Stock code: 000037, 200037 Notice No.: 2007-49
Short Form of the Stock: Shen Nan Dian A, Shen Nan Dian B

SHENZHEN NANSHAN POWER CO., LTD.
THE 3rd QUARTERLY REPORT FOR 2007

§1. Important Notice

1.1 The Board of Directors and the Supervisory Committee of Shenzhen Nanshan Power Co., Ltd. (hereinafter referred to as the Company), along with all its directors, supervisors and senior executives hereby confirm that there are no any important omissions, fictitious statements or serious misleading information 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 he (she) could not ensure the correctness, accuracy and completeness of the contents of the third quarterly Report nor had objection for this report.
1.3 Name list of un-presented directors

Name of directors	Reasons for not attending the Board meeting	Name of entrustee
Wang Jianbin	Due to business	Zhong Chengli
Li Li	Due to business	Fu Bo
Yu Chunling	Due to business	Wei Wende
Huang Shaoji	Due to business	Fu Bo

1.4 The Third Quarterly Financial Report 2007 of the Company has not been audited by CPAs.
1.5 Chairman of the Board Mr. Wei Wende, Director General Manager Mr. Fu Bo, Chief Financial Officer Mr. Lu Xiaoping and Director of Financial Department Mr. Chen Xueshun hereby hereby confirm that the Financial Report of the Third Quarterly Report is true and complete.

§2. Company Profile

2.1 Major accounting data and financial indexes

Unit: RMB'000

	At the end of this report period	At the period-end of last year	Increase/decrease at the end of the report period compared with that at the end of last year （%）
Total assets	5,877,010	4,878,412	20.47
Owners' equity(or Shareholders'	1,618,065	1,576,612	2.63

equity)			
Net assets per share（RMB）	2.953	2.877	2.59
	Year-begin to the end of this report period		Increase/decrease over the same period of last year (%)
Net cash flow arising from operating activities	-110,934		72.92
Net cash flow arising from operating activities per share（RMB）	-0.202		72.92
	Year-begin to the end of this report period	Same period of last year	Increase/decrease over the same period of last year (%)
Net profit	41,453	-45,211	191.69
Earnings per share（RMB）	0.0756	-0.0825	191.69
Return on equity	2.56%	-2.87%	Increase 5.43 percentage points

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

Unit: Share

Total number of shareholders	35,216	
Shares held by the top ten shareholders with unrestricted conditions		
Full Name of shareholder	Amount of unrestricted shares held	Type of shares
Tengda Real Estate Co., Ltd.	60,737,449	Domestically listed foreign share
SHENZHEN GUANGJU ELECTRONIC INVESTMENT CO., LTD.	27,398,300	RMB common share
STATE GRID SHENZHEN ENERGY DEVELOPMENT (GROUP) CO., LTD.	27,398,300	RMB common share
SHENZHEN ENERGY (GROUP) CO., LTD.	27,398,300	RMB common share
MORGAN STANLEY & CO. INTERNATIONAL PLC	22,673,173	Domestically listed foreign share
YANG SHI MIN	1,739,200	Domestically listed foreign share
NAITO SECURITIES CO., LTD.	1,596,425	Domestically listed foreign share
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	1,539,398	Domestically listed foreign share
CHINAFAMOUSBRAND SECURITIES HOLDING CO., LTD.	1,400,000	Domestically listed foreign share
China Resources Real-estate Development Co., Ltd. of Anhui Province	1,078,394	RMB common share

