SHENZHEN NANSHAN POWER STATION CO., LTD.

(Incorporated in the People's Republic of China as a Joint Stock Limited Company)

SEMI-ANNUAL REPORT 2002（SUMMARY）

Important: Board of Directors of Shenzhen Nanshan Power Station Co., Ltd. (hereinafter referred to as the Company) hereby confirms that there are no important omissions, fictitious statements or serious misleading carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Chairwoman of the Board Lao Derong entrusted director Yu Chunling to attend the meeting and vote on behalf of her; Vice Chairman of the Board Huang Dechen was absent from the meeting without entrusting others to vote on his behalf; independent director Huang Sujian entrusted independent director Liu Aiqun to attend the meeting and vote on his behalf.

The Report has been prepared in both Chinese and English. In the event of any difference in interpretation between the two versions, the Chinese version will prevail.

The semi-annual financial report of the Company is not audited.

I. COMPANY PROFILE

(I) Stock Exchange Listed with: Shenzhen Stock Exchange

Short Form of the Stock: Shen Nan Dian A Stock Code: 000037

Shen Nan Dian B 200037

(II) Secretary of the Board of Directors: Fu Bo

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Liaison Address:

No.18, Yueliangwan Av., Nanshan District, Shenzhen, Guangdong

II. MAJOR ACCOUNTING DATA AND FINANCIAL INDEXES (Un-audited)

(I) Formulated in line with Accounting Standard generally-accepted in Hong Kong

Unit: In RMB'000

Items	Jan.-Jun. 2002	Jan.-Jun. 2001
Turnover	663,061	445,861
Profit after taxation	146,392	96,736
Total shareholders' funds	1,055,576	1,009,086
Earnings per share (RMB)	0.27	0.18
Net assets per share (RMB)	1.93	1.84

Return on equity (%)	13.87	9.59
Ratio of shareholders' equity (%)	54.14	63.49

(II) Formulated in line with Chinese Accounting Standard

Unit: In RMB'000

Items	Jan.-Jun. 2002	Jan.-Jun. 2001
Turnover	663,061	445,861
Profit after taxation	146,392	96,736
Total assets	1,949,799	1,421,707
Total shareholders' funds	1,055,576	972,950
Earnings per share (RMB)	0.27	0.18
Net assets per share (RMB)	1.93	1.78
Return on equity (%)	13.87	9.94
Ratio of shareholders' equity (%)	54.14	68.44

(III) Accounting Notes

1. Earnings per share is calculated based on profit after taxation of RMB 146,392,000 (Jan. to Jun. 2001: RMB 96,736,000) and the total of share capital amounting to 547,965,998 shares at end of the report period (Jan. to Jun. 2001: 547,965,998 shares).

2. Net assets per share is calculated according to net assets ofRMB 1,055,576,000 ended by June 30, 2002 (June 30, 2001: RMB 1,009,086,000) and the total of share capital amounting to 547,965,998 shares at end of the report period (Jan. to Jun. 2001: 547,965,998 shares).

III. CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHARES HELD BY MAJOR SHAREHOLDER

(I) During the report period, the total shares and the structure of share capital of the Company remained unchanged.

(II) Ended by the report period, the Company had 32,185 shareholders in total, including 14,453 shareholders of A-share and 17,732 shareholders of B-share.

(III) About share held by the top ten shareholders (Ended June 30, 2002)

No.	Shareholders' Name	Shareholdings at the beginning of the period (share)	Proportion in the total shares (%)	Type of the share
1	Shenzhen Guangju Electronic Investment Co., Ltd.	125,845,702	22.97	Juristic person's shares
2	Hong Kong Nam Hoi (International) Limited	83,748,408	15.28	Foreign juristic person's shares
3	Shenzhen Energy Group Co., Ltd.	62,679,297	11.44	Juristic person's shares
4	Shenzhen State Power Sciences Technology Development Co., Ltd.	54,709,180	9.98	Juristic person's shares
5	Hong Kong Panda Investment Co., Ltd.	47,553,343	8.68	Foreign juristic person's shares
6	CONG LI XIA	1,133,042	0.21	A shares
7	Hanxing Securities Investment fund	1,000,011	0.18	A shares
8	LI ANG	910,000	0.17	B shares

9	LI TING WEN	832,462	0.15	A shares
10	WU LI RONG	793,125	0.14	B shares

Notes:

(1) Shenzhen Energy Group Co., Ltd. holds 30,829,682 shares of the Company on behalf of the state.

(2) The 3rd shareholder Shenzhen Energy Group Co., Ltd. indirectly holds 100% share equity of the 2nd shareholder Hong Kong Nam Hoi (International) Limited, the foreign juristic person's shareholder of the Company.

(3) Other shareholders of the Company who are shareholders of public shares, the Company is not aware of their relationship.

