserve into share capital. In light of that the fuel price in the international market remained high, thus resulted in cost of generating electricity ascended; the undistributed profits in 2006 will be used to supplement the current fund for routine operations of the Company.

The preplan on the profit that has not been appropriated for cash profit distribution

√ Applicable ☐Inapplicable

Reason for the preplan on the profit that has not been appropriated for cash profit distribution	Purpose and using plan of the undistributed profit of the Company
The fuel price in the international market remained high, thus resulted in cost of generating electricity ascended	It will be used to supplement the current fund for routine operations of the Company.

§7 Significant Events

7.1 Purchase of assets

√ Applicable ☐Inapplicable

Unit: RMB' 0000

The other party of transaction	Assets purchased	Date of purchasing	Price of purchasing	Net profit contributed to the Company from purchasing date to this year end	Related transaction or not	Explanation on price setting	Assets rights concerned transferred ownership fully or not	Credit and liability concerned shifted fully or not
Zhongshan Power Development Corporation	75% equity of Zhongshan Zhongfa Power Co., Ltd. and 75% Zhongshan Power Plant Co., Ltd.	Sep. 28, 2006	0	0	No	Market principle	Under transaction	Under transaction

7.2 Sales of assets

☐ Applicable √ Inapplicable

Influences on the business continuity and stability of management of the Company by the matters 7.1 and 7.2 concerned

The aforesaid transaction is purchasing by taking the debts with zero price. At present, the Company is in the process of the procedures for relevant examination and approval. It has no significant influence on financial and operational results of the Company. Please refer to relevant public notice released by the Company dated Jul. 26, 2005 for details.

7.3 Significant guarantees

√ Applicable ☐Inapplicable

Unit: RMB'0000

Particulars about the external guarantee of the Company (Barring the guarantee for the controlling subsidiaries)						
Name of the Company guaranteed	Date of happening (Date of signing agreement)	Amount of guarantee	Guarantee type	Guarantee term	Complete Implementation or not	Guarantee for related party (Yes or not)
--	--	--	--	--	--	--
Total amount of guarantee in the report period				--		
Total balance of guarantee at the end of the report period (A)				--		
Guarantee of the Company for the controlling subsidiaries						
Total amount of guarantee for controlling subsidiaries in the report period				24,456.42		
Total balance of guarantee for controlling subsidiaries at the end of the report period (B)				24,128.84		
Particulars about the external guarantee of the Company (Including the guarantee for the controlling subsidiaries)						
Total amount of guarantee (A+B)				24,128.84		
The proportion of the total amount of guarantee in the net assets of the Company				15.20%		
Including:						
Amount of guarantee for shareholders, actual controller and its related parties (C)				--		
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70% directly or indirectly (D)				24,128.84		
Proportion of total amount of guarantee in net assets of the Company exceeded 50% (E)				--		
Total amount of the aforesaid three guarantees* (C+D+E)				24,128.84		

7.4 Significant related transaction

7.4.1 Related transaction connected to operations

√ Applicable ☐Inapplicable

Unit: RMB'0000

Related parties	Selling products and providing service to related parties		Purchasing products and accepting service from related parties	
	Transaction amount	Proportion in the same kind of transaction amount	Transaction amount	Proportion in the same kind of transaction amount
Shenzhen Moon Bay Oil Port Co., Ltd.	—	—	993.18	71.62%
Shenzhen Moon Bay Power Plant	—	—	196.48	14.17%
Total	—	—	1,189.66	85.78%

Including:

In the report period, the transaction amount which the listed company sold products or provided labor forces to controlling shareholders and its subsidiaries was RMB 0.

7.4.2 Related credits and liabilities current

√ Applicable ☐Inapplicable

Unit: RMB’0000

Related parties	The relationship with listed company	Supply funds to related parties by listed company		Supply funds to listed company by related parties	
		Occurred amount	Balance	Occurred amount	Balance
Shenzhen Moon Bay Oil Port Co., Ltd.	Indirect holding company by shareholder of the Company Shenzhen Energy Group Co., Ltd.	—	—	-150.84	99.98
Shenzhen Moon Bay Power Plant	Indirect holding company by shareholder of the Company Shenzhen Energy Group Co., Ltd.	—	—	-11.82	41.99
Shenzhen Energy Group Co., Ltd.	Shareholder of the Company	—	—	65.74	120.48
Total		—	—	-96.92	262.45

Including: In the report period, the occurring amount the listed company provided to controlling shareholder and its subsidiaries was RMB 0 and the balance was RMB 0.