§3. Significant events

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

√Applicable □Inapplicable

1. The net profit made between year-begin to the end of report period has increased to RMB 41,453,000 compared with that in the same period of last year. The main reasons accounting for the increase are as follow: the current gains obtained from the merger of net asset of Zhongshan Power Generation Plant Co., Ltd; and the decrease in raw material cost. 2. The net cash flow rising from operating activities from year-begin to the end of report period has increased 72.92% compared with that in the same period of last year. The main reason is that: with the decrease of business amount and the raw material cost of the Company, cash for operating activities outflow less than before. 3. On Sep. 28 of 2007, the Company has signed the following contract with Zhongshan Power Exploitation Co., Ltd: An Contract about Transferring the Share Equity of Zhongshan Power Generation Plant Co., Ltd. and Zhongshan Zhongfa Electric Power Co., Ltd. Because this contract has gone into effect and the condition for making a deal have realized in September of 2007, the Company has brought Zhongshan Power Generation Plant Co., Ltd. and Zhongshan Zhongfa Electric Power Co., Ltd. into the range of consolidated accounting statement from September of 2007. According to the evaluation result made by the evaluating organization, till Aug. 31 of 2007, the net asset for Zhongshan Power Generation Plant Co., Ltd. and Zhongshan Zhongfa Electric Power Co., Ltd are respectively RMB 67,549,700 and RMB -56,874,500. When consolidating their accounting statements, the Company takes 75% net asset of Zhongshan Power Generation Plant Co., Ltd amounted to RMB 50,662,300 into current gains and 75% net asset of Zhongshan Zhongfa Electric Power Co., Ltd, amounted to RMB 42,655,900 into item of goodwill. This activity brings an increase rate of 3,922.14% of intangible assets at the period-end compared with that in the period-begin, and the amount for goodwill increased to RMB 42,655,900 at the period-end from 0 at the period-begin, and current liability increases 37.81% at the period-end compared with that at the period-begin. 4. At the period-end, monetary assets have decreased 62.99% compared with the amount in the same period of last year. The main reason is that: the Company has cut down bank savings and improved the usage efficiency of monetary assets. 5. At the period-end, trading and other account receivable have increased 53.06% compared with those in the same period of last year. The main reason is that: Shen Nandian (Zhongshan) Company and Shen Nandian (Dongguan) Weimei Company raised electrovalence , which also brought the increase of electricity sales income receivable. 6. At the period-end, long-term liability expired within one year has decreased 80.53% compared with that in the same period of last year. The reason is that: the decreased long-term liability expired within one year has transferred to short-term loan.

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

√Applicable □Inapplicable

1. Proceedings about the purchase, debt restructuring, asset revitalization and pattern-change of Zhongshan Power Generation Plant Co., Ltd (hereinafter called as

Zhongshan Power Generation Plant) and Zhongshan Zhongfa Electric Power Co., Ltd (hereinafter called as Zhongfa Electric Power)

The Contract About Transferring The Share Equity of Zhongshan Power Generation Plant Co., Ltd. and Zhongshan Zhongfa Electric Power Co., Ltd signed by the Company and Zhongshan Power Exploitation Co., Ltd (Sep. 28, 2007) has gone into effect in this September. At present, the Company has confirmed the debt restructuring scheme with the main creditor's right bank of Zhongshan Power Generation Plant and Zhongfa Electric Power, and the the Company will carry out debt restructuring, asset revitalization and pattern-change for the two companies. The relevant scheme has already been approved by the 7th Meeting of the 5th Board and the Second Extraordinary Shareholders' Meeting for 2007. and it has gone into the execution step(the detailed information will be disclosed in the temporary notice and fixed-time notice carried in Securities Times, China Securities, Hong Kong Wen Wei Po and the website:www.cninfo.com.cn dated Oct. 24, 2006, and Mar.20, Aug.22, Sep.21, Sep.29 of 2007)

2. Execution situation for the project oil-to-gas

#1, #3, #10 Fuel Generation Sets of Nanshan Power Co., Ltd (Xindianli included) has successfully realized the technical reform from oil to gas in the first half year. In the 3rd quarter, the electricity production generated through gas (LNG) has occupied 46.17% of the total amount of electricity made by the whole company. The Company is making the oil-to-gas scheme design and availability demonstration for the #7 Fuel Generation Set. It is estimated that the gas reform works for all the sets will be finished at beginning of next year. At the same time, the Company actively communicates with the relevant governmental department, to get particulars about the subsidy for gas price in making electricity and actively to promote the construction of the integrating mechanism between gas price and electricity price.

The most internal engineering of the project oil-to-gas in factory for Shen Nandian Zhongshan Co., Ltd has finished construction. Now, the engineering is in the state of continuous construction and check-and-approve. It is estimated that all the works will be finished until the year-end. The engineering outside the factory will receive construction as planned under the over-all arrangement made by the gas supplier. Shen Nandian Dongguan Co., Ltd has already finished the first design for the engineering scheme of project oil-to-gas. The equipment booking for reform projects of internal factory is on its way and some relevant work such as inviting public bidding on construct party is also carrying out. It is planned to start the construction in November. The designing blueprint for the part of outside factory has been finished and it entrusts Guangdong Dapeng LNG Company to arrange the construction.

3. Particulars about the development for cycle economic projects

During the report period, the Company continues to promote cycle economic projects:

(1)Particulars about Nanshan Power: in the report period, it received approval to carry out the initial works from Shenzhen Develop Plan Bureau for the project of heat, cold and power generation supply. The Company also makes research to the relevant organizations within the neighboring area of heat. Now, the research report of initial availability for the project is still making.

After the official set for the project---mobile heat supply, Nanshan Power has signed heat supply agreement with five users, such as Nanhai Restaurant and Nanshan Factory of United and Produced Meats, and there are two-three users who intend to sign this agreement in recent time. The quantity of daily supplied hot water has exceeded 300 tons. The Company is actively making the market promotion work with Environmental Protection Bureau and Trade and Industry Bureau and other governmental departments.