(4) Except for the 2nd and 3rd shareholders, there existed no associated relationship among the other juristic person shareholders of the Company.

(IV) About the holding shareholder

The holding shareholder of the Company remained unchanged in the report period.

IV. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES

(I) In the report period, directors, supervisors and senior executives of the Company haven't hold shares of the Company except that director Jian Jiyao holds 57,217 shares of the Company.

(II) Change in directors, supervisors and senior executives

Mr. Huang Sujian and Mr. Liu Zhanjun were elected as independent director of the 3rd Board of Directors of the Company in the 1st Extraordinary Shareholders' General Meeting 2002 held on May 27, 2002.

V. EXECUTIVE STATEMENT

(I) Main Financial Status and Analysis

1. Income and profit from main business lines, net profit, net increase of cash and cash equivalents over the same period of last year.

Items	Jan-June, 2002 (RMB)	Jan-June, 2001 (RMB)	Ratio of Increase/Decrease (%)
Income from main business lines	663,061,416.65	445,860,660.25	48.71
Profit from main business lines	223,382,215.93	109,626,478.84	103.77
Net profit	146,392,408.35	96,736,323.60	51.33
Net increase of cash and cash equivalents	96,695,640.78	136,839,474.51	-29.34

Analysis on Reason of changes:

(1) Income from main business lines increased RMB21,720.08 over the same period of last year by48.71% mainly due to the great increase in demand of electrical power and the increase of the installed generation capacity18.34KW by 52.4%, which

resulting to the increase of power generation capacity increased by56.50% over the same period of last year.
(2) Profit from main business lines increased RMB11,375.57 over the same period of last year by 103.77% mainly due to the increase of 48.71% in income from main business lines. At the same time, the Company implemented scientific and effective fuel-purchasing measures to reduce raw material cost of power generation.
(3) Net profit increased RMB4,965.61 over the same period of last year by51.33% mainly due to increase of profit from main business profit by 103.77%, while the subsidy income decreased 48.88% and the equity of minority shareholders increased RMB4,558.65.
(4) The net increase of cash and cash equivalents decreased RMB 4,014.38 by 29.34% mainly because the cash expenditure increased by the Company's implementing the second-phase project of Technology Renovation "Replace the Small Capacity Turbine with Large Capacity Turbine" ("Big for Small")

2. Total Asset and Shareholder's Equity

Items	June 30, 2002	Dec 31, 2001	Ratio of Increase/ Decrease
Total assets (RMB)	1,949,799,022.53	1,552,849,188.89	25.56
Shareholders' equity (RMB)	1,055,576,022.67	910,250,024.86	15.97

Analysis on Reasons of changes:
(1) Total assets increased RMB39,694.98 over the end of last year mainly due to the increases of receivables and construction in progress.
(2) Shareholders' equity increased RMB14,532.60 over the end of last year mainly due to the net profit was realized in this report period.

(II) Operation and Achievement

1. Main Business and Market Environment

The Company's main business is to supply electric power. Up to the end of this report period, the Company is in possession of four sets of combined cycle power generation units and three sets of gas turbine power generation units. As the Company's total installed generation capacity climbed to 700,000 KW from 528,000 KW, which accounting for 43.1% of the total installed generation capacity of Shenzhen Fastigium-Adjusting power generation enterprises, the Company was of course one of the vital power generation enterprises to adjust fastigium of Shenzhen network,
In the report period, power demand has broken history records for several times and fiercely exceeded supply in the power market, which led to the increasing velocity of the power network greatly overrunning that of power supply. Since June of this year, the power network has been implemented with compellent measure of Fastigium Staggering, which resulting to the power load eased with 1.94 million KW. The actual tiptop power consumption has reached 4.6 million KW and increased 850,000 KW by 22.66% over the same period of last year. While the power supply has reached 109.60 billion KW and increased 22.70% over the same period of last year. It is the increases of difference between power peak & vale consumption and the period of consumption

fastigium that created a very favorable environment for the Company's main business operation.

2. Operation and Analysis of the main business lines

(1) To the austere situation of power supply in Shenzhen, the Company kept power-generating equipments operating safely to meet power demand in maximum. Up to the end of the first half year, the Company has generated power112,050.13 KW and created the highest history record over the same period of past years by increasing 56.50%. The income from main business increased RMB66,306.14 by 48.71% over the same period of last year.

(2) At the beginning of this year, the Company made use of the advantages from the international fuel futures market and its subsidiary's 78,000m^3-fuel storage, and ordered futures or spots in large quantity needed in power generating fastigium in a fairly low price, which greatly reduced the fuel cost and helped realize the following favorable achievements: the profit from main business was RMB22,338.22increased by103.77%, the net profit RMB14,639.24 increased by 51.33% over the same period of last year, and income per share RMB0.27, as well as ratio of net asset income 13.87 %.