7.4.3 Progress of paying off the occupied fund at the end of year 2005

☐ Applicable √ Inapplicable

Occupation of newly increased fund during the year 2006

☐ Applicable √ Inapplicable

Reasons, measures of paying off debts adopted and responsibility investigation plan for the listed companies unperformed paying off the occupied non-operational fund at the end of 2006

☐ Applicable √ Inapplicable

7.5 Entrusted assets management

☐ Applicable √ Inapplicable

7.6 Implementation of commitments

7.6.1 Commitment during the Share Merger Reform made by the original non-tradable shareholders and its implementations

☐ Applicable √ Inapplicable

7.6.2 Amount of tradable shares with unrestricted conditions held by original non-tradable shareholders whose holding proportion exceeded 5% at the end of report period

☐ Applicable √ Inapplicable

7.7 Significant lawsuit and arbitrations

☐ Applicable √ Inapplicable

§8. Report of the Supervisory Committee

√ Applicable ☐Inapplicable

(I) Work of the Supervisory Committee

According to relevant laws and regulations of the state and the Articles of the Association, the Supervisory Committee seriously fulfilled its duties. In the report period, the Supervisory Committee held 6 meetings, and attended all meetings of the Board of Directors with the details as follows:

1. On Apr. 7, 2006, the 17th Meeting of the 4th Supervisory Committee (the 2005 Annual Meeting of Supervisory Committee) was held. The relevant resolution was published in newspapers designated by the Company dated Apr. 11, 2006.

2. On Apr. 20, 2006, the 18th Meeting of the 4th Supervisory Committee was held. The relevant resolution was published in newspapers designated by the Company dated Apr. 21, 2006.

3. On Aug. 19, 2006, the 19th Meeting of the 4th Supervisory Committee (the 2006 Semi-annual Meeting of Supervisory Committee) was held. The relevant resolution was published in newspapers designated by the Company dated Aug. 22, 2006.

4. On Sep. 20, 2006, the 20th Meeting of the 4th Supervisory Committee was held. The relevant resolution was published in newspapers designated by the Company dated Sep. 21, 2006.

5. On Oct. 23, 2006, the 1st Meeting of the 5th Supervisory Committee was held. The relevant resolution was published in newspapers designated by the Company dated Oct .24, 2006.

6. On Dec. 30, 2006, the 2nd Meeting of the 5th Supervisory Committee was held. The relevant resolution was published in newspapers designated by the Company dated Jan. 5, 2007.

(II) The Changes of Organization and Personnel

The official term of the 4th Supervisory Committee expired in June, 2006. On Sep. 20, 2006, according to the requirement of relevant laws and regulations and Articles of Association, the Company held the 20th Meeting of the 4th Supervisory Committee on the basis of the list of the candidates recommended by the main shareholders, deliberated and passed the Proposal on the Election of Changing the Supervisory Committee, elected the candidates of supervisor of the 5th Supervisory Committee; On Oct. 23 in the same year, the Company held 2006 1st Extraordinary Shareholders' General Meeting and all elected Mr. Zhu Tianfa, Mr. Zhou Qun, Mr. Li Yongsheng, Ms. Chen Lihong, Mr. Zhang Yanmin the supervisors of the 5th Supervisory Committee, make up of the 5th Supervisory Committee together with three employee supervisors Mr. Wang Wei, Mr. Li Chao and Mr. Yi Yaoping(elected on the Congress of Employee Representatives held on Oct. 20 in the same year). After that supervisor Zhu Tianfa was elected the Chairman of Supervisory Committee on the 1st Meeting of 5th Supervisory Committee.

