



# Guangdong Electric Power Development Co., Ltd.

## Semi-Annual Report 2011

**August 31, 2011**

## **Important Notices**

The Board of directors and directors of the Company hereby guarantees that there are no false records, misleading representation or important omissions in this report and shall assume joint and several liability for the authenticity, accuracy and completeness of the contents hereof .

Director Li Zhuoxian and Director Gao Shiqiang all respectively authorized Board chairman Pan Li, Director Hong Rongkun and Director Zhong Weimin all respectively authorized Vice Board chairman Liu Qian, Director Kong Huitian and Director Rao Subo all respectively authorized Director General Manager Lin Shizhuang, Director Li Mingliang respectively authorized Director Wang Jin, Independent director Song Xianzhong respectively authorized Independent director Zhu Weiping to attend the meeting and exercise voting right on their behalf.

Chairman of the Board of Directors, Pan Li, General Manager, Lin Shizhuang ,and Deputy General Manager and Chief Accountant, Li Xiaoqing and Financial Manager ,Qin Jingdong represent and warrant the financial and accounting report in the Semi-annual report is true and complete.

The financial report of the semi-annual report has not been audited.

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## I. Basic Information of the Company

(1) Statutory name of the Company in Chinese: 广东电力发展股份有限公司

Name in English: GUANGDONG ELECTRIC POWER DEVELOPMENT CO.,LTD.

English abbreviation: GED

(2) Stock exchange for listing: Shenzhen Stock Exchange

Stock abbreviation: Yue Dian Li A, Yue Dian Li B

Stock code: 000539、200539

(3) Registered address of Company: 23-26/F, South Tower, Yudian Plaza , 2 Tianhe Dong Road, Guangzhou, Guangdong Province

Office address: 23-26/F, South Tower, Yudian Plaza , 2 Tianhe Dong Road, Guangzhou, Guangdong Province

Company's web site: <http://www.ged.com.cn>

Company's E-mail: [ged@ged.com.cn](mailto:ged@ged.com.cn)

(4) Legal Representative: Pan Li

General Manager: Lin Shizhuang

(5) Secretary to the board of Directors: Liu Wei

Contact Tel: (020)87570276

E-mail: [liuw@ged.com.cn](mailto:liuw@ged.com.cn)

Representative of stock affairs: Zhang Shaomin

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Fax: (020) 85138084

Address: 26/F, South Tower, Yudian Plaza , 2 Tianhe Dong Road, Guangzhou, Guangdong Province

Post code: 510630

(6) For information disclosure: China Securities Daily, Securities Times and Hong Kong Commercial Daily (overseas newspaper for English version).

Web site: <http://www.cninfo.com.cn>

Place where company's periodic report is kept: Office of board affairs

## II. Highlights of financial data and indicators

### (I) Highlights of financial data and indicators

Unit: RMB

	Ended this report	Ended previous year	Increase/Decrease (%)
Total assets	37,821,241,600.00	34,596,318,255.00	9.32%
Owners' equity attributable to shareholders of the listed company	10,197,708,174.00	10,165,754,201.00	0.31%
Share capital	2,797,451,138.00	2,797,451,138.00	0.00%
Net assets per share attributable to shareholders of the listed company(RMB/share)	3.65	3.63	0.55%
	Report period (January-June)	Same period last year	Increase /Decrease (%)
Total operating income	6,470,761,685.00	6,251,011,400.00	3.52%
Operating profit	387,257,540.00	611,264,665.00	-36.65%
Total profit	388,818,024.00	612,605,977.00	-36.53%
Net profit attributable to shareholders of the listed company	317,648,740.00	430,513,284.00	-26.22%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	305,271,640.00	418,989,163.00	-27.14%
Basic earnings per share(RMB/share)	0.11	0.16	-31.25%
Diluted earnings per share(RMB/share)	0.11	0.16	-31.25%
Return on equity (%)	3.08%	4.42%	-1.34%
Net cash flow arising from operating activities	2.96%	4.30%	-1.34%
Net cash flow per share arising from operating activities (RMB/share)	1,057,308,604.00	1,003,137,349.00	5.40%

Note: The amount of non-recurring gains and losses in the report period was RMB 12,377,100.00. The items involved and their amount are as follows:

Unit: (RMB)

Items of non-recurring gains and losses	Amount	Notes (if applicable)
Income of commission loans	11,711,530.00	
Net amount of non-operating income and expense except the aforesaid items	665,570.00	
Total	12,377,100.00	-

### (II) Return on equity and earnings per share

Profit in the report period	Weighted average return on equity(%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Consolidated net profit attributable to shareholders of the Company	3.08%	0.11	0.11
Consolidated net profit excluding non-routine items attributable to shareholders of the Company	2.96%	0.11	0.11

(III) Difference between items calculated pursuant to domestic and foreign accounting standards

Unit : (RMB)

	Net profit attributable to shareholders of listed company		Owners' Equity attributable to shareholders of listed company	
	Amount in the report period	Amount in last period	Amount in period-end	Amount in period-begin
IAS	313,945,740.00	426,891,284.00	10,300,194,174.00	10,271,943,201.00
CAS	317,648,740.00	430,513,284.00	10,197,708,174.00	10,165,754,201.00
Sub-items and total adjusted based on IAS Sub-items and total adjusted based on IAS:				
Land use right amortization	-3,736,000.00	-3,736,000.00	12,180,000.00	15,916,000.00
The difference arising from recognition of goodwill after merger of enterprises under the same control	0.00	0.00	64,623,000.00	64,623,000.00
Difference arising from recognition of land use value after enterprise merger	-315,000.00	-315,000.00	22,325,000.00	22,640,000.00
Influence on minority interests	348,000.00	429,000.00	3,358,000.00	3,010,000.00
Total amount of differences between CAS and IAS	-3,703,000.00	-3,622,000.00	102,486,000.00	106,189,000.00
Notes to difference between CAS and IAS	<p>1. Land use right amortization The difference formed by different period of land use right amortization.</p> <p>2. The difference arising from recognition of goodwill after merger of enterprises under the same control and recognition of land value after enterprise merger. As required by new Chinese accounting standards, the goodwill formed by the merger of enterprises under the same control shall not be recognized and capital surplus shall be adjusted. Under IFRS, the goodwill formed by the merger of enterprises under the same control shall be recognized and equal to the difference between merger cost and share of fair value of recognizable net assets of the purchased party obtained in merger. Meanwhile, all assets of the purchased party obtained in merger shall be accounted for according to their fair value while such assets shall be accounted for according to their book value according to original Chinese accounting standards for business enterprises. Therefore, this difference will continue to exist.</p> <p>3. Influence on minority interests Housing reform loss occurred to the Company and some holding subsidiaries. Therefore, there's some influence on minority interests.</p>			

### III. Change of share capital and shareholding of Principal shareholders

#### (I). Statement of changes in shares

Unit :Shares

	Before this change		Increase or decrease this time (+/-)					After this change	
	Quantity	proportion	Share allotment	Bonus shares	Capitalization of common reserve	other	subtotal	Quantity	proportion

					fund				
I. Shares with conditional subscription	143,496,965	5.13%				-27,450	-27,450	143,469,515	5.13%
1. State-owned shares									
2. State-owned legal person shares	138,189,742	4.94%						138,189,742	4.94%
3. Other domestic shares	5,270,776	0.19%						5,270,776	0.19%
Incl: Non-government domestic legal person shares	5,254,555	0.19%						5,254,555	0.19%
Domestic natural person shares	16,221	0.00%						16,221	0.00%
4. Share held by foreign investors									
Incl: Shares held by foreign legal persons									
Foreign natural person shares									
5. Senior executives' shares	36,447	0.00%				-27,450	-27,450	8,997	0.00%
II. Shares with unconditional subscription	2,653,954,173	94.87%				27,450	27,450	2,653,981,623	94.87%
1. Common shares in RMB	1,988,646,923	71.09%						1,988,646,923	71.09%
2. Foreign shares in domestic market	665,307,250	23.78%				27,450	27,450	665,334,700	23.78%
3. Foreign shares in overseas market									
4. others									
III. Total of capital shares	2,797,451,138	100.00%						2,797,451,138	100.00%

(II) As of June 30, 2011, the Company had totally 146,736 shareholders, of them, 92,031 shareholders of A-share, and 54,705 shareholders of B-share.

(III) (II) Particulars of the shareholding of the top ten shareholders as of June 30, 2011  
Unit: Shares

Name of shareholder (full name)	Increase or decrease in the year	Number of shares held at the end of year	Proportion (%)	Type of share	Conditional shares	Quantity of pledged	Properties of shareholder
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						or frozen shares	
Guangdong Yudean Group Co., Ltd.	0	1,370,445,900	48.99%	RMB Common shares	138,189,742	0	State-owned Legal person
Guangdong Guangfa Electric Power Investment Co., Ltd.	0	101,777,185	3.64%	RMB Common shares	0	0	State-owned Legal person
Guangdong Electric Power Development Corporation	0	78,639,451	2.81%	RMB Common shares	0	0	State-owned Legal person
Guangdong Guangkong Group Co., Ltd	0	23,610,428	0.84%	RMB Common shares	0	0	Domestic non State-owned Legal person
China Construction Bank – Penghua Value Advantage Stock-linked Security Investment Fund	6,037,182	14,468,781	0.52%	RMB Common shares	0	0	Domestic non State-owned Legal person
Boshi Increase securities Investment Fund	-3,372,429	12,000,000	0.43%	RMB Common shares	0	0	Domestic non State-owned Legal person
Natio Securities Co., Ltd.	-619,650	11,295,592	0.40%	Foreign shares placed in domestic exchange	0	0	Foreign legal person
China Xinda Asset Management Company	0	10,900,000	0.39%	RMB Common shares	0	0	State-owned Legal person
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	0	10,259,685	0.37%	Foreign shares placed in domestic exchange	0	0	Foreign legal person
National Social Insurance Fund 103 Combination	1,999,982	9,999,923	0.36%	RMB Common shares	0	0	Domestic non State-owned Legal person
Notes to the related relationship between the top ten shareholders or their concerted action	Guangdong Electric Power Development Co., Ltd. the Third of the top 10 shareholders, is a subsidiary of Yudean Group, Which is the No.3 shareholder; its is unknown whether relationship exists between other shareholders.						

(IV) Top 10 holders of unconditional shares

Unit:Shares

Name of the shareholder)	Unconditional shares	Type of shares
Guangdong Yudean Group Co., Ltd.	1,232,256,158	RMB Common shares
Guangdong Guangfa Electric Power Investment Co., Ltd.	101,777,185	RMB Common shares



Guangdong Electric Power Development Corporation	78,639,451	RMB Common shares
Guangdong Guangkong Group Co., Ltd	23,610,428	RMB Common shares
China Construction Bank—Penghua Value Advantage Stock-linked Security Investment Fund	14,468,781	RMB Common shares
Boshi Increase securities Investment Fund	12,000,000	RMB Common shares
Natio Securities Co., Ltd.	11,295,592	Foreign shares placed in domestic exchange
China Xinda Asset Management Company	10,900,000	RMB Common shares
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	10,259,685	Foreign shares placed in domestic exchange
National Social Insurance Fund 103 Combination	9,999,923	RMB Common shares
Notes to the related relationship between the top ten shareholders or their concerted action	Guangdong Electric Power Development Co., Ltd. the Third of the top 10 shareholders, is a subsidiary of Yudean Group, Which is the No.3 shareholder; its is unknown whether relationship exists between other shareholders.	

(V) Bond holding by top 10 corporate bond holders

Name	Number (shares)
Paiping Life Insurance Co., Ltd. — Universal — Universal insurance Group	2,450,000
China People's Life Insurance Co., Ltd.	2,388,140
Xinhua Life Insurance Co., Ltd. — Universal — Deyi Management -018L-WN001Shen	2,200,000
Zhongying Life insurance Co., ltd.	2,114,775
China Post Office Saving Bank Co., Ltd.	2,000,000
China Ping An Life Insurance Co., Ltd.	1,600,000
Zhongyou Financial Co., Ltd	1,336,678
Taikang Life insurance Co., Ltd — Dividend Distribution — Group Dividends-019L-FH001Shen	1,000,000
Taikang Life insurance Co., Ltd—Universal--Universal individual insurance	1,000,000
China Ping An Insurance (Group) Co., Ltd.	800,000

(VI) There was no change in the Company's controlling shareholder or actual controller during the reporting period.

#### IV. Particulars of Directors, Supervisors and Senior Executives

In the report period, The Company reelected the board of directors, the supervisory committee and senior executives. 2010 annual shareholders' general meeting elected the seventh board of

directors and supervisory committee. Pan Li, Li Zhuoxian, Liu Qian ,Hong Rongkun, Zhong Weimin, Gao Shiqiang, Kong Huitian, Li Mingliang , Lin Shizhuang, Rao Subo ,Wang Jin and Zhang Xueqiu were elected as non-independent directors of the Company. Wang Jun , Song Xianzhong, Zhu Weiping , Feng Xiaoming, Yang Zhishan and Liu Tao were elected as independent directors of the Company. Qiu Jianyi and Zhao Li were elected as non-independent supervisors ,Sha Qilin and Xiang Ying were elected as independent supervisors, Lin Weifeng and Tong Jianjun acted as employee-representing supervisors after democratic recommendation by staff and workers. The 1st meeting of the seventh board of directors elected Pan Li as board chairman and Liu Qian as vice board chairman and appointed Lin Shizhuang as general manager, Luo Zhiheng ,Li Xiaoqing and Liu Hui as deputy general managers, Li Xiaoqing concurrently as person in charge of financial affairs and Liu Wei as board secretary. The seventh supervisory committee elected Qiu Jianyi as chairman of the supervisory committee. Relevant resolutions were disclosed on China Securities Daily, Securities Times, Hong Kong Commercial Daily (English version for overseas areas) and www.cninfo.com.cn on May 20, 2011

In the report period, the shares of the Company held by the directors, supervisors and senior executives of the Company remained unchanged. No stock options or restricted stocks were granted to them.