The project of Dry Up the Sludge of Sewage has been discussed by the National Development and Reform Commission and planned been listed as the optional project for investment in the centre budget. And this has been handed to the State Council of the People's Republic of China for examination and approval. The evaluation report for environmental influence brought by this project has already been examined and approved by experts, and its public instruction has also been made. Now, the Shenzhen Environmental Protection Bureau has issued document to agree the construction of the available content assured in the evaluation report for environmental influence. Shenzhen Development and Reform Commission has approved available research report for this project and agreed to carry out the works of layout, ground, environmental protection and construction. At present, the Company continues to do research on technical problems of anti-smell technique in the project of Dry Up the Sludge of Sewage. At the same time, it also actively pays attention to examine and approval situation of the second group of national circulative economic experiment organizations.

(2)During the report period, Shen Nandian Zhongshan Co., Ltd has entrusted China International Consultant Co., Ltd to organize the experts' discussion meeting for the initial available research report of the power united projects, and also actively cooperate with Zhongshan Develop and Plan Bureau to complete the following instruct: Instruct of Initial-round Work of Power United Project---Shen Nandian Zhongshan Gas-Steam Combined Cycle Power Co-generation (2*180MW). This has already been handed to Guangdong Develop and Plan Committee. At present times, the environment evaluation work for this project has been carrying out full-round. Now, Northeast Electric Designing Institute has been hired to make the available research on power combined production and net for supplying heat. The Company tries to finish the makeup works for all documents approved in the project of power combined production and hand to the provincial department in charge.

(3) During the report period, Shen Nandian Dongguan Co., Ltd actively promotes the workout of the blueprint for Dongguan heat power cogeneration and organizes experts to make evaluation of its available research on project of heat power cogeneration. Besides, this company is preparing the documents, such as Land Use Right Certificate which is needed for the approval of the project of heat power cogeneration.

4. Particulars about acquisition of electricity-generation subsidy and the improvement of temporary electrovalence

During the report period, the Company's three subsidiary electricity generation plants respectively receive electricity-generation subsidy or increase the temporary electrovalence:

(1)In accordance with Temporary Method on Power Generation Subsidy Management for Shenzhen Local Fuel Engine Sets, Nanshan Power Plant enjoyed the governmental subsidy; from this year till now, RMB 224,866,200 was received in all including the subsidy amounting to RMB 23,296,600 from Nov.-Dec., 2006 and the subsidy amounting to RMB 201,569,600 from Jan.-July, 2007. (For the details, please see the notice published in Securities Times, China Securities, Hong Kong Wen Wei Po and www.cninfo.com.cn)

(2)During the report period, in accordance with the Meeting Summary on Power Supply Guarantee in Summer Summit of 2007 released from Guangdong Government and the Notice on Improving 3rd Temporary Settlement Price of Part of 9E Gas-Steam Combined Cycle Power Generation Set released from Guangdong Price Bureau, Shennandian Zhongshan Company and Shennandian Dongguan Company improved the actual settlement electrovalence to RMB 0.85 per kilowatt-hour(tax included) within the limited electricity quantity(410,000,000 degrees) in summit period of this 3rd quarter. (For the details, please see the notice published in Securities Times, China Securities, Hong Kong Wen Wei Po and www.cninfo.com.cn dated Oct.18, 2007)

5. The wholly subsidiary Shenzhen Xindianli Industrial Co., Ltd of the Company obtained the benefits on delaying three years to be collected halve income tax for enterprises. ((For the details, please see the notice published in Securities Times, China Securities, Hong Kong Wen Wei Po and www.cninfo.com.cn dated July 20, 2007)

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

√Applicable □Inapplicable

The original non-tradable shareholder Shenzhen Guangju Electronic Investment Co., Ltd., Shenzhen Energy Group Co., Ltd., State Grid Shenzhen Energy Development(Group) Co., Ltd made commitments during the process of Share Merger Reform: since the date March 28, 2007 of getting the rights for listed circulation, no listed transaction or transfer within 12 months; after the expiration of aforesaid period, the shares in the proportion of total shares of the Company sold in Shenzhen Stock Exchange do not surpass 5% within 12 months and not surpass 10% within 24 months. End the report period, the above three companies did not sell shares and implement the aforesaid commitments strictly.

When the non-listed foreign shares of the Company held by the original non-tradable shareholder Hong Kong Nam Hoi (International) Limited were transferred into B-share on Oct.20, 2006, it should implement the legal commitments which could be listed for circulation after 1 year; ended the report period, the company implement the aforesaid commitment strictly.