(III) The Supervisory Committee's independent opinions on the following events

1. The Company's operation according to laws

In the report period, the Supervisory Committee attended all meetings of the Board of Directors and seriously supervised on all decisions; significant operating and investing behaviors; implementations of resolutions made by Shareholders' General Meeting, and executed duties of supervisors. The Supervisory Committee considered that the Company could develop all productive and operative business according to the State relevant laws and regulations and the Articles of Association. The Company successfully completed Share Merger Reform, step by step established and consummated legal person administration structure. The decision-making procedures of the Company need further standardizing. Directors and managers of the Company still abided by regulations of relevant laws, regulations and the Articles of the Association of the Company in executing the duties of the

Company; and performed the obligations of 2006 information disclosure according to the requirements of the supervising department. The Supervisory Committee hopes that the Company make persistent efforts on the work of 2007, continue to follow strictly the operation principle of regulated management, continuously perfect all management regulations and measures, further enhance the ability of regulated management and management level, widely set up the innovation consciousness in all sides of production and management of the Company, innovatively carry out all the work, actively seek the road of long term survival and development.

2. Inspecting the Company’s finance

In 2006, the Supervisory Committee supervised and urged the collection of accounts receivable of the Company, and seriously checked auditors’ report submitted by CPAs engaged by the Company and other accounting materials submitted by the Company. The Supervisory Committee believed, the Company can implement finance and tax policies of the State and ratified unqualified auditor’s report for the Company presented by Guangdong Yangcheng CPAs Co., Ltd. and PricewaterhouseCoopers Certified Public Accountants.

3. Use of raised funds

The actual project put in with the latest raised funds of the Company accorded with the project committed.

4. Transactions of purchase and sale of assets of the Company

On Sep. 28, 2006, the Company officially signed the Equity Transfer Agreement between Zhongshan Zhongfa Power Co., Ltd. and Zhongshan Power Plant Co., Ltd. with Zhongshan Power Development Corporation, the Company purchase 75% equity of the two companies above respectively which was held by Zhongshan Power Development Corporation with zero price. The Supervisory Committee believed, the transaction price is reasonable, there is no behavior of insider dealings existed, which didn’t do harm to the rights and interests of the shareholders or lead to assets losses of the Company.

5. Related transactions

The Supervisory Committee believed, according to the Annual Auditor’s Report presented by Guangdong Yangcheng CPAs Co., Ltd., in the report period, there existed no behaviors out of line about capital current and transaction between the Company and related parties. The routine related transactions of the Company occurred also took the principle of market fair transaction into consideration. According to the market price of the same kind of product, the Company determined the transaction price fairly and rationally, which didn’t do harm to the interest of the Company.

§9. Financial Report

9.1 Auditor’s opinions

Auditor’s opinions: standard unqualified auditor’s opinions

9.2 Financial statement

9.2.1 CONSOLIDATED BALANCE SHEET

(All amounts in Renminbi thousands unless otherwise stated)

	Note	As at 31 December 2006	2005
ASSETS			
Non-current assets			
Land use rights	6	70,045	36,888
Intangible assets	7	25,188	33,360
Property, plant and equipment	8	2,910,064	2,919,201
Interest in associates	9	-	25,400
Deferred income tax assets	19	10,243	8,936
Available-for-sale financial assets	10	61,705	53,919
		3,077,245	3,077,704
Current assets			
Inventories	11	379,643	430,329
Trade and other receivables	12	798,010	448,131
Cash and cash equivalents	13	623,514	307,525
		1,801,167	1,185,985
Total assets		4,878,412	4,263,689
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	547,966	547,966
Other reserves	15	753,240	735,907
Retained earnings	16	275,406	223,534
		1,576,612	1,507,407
Minority interest		207,530	172,898
Total equity		1,784,142	1,680,305
LIABILITIES			
Non-current liabilities			
Bank borrowings	18	321,467	416,783
Current liabilities			
Trade and other payables	17	622,152	797,340
Current income tax liabilities		19,870	10,685
Bank borrowings	18	2,130,781	1,358,576
		2,772,803	2,166,601
Total liabilities		3,094,270	2,583,384
Total equity and liabilities		4,878,412	4,263,689

9.2.2 CONSOLIDATED INCOME STATEMENT

(All amounts in Renminbi thousands unless otherwise stated)