## **V. Discussion and Analysis of the Management**

In the report period, the economy of Guangdong Province developed steadily and quickly. The electric power demand of the province continued to increase and power output increased to certain extent. Due to continuous rise in the price of coal for power generation and slowdown of growth of installed capacity of thermal power, supply and demand imbalance was still serious.

During 1 to 6 months, the maximum load of integration tune in Guangdong reached 70.74 million kilowatts, up by 8.28% year-on-year; Guangdong power consumption throughout society was 201.761 billion KWH, up by 9.44%; the power generation capacity in Guangdong is 164.468 billion KWH, up by 9.92%; of which, the fired power up by 11.44%. During the reporting period, the power generation capacity of merger report caliber completed by the company was 15.554 billion KWH, up by 0.06%; the completed grid power of 14.503 billion KWH, up by 0.71%; the equity installed capacity of power generation of 14.781 billion KWH, up 0.57%. the on-grid power capacity of 13.857 billion KWH, up by 1.09%.

In the report period, With our power generating capacity evidently increasing, we realized the business incomes of RMB 6.471 billion, growth of 3.52 % year-on-year. Whereas, the price of fuses rose, the increase of amount of our operating business was down evidently. During the reporting period, our business profits and the net profits attributable to the shareholders of the listed company respectively were RMB 0.387 billion and RMB 0.318 billion, respectively, decreases of 36.66% and 26.22% year-on-year.

In the report period, The Company actively promoted the construction progress of the

projects under construction. Sujia Estuary Power Station (315MW) and Songshan Estuary Power Station (168MW) constructed by Yunnan Baoshan Binglang River Hydroelectric Development Co., Ltd. of which the Company holds 29% equity successfully started operation in the first half year. The oil-to-coal project (1200MW) constructed by Zhanjiang Zhongyue Energy Co., Ltd. of which the Company holds 90% equity and Xuwen Yongshi Wind Power Project (49.5MW) constructed by Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd. of which the Company holds 70% equity are expected to start operation in the second half year.

The Company persisted in seeking sustainable development and carried out the initial-stage work for #3 and #4 units of Huilai Power Plant, Maoming oil shale mine-power joint operation project, Maoming Bohe coal-fired power project and Zhanjiang Zhongyue energy renovation project as scheduled. In the report period, the Company increased the capital of Guangdong Yudean Jinghai Power Generation Co., Ltd., Zhanjiang Zhongyue Energy Co., Ltd., Guangdong Yudean Bohe Coal-fired Power Co., Ltd., Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd., Weixin Yuntou Yudean Zhaxi Energy Co., Ltd. and Huaneng Shantou Wind Power Generation Co., Ltd.

In the report period, The Company actively handled the procedures concerning application for approval of the significant asset reorganization project for issuing shares to the controlling shareholder to purchase assets. The reorganization scheme was not approved after examination by CSRC. Then, the 3rd meeting of the seventh board of directors decided to continue this significant asset reorganization, adjust, revise and perfect the reorganization scheme according to relevant opinions of CSRC and resubmit it to CSRC for examination as soon as possible. The continuation of the Company's reorganization is consistent with the Company's long-term development target and serves the interests of the Company and all shareholders.

(I) Main operating status of the Company in the report period:

1. Main operating scope and its operating status

The Company is a big power generating company engaged in operation and construction of power stations and power transmission and transformation projects.

Operating result for first half year of 2011 is as follows:

Unit: RMB'0000

Industry	Area	Main operating income	Main operating cost	Gross profit(%)	Increase/decrease on main operating income over (%)	Increase /decrease on main operating cost over (%)	Increase /decrease on gross profit over
Sale Electricity	Guangdong	640,506.69	575,445.42	10.16%	2.97%	7.72%	-3.96%
Labour services	Guangdong	1,488.91	1,484.52	0.29%	-10.83%	50.66%	-40.70%
Total	Guangdong	641,995.60	576,929.94	10.13%	2.94%	7.8%	-4.06%

The status of power production of the power plants under the Company and its controlled

subsidiaries in the report period is as follows:

Indicator	Power plant	January-June	The same period of the previous year	Year-on-year growth rate (±%)
Power output (billion kwh)	Shajiao A Power Plant	4.17	4.202	-0.76
	Zhanjiang Power Plant	3.666	3.898	-5.95
	Meixian Power Plant	0.756	1.477	-48.81
	Shaoguan Power Plant	1.773	1.607	10.33
	Maoming Zhenneng	1.759	1.882	-6.54
	Huilai Power Plant	3.381	2.428	39.25
	Wind Power	0.05	0.05	—
On-grid electricity volume (billion kwh)	Shajiao A Power Plant	3.868	3.903	-0.90
	Zhanjiang Power Plant	3.447	3.651	-5.59
	Meixian Power Plant	0.694	1.347	-48.48
	Shaoguan Power Plant	1.635	1.454	12.45
	Maoming Zhenneng	1.626	1.735	-6.28
	Huilai Power Plant	3.185	2.264	40.68
	Wind Power	0.047	0.047	—

2. There was no material change in the Company's profit structure, main operation or its structure in the report period.
3. The Company was not involved in other business operation activities that had significant influence on profit.
4. The circumstances where the income from investment in a joint venture accounted for more than 10% (including 10%) of the Company's net profit.

Company Name	Registered Capital (RMB'0000)	Share Percentage	Business Scope	Net Profits (RMB'0000)
Shenzhen Guangqian Electric Power Co., Ltd	103,029.25	40%	Build to operate Shenzhen Qian Bay Combined Cycle Gas-Turbine Power Plant	RMB 91.77 million of period earnings discounted as per 40% Equities
Huizhou Natural Gas Power Co., Ltd.	96,300	32%	Investment, construction and operation of electric power projects, sales of electric power, production and sales of industrial steam and de-mineralized water, processing and sales of	RMB 54.46 million of period earnings discounted as per 32%

			natural gas, technical consultation for energy development and electric power projects.	Equities
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5. Problems and difficulties occurred in operation

(1) Despite the situation of power shortage and big electric power demand in Guangdong Province, the profit margin of power generation business was seriously narrowed because coal price rose continuously and electricity rate rose by so small margin that it is hard to make up the fuel cost increased by rise in coal price. The Company will make efforts to generate more power under the premise of safety, save energy, decrease consumption, control cost and improve operating results.

(2) With stricter national currency policies, the external financing environment tended to worsen and the Company's financial expenses increased by big margin. The Company will actively widen financing channels, lower financing costs and prevent financial risks.

**(II) The investment of the Company**

1. Application of Raised Capital during the Reporting Period

Unit: RMB'0000

Total Amount of Raised Capital		82,000.00		Total Amount Of Raised Capital Invested in the Reporting Period		48,850.00				
Total Amount of Raised Capital for Use Changed in the Reporting Period		45,000.00		Total Amount Of Accumulated Raised Capital Invested		78,400.00				
Total Amount for Accumulative Changed Raised Capital		45,000.00		Total Amount Proportion for Accumulative Changed Raised Capital		54.88%				
Promised Projects of Investment	Projects Changed (Including Part of Changing)	Total Amount of Raised Capital For Investment Promised	Total Amount of Adjusted Investment (1)	Total Amount Invested within the Reporting Period	Total Amount for Accumulative Put up to the End of Period (2)	Balance between Total Amount for Accumulative Invested & Promised Up To The End of Period (3)=(2)-(1)	Usable Date For Projects	Access to Benefits in the Reporting Period	Achieve the Expected Benefits	Change Greatly for Projects Feasibility
Promised Projects of Investment										
Replenish capital of RMB 0.19 billion and offered loan by mandate of RMB 0.26 billion for Weixin Yuntou Yudean Zhaxi Energy Co., Ltd.	Yes	45,000.00	45,000.00	45,000.00	45,000.00	100.00%	April 30, 2012	0.00	No	No
Replenish Capital for Guangdong Yudean Zhanjiang Wind Power Co., Ltd.	No	12,000.00	12,000.00	3,850.00	8,400.00	70.00%	December 29,2011	0.00	No	No

Repay yhe Load	No	25,000.00	25,000.00	0.00	25,000.00	100.00%	June 30,2011	672.00	Yes	No
Subtotal of the committed investment projects	-	82,000.00	82,000.00	48,850.00	78,400.00	-	-	672.00	-	-
Intended investment with unbooked proceeds										
Repayment of bank loan (If any)	-						-	-	-	-
Replenishing the working capital (If any)	-						-	-	-	-
Subtotal of intended investment with unbooked proceeds	-	0.00	0.00	0.00	0.00	-	-	0.00	-	-
Total	-	82,000.00	82,000.00	48,850.00	78,400.00	-	-	672.00	-	-
Analysis For Failure To Reach The Planned Schedule And Earnings (Specific Projects)	Xunwenyongshi wind power project which was invested by Zhanjiang wind power company, total installed capacity is 49.5MW, this construction project had been approved by Guangdong Development & Reform Commission in May, 2009. While it was impacted by the factors of land requisition and bank loan delay of European Investment Bank. There is some delay in the progress of project construction, so, the fundraised capital of company can't be implemented as schedule.									
Notes to significant change in feasibility of the project	Nil									
Amount, application and application progress of the unbooked proceeds	Not applicable									
About the change of the implementation site of the projects invested with the proceeds	Not applicable									

About the change of the implementation method of the projects invested with the proceeds	Not applicable
About the initial investment in the projects planned to be invested with the proceeds and the replacement	Not applicable
Using the idle proceeds to supplement the working capital on temporary basis	Not applicable
Balance of the proceeds in process of project implementation and the cause	Not applicable
About application and status of the proceeds unused	Up to the end of this reporting period, RMB36 million of raised capital was not used, was used to replenish capital for Guangdong Yudean Zhanjiang Wind Power Co., Ltd. and built the project of Xuwen warrior wind-power.
Problems existing in application of the proceeds and the information disclosure or other issues	Nil



2. Particulars about change of investment projects using raised proceeds

Unit: RMB,0000

Project after change	Corresponding originally promised project	Total amount of raised proceeds to be invested in the project after change (1)	Actual amount of investment in this report period	Actual accumulative amount of investment as of the end of period (2)	Investment progress as of the end of period (%) (3) = (2) / (1)	Date of getting ready for intended use	Earnings in this report period	Whether earning target is fulfilled	Whether project feasibility will change materially after change
Increase the capital of Weixin Yuntou Yudean Zhaxi Energy Co., Ltd. by RMB 190 million and provision of entrusted loan of RMB 260 million	Increasing the capital of Weixin Yuntou Yudean Zhaxi Energy Co., Ltd.	45,000.00	45,000.00	45,000.00	100.00%	April 30, 2012	0.00	No	No
Total	-	45,000.00	45,000.00	45,000.00	-	-	0.00	-	-
Reason for reason, decision-making procedure and statement of information disclosure statement (project by project)	In order to enhance the efficiency of use of raised proceeds and promote the coal-electricity integration project of Weixin Power Plant, the first meeting of the sixth board of directors of the Company by correspondence adopted the Proposal for Changing Partial Investment Projects Using Raised Proceeds and agreed to change the original plan for increasing the capital of Weixin Yuntou Yudean Zhaxi Energy Co., Ltd. by RMB 450 million to construct Erjing project of Kwan-yin Mountain coal mine of Yunnan Weixin Zhaxi coal-electricity integration project to "increasing the capital of Weixin Yuntou Yudean Zhaxi Energy Co., Ltd. by RMB 190 million and providing entrusted loan of RMB 260 million". In total, RMB 450 million will be specially used to construct the power plant project of Yunnan Weixin Zhaxi coal-electricity integration project. This matter was examined and approved at the first provisional shareholders' general meeting of the Company in 2011 on February 16, 2011. Refer to relevant announcements of the board of directors and shareholders' general meeting published on January 28, 2011 and February 17, 2011 for details.								
Particulars about failure to fulfill planned progress or profit target and its reason (project by project)	Nil								
Statement on material change of project feasibility after change	Nil								

3. Investment with non-IPO proceeds and its progress and income in the report period

Unit: RMB'0000

Project Name	Investment Amount	Project Progress	Project Earnings/Remarks
Guangdong Yudean Jinghai Power Generation Co Ltd.	44,501.4	At present, #1 & #2 units(2×600MW) of Huilai power plant are being operating, and #3 & #4 units(2×1000MW) of pre-stage works are being constructed.	RMB 41.86 million of period earnings discounted as per 65% Equities, Without the operational efficiency brought yet
Zhanjiang Zhongyue Energy Co.,Ltd.	22,887	"Oil-to-coal" renovation project (2×600MW) is under construction. The project is planned to be completed and start operation at the end of this year.	Without the operational efficiency brought yet
Guangdong Yudean Bohe Coal &Electricity Co., Ltd.	2,000	The initial-stage work for the construction of coal dock and power plant project (2×1000 MW) is being carried out.	Without the operational efficiency brought yet
Huaneng Shantou Wind Power Co.,Ltd.	511.37	This company is operating the Nanao Wind Power project (53X850 KW) and constructing the Dongdao wind power project (15MW)	RMB 6.05 million of period earnings discounted as per 25% Equities, Without the operational efficiency brought yet

(III)The plan for the second half year:

1. To continue improving power plant safety management, reasonably arrange the repair and management of units of power plants, ensure the continuous and steady operation of generating units and strive to fulfill the power generation plan for the year.
2. To focus on the construction of Zhanjiang Xuwen Yongshi Wind Power Project and try to make it start operation and generate power within the year, accelerate the initial-stage work of the planned projects and relevant application work, seek new power supply through various modes and reserve more projects.
3. To actively take various effective means to strengthen cost control, reduce expenses and expenditure, actively seek policy support, strive for reasonable electricity rate and keep good profitability.
4. To further perfect and improve management and internal control system of the Company and enhance the level of standardized operation and corporate governance of the Company according to new policies and statutory requirements.
5. To continue the promotion of significant asset reorganization, actively coordinate with the parties concerned, adjust and perfect reorganization scheme according to relevant opinions of CSRC and promote great development of the Company through capital operation.