Except that, the Company and the shareholder who held above 5% shares(5% included) did not occur the commitments which possibly have significant influences on operation results and financial status of the Company during the report period or occurred before but lasting till the report period.

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

□Applicable √ Inapplicable

3.5 Other significant events needed for explanations

3.5.1 Particulars about securities investment
□Applicable √ Inapplicable

3.5.2 Equity of other listed companies held
□Applicable √ Inapplicable

3.5.3 Equity of non-listed financial enterprises and planned listed companies held
□Applicable √ Inapplicable

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

In the report period, there were no spot research, communication and written enquiry received from investors.

§4. Appendix

4.1 Consolidated balance sheet

(Except additional indications, all the units were in RMB' 000)

	Unaudited 2007 Sep.30	Audited 2006 Dec.31
Assets		
Non-current assets		
Land use right	55,780	70,045
Intangible assets	1,013,097	25,188
Property, machines and equipments	2,883,680	2,910,064
Rights and interests of affiliated company		
Deferred income tax assets	10,324	10,243
Financial assets available for sales	84,675	61,705
Goodwill	42,656	
	4,090,212	**3,077,245**
Current assets		
Inventory	334,665	379,643
Trade and other receivable account	1,221,424	798,010

Cash and cash equivalent	230,709	623,514
	1,786,798	**1,801,167**
Total assets	**5,877,010**	**4,878,412**
Equity		
Capital and reserves attributable to equity holders of the Company		
Capital share	547,966	547,966
Other reserves	753,240	753,240
Retained earnings	316,859	275,406
	1,618,065	**1,576,612**
Minority shareholders' equity	198,253	207,530
Total equity	**1,816,318**	**1,784,142**
Liability		
Non current liability		
Bank loans	239,489	321,467
Current liability		
Trade and other payable account	951,147	622,152
Income tax liability in current period	7,325	19,870
Bank loans	2,862,731	2,130,781
	3,821,203	**2,772,803**
Total liability	**4,060,692**	**3,094,270**
Total equity and liability	**5,877,010**	**4,878,412**

4.2 Consolidated income statement

(Except additional indications, all the units were in RMB'000)

	Unaudited 2007 Jan.-Sep.	Unaudited 2006 Jan.-Sep.
Sales	2,687,090	2,754,680
Other income-net amount	230,404	319,703
	2,917,494	3,074,383
Fuel cost	-2,325,716	-2,633,398

Construction cost	0	-7,311
Employee welfare expense	-75,936	-67,922
Depreciation of fixed assets	-173,517	-140,600
Amortization of land use right and intangible assets	-9,564	-8,579
Operative leasing expenses-equipment	-20,615	-21,123
Maintenance expenses	-45,470	-32,656
Other operation expenses	-127,266	-128,986
Operation earnings	139,411	33,807
Financing cost	-102,908	-98,416
Gains attributable to affiliated companies	0	6,680
Profit before income tax	36,503	-57,929
Income tax expenses	-7,385	-8,575
Annual profit	29,118	-66,504
Attributable to:		
Equity holder of the Company	41,453	-45,211
Minority shareholders' equity	-12,336	-21,293
	29,118	-66,504
Profit per share attributable to equity holders of the Company – basic and diluted (calculated by RMB per share)	0.076	-0.083

4.3 Consolidated cash flow statement

(Except additional indications, all the units were in RMB'000)

	Unaudited	Unaudited
	2007	2006

	Jan.-Sep.	Jan.-Sep.
Cash flow from operation activities		
Cash using/arising from operation	-91,193	-409,649
Income tax paid	-19,741	
Net cash using/arising from operation activities	-110,934	-409,649
Cash flow from investing activities		
Purchased property, machine & land use right	-194,224	-300,818
Amount of selling property, machine and equipment	209	1,830
Intangible assets purchased		
Consolidated subsidiaries		
Amount arising from selling affiliated companies		
Dividend received		
Interest received	4,032	1,689
Credit – loans of associated companies		
Income of loans repaid by associated companies		
Net cash using from investing activities	-189,983	-297,299
Cash flow arising from financing activities		
Income from bank loans	3,151,960	2,099,881
Repaying bank loans	-3,128,181	-1,210,164
Interest paid	-114,468	-56,119
Input assets of minority shareholders		31,308
Dividends paid for shareholders of the Company		-13,162
Net cash arising/using from financing activities	-90,689	851,744
Increase /decrease of net cash	-391,606	144,796
Cash at the year-begin	622,736	307,527
Losses from cash exchange	-421	
Cash at the end of the year	230,709	452,323

4.4 Auditor' report

Auditor's opinions: Un-audited

Board of Directors of
Shenzhen Nanshan Power Co., Ltd.
October 27, 2007