(3) Awarded as the Major Construction (Technology Renovation) Projects of 2001 in Shenzhen, the "Big for Small" single cycle technical rehabilitation project and combined cycle afterheat power generation project were put into production on May 24 and July 12 separately, which expanded the Company's installed power generation capacity from 528,000 to 700,000 KW and strengthened the capability to adjust fastigium of power network. The Company successfully fulfilled the power industry upgrading, reduced the power generating cost, and eased the austere situation of demand exceeding supply in fastigium effectively. What's more, the Company again broke the World Record of shortest testing period of gas turbine power generation units set by General Electric Company.

(4) There are no other affairs executing significant influence on the Company's profit.

(III) Investment

1. Investment of raised fund

In the report period, the Company didn't raise funds, nor use the fund raised in previous periods.

2. Investment of non-raised fund

In the report period, the Company carried out the Big for Small project, which is investment on implementing one set of 9E gas turbine units (with capacity of 123,400 KW) to take the places of three sets PG6531B, PG6541B and combined circle (with capacity of 99,000 KW) as well as 3-7 sets diesel oil power generation units of Sheznhen Baochang Electric Co., Ltd. (with total capacity of 30,000-76,000 KW). The Company invested RMB 2.48 billion, whose unit investment amount RMB is 2,480.2/ KW, much lower than the normal level of new constructed project. After eight months construction, this project has been put into production on May 24, 2002.

Based on the single circle project, the second-phase of constructing the combined cycle afterheat power generation project (namely the technology project of gas-steam combined circle power generation), that is to construct one set of afterheat power

generation units to carry out afterheat power generation with the above smoke and gas from the gas turbine constructed, which was a project to save energy and utilize resources comprehensively. Being Invested with RMB 1.71 billion, this project was put into business operation on July 12, 2002 after ten-month construction.
After completion of the above-mentioned second-phase project of technology renovation Big for Small, the installed generation capacity will be 183,400 KW and annual power generation capacity 7.2 billion KWh. It is expected that sales income will be RMB 4.4 billion and sales profit RMB 70 million.
The Company is now positively negotiating with Shenzhen Baochang Power Co., Ltd about related settlements because the Company used its substitute capacity of 3-7.6 KW while promoting the above-mentioned proposal of second-phase project of Big for Small of the gas turbine.

(IV) Plan of the Second Half 2002
1. The Company will take the market opportunity of the urgent demand during the power consumption peak period, strive to do a good job in the administration of secure operation of the electricity generating system, so as to ensure the stable and complete generation of electricity, striving for the fulfillment of full-year electricity generating plan of 2.2 billion KWH and realizing an income from main business lines of RMB 1.3 billion.
2. The Company will strictly control the cost and expenditure, examine economic and expenditure indexes by department, combining power supply attempering burden, implement scientific, economic and efficient set operation mode, develop potential and reduce consumption, striving for creation of new record in every economic index of power supply.
3. The Company will reinforce the advantages in investment, operation and administration in the gas turbine electricity generation, cooperate with State Science & Research institutions and renowned enterprises in the industry, conforming and transforming respective advantage into practical capability for payoff, so as to consolidate the technical leading status of the Company in the industry and strive to become the test center of gas turbine power generating technique in China.
4.In accordance with YJ (2002) No. 191 of Guangdong Price Bureau, Notice on Examining and Counting Anew the Power Consumption Price of Getting in the Internet, the Company will do a good job in the examining and counting of electricity price of getting in the internet, strive to get the policy support for gas turbine electricity adjustment factory.
5. The Company will fully make use of the core advantage, speed up the pace of purchasing and annexing small and low-efficient gas turbine peak adjustment plants, and implement technical innovation “replacing the small with the big” and further expand the operation scale of power of the Company.
6. The Company will liquidize the assets of original #1 to #3 gas turbine generating set.
7. The Company will complete and implement the rectifying and improving report by Shenzhen Securities Administration Office of CSRC, and further accelerate the

standardized operation.

VI. SIGNIFICANT EVENTS

(I) In the first half year 2002, the Company conducted neither profit distribution nor public reserve transferring into capital share.

(II) Profit Distribution Plan and the implementation in the report period

Profit distribution plan for 2001 is as follows: based on the total share capital of 547,965,998 shares, profit is to be distributed to all shareholders at the rate of RMB 3.1 bonus cash for every 10 shares (tax included); the balance profit is to be carried down to the next year. The Company did not conduct capital public reserve transferring into share capital.