(IV) Assets measured with fair value

Financial assets available for sale were measured according to fair value. In case of change in fair value and book value, capital surplus shall be adjusted and the profit for the report period shall not be affected. The financial assets available for sale held by the Company are 8,400,000 shares of Shenzhen Energy and 55,532,250 shares of Shenergy Company.

The Company's real estate for investment is old office building rent by the Company, which is measured with cost mode mainly because the obtainment of its fair value relies on appraisal and it was difficult to continuously and accurately to obtain the market price of real estate of the same or similar kind from market.

## VI. Important Events

### (I) Status of corporate governance structure

In the report period, The Company continued to unceasingly improve its own corporate governance structure and further enhanced the level of its standardized operation strictly according to the requirements of laws and regulations including the Company Law, the Securities Law, relevant regulations of CSRC and Stock Listing Rules of Shenzhen Stock Exchange. The Company earnestly carried out the work concerning its own corporate governance and its status of corporate governance met the requirements of relevant documents of CSRC.

According to the requirements of relevant policies, laws and regulations, the Company, as a company listed at the main market of Shenzhen Stock Exchange, shall start to implement 18 application guidelines including No. 1 Guideline for Application of Internal Control of Enterprises - Organizational Structure, Guidelines for Evaluation of Internal Control of Enterprises and Guidelines for Audit of Internal Control of Enterprises. In order to further perfect management mechanism and enhance risk control level, the Company carried out the work concerning internal control in all aspects in the first half year of 2011.

(II) The status of implementation of profit distribution plan of the Company for 2010 in the report period

The profit distribution plan for 2010 was examined and adopted at the shareholders' general meeting of the Company on May 18, 2011. And “Announcement on Year 2010 Dividend Distribution” was published in the appointed media on July 1,2011. Stock right was registered on July 7, 2011 (July 12 for B shares). The ex-dividend date is July 8, 2011. Cash dividends were distributed on July 8 (for A shares) and July 12 (for B shares).

(III)The Company was not involved in any material lawsuit or arbitration in the report period.

(IV) Shareholdings of other listed companies

Unit :RMB

Stock Code	Stock abbreviation:	Investment amount at the beginning	Proportion of shareholding	Book Value at the end of report	Profit & loss in the report period	Change of owner's equity in the report period	Accounting	Share Source
000027	Shen Energy	16,949,674.00	0.32%	63,336,000.00	700,000.00	-7,294,000.00	Available for sale	Issued Obtaine

							financial assets	d
600642	Shenergy	235,837,987.50	1.28%	281,548,508.00	3,702,150.00	-925,537.00	Available for sale financial assets	Transfere to obtain
Total		252,787,661.50	-	344,884,508.00	4,402,150.00	-8,219,537.00	-	-

(V) Equity of non-listed financial enterprises and companies to be listed held by the Company

Unit: RMB

Name of object	Amount of initial investment	Amount of shares held	Proportion in equity of the Company	Book value at period-end	Profits or losses in the report period	Changes of owners' equity in the report period
Guangdong Yudean Finance Co., Ltd.	375,000,000.00	375,000,000	25%	375,000,000.00	26,200,000.00	0.00
Sun Insurance Group Co., Ltd.	356,000,000.00	350,000,000	6.99%	356,000,000.00	0.00	0.00
Total	731,000,000.00	725,000,000	-	731,000,000.00	26,200,000.00	0.00

(VI) Matters related transactions

Details please refer to the financial report "VII, Related Parties and Related Transaction (5) Related Transaction"

The Related transactions existing between the company and the affiliates mainly display on purchasing fuses and materials, apportioning the common operating costs, accepting and offering labor services, selling the products, deposit and demanding interests, and leasing the fields out, etc.

The pricing policy of the said related transaction: For the price of fuel purchase, if the state sets a price, such price shall apply. If the State does not set a price, market price shall apply. The related parties promised that the price offered would not be higher than the price of products of the same quality offered to third parties. The price of materials shall be settled according to market price. Labor services/services are accepted and provided at the price agreed by both parties according to cost price and by reference to the market price of similar services. Products are sold at the price agreed by both parties according to cost and by reference to the market price of similar products. Relevant regulations of People's Bank of China apply to deposits. Site rent is collected in the mode agreed by all parties based on cost price.

The said related transactions were settled in cash and did not have unfavorable influence on the profit of the Company. There is no significant difference from estimated related transactions.

(VII) Information about other material related transactions

1. Related parties for Joint Venture Investment

In the report period, We will replenish capital as per 70% equity proportion Our company and Chaokang investment Co., Ltd. which is the fully owned subsidiary company of our company's controlling shareholder Guangdong Yudean Group Co., Ltd., will jointly conduct capital increment to Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd. which is controlled by our company. The increased capital amount of our company is RMB 38.50 million. The business scope of Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd. is "the investment, construction and operation of power plant, wind power generation and investment, development, operation and management on other new energy projects, power generation and sales of electricity, power project consultancy offering and other relevant services." the registered capital is RMB346.11 million, total assets is RMB792.02 million, net assets is RMB297.51 million, and net profits is RMB3.14 million. Currently, it is operating the project of Xuwen warrior wind-power (49.5MW) and constructing Yongshi Wind-power (49.5MW) .

2. Associated Relationship & Guarantee in Rights of Credit & Liabilities

Details on Rights of Credit & Liabilities, please refer to the financial report "Seventh, Related parties and Related Transaction (5) Related Transaction"

Details on Guarantee, please refer to the contents "(8) Important Contracts and Promises of Company—3. Important Guarantee" below

There exists the relationship in rights of credit & liabilities with the affiliates, and we also offer guaranteed for them, which is implemented according to the requests of company's self-operating and the projects progress situation of affiliates. These are useful and have positive significations for improving the development of company and promoting the progress of projects invested, there is no harm to the interests of company.

(VIII) Important contracts and commitments of the Company

1. In the report period, the company conducted no major contract issues which recognized by Shenzhen Stock Exchange according to <Instruction of Information Disclosure No.6-major contracts>. The Company did not hold in trust or contract for or lease the material assets of other companies nor did other companies hold in trust, contract for or lease the material assets of the Company in the report period.

2. In the report period, the Company was not involved in any material entrusted money management or any entrusted money management that existed in previous periods and continued in the report period.

3. Significant guarantee:

Unit: RMB'0000

External Guarantee (Exclude controlled subsidiaries)								
Name of the company guaranteed	Related announcement date and No.	Amount of guarantee	Date of happening (Date of signing agreement)	Actually guarantee amount	Guarantee type	Guarantee Term	Complete implementation or not	Guarantee for related party (Yes or No)
Lincang Yuntou Yudean Hydroelectricity Development Co., Ltd.	July 22,2006 (Announcement No.:2006-25)	3,430.00	December 25,2006	3,430.00	Guaranteeing of joint liabilities.	15 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 24,2007 (Announcement No.:2007-19)	2,900.00	November 30,2007	2,900.00	Guaranteeing of joint liabilities.	14 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 24,2007 (Announcement No.:2007-19)	1,305.00	November 30,2007	1,305.00	Guaranteeing of joint liabilities.	11 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 24,2007 (Announcement No.:2007-19)	1,450.00	November 30,2007	1,450.00	Guaranteeing of joint liabilities.	8 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 24,2007 (Announcement No.:2007-19)	4,350.00	December 19,2007	4,350.00	Guaranteeing of joint liabilities.	17 years	No	No
Yunnan Baoshan	December	4,350.00	December	4,350.00	Guaranteeing of	15 years	No	No

Binlangjiang Hydroelectricity Development Co., Ltd.	19,2007 (Announcement No.:2007-44)		25,2007		joint liabilities.			
Guangdong Yudean Shipping Co., Ltd.	May 16,2008 (Announcement No.:2008-24)	20,580.00	September 27,2008	20,580.00	Guaranteeing of joint liabilities.	6 years	No	Yes
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	December 19,2007 (Announcement No.:2007-44)	12,000.00	March 18,2008	12,000.00	Guaranteeing of joint liabilities.	20 years	No	No
Lincang Yuntou Yudean Hydroelectricity Development Co., Ltd.	July 22, 2006 (Announcement No.:2006-25)	1,372.00	July 29,2008	1,372.00	Guaranteeing of joint liabilities.	12 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	August 22,2008 (Announcement No.:2008-44)	5,800.00	October 31, 2008	5,800.00	Guaranteeing of joint liabilities.	17 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	November 12,2008 (Announcement No.:2008-54)	7,250.00	November 14,2008	7,250.00	Guaranteeing of joint liabilities.	12 years	No	No
Weixin Yuntou Yudean Zhaxi Energy Co., Ltd.	August 29,2009 (Announcement No.:2009-28)	8,800.00	March 19,2009	8,800.00	Guaranteeing of joint liabilities.	3 years	No	No
Yunnan Baoshan	May 27,2009	17,400.00	May 27,2009	7,250.00	Guaranteeing of	14 years	No	No

Binlangjiang Hydroelectricity Development Co., Ltd.	(Announcement No.:2009-17)	0			joint liabilities.			
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 27,2009 (Announcement No.:2009-17)	11,600.00	June 22,2009	9,367.00	Guaranteeing of joint liabilities.	20 years	No	No
Weixin Yuntou Yudean Zhaxi Energy Co., Ltd.	August 29,2009 (Announcement No.:2009-28)	20,000.00	September 22, 2009	20,000.00	Guaranteeing of joint liabilities.	5 years	No	No
Weixin Yuntou Yudean Zhaxi Energy Co., Ltd.	February 3,2010 (Announcement No.:2010-05)	20,000.00	March 15,2010	12,000.00	Guaranteeing of joint liabilities.	4 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 27,2010 (Announcement No.:2010-30)	7,250.00	June 23, 2010	7,250.00	Guaranteeing of joint liabilities.	5 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	September 10,2010 (Announcement No.:2010-49)	14,500.00	December 16,2010	14,500.00	Guaranteeing of joint liabilities.	10 years	No	No
Total amount of approved external guarantee in the report period(A1)		0.00		Total actually amount of external guarantee in the report period(A2)				0.00
Total amount of approved external guarantee at the end of		263,557.00		Total actually amount of external guarantee at the				143,954.00



the report period(A3)				end of the report period(A4)					
Guarantee of the company for its subsidiaries									
Name of the company guaranteed	Related announcement date and no.	Amount of guarantee	Date of happening( date of signing agreement)	Actually guarantee amount	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party(yes or no)	
Zhongyue Energy Co., Ltd	November 11,2010 (Announcement No.:2010-57)	117,000.00	September 29,2010	60,000.00	Guaranteeing of joint liabilities	12 years	No	No	
Zhongyue Energy Co., Ltd	November 11,2010 (Announcement No.:2010-57)	117,000.00	January 3,2011	10,000.00	Guaranteeing of joint liabilities	12 years	No	No	
Total of guarantee for subsidiaries approved in the period(B1)		0.00		Total of actual guarantee for subsidiaries in the period (B2)		10,000.00			
Total of guarantee for subsidiaries approved at period-end(B3)		117,000.00		Total of actual guarantee for subsidiaries at period-end(B4)		70,000.00			
Total of company's guarantee(namely total of the large two aforementioned)									
Total of guarantee approved in the period(A1+B1)		0.00		Total of Actual guarantee in the period(A2+B2)		10,000.00			
Total of guarantee approved at the period-end(A3+B3)		380,557.00		Total of actual guarantee at the period-end (A4+B4)		213,954.00			
The proportion of the total amount guarantee in the net assets of the company(that is A4+B4)				20.98%					
Including:									
Amount of guarantee for shareholders, Actual controller and its associated parties(C)				20,580.00					
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)				188,572.00					

Proportion of total amount of guarantee in net assets of the company exceed 50%(E)	0.00
Total guarantee Amount of the abovementioned guarantees(C+D+E)	209,152.00
Explorations on possibly bearing joint and several liquidating responsibilities for undue guarantees	Nil

All the said guarantees were examined and adopted at the shareholders' general meeting of the Company.