	Note	Year ended 31 December 2006	2005
Sales	20	3,858,907	3,030,682
Other gains - net	20	507,035	155,456
		4,365,942	3,186,138
Fuel costs		(3,649,876)	(2,555,971)
Construction costs		(205)	(109,404)
Employee benefit expense	21	(115,478)	(101,981)
Depreciation of properly, plant and equipment		(227,565)	(188,969)
Amortisation of land use rights and intangible assets		(12,180)	(12,341)
Operating lease expenses - equipment		(4,335)	(28,538)
Repairs and maintenance expenses		(56,285)	(41,265)
Other operating expenses		(79,768)	(48,505)
Operating profit		220,250	99,164
Finance costs	22	(143,097)	(87,415)
Share of profit of associates		-	10,650
Profit before income tax		77,153	22,399
Income tax expense	23	(19,917)	(14,943)
Profit for the year		57,236	7,456
Attributable to:			
Equity holders of the Company		63,101	29,919
Minority interest		(5,865)	(22,463)
		57,236	7,456
Earnings per share for profit attributable to the equity holders of the Company - basic and diluted (expressed in RMB per share)	24	0.12	0.05

9.2.3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in Renminbi thousands unless otherwise stated)

		Attributable to equity holders of the Company			Minority interest	Total
	Note	Share capital	Other reserves	Retained earnings		
Balance at 1 January 2005		547,966	700,663	507,963	102,033	1,858,625
Dividend relating to 2004		-	-	(273,983)	-	(273,983)
Profit for the year		-	-	29,919	(22,463)	7,456
Revaluation of available-for-sale financial assets		-	(2,910)	-	-	(2,910)
Appropriation from retained earnings		-	40,365	(40,365)	-	-
Capital contribution from minority interest		-	-	-	93,328	93,328
Currency translation differences		-	(2,211)	-	-	(2,211)
Balance at 31 December 2005		547,966	735,907	223,534	172,898	1,680,305
Balance at 1 January 2006		547,966	735,907	223,534	172,898	1,680,305
Dividend relating to 2005		-	-	-	(13,162)	(13,162)
Profit for the year		-	-	63,101	(5,865)	57,236
Revaluation of available-for-sale financial assets		-	7,786	-	-	7,786
Conversion of an associate into subsidiary	9	-	-	-	22,350	22,350
Appropriation from retained earnings		-	11,229	(11,229)	-	-
Capital contribution from minority interest		-	-	-	31,309	31,309
Currency translation differences		-	(1,682)	-	-	(1,682)
Balance at 31 December 2006		547,966	753,240	275,406	207,530	1,784,142

9.2.4 CONSOLIDATED CASH FLOW STATEMENT

(All amounts in Renminbi thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2006**	**2005**
Cash flows from operating activities			
Cash (used in)/generated from operations	25	(127,672)	648,291
PRC income tax paid		(12,039)	(32,590)
Net cash (used in)/generated from operating activities		(139,711)	615,701
Cash flows from investing activities			
Purchase of property, plant and equipment and payments for land use rights		(136,338)	(665,973)
Proceeds from sale of property, plant and equipment	25	815	10,264
Purchase of intangible assets		(175)	(3)
Consolidation of a subsidiary		3,083	-
Proceeds from disposal of interest in associates		3,794	-
Dividend received		-	1,786
Interest received		5,251	3,351
Loan to a related party		(33,300)	(67,680)
Loan repayment from a related party		61,100	30,460
Net cash used in investing activities		(95,770)	(687,795)
Cash flows from financing activities			
Proceeds from bank borrowings		3,259,177	2,365,228
Repayment of bank borrowings		(2,582,288)	(2,272,127)
Interest paid		(143,097)	(112,267)
Capital contribution from minority interests		31,309	93,328
Dividend paid to Company’s shareholders		(13,162)	(273,983)
Net cash inflow/(used in) from financing activities		551,939	(199,821)
Net increase/(decrease) in cash		316,458	(271,915)
Cash at beginning of the year		307,525	581,651
Exchange loss on cash		(469)	(2,211)
Cash at end of the year		623,514	307,525

9.3 Explanation on changes of accounting policy, accounting estimation and settlement compared with the latest annual report

☐Applicable √Inapplicable

9.4 Contents, correct amount, reason and its influence of significant accounting errors

☐Applicable √Inapplicable

9.5 Explanation on change of consolidated scope compared with the latest annual report

√Applicable ☐Inapplicable

In the report period, Shenzhen Xiefu Oil Supply Co., Ltd was added into the consolidated scope of financial report.

Board of Directors of
Shenzhen Nanshan Power Station Co., Ltd.
March 20, 2007