The foresaid plan was examined and approved by the 8th Meeting of the 3rd Board of Directors and 2001 Shareholders' General Meeting, and the Public Notice of the Implementation was published on China Securities, Securities Times and Ta Kung Pao. Equity registration date is June 24, 2002, interest deducting date is June 25, 2002. The dividend distribution has been implemented.

(III) The Company was involved in neither significant lawsuits nor arbitration in the report period.

(IV) The Company conducted no purchase, merger or reorganization of assets in the report period.

(V) Material Related Transaction

1. In the report year, related transactions of the Company with the accumulated trading volume higher than 10% of the net profit of the report period or higher than 5% of the net assets of the Company in the report year are stated as following table:

Related party	Description	Pricing Basis	Trading volume	Proportion in amount of similar transactions (%)	Way of settlement	Affect on the profit of the Company
Shenzhen Xiefu Oil Supply Co., Ltd.	Purchasing goods	Market price	RMB 19.77 million	6.31	With bill	9.62% of the net profit
Shenzhen Xiefu Oil Supply Co., Ltd.	Leasing of oil tank	Market price	RMB 13.15 million	100	With bill	4.57% of the net profit
Shenzhen Xindianli Industrial Co., Ltd.	Service charge, gas use fee	Contracted price based on the section standard	RMB 8.45 million	100	With bill	5.77% of the net profit

2. Assets and Equity Assignment

March. 23, 2001, the Company signed Equity Assignment Contract with MEIYA POWER COMPANY LIMITED to assign 10% equity of Anhui Tongling Shenneng Power Co., Ltd, at the price RMB 14,375,000. Ended the end of the report period, the right of the assignment is still subject to the approval of relevant authorities, so the assignment procedure was not accomplished yet.

3. Creditor rights, debts and guarantee

1) In the report period, the guarantee the Company provided for associated

enterprises:

Name of the associated company	Amount of guarantee (RMB)	Duration	Proportion in net assets	Note
Shenzhen Shennan Oil (Group) Co., Ltd.	120,000,000		11.37%	Mutual guarantee of 0.12 billion
Include:	30,000,000	May 2002-May 2003		
	15,000,000	Jun. 2002-Jun. 2003		
	15,000,000	May 2002-Jun. 2003		
	60,000,000	Oct.2001- Oct. 2002		
Shenzhen Xindianli Industrial Co., Ltd.	25,500,000	Jun. 2002- Jun. 2004	2.42%	

2) In the report period, Shenzhen Jinbiwan Investment Development Co., Ltd. provided guarantee of RMB 24.50 million for Shenzhen Xindianli Power Industrial Co., Ltd., the control subsidiary of the Company, with the duration from Jun. 2002 to Jun. 2004.

4. Other Related Transactions

① From Jan. to Jun. 2002, the Company charged Xindianli Company (the Company held 26% of equity directly and 25% equity indirectly) the assets entrustment service fee and smoke use fee totaling RMB 8.4467 million.

(VI) In the report period, the guarantees provided by the non-associated enterprises for Shenzhen Xindianli Industrial Co., Ltd., the control subsidiary of the Company are as follows:

Name of non-associated companies	Amount of Guarantee	Duration
Shenzhen Petrochemical Oil Products Protective Trade Co., Ltd.	RMB 130,000,000	
Include:	RMB 20,000,000	Oct. 2001–Oct.2002
	RMB 5,000,000	Aug.2001–Aug.2002
	RMB 80,000,000	Apr.2002–Apr.2003
	RMB 25,000,000	Jun.2002– Jun.2003

(VII) In the report period, the Company or shareholders with 5% or over 5% equity of the Company didn't make commitment or had made commitment and extended it to the report period, that may cause changes in the operation costs and financial status.

(VIII) In the report period, the Company did not entrust, contract and lease assets of other companies and vice versa, except that Shenzhen Xindianli Industrial Co., Ltd. agreed to entrust the Company with the organization, supervision and management of the assets of ACCGU project.

(IX) In 2002, the Company renewed the engagement of Guangzhou Yangcheng Certified Public Accountants and PricewaterhouseCoopers Certified Public Accountants as domestic and overseas auditors for the year 2002. (Relevant Notice was published on China Securities, Securities Times and Ta Kung Pao dated May 10, 2002).

(X) The Company did not make any significant contracts in the report period.

(XI) The Company made changes in neither its name nor the stock short form in the report period.

VII. DOCUMENTS FOR INSPECTION

1. 2002 Semi-annual Report carried with the signature of legal representative;
2. Financial statements with the signature and seal of legal representative, chief accountant and the handling accountants.
3. All the originals and manuscripts of documents and public notices published in Securities Times, China Securities and Ta Kung Pao in the report period.
4. Articles of Association.
5. Place for consultants: Plan and Operation Dept. of the Company

Board of Directors of
Shenzhen Nanshan Power Station Co., Ltd.
Aug. 14, 2002