#### 4.Implementations of commitments by the Company, shareholders and actual controller

Items of commitments	Promisee	Content of commitments	Implementation
Promise in share holding structure reform	N/A	N/A	N/A
Commitments made in Acquisition Report or Reports on Change in interests	N/A	N/A	N/A
Commitments made in Material assets Reorganization	N/A	N/A	N/A
Commitments made in issuing	N/A	N/A	N/A
Other commitments (Including: supplementary commitments)	Guangdong Yudean Group Co., Ltd.	138,047,138 RMB ordinary shares (A shares) privately issued by the Company to Guangdong Yudean Group Co., Ltd., its controlling shareholder, were listed at Shenzhen Stock Exchange from May 25, 2010. Yudean Group promised not to assign the stocks of Yue Dian Li owned by it within 36 months from the said day of listing.	Under fulfillment

**(IX) Other misc. income subjects**

Unit: RMB

Items	Occurred current term	Occurred in previous term
1. Gains(losses)from sellable financial assets	-8,219,537.00	-164,519,120.00
Less: Income tax influence of sellable financial assets	-2,054,884.00	-41,129,780.00
Net amount written into other gains and transferred into gain/loss in previous terms		
Subtotal	-6,164,653.00	-123,389,340.00
2. Shares in the other misc. income subjects in the investee on equity basis		
Less: income tax influence of shares in other gains of investees on equity basis		
Net amount written into other gains and transferred into gain/loss in previous terms		
Subtotal		
3. Amount of gains(or losses) from cash flow hedge instrument		
Less: Income tax influence of cash flow hedge instruments		
Net amount written into other gains and transferred into gain/loss in previous terms		
Adjusted amount transferred to initial amount of the target project		
Subtotal		
4. Difference from translating of foreign currency financial statements		
Less: Net amount of disposing overseas Business and transferred to current gain/loss		
Subtotal		
5. Other		
Less: Income tax influence by other accounted into other misc. incomes		
Net amount accounted into other misc. income and transferred into current gain/loss in previous terms		
Subtotal		
Total	-6,164,653.00	-123,389,340.00

**(X) The Bonds of Company**

China construction bank holdings Co., Ltd authorizes its Guangdong branch to issue bonds interest's cash for our company, and fully offer the guarantee of unconditional irrevocable and related duty. During the reporting period, the guarantor continues to obtain earnings, assets scale keeps increasing, and the credibility is no major disadvantage of change.

During the reporting period, there is no obvious change for the company's credits. At the end of reporting period, the asset debt ratio of company is 64.85%. We have paid the interest for the company's bonds during the third interest period on March 10, 2011. In the future, we will continue to ensure repayment of capitals and interests of bonds with our business of stable development.

The trustees of our bonds of China International Finance Co., Ltd have published the report of annual bond entrusted affairs on May 11, 2011. The company's operation, assets, bonds of raised

capital and bonds track and rating are included in this report.

(XI) The special statement and independent opinions of the independent directors of the Company on fund occupation by related parties and external guarantee of the Company

According to the Circular on Certain Issues Relating to Standardization of Fund Transfer Between Listed Companies and Their Related Parties and Guarantees Provided by Listed Companies (Zheng Jia Fa (2003) No. 56 Document), In accordance with the provisions of “Notice on Regulating the Listed Company of Outside Guarantee” (CSRC No. [2005]20), the independent director checked for our funds relationship and outside guarantee with the affiliates, now present related explanation and independent opinion:

As of June 30, 2011, The Company did not provide funds to related parties in violation of regulations as of the end of the report period. The Company neither provided guarantee to its controlling shareholder, any unincorporate entity and individual nor provided any guarantee in violation of regulations.

(XII) The Company's acceptance of investigation and research and interview

In the report period, the Company received 3 institutional investors for investigation and research, held 1 telephone conference mainly for the purpose of communication in respect of the Company's production and operation status in current period and future development plan. The Company did not provide written materials to the visitors. The Company and relevant information disclosure obligors strictly followed the principle of fair information disclosure, neither implemented discriminatory policy, nor disclosed or divulged non-public significant information to specific objects selectively and privately. They disclosed information according to the principle of timeliness and did not intentionally choose the time point of disclosure or lighten the effect of information disclosure so as to cause actual unfairness.

The registration form of acceptance of investigation, communication and interview in the report period for future reference

<b>Date</b>	<b>Place</b>	<b>Mode</b>	<b>Visitor</b>	<b>Content of discussion and materials provided</b>
March 25,2011	Office of the Company	Telephone Consultation	Franklin Templeton Investments	Current status of production and management of the company
May 11,2011	Office of the Company	Onsite investigation	Changsheng Fund	Current status of production and management of the company
May 12,2011	Office of the Company	Onsite investigation	Huaxia Fund	Current status of production and management of the company

May 13,2011	Office of the Company	Onsite investigation	CITIC Securities and Its clients	Current status of production and management of the company
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## VII. Financial Report (Unaudited)

(I) Financial statements

(II) Notes to financial statements

### Balance Sheet

Prepared by: Guangdong Electric Power Development Co., Ltd.

June 30, 2011

Unit: RMB

Items	Year-end balance		Year-beginning balance	
	Consolidated	Parent company	Consolidated	Parent company
Current asset:				
Monetary fund	2,981,800,221.00	603,138,069.00	1,894,021,204.00	659,395,980.00
Settlement provision				
Outgoing call loan				
Trading financial assets				
Bill receivable				
Account receivable	1,664,076,562.00	402,957,393.00	1,841,038,374.00	442,971,470.00
Prepayments	968,642,941.00	177,759,700.00	668,596,257.00	177,510,400.00
Insurance receivable				
Reinsurance receivable				
Provisions of Reinsurance contracts receivable				
Interest receivable			223,800.00	
Dividend receivable		9,155,096.00		9,155,096.00
Other account receivable	179,232,813.00	155,291,365.00	572,285,959.00	553,478,108.00
Repurchasing of financial assets				
Inventories	860,285,584.00	185,123,802.00	852,247,851.00	147,588,932.00
Non-current asset due in 1 year				
Other current asset	94,636,572.00			
Total of current assets	6,748,674,693.00	1,533,425,425.00	5,828,413,445.00	1,990,099,986.00
Non-current assets:				
Loans and payment on other's behalf disbursed				
Financial assets available for sale	344,884,508.00	344,884,508.00	353,104,045.00	353,104,045.00
Expired investment in possess				
Long-term receivable	492,628,676.00	428,780,000.00	33,326,446.00	15,580,000.00
Long term share equity investment	5,822,492,548.00	13,224,695,979.00	5,469,169,354.00	12,138,988,785.00
Property investment	12,427,531.00	12,427,531.00	12,743,846.00	12,743,846.00
Fixed assets	10,607,618,883.00	1,149,474,027.00	11,207,225,955.00	1,230,337,302.00

Construction in progress	11,572,479,804.00	57,681,939.00	9,964,066,605.00	21,272,816.00
Engineering material	1,579,940,342.00		1,154,219,103.00	
Fixed asset disposal	12,460,800.00	300,089.00	13,259,341.00	
Production physical assets				
Gas & petrol				
Intangible assets	495,320,339.00	109,581,803.00	471,880,558.00	111,321,196.00
R & D petrol				
Goodwill				
Long-germ expenses to be amortized				
Differed income tax asset	93,609,099.00		88,909,557.00	
Other non-current asset	38,704,377.00			
Total of non-current assets	31,072,566,907.00	15,327,825,876.00	28,767,904,810.00	13,883,347,990.00
Total of assets	37,821,241,600.00	16,861,251,301.00	34,596,318,255.00	15,873,447,976.00
Current liabilities				
Short-term loans	8,969,800,000.00	3,120,000,000.00	8,327,500,000.00	3,670,000,000.00
Loan from Central Bank				
Deposit received and hold for others				
Call loan received				
Trade off financial liabilities				
Bill payable	365,000,000.00		110,000,000.00	
Account payable	2,452,588,763.00	351,584,477.00	2,636,633,053.00	362,866,001.00
Accounts received in advance	5,843,088.00	2,618,280.00	2,091,859.00	1,629,002.00
Selling financial assets of repurchase				
Commission charge and commission payable				
Wage payable	325,184,804.00	64,024,880.00	248,689,441.00	53,486,508.00
Taxes payable	-485,134,576.00	14,552,824.00	-296,863,723.00	25,701,980.00
Interest payable	58,964,818.00	46,825,354.00	108,347,024.00	99,039,629.00
Dividend payable	228,509,514.00	220,279,847.00	12,042,196.00	7,112,529.00
Other accounts payable	765,666,823.00	76,994,823.00	878,339,481.00	60,544,841.00
Reinsurance payables				
Insurance contract reserve				
Security trading of agency				
Security sales of agency				
Non-current liability due in 1 year	682,103,258.00	40,000,000.00	627,733,453.00	
Other current liability				
Total of current liability	13,368,526,492.00	3,936,880,485.00	12,654,512,784.00	4,280,380,490.00
Non-current liabilities:				
Long-term loan	7,463,123,710.00	1,060,000,000.00	6,320,720,000.00	
Bond payable	1,990,091,089.00	1,990,091,089.00	1,988,739,874.00	1,988,739,874.00
Long-term payable	1,663,536,868.00		498,657,613.00	
Special payable				
Expected liabilities				
Differed income tax liability	3,196,536.00	1,851,673.00	5,251,421.00	3,906,557.00
Other non-current liabilities	40,053,232.00	23,076,924.00	44,059,687.00	24,615,385.00
Total of non-current liabilities	11,160,001,435.00	3,075,019,686.00	8,857,428,595.00	2,017,261,816.00

Total of liabilities	24,528,527,927.00	7,011,900,171.00	21,511,941,379.00	6,297,642,306.00
Owners' equity				
Share capital	2,797,451,138.00	2,797,451,138.00	2,797,451,138.00	2,797,451,138.00
Capital reserves	1,878,476,518.00	1,811,607,163.00	1,884,426,171.00	1,817,556,816.00
Less: Shares in stock				
Special reserve				
Surplus reserves	3,775,481,032.00	3,775,481,032.00	3,425,241,041.00	3,425,241,041.00
Common risk provision				
Undistributed profit	1,746,299,486.00	1,464,811,797.00	2,058,635,851.00	1,535,556,675.00
Different of foreign currency translation				
Total of owner's equity belong to the parent company	10,197,708,174.00	9,849,351,130.00	10,165,754,201.00	9,575,805,670.00
Minor shareholders' equity	3,095,005,499.00		2,918,622,675.00	
Total of owners' equity	13,292,713,673.00	9,849,351,130.00	13,084,376,876.00	9,575,805,670.00
Total of liabilities and owners' equity	37,821,241,600.00	16,861,251,301.00	34,596,318,255.00	15,873,447,976.00

Legal representative: Pan Li      Financial controller: Li Xiaoqing      The person in charge of the financial Dept: Qin Jingdong

Profit statement

Prepared by: Guangdong Electric Power Development Co., Ltd.

January-June 2011

Unit: (RMB)

Items	Report period		Same period of the previous year	
	Consolidated	Parent company	Consolidated	Parent company
I.Total operating income	6,470,761,685.00	1,681,819,565.00	6,251,011,400.00	1,660,327,049.00
Including: Operating income	6,470,761,685.00	1,681,819,565.00	6,251,011,400.00	1,660,327,049.00
Interest income				
Insurance gained				
Commission charge and commission income				
II.Total operating cost	6,382,188,878.00	1,702,777,297.00	5,874,981,787.00	1,559,994,562.00
Including: Operating cost	5,797,248,108.00	1,468,983,247.00	5,360,853,100.00	1,379,459,513.00
Interest expense				
Commission chare and commission expense				
Cash surrender value				
Net amount of expense of compensation				
Net amount of withdrawal of insurance contract reserve				
Bonus expense of guarantee slip				
Reinsurance expense				
Operating tax and extras	36,936,079.00	9,068,500.00	14,042,641.00	
Sales expenses	325,957.00	173,989.00	202,227.00	57,805.00
Administration expenses	252,607,719.00	67,289,264.00	253,021,483.00	67,818,771.00
Financial expenses	295,071,015.00	157,262,297.00	223,470,605.00	114,497,407.00



Losses of devaluation of assets	0.00		23,391,731.00	-1,838,934.00
Add : Changing income of fair value				
Investment income	298,684,733.00	579,587,353.00	235,235,052.00	376,755,247.00
Including: Investment income on affiliate company and joint venture				
Exchange income				
III. Operating profit	387,257,540.00	558,629,621.00	611,264,665.00	477,087,734.00
Add : Non-operating income	6,819,739.00	1,556,102.00	3,722,833.00	1,561,402.00
Less: Non-operating expense	5,259,255.00	2,522,749.00	2,381,521.00	644,876.00
Including :Disposal loss of non-current assets				
IV. Total profit	388,818,024.00	557,662,974.00	612,605,977.00	478,004,260.00
Less: Income tax	65,133,726.00	-1,577,252.00	128,556,650.00	28,306,572.00
V. Net profit	323,684,298.00	559,240,226.00	484,049,327.00	449,697,688.00
Net profit attributable to owner's equity of parent company	317,648,740.00	559,240,226.00	430,513,284.00	449,697,688.00
Minority shareholders' gains and losses	6,035,558.00		53,536,043.00	
VI. Earnings per share				
(i) Basic earnings per share	0.11		0.16	
(ii) Diluted earnings per share	0.11		0.16	
VII. Other comprehensive income	-6,164,653.00	-6,164,653.00	-123,389,340.00	-123,389,340.00
VIII. Total comprehensive income	317,519,645.00	553,075,573.00	360,659,987.00	326,308,348.00
Total comprehensive income attributable to the owner of the parent company	311,484,087.00	553,075,573.00	307,123,944.00	326,308,348.00
Total comprehensive income attributable minority shareholders	6,035,558.00		53,536,043.00	

Legal representative: Pan Li      Financial controller:Li Xiaoqing      The person in charge of the financial Dept: Qin Jingdong

Cash flow statement

Prepared by: Guangdong Electric Power Development Co., Ltd.

January-June 2011

Unit: (RMB)

Items	Report period		Same period of the previous year	
	Consolidated	Parent company	Consolidated	Parent company
I.Cash flows from operating activities				
Cash received from sales of goods or rendering of services	7,730,790,288.00	2,002,589,057.00	6,865,360,421.00	1,846,595,084.00
Net increase of customer deposits and capital				

kept for brother company				
Net increase of loans from central bank				
Net increase of inter-bank loans from other financial bodies				
Cash received against original insurance contract				
Net cash received from reinsurance business				
Net increase of client deposit and investment				
Net increase of trade financial asset disposal				
Cash received as interest, processing fee and commission				
Net increase of inter-bank fund received				
Net increase of repurchasing business				
Tax returned	3,663,842.00	148,145.00	3,497,724.00	2,000,000.00
Other cash received from business operation	120,978,133.00	24,791,515.00	43,564,581.00	18,907,308.00
Sub-total of cash inflow	7,855,432,263.00	2,027,528,717.00	6,912,422,726.00	1,867,502,392.00
Cash paid for purchasing of merchandise and services	5,641,639,499.00	1,469,383,014.00	4,723,963,576.00	1,278,106,152.00
Net increase of client trade and advance				
Net increase of savings n central bank and brother company				
Cash paid for original contract claim				
Cash paid for interest, processing fee and commission				
Cash paid for policy dividend				
Cash paid to staffs or paid for staffs	478,147,993.00	163,193,890.00	417,313,447.00	138,556,350.00
Taxes paid	524,718,229.00	115,034,480.00	629,479,632.00	211,774,247.00
Other cash paid for business activities	153,617,938.00	47,740,750.00	138,528,722.00	38,441,001.00
Sub-total of cash outflow from business activities	6,798,123,659.00	1,795,352,134.00	5,909,285,377.00	1,666,877,750.00
Cash flow generated by business operation, net	1,057,308,604.00	232,176,583.00	1,003,137,349.00	200,624,642.00
II.Cash flow generated by investing				
Cash received from investment retrieving	413,200,000.00	413,200,000.00	98,747,925.00	98,747,925.00
Cash received as investment gains	139,108,962.00	420,011,582.00	258,785,655.00	400,305,850.00
Net cash retrieved from disposal of fixed assets,	240,321.00	9,740.00	31,392.00	30,906.00

intangible assets, and other long-term assets				
Net cash received from disposal of subsidiaries or other operational units				
Other investment-related cash received	2,729,389.00	342,586.00	2,779,371.00	
Sub-total of cash inflow due to investment activities	555,278,672.00	833,563,908.00	360,344,343.00	499,084,681.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	2,111,885,680.00	44,501,335.00	1,430,763,991.00	26,241,767.00
Cash paid as investment	616,413,725.00	1,348,697,725.00	196,250,000.00	672,470,000.00
Net increase of loan against pledge				
Net cash received from subsidiaries and other operational units				
Other cash paid for investment activities	23,358,173.00	378,996.00	33,185,003.00	48,280.00
Sub-total of cash outflow due to investment activities	2,751,657,578.00	1,393,578,056.00	1,660,198,994.00	698,760,047.00
Net cash flow generated by investment	-2,196,378,906.00	-560,014,148.00	-1,299,854,651.00	-199,675,366.00
III.Cash flow generated by financing				
Cash received as investment	301,552,900.00		985,400,000.00	810,400,000.00
Incl: Cash received as investment from minor shareholders				
Cash received as loans	8,367,837,038.00	3,520,000,000.00	7,448,880,598.00	2,800,000,000.00
Cash received from bond placing				
Other financing –related cash received	2,714,679.00	630,525.00	118,943.00	
Sub-total of cash inflow from financing activities	8,672,104,617.00	3,520,630,525.00	8,434,399,541.00	3,610,400,000.00
Cash to repay debts	5,623,888,525.00	2,970,000,000.00	7,026,670,843.00	3,032,686,450.00
Cash paid as dividend, profit, or interests	765,564,373.00	273,248,871.00	487,772,478.00	172,097,534.00
Incl: Dividend and profit paid by subsidiaries to minor shareholders				
Other cash paid for financing activities	55,802,400.00	5,802,000.00	787,287.00	787,287.00
Sub-total of cash outflow due to financing activities	6,445,255,298.00	3,249,050,871.00	7,515,230,608.00	3,205,571,271.00
Net cash flow generated by financing	2,226,849,319.00	271,579,654.00	919,168,933.00	404,828,729.00
IV.Influence of exchange rate alternation on cash and cash equivalents				
V.Net increase of cash and cash equivalents	1,087,779,017.00	-56,257,911.00	622,451,631.00	405,778,005.00
Add: balance of cash and cash equivalents at the	1,894,021,204.00	659,395,980.00	1,738,834,186.00	287,691,522.00

beginning of term				
VI .Balance of cash and cash equivalents at the end of term	2,981,800,221.00	603,138,069.00	2,361,285,817.00	693,469,527.00

Legal representative: Pan Li      Financial controller:Li Xiaoqing      The person in charge of the financial Dept:  
Qin Jingdong

Consolidated Statement of Change in Owners' Equity

Prepared by: Guangdong Electric Power Development Co., Ltd.

June 30, 2011

Unit: (RMB)

Items	Amount of the Current term										Amount of the previous term									
	Owner's equity Attributable to the Parent Company										Owner's equity Attributable to the Parent Company									
	Share Capital	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provisions	Attributable profit	Other	Minor shareholders' equity	Total of owners' equity	Share Capital	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provisions	Attributable profit	Other	Minor shareholders' equity	Total of owners' equity
I. Balance at the end of last year	2,797,451,138.00	1,884,426,171.00			3,425,241,041.00		2,058,635,851.00		2,918,622,675.00	13,084,376,876.00	2,659,404,000.00	1,334,874,325.00			3,159,617,944.00		2,117,942,715.00		2,782,980,683.00	12,054,819,667.00
Add: Change of accounting policy																				
Correcting of previous errors																				
Other																				
II. Balance at the beginning of current year	2,797,451,138.00	1,884,426,171.00			3,425,241,041.00		2,058,635,851.00		2,918,622,675.00	13,084,376,876.00	2,659,404,000.00	1,334,874,325.00			3,159,617,944.00		2,117,942,715.00		2,782,980,683.00	12,054,819,667.00
III. Changed in the current year		-5,949,653.00			350,239,991.00		-312,336,365.00		176,382,824.00	208,336,797.00	138,047,138.00	549,551,846.00			265,623,097.00		-59,306,864.00		135,641,992.00	1,029,557,209.00
( I ) Net profit							317,648,740.00		6,035,558.00	323,684,298.00							765,806,461.00		22,585,313.00	788,391,774.00
( II ) Other misc. income		-6,164,653.00								-6,164,653.00		-122,340,469.00								-122,340,469.00
Total of (I) and (II)		-6,164,653.00					317,648,740.00		6,035,558.00	317,519,645.00		-122,340,469.00					765,806,461.00		22,585,313.00	666,051,305.00
(III) Investment or decreasing of capital by owners									301,552,900.00	301,552,900.00	138,047,138.00	671,892,315.00							259,122,300.00	1,069,061,753.00
1. Capital inputted by owners									301,552,900.00	301,552,900.00	138,047,138.00	671,759,810.00								809,806,950.00

								0.00	0.00	8.00	5.00							3.00	
2. Amount of shares paid and accounted as owners' equity																	259,122,300.00	259,122,300.00	
3. Other											132,500.00							132,500.00	
(IV) Profit allotment				350,239,991.00		-629,985,105.00		-131,205,634.00		-410,950,748.00			265,623,097.00		-825,113,325.00		-146,065,621.00	-705,555,849.00	
1. Providing of surplus reserves				350,239,991.00		-350,239,991.00							265,623,097.00		-265,623,097.00				
2. Providing of common risk provisions																			
3. Allotment to the owners (or shareholders)						-279,745,114.00		-131,205,634.00		-410,950,748.00					-559,490,228.00		-146,065,621.00	-705,555,849.00	
4. Other																			
(V) Internal transferring of owners' equity																			
1. Capitalizing of capital reserves (or to																			
2. Capitalizing of surplus reserves (or to																			
3. Making up losses by surplus reserves.																			
4. Other																			
(VI) Special reserves																			
1. Provided this year																			
2. Used this term																			
(VII) Other		215,000.00							215,000.00										
IV. Balance at the end of this term	2,797,451,138.00	1,878,476,518.00		3,775,481,032.00		1,746,299,486.00		3,095,005,499.00		13,292,713,673.00		2,797,451,138.00	1,884,426,171.00		3,425,241,041.00		2,058,635,851.00	2,918,622,675.00	13,084,376,876.00

Legal representative: Pan Li      Financial controller: Li Xiaoqing      The person in charge of the financial Dept: Qin Jingdong

### Parent Company Statement on Change in Owners' Equity

Prepared by: Guangdong Electric Power Development Co., Ltd.

June 30, 2011

Unit: (RMB)

Items	Amount of the Current term								Amount of the previous term							
	Share Capital	Capital reserves	Less: Shares in stock	Special reserve	Surplus reserves	Common risk provisions	Attributable profit	Total of owners' equity	Share Capital	Capital reserves	Less: Shares in stock	Special reserve	Surplus reserves	Common risk provisions	Attributable profit	Total of owners' equity
I. Balance at the end of last year	2,797,451,138.00	1,817,556,816.00			3,425,241,041.00		1,535,556,675.00	9,575,805,670.00	2,659,404,000.00	1,268,004,970.00			3,159,617,944.00		1,359,984,311.00	8,447,011,225.00
Add: Change of accounting policy																
Correcting of previous errors																
Other																
II. Balance at the beginning of current year	2,797,451,138.00	1,817,556,816.00			3,425,241,041.00		1,535,556,675.00	9,575,805,670.00	2,659,404,000.00	1,268,004,970.00			3,159,617,944.00		1,359,984,311.00	8,447,011,225.00
III. Changed in the current year		-5,949,653.00			350,239,991.00		-70,744,878.00	273,545,460.00	138,047,138.00	549,551,846.00			265,623,097.00		175,572,364.00	1,128,794,445.00
( I ) Net profit							559,240,226.00	559,240,226.00							1,000,685,689.00	1,000,685,689.00
( II ) Other misc.income		-6,164,653.00						-6,164,653.00		-122,340,469.00						-122,340,469.00
Total of (I) and (II)		-6,164,653.00					559,240,226.00	553,075,573.00		-122,340,469.00					1,000,685,689.00	878,345,220.00
(III) Investment or decreasing of capital by owners									138,047,138.00	671,892,315.00						809,939,453.00
1. Capital inputted by owners									138,047,138.00	671,759,815.00						809,806,953.00
2. Amount of shares paid and accounted as owners' equity																

3. Other									132,500						132,500
									.00						.00
( IV ) Profit allotment					350,239		-629,98	-279,74				265,623		-825,11	-559,49
					,991.00		5,104.0	5,113.0				,097.00		3,325.0	0,228.0
							0	0						0	0
1.Providing of surplus reserves					350,239		-350,23					265,623		-265,62	
					,991.00		9,991.0					,097.00		3,097.0	
							0							0	
2.Providing of common risk provisions															
3. Allotment to the owners (or shareholders)							-279,74	-279,74						-559,49	-559,49
							5,113.0	5,113.0						0,228.0	0,228.0
							0	0						0	0
4. Other															
(V) Internal transferring of owners' equity															
1. Capitalizing of capital reserves (or to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															
3. Making up losses by surplus reserves.															
4. Other															
(VI) Special reserves															
1. Provided this year															
2. Used this term															
( VII ) Other		215,000						215,000							
		.00						.00							
IV. Balance at the end of this term	2,797,4	1,811,6			3,775,4		1,464,8	9,849,3	2,797,4	1,817,5		3,425,2		1,535,5	9,575,8
	51,138.	07,163.			81,032.		11,797.	51,130.	51,138.	56,816.		41,041.		56,675.	05,670.
	00	00			00		00	00	00	00		00		00	00

Legal representative: Pan Li      Financial controller: Li Xiaoqing      The person in charge of the financial Dept: Qin Jingdong



Schedule of Asset Depreciation Reserve

Prepared by: Guangdong Electric Power Development Co., Ltd. June 30,2011

Unit:RMB

Items	Book balance in year-begin	Increased amount in this period	Decrease in this period		Book balance in period-end
			Transfer-in	Transfer-out	
I.Provision for bad debts	1,971,217.00				1,971,217.00
II.Provision for falling price of inventory	8,630,653.00				8,630,653.00
III.Provision for devaluation of financial asset available for sales					
IV.Provision for devaluation of held-to maturity investment					
V.Provision for devaluation of long-term equity investment					
VI.Provision for devaluation of investing property					
VII.Provision for devaluation of fixed assets	228,331,363.00				228,331,363.00
VIII.Provision for devaluation of engineering materials					
IX.Provision for devaluation of construction in progress					
X.Provision for devaluation of productive biological assets					
Including: Provision for devaluation of mature productive biological assets					
XI.Provision for devaluation of oil assets					
XII.Provision for devaluation of intangible assets					
XIII.Provision for devaluation of goodwill					
XIV.Other					
Total	238,933,233.00				238,933,233.00

**Guangdong Electric Power Development Co., Ltd.**  
**Notes to Financial Statement**  
**For Semi-annual 2011**

**I. General information**

Guangdong Electric Power Development Co., Ltd. ("the Company") is a joint stock limited company jointly sponsored and established by Guangdong Electric Power Group Company, Guangdong Trust Investment Company under Construction Bank of China, Guangdong Electric Power Development Company, Guangdong International Trust Investment Company and Guangdong Development Bank (now as Guangdong Guangkong Co., Ltd.). At the time of establishment, the registered capital of the Company was 356,250,000 ordinary shares with par value of RMB 1 per share.

The Company issued RMB 44,000,000 Denominated Domestic Shares ("A Shares") and Domestically Listed Foreign Shares ("B Shares") on Shenzhen Stock Exchange on November 26, 1993 and June 28, 1995 respectively. After this issuance, the share capital of the Company increased to RMB 505,250,000.

In 2001, pursuant to the approval on the implementation Plan of Guangdong Province's Reform of power industry structure Relating to Restructuring of Generation and Transmission Assets, a document issued by Guangdong Provincial Government and referred to as Yue Fu Han 2001 No.252, Guangdong Electric Power Holding Co. ("GPHC"), the former major shareholder of the Company, was split into two separate companies, namely, Guangdong Power Grid Corporation ("GPGC", formerly Guangdong Guangdong Group Co., Ltd.), and Guangdong Yudean Group Co., Ltd. ("Yudean" formerly Guangdong Yudean Assets Management Co., Ltd.). After restructuring, the electricity transmission and distribution in Guangdong Province, The PRC, were controlled and managed by GPGC, while Yudean concentrated in the investment and management of power plants. According to the Reply to issues in the Restructuring of Provincial Power Companies assets with a document number of Yue Cai Qi (2001) No.247, the Company's 50.15% equity interest formerly held by GPHC was transferred to Yudean on August 1, 2001.

According to Yue Guo Zi Han (2005) No. 452 Document, i.e., Official Reply to Issues Concerning Share Holding Structure Reform of Guangdong Electric Power Development Co., Ltd., issued by State-owned Assets Regulatory Commission under Guangdong People's Government, the Company carried out share holding structure reform on January 18, 2006. All shareholders holding non-negotiable shares paid 3.1 shares for every 10 shares to shareholders holding negotiable A shares registered on the equity change registration day (January 18, 2006) specified in the plan for share holding structure reform as consideration. 121,357,577 corporate shares were paid in total.

广东电力发展股份有限公司  
2011 年中期财务报表附注  
(除特别说明外, 金额单位为人民币元)

From January 19, 2006, all corporate shares of the Company can be listed and traded at Shenzhen Stock Exchange. However, sale restriction period of 1-3 years was specified. Due to these restricted conditions, As of June 30, 2010, there were still 5, 885, 259 shares of legal shares not traded which were originally held by the non-tradable shareholders, after the non-tradable share reform, the stock shares which were owned by Yudean. Reduced from 50.15% to 46.34%.

According to “Approval of Non-publicly Issued Shares for Guangdong Power Development Co., Ltd” (CSRC License No. [2010]376) on April, 2010, The non-publicly issued A shares of parties, Yudean Group actually purchase 138,047,138 of A shares. After the non-public issued, the stock shares which were owned by Yudean Group Increased from 46.34% to 48.99%

The Company and its subsidiaries (the “Group”) are principally engaged in the susiness of developing electric power plants in Guangdong Province, the PRC. The Company’s registered address is 23 to 26 floor, Yudean Plaza, 2 Tianhe East Road, Guangzhou City, Guangdong Province, the PRC. Yudean Group is the Parent Company of the company.

## II. Summary of significant accounting policies and accounting estimates

### (1). Compilation basis of financial statements

The financial statements is formulated according to Item 38: specific accounting standards from “Corporate Accounting Standards—basic principles” issued by Ministry of Finance on Feb., 15, 2006, corporate accounting standards application guide, corporate accounting standards explanation and other related regulations (Hereinafter referred to be “corporate accounting standards”) issued later.

### (2)Fiscal year

Fiscal year is dated from Gregorian calendar Jan., 1 to Gregorian calendar Dec., 31.

### (3)Recording currency

Recording currency is RMB.

### (4)Business Combinations

#### (a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus, if the capital surplus is not sufficient to absorb the diference, the remaining balance is adjusted against retained earnings.

## 广东电力发展股份有限公司

### 2011 年中期财务报表附注

(除特别说明外, 金额单位为人民币元)

Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred.

#### (b) Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at the fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period.

Costs directly attributable to the combination are included in the cost of combination.

#### (5) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the company and its subsidiaries.

Subsidiaries are fully consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceased. For a subsidiary acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, came under common control of the ultimate controlling party. The portion of the net profits realized before the combination date is presented separately in the consolidated income statement.

The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries. For subsidiaries acquired from a business combination involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements, the portion of a subsidiary's equity and the portion of a subsidiary's net profits and losses for the period not held by the Company are recognized as minority interests and presented separately in the consolidated balance sheet within equity and net profit respectively.

#### (6) Cash and cash equivalents

# 广东电力发展股份有限公司

## 2011 年中期财务报表附注

(除特别说明外, 金额单位为人民币元)

The cash listed in cash flow table refers to stored cash and payable deposit whenever, the term “ cash “ refers to cash on hand and deposits that are available for payment at any time. The term : cash equivalents” refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### (7) Foreign currency translation

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currency are translated into RMB using the spot exchange rate on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets. Non-monetary items denominated in foreign currency that are measured in terms of historical cost are translated at the balance sheet date using the spot exchange rate at the date of transaction. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

### (8) Financial instrument

#### (a) Financial assets

##### (i) Classification

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. During 2010, other than receivables and available-for-sale financial assets, the Group did not hold any financial assets in other categories.

#### Account receivables

Account receivables, including accounts receivable and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial

# 广东电力发展股份有限公司

## 2011 年中期财务报表附注

(除特别说明外, 金额单位为人民币元)

recognition. Available-for –sale financial assets are included in other current assets in the balance sheet if management intends to dispose of them within 12 months of the balance sheet date.

### (ii) Recognition and measurement

Financial assets are recognized at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument, for receivables and available-for-sale financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in the their initial recognition amounts

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose air value cannot be reliably measured. Receivables are measured at amortised cost using the effective interest method.

Again or loss arising from a change in fair value of an available-for-sale financial asset is recognized directly in equity , except for impairment lossets and foreign exchange gains and losses arising from the translation of monetary financial assets. When such financial asset is derecognized, the cumulative gain or loss previously recognized in equity is recognized in profit or loss for the current period, Interests on available-for –sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for –sale investments in equity instruments are recognized as investment income in profit or loss.

### (iii) Impairment of financial assets

The Group assesses the carrying amount of a financial asset other than that at fair value through profit or loss at each balance sheet date. If there is objective evidence that the financial asset is impaired, the Group shall determine the amount of any impairment loss.

If an impairment loss on a financial asset carried at amortised cost has been incurred,the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (Ecluding future credit losses that have not been incurred), if there is objective evidence that the value of the financial assets recovered and the recovery is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and the amount of reversal is recognized in profit or loss. In the case of a significant or prolonged decline in the fair value of an available-for-sale financial assets, the cumulative loss arising from the decline in fair value that had been recognized directly in equity is removed from equity and

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recognized in impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognized, if in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the previously recognized impairment loss is reversed and recognized in profit or loss for the current period, for an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognized, when the previously recognized impairment loss for sellable rights Characteristics of Investment, in a subsequent period, its fair value increases and directly recognized in equity.

#### (iv) Derecognition of financial assets

Financial assets are derecognized when: i) the contractual rights to receive the cash flows from the financial assets have expired; or ii) all substantial risks and rewards of ownership of the financial assets have been transferred; or iii) the control over the financial asset has been waived even if the Group does not transfer or retain nearly all of the risks and rewards relating to the ownership of a financial assets.

On derecognition of a financial assets, the difference between the carrying amount and the aggregate of consideration received and the accumulative amount of the changes of fair value originally recorded in the owner's equity is recognized in profit or loss.

#### (b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: the financial liabilities at fair value through profit or loss and other financial liabilities, During 2011, The financial liabilities in the Group mainly comprise other financial liabilities, including payables and borrowings.

Payables comprise accounts payable and other payables, which are recognized initially at fair value and measured subsequently at amortised cost using the effective interest method.

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortised costs using the effective interest method.

Other Financial liabilities are classified as the current liabilities if they mature within one year (one year included); others are classified as Non-current liabilities; Non-current liabilities due for repayment within one year since the balance sheet day are classified as current portion of non-current liabilities.

A financial liability is derecognized when and only when the obligation specified in

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the contract is discharged or cancelled. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

### © Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument for which the market is not active is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable, willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, and discounted cash flow analysis. When a valuation technique is used to establish the fair value of a financial instrument, use market data as much as possible and avoid use of data that is particularly related to the Group.

### (9) Account receivable

Account receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of Goods or rendering of services are initially recognized at fair value of the contractual payments from the buyer.

#### (a) Bad debt recognition and measurement method

##### --Bad debt recognition criterion

For all receivables, separately perform impairment testing. When objective evidence indicates the Group can't receive money according original terms, provision for bad debts recognized.

##### — Bad debts provision method

The bad debt will be recognized when the present value of estimated future cash flow below their book value.

(b) When the Group transfers the accounts receivable to financial institutions without recourse, the difference between proceeds derived from the transaction, net of the carrying amounts of the accounts receivable and relevant taxes is recognized in profit or loss for the current period.

### (10) Inventory

#### 1. Classification

Inventories mainly include fuel and spare parts, and are presented at the lower of cost and net realizable value.

#### 2. The valuation method of inventories



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Cost is determined using the weighted average method.

3.The method of determination of net realizable value of inventory and impairment

Provisions for declines in the value of inventories are determined at the carrying value of the inventories net of their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and relevant taxes.

4.The group adopts perpetual inventory system.

(11)Long-term Equity Investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, the Group's long-term equity investments in its associates as well as the long-term equity investment where the Group does not have control, joint control or significant influence over the investees, and which are not quoted in an active market and whose fair value cannot be reliably measured.

Subsidiaries are all investees over which the Company is able to control; associates are all investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are measured using the cost method in the Company's financial statements, and adjusted using the equity method when preparing the consolidated financial statements; investments in associates are accounted for using the equity method; other long-term equity investments where the Group does not have control, joint control or significant influence over the investee, and which are not quoted in an active market and whose fair value cannot be reliably measured are accounted for using the cost method.

(a) Determining investment cost

Long-term equity investments accounted for using the cost method are measured at the initial investment cost. Long-term equity investments accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted accordingly.

(b) Subsequent accounting and recognition of profit or loss

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For long-term equity investments accounted for using the cost method, investment income is recognized in profit or loss for the cash dividends or profit declared by the investee.

When using the equity method of accounting, the Group recognized the investment income based on its share of net profit or loss of the investee. The Group discontinues recognizing its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the conditions on recognition of provision are satisfied in accordance with the accounting standards on contingencies, the Group continues to recognize the investment losses and the provision. For changes in owner's equity of the investee other than those arising from its net profit or loss, the Group records directly in capital surplus its proportion, provided that the Group's proportion of shareholding in the investee remains unchanged. The carrying amount of the investment is reduced by the Group's share of the profit or cash dividends declared by and investee. The unrealized profits or losses arising from the intra-group transactions between the Group and its investees are eliminated to the extent of the Group's interest in the investees, on the basis of which the investment gain or losses are recognized. The loss on the intra-group transaction between the Group and its investees, of which the nature is asset impairment, is recognized in full amount, and the relevant unrealized gain or loss is not allowed to be eliminated.

#### © Determining control, joint control, significant influence over investees

Control means that the investor has the power to govern the financial and operating policies so as to obtain benefits from their operating activities. The existence and effect of potential voting rights (including that derived from the convertible bonds and warrants that are currently convertible or exercisable) are considered to determine whether the Group has control over the investee.

Joint control means that the investor has contractual obligation to control a certain economic activity, while such control only exists when the significant financial and operating policies relating to that activity are agreed upon by all investors sharing that control.

Significant influence means that the investor has the right to participate in the determination of the investee's financial and operating policies, but cannot control or joint control with other parties on the determination of these policies.

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(d) Impairment of long-term equity investments

The carrying amount of long-term equity investments in subsidiaries and associates is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note 2(18)). When the long-term investments which are not quoted in an active market and whose fair value cannot be reliably measured have impairment, the impairment loss is recognized at the differences between carrying amounts and the present value of future cash flow discounted using the prevailing market return rate on similar financial assets. Once the impairment loss is recognized, it is not allowed to be reversed for the value recovered in the subsequent periods.

(12) Investment property

Investment property, including buildings that held for the purpose of lease and leased land use right, is measured initially at cost. Subsequent expenditures incurred for and investment property is included in the cost of the investment property when it is probable that economic benefits associated with the investment property will flow to the Group and its cost can be reliably measured, otherwise the expenditure is recognized in profit or loss in the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of the investment property. Buildings and land use rights are depreciated or amortised to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of the investment properties are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
House and Building	30~41 years	5%	2.32~3.17%

When an investment property is changed to an owner-occupied property, it is transferred to fixed asset at the date of the change. When an owner-occupied property is changed to be held to earn rentals or for capital appreciation, the fixed asset is transferred to investment property at the date of the change at the carrying amount of the property.

The estimated useful life, net residual value of the investment property and the depreciation method applied are reviewed, and adjusted as appropriate at each

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financial year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of proceeds on sale, transfer, retirement or damage of an investment property less its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

When the recoverable amount of investment real estate less than its carrying value, book value is reduced to its recoverable amount (Notes 2 (17)).

(13).Fixed assets

(1)Initial recognition and measurement

Fixed assets comprise buildings, electric utilities in service, motor vehicles and other equipments.

A fixed asset is recongnized when it is probable that the economic benefits associated with the fixed assets will flow to the Group and its cost can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition. Fixed assets contributed by the State-owned shareholders at the incorporation of a limited company are initially recorded at the valuation amount recognized by the State-owned assets supervision and administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the economic benefits associated with the fixed asset will flow to the Group and its cost can be reliably measured. The carrying amount of those parts that are replaced is derecognized and all the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

(2)Depreciation method

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets being provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates are as follows:

Estimated useful lives	Estimated residual value	Annual depreciation rate
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House and Bulding	10 years-35 years	5%-10%	2.57%-9.5%
Electric Utilities in service	8 years-18 years	5%-10%	5%-11.88%
Motor vehicles	8 years- 10 years	5%-10%	9%-11.88%
Other equipment	5 years-10 years	5%-10%	9%-19%

The estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at least at each financial year-end.

(3)When the recoverable amount of investment real estate less than its carrying value, book value is reduced to its recoverable amount (Notes 2 (17)).

(4)Fixed assets disposal

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(14).Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation cost, borrowing costs that are eligible for capitalization and other costs necessary to bring the the fixed assets ready for their intended use. Actual cost also consists of the net amount of revenue generated and expenses that incurred in the text running peiod.

Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Notes 2(17)).

Approach of defining financial leases and pricing of the construction in progress.

Essentially, leases that involve the transfer of all risks and income related to the ownership of assets can be defined as financial lease. When determining the recorded value of the leased construction in progress, the fair value of the leased asset and the lowest payment of the lease are compared and the lower will be applied. The difference between the recorded value of the leased asset and the lowest payment of the lease in termed as unconfirmed financing costs (Note 2 (24)(b))

(15). Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time of acquisition and construction for its intended use commence to be capitalised and recorded as part of

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the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For a borrowing specific for the acquisition, construction or production activities for preparing an asset eligible for capitalisation, the to-be-capitalised borrowing costs shall be determined according to the actual borrowing costs incurred less any income earned on the unused borrowing fund as a deposit in the bank or as a temporary investment.

For the other borrowings related to acquisition, construction and production of a qualifying asset, the amount of to-be-capitalised borrowing costs shall be the lower of the actual borrowing costs incurred and the amount of qualifying asset not financed by specific borrowings multiplying capitalisation rate. The capitalisation rate is the weighted average interest rate of these borrowings.

### (16).Intangible assets

Intangible assets including land use rights, sea use rights, software and associated projects for electricity transmission and transformation are measured at cost. Intangible assets contributed by the state-owned shareholders at the incorporation of a limited company are initially recorded at the valuation amount recognized by the state-owned assets supervision and administration department.

#### (1)Land use rights (“LUR”) and sea use lights

LUR acquired are amortized on the straight-line basis over 20 to 50 years. If the purchase costs of LUR and attached buildings cannot be reliably allocated between the LUR and buildings, for the purchase costs are recognised as fixed assets.

Sea use rights acquired are amortized on the straight-line basis in 50 years.

#### (2)Other Intangible assets

Other intangible assets acquired except for LUR and sea use rights are amortized on the straight-line basis over 2 to 20 years according to their estimated useful lives.

#### (3) Periodical review of useful life and amortisation method

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For an intangible asset with a finite useful life, review and adjustment on useful life and amortization method are performed at each year-end.

#### (4) Impairment of intangible assets

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Notes 2(17)).

#### (17). Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries and associates are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. A provision for asset Impairment is determined and recognised on an individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Separately recognised goodwill is tested at least annually for impairment, irrespective of whether there is any indication that the asset may be impaired. During the test, the carrying value of goodwill is allocated to the related asset group or groups of asset group which is expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or groups of asset group including the goodwill allocated is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill allocated to the asset group or groups of asset group, and then deducted from the carrying amount of the remaining assets of the asset group or groups of asset group pro rata with goodwill.

Once the asset impairment loss mentioned above is recognised, it is not allowed to be reversed for the value recovered in the subsequent periods.

#### (18). Employee benefits

Employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff

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welfare, social security contributions, housing funds, labour union funds, employee education funds and other expenditures incurred in exchange for service rendered by employees.

If the Group terminates the labor relationship with any employee prior to the expiration of the relevant labor contract or makes a severance package proposal with the purpose of enticing the employees to willingly accept such a termination, and the following conditions are concurrently satisfied, the Group shall recognize the liabilities to be incurred due to severance pay, and shall at the same time record them in the profit and loss of the current period.

Except for the compensation for termination of labor relationship, employee benefits are recognised as a liability in the accounting period in which an employee has rendered service, and as costs of assets or expenses to whichever the employee service is attributable.

### (19).Dividend distribution

Proposed Dividend distribution is recognised as a liability in the period in which it is approved by the shareholders' meeting.

### (20).Estimated liabilities

Provisions for product warranties, onerous contracts are recognised when the Group has a present obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency such as the risks, uncertainties and the time value of money are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### (21).Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary



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course of the Group's activities. Revenue is shown net of value-added tax, rebates, discounts and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the relevant revenue can be reliably measured and specific revenue recognition criteria have been met for each of the Group's activities as described below:

### (1) Sale of electricity and heat energy

Revenue is recognised upon transmission of electricity or heat energy.

### (2) Rendering of services

The Group provides service to external parties and determines the stage of completion based on proportion of costs incurred to date to the estimated total costs. Revenue is recognised using the percentage of completion method.

### (3) Transfer of asset use rights

Interest income is recognised on a time-proportion basis, the cash at bank and on hand of the Group used by other parties, using the effective interest method.

Income from an operating lease is recognised on a straight-line basis over the period of the lease.

### (22). Government subsidies

Government subsidy means the monetary or non-monetary assets obtained freely by an enterprise from the government, including tax returns, financial subsidies.

Government subsidy is recognized unless the additional condition can be met and the subsidy can be received by the corporation. If the government subsidy is a monetary asset, it will be measured in the light of the received or receivable amount, if the government subsidy is a non-monetary asset, it shall be measured at its fair value. If its fair value cannot be obtained in a reliable way, it will be measured at its nominal amount.

The government subsidies pertinent to assets will be recognized as other non-current debt-deferred income, equally amortized within the useful lives of the relevant assets and recognized as profit and loss at the same time. The government subsidies measured at their nominal amounts will be directly recognized as profit and loss in the current period.

The government subsidies pertinent to incomes, those subsidies used for

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compensating related future expenses or losses will be recognized as deferred income and recognized as profit and loss during the period when the relevant expenses are recognized; those subsidies used for compensating related expenses or losses already existed will be directly recognized as income or cost in the current period.

#### (23).Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax base of assets and liabilities and their carrying amount (temporary differences). Deferred tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax law. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss) At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

Deferred tax assets and liabilities are offset and presented on net basis when:

- (a)The deferred taxes are relate to the same tax payer within the group and same fiscal authority, and;
- (b)That tax payer has a legally enforceable right to offset current tax assets against current tax liabilities.

#### (24).Leases

A finance lease is a lease that transfers substantially all the risks and rewards

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incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

### (a) Operating lease

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalized as part of the cost of related assets, or charged as an expense for the current period.

### (b) Finance lease

The leased asset is recorded at the amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as an unrecognized finance charge and is amortised using the effective interest method over the period of the lease. A long-term payable is recorded at the amount equal to the minimum lease payments less the unrecognized finance charge.

### (25). Segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting, then discloses segment information of reportable segments which is based on operating segments.

An operating segment is the component of the Group that all of the following conditions are satisfied:

- (1) that component can earn revenues and incur expenses from ordinary activities;
- (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance, and
- (3) for which the information of financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics, and certain conditions are satisfied, they may be aggregated into a single operating segment.

### (26). Exchange of non-monetary assets

The "exchange of non-monetary assets" refers to the exchange of non-monetary assets between two parties that includes the transactions of inventories, fixed assets, intangible assets, or long-term equity investments. Such an exchange involves no or few monetary assets (i.e. boot).

When the exchange of a non-monetary asset concurrently satisfies the following conditions, the cost of the received asset shall be its fair value including the relevant

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applicable taxes; any difference between the fair value and the book value of the relinquished asset shall be recorded as profit or loss for the current period:

- (a) The exchange is commercial in nature;
- (b) The fair value of the received or relinquished asset can be reliably measured;

Where an exchange of non-monetary assets does not concurrently meet the above conditions, the book value of the relinquished asset including all relevant applicable taxes shall be the cost of the received asset, and no profits or losses shall be recorded.

### (27).Critical accounting estimates and judgments

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

#### (a) The estimates of the depreciable lives of property, plant and equipments

The estimate of depreciable lives of property, plant and equipments was made by the directors with reference to the practice of industry, their expected physical wear and tear, and the durability assessment performed. The evaluation of estimated useful lives is assessed by the directors annually.

Change of estimated useful lives may cause significant impact on the Group's net profit.

#### (b)Estimated impairment of other long-term assets

As disclosed in Notes 2(17), the Group's long-term assets, such as fixed assets, construction progress, intangible assets with finite useful lives, investment properties measured using the comodel and long-term equity investments, are tested for impairment if there is any indication that a asset may be impaired at the balance date.

In determining whether there is any indication of potential asset impairment, management mainly evaluate and analyze from the following aspects: (1) whether the issues affecting the asset impairment have occurred; (2) whether the present value of cash flows, which is expected to receive for the sustained use of the asset or disposal of the asset, is less than the net book value; and (3) whether the key assumptions used for the present value of projected future cash flow is appropriate.

The relevant assumptions used to determine asset impairment, such as the discount rate used in present value of future cash flow method, the variation of the growth rate assumptions and so on, may have a significant impact on the present value which is

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employed in the impairment testing, resulting the impairment of long-term assets of the Group.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. The Group recognizes income taxes in each jurisdiction based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

III. Taxation

(1) The types and rates of taxes applicable to the Group are set out below:

Type	Taxable base	Tax rate
Enterprise income tax	Taxable income	12%, 24% and 25%
VAT	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of current period)	17%
Business tax	Taxable turnover	5%
City maintenance and construction tax	Value added tax and Business tax amount	5% and 7%
Surcharge education	for Value added tax and Business tax amount	2% 及 3%

On March 16, 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which is effective from January 1, 2008. Except for the two subsidiaries, Guangdong Yuejia Electric Power Co., Ltd. ("Yuejia Electric") and Guangdong Yudean Zhanjiang Wind Power Co., Ltd. ("Zhanjiang Wind Power") (as disclosed in the following notes), the enterprise income tax rate applicable to the Group is 25%.

Additionally, according to the State Council's Notification of unification of domestic companies, Foreign investment and Foreign Enterprises' urban Maintenance and Construction Tax and Additional Education Fees (NDRC(2010)No.35), all Foreign

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investment and Foreign Enterprises are subjected to urban Maintenance and Construction Tax and Additional Education Fees from 1 December 2010, As a result, the company and the subsidiaries of the company, Yuejia Electric And Zhanjiang Wind power , are no more subjected to the temporary exemption from urban maintenance and construction tax and additional education fees.

#### (2) Tax preferential and approval

According to the approval of the Guangzhou Municipal Office of State Administration of Taxation Foreign Tax Center Guoshuifa [1997] No. 185 and the Guangzhou Municipal Office of State Administration of Taxation Foreign Tax Center Waifa [1998] No. 045, the corporate income tax rate of YueJia Electric is 15%. Based on the new CIT law, the corporate income tax rate of YueJia Electric will apply from 2008 to 2012 as period of 5 years and gradual transition to 25%. The enterprise income tax rate of the YueJia Electric is 24% for 2011.

According to the approval of the Zhanjiang Municipal Office of State Administration of Taxation Direct Taxation Office Zhangguoshui [2007] No. 15, the enterprise income tax rate of Zhanjiang Wind Power is 15%, and from the profit-making year, the first and second year exemption from enterprise income tax, the third to fifth year business income tax reduced by half. On January 1, 2008, Zhanjiang Wind Power has not profitable. Under the provisions of the new CIT Law, which will continue to apply the preferential policies, but was identified 2008 as the first profitable year. Therefore, Zhanjiang Wind Power will continue to apply exemption from corporate income tax. The enterprise income tax rate of the Zhanjiang Wind Power is 12% for 2011.

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IV. Subsidiaries

(a) Subsidiaries acquired through business combination under common control

	Type of Subsidiaries	Place of Registration	Nature of business	Registered capital	Scope of business	Business type	
Zhangjiang Electric Power Co., Ltd.	Direct	Zhanjiang	Electric	2,875,440,000	Generation of Electricity, Power plant operating	Limited Liability Company	
Yuejia Electric	Direc	Meizhou	Electric	1,200,000,000	Generation of Electricity, Power plant operating	Foreign-funded enterprise	
Guangdong Shaoguan Yuejiang Electric PowerCo., Ltd.	Dir	Direct	Shaoguan	Electric	770,000,000	Generation of Electricity, Power plant operating	Limited Liability Company
Zhanjiang Zhongyue Energy Co., Ltd	Direct	Zhanjiang	Electric	1,454,300,000	Generation of Electricity, Power plant operating	Limited Liability Company	
	The actual amounts of capital in the year end	Essentially constitute a subsidiary the balance of the net investment in other projects		Interest held (%)	Voting rights (%)	Whether consolidate the financial statement or not	Minority interest
Zhanjiang Electric	2,185,334,400	-		76%	76%	Yes	925,751,474
Yuejia Electric	701,279,338	-		58%	58%	Yes	385,583,920
Yuejiang Electric	500,500,000	-		65%	65%	Yes	139,491,255
Zhongyue Energy	1,532,578,100	-		90%	90%	Yes	122,587,101
	<u>4,919,691,838</u>	<u>-</u>					<u>1,573,413,750</u>

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### (2) Subsidiaries established or invested by the Group

	Type of Subsidiaries	Place of registration	Nature of business	Registered capital	Scope of business	Business type	
Maoming Zhenneng Thermoelectric power Co., Ltd	Direct	Maoming	Electric	542,157,500	Generation of Electricity	Limited Liability Company	
Guangdong Yudean Jinghai Electric Power Development Co., Ltd.	Direct	Jieyang	Electric	2,919,272,000	Generation of Electricity	Limited Liability Company	
Zhanjiang Wind Power	Direct	Zhangjian	Electric	346,110,000	New Energy Development and Generation of Electricity	Foreign-funded enterprise	
Guangdong Oil shale power Generation Co., Ltd.	Direct	Maoming	Electric	235,000,000	Oil Development and Generation of Electricity	Limited Liability Company	
Guangdong Yudean Anxin Electric Power Maintenance	Direct	Dongguan	Electric	20,000,000	Providing repair and maintenance service	Limited Liability Company	
Guangdong Yudean Humen Electric Power Co., Ltd.	Direct	Dongguan	Electric	150,000,000	Generation of Electricity	Limited Liability Company	
Guangdong Yudean Power Bohe Repair Co., Ltd.	Direct	Maoming	Electric	170,000,000	Generation of Electricity and Coal construct	Limited Liability Company	
Zhanjiang Yuheng Power Repair Co., Ltd.	Indirect	Zhangjian	Electric	20,000,000	Poviding repair and Mainternance service	Limited Liability Company	
Guangdong Yudean Xuwen Wind Electric Power Co., Ltd.	Indirect	Zhanjian	Electric	65,000,000	Generation of Electricity	Limited Liability Company	
	The actual amounts of capital in the year end	Essentially constitute a subsidiary the balance of the Net investment in other projects		Interest held (%)	Voting rights (%)	Whether consolidate the financial statements or not	Minonity interest



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Maoming Zhenneng	288,561,587	-	53.28%	53.28%	Yes	277,041,197
Jinghai Electric	1,930,395,668	-	65%	65%	Yes	1,062,042,928
Zhanjiang Wind Power	205,044,000	-	70%	70%	Yes	89,252,695
Oil Shale Power	196,398,200	-	83.66%	83.66%	Yes	34,602,659
Anxin	20,000,000	-	100%	100%	Yes	-
Humen Electric	90,000,000	-	60%	60%	Yes	58,652,270
Bohe	170,000,000	-	100%	100%	Yes	-
Zhangjiang Yuheng	15,200,000	-	100%	100%	Yes	-
Xuwen Wind	45,500,000	-	100%	100%	Yes	-
	<u>2,961,099,455</u>	<u>-</u>				<u>1,521,591,749</u>

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V. Notes to the consolidated financial statements

(1) Monetary fund

	December 31, 2010			June 30, 2011		
	Foreign currency amount	Exchan ge rate	RMB	Foreign currency amount	Exchan ge rate	RMB
Cash on hand						
RMB			385,446			43,870
Cash at bank						
RMB			1,128,362,608			1,568,687,522
USD	1,095,209	6.6227	7,253,241	1,924,604		12,455,267
HKD	15,125	0.8509	12,870	12,872		10,704
Cash at Guangdong Yudean Finance Co., Ltd(Notes VII(5)(i))						
RMB			758,007,039			1,400,602,858
			<u>1,894,021,204</u>			<u>2,981,800,221</u>

It is the same as cash listed in the cash flow statement.

(2) Accounts receivable

	December 31, 2010	June 30, 2011
Accounts receivable		
Within 1 year	1,841,038,374	1,650,307,471
1-2 years	-	13,769,091
2-3 years	-	-
Over 3 years	-	-
Less: Provision for bad debts	-	-
	<u>1,841,038,374</u>	<u>1,664,076,562</u>

(a) Accounts receivable are analysed by customers categories as follows:

	December 31, 2010				June 30, 2011			
	Book Balance	Provision for bad debts	Proportion		Book Balance	Provision for bad debts	Proportion	
	Amount	Amount	n		Amount	Amount	n	
Individual material	1,831,238,519	-	99.47%	-	1,656,393,829	-	99.54%	-

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Other	9,799,855	0.53%	-	-	7,682,733	0.46%	-	-
	<u>1,841,038,374</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>1,664,076,562</u>	<u>100%</u>	<u>-</u>	<u>-</u>

(b) As of June 30, 2011, No balances included in above accounts receivable are due from the shareholders of the Company who hold over 5% (including 5%) shares with voting rights

(c) As of June 30, 2011 the Group's five largest accounts receivable balances are analysed as follows:

	Relation with the Group	Amount	Period	Ratio of total accaccount receivable
GPGC	Third party	1,642,785,344	Within 1 year	98.72%
Shajiao Power Plan C	Related party	4,538,419	1-2 years	0.27%
Zhanjiang Branch of GPGC	Third party	3,440,814	Within 1 year	0.21%
Shenzhen Guangqian Electric Power Co., Ltd.	Related party	2,985,812	1-2 years	0.18%
Guangdong Huizhou Natural gas Power Co.,Ltd.	Related party	2,643,440	1-2 years	0.16%
		<u>1,656,393,829</u>		<u>99.54%</u>

(d) Accounts receivable from related parties are analysed as follows:

	Relationship with the Group	December 31, 2010			June 30, 2011		
		Amount	Ratio of total ac caounts receivabl e (%)	Provision	Amount	Ratio of total ac caounts receivabl e (%)	Provision
Shajiao C	Controlled by Yudean Group	14,171,438	0.77%	-	4,538,419	0.27%	-
Guangqian	The Group's associate andcontrolled by yudean Group	6,534,224	0.35%	-	2,985,812	0.18%	-
Huizhou Natural Gas	The Group's associate andcontrolled by yudean Group	2,400,177	0.13%	-	2,643,440	0.16%	-
Guangdong Yudean Group Co., Ltd.	Zhuhai Power plant Controlled by Yudean Group	1,802,225	0.10%	-	-	-	-
Guangdong Zhuhai Jinwan Power Co., Ltd.	Controlled by Yudean Group	-	-	-	2,563,622	0.15%	-

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Guangdong Yudean						
Environmental Protection Co., Ltd.	Controlled by	Yudean				
Group			-	-	300,215	0.02%
			24,908,064	1.35%	13,031,508	0.78%

(e) As of June 30, 2011 and December 31, 2010, No accounts receivable balances are dominated in foreign currencies.

(3) Other receivables

	December 31, 2010		June 30, 2011
Entrust loans(a)	542,159,228		138,547,053
Advance for construction	3,607,797		1,735,806
Suppliers	7,836,751		11,676,051
Withholding income tax fee	1,635,277		-
Other	19,018,123		29,245,120
	<u>574,257,176</u>		<u>181,204,030</u>
		Increased in current period	Decreased in current period
Less: Provision for bad debts	(1,971,217)	-	(1,971,217)
	<u>572,285,959</u>		<u>179,232,813</u>

(a) The entrust loans, which the Group provides for associates through the trustee, are listed as follows:

Trustee	Borrower	Principal	Annual interest rate	Due date	Annual interests	June 30, 2011	Accumulative accrued interest	Provision for bad debts
Yudean Finance	Guangdong Yudean	44,200,000	6.14%	26/11/2011	1,122,293	46,730,153	2,530,153	-
	Holding Westem	26,000,000	4.78%	19/08/2011	624,722	27,131,446	1,131,446	-
Yudean Finance	Shanxi Yudean Energy Co., Ltd.	38,000,000	5.27%	07/02/2012	986,926	38,516,042	516,042	-
		6,000,000	5.76%	15/06/2012	146,456	6,076,578	76,578	-
		6,800,000	5.00%	21/11/2011	171,081	6,889,455	89,455	-
		8,000,000	5.68%	09/05/2012	65,624	8,034,313	34,313	-
Industrial Bank,Guangzhou Branch	Linchang Yuntou	2,500,000	6.65%	27/10/2011	79,560	2,584,533	84,533	-
		2,500,000	6.65%	29/11/2011	79,560	2,584,533	84,533	-
		<u>134,000,000</u>			<u>3,276,222</u>	<u>138,547,053</u>	<u>4,547,053</u>	<u>-</u>

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(b) The ageing of other receivables are analyzed as follows:

	December 31,2010	June 30,2011
Within 1 year	553,253,557	173,824,135
1-2 years	8,287,397	4,598,692
2-3 years	6,532,041	130,637
3-4 years	2,552,842	271,680
4-5 years	1,347,040	205,000
Over 5 years	313,082	202,669
	<u>572,285,959</u>	<u>179,232,813</u>

© other receivables are analysed by customers categories as follows:

	December 31, 2010				June 30,2011			
	Book Balance		Provision for bad debts		Book Balance		Provision for bad debts	
	Amount	balance%	Amount	balance%	Amount	balance%	Amount	balance%
Individual material	548,159,228	95.46%	-	-	146,757,106		-	
Other	26,097,948	4.54%	(1,971,217)	7.55%	34,446,924		(1,971,217)	
	<u>574,257,176</u>	<u>100%</u>	<u>(1,971,217)</u>	<u>0.34%</u>	<u>181,204,030</u>		<u>(1,971,217)</u>	

(d)As of June 30,2011, no balances included in above other receivables are due from the shareholders of the Company who hold over 5% (including 5%) shares with voting rights.

(e) As of June 30, 2011, the Group's five largest other receivables balances are as follows:

	Relationship with The Group	Amount	Period	Total other receivables %
Yudean Westem	Related parties	73,861,599	Within 1 year	41.21%
Shanxi Energy	Related parties	59,516,388	Within 1 year	33.21%
Linchang Yuntou	Related parties	5,169,066	Within 1 year	2.88%
Hongkong Huajinyuan Shipping Co., Ltd.	Third Parties	5,019,945	Within 1 year	2.80%
Shajiao C	Related parties	3,190,108	Within 1 year	1.78%
		<u>146,757,106</u>		<u>81.88%</u>

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(f) Other receivables due from related parties are as follows:

	Relationship	December 31, 2010			June 30, 2011		
		Amount	Ratio of total accounts receivable (%)	Provision	Amount	Ratio of total accounts receivable (%)	Provision
Weixin Yuntou	Associates	260,701,555	45.55%	-	-	-	-
Shanxi Energy	Associates	204,333,143	35.70%	-	59,516,388	33.21%	-
Yudean Westem	Associates	72,114,584	12.60%	-	73,861,599	41.21%	-
Linchang Yuntou	Associates	5,009,946	0.88%	-	5,169,066	2.88%	-
Shajiao C	Controlled by Yudean	1,635,277	0.29%	-	3,190,108	1.78%	-
Yudean environmental protection	Controlled by Yudean	766,176	0.13%	-	1,274,545	0.71%	-
Other(Notes VII(5)(i))	Controlled by Yudean	-	-	-	772,088	0.43%	-
		<u>544,560,681</u>	<u>95.15%</u>	<u>-</u>	<u>143,783,794</u>	<u>80.22%</u>	<u>-</u>

(g) As of June 30, 2011 and December 31, 2010, No other receivables balances are dominated in foreign currencies.

**(4) Advances to suppliers**

(a) The ageing of advances to suppliers is analysed below:

	December 31, 2010		June 30, 2011	
	Amount	Total balance %	Amount	Total balance %
Within 1 year	455,391,128	68.11%	308,215,685	31.89%
1-2 years	181,184,160	27.10%	458,561,600	47.11%
2-3 years	31,593,891	4.73%	194,122,101	20.00%
Over 3 years	427,078	0.06%	7,743,555	0.80%
	<u>668,596,257</u>	<u>100%</u>	<u>968,642,941</u>	<u>100%</u>

The balances with ageing over one year represent the prepayment or deposits paid to construction and equipment suppliers.

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(b) As of June 30,2011, the Group's largest five advances to suppliers balances are as follow:

	Relationship with the Group	Amount	Proportion	Prepaid year	Reasons for unsettling
Guangdong Electric Fuel Supply Co., Ltd.	Related party	540,630,766	55.81%	2009、2010、2011	Purchase deposits and contract has not yet expired
East Boiler	Third party	257,760,000	26.61%	2009	Purchase deposits for the equipments and Equipment has not been completed
Maoming Bohe New Port Construction control Center	Third party	42,646,000	4.40%	2010	Prepaid land and has not yet obtained the relevant certificates
Maoming Land Resources Bureau	Third party	18,000,000	1.86%	2009	repaid land and has not yet obtained the relevant certificates
Beijing Jinshiwei Power Technology Co., Ltd.	Third party	10,298,000	1.06%	2011	Purchase deposits for the equipments and Equipment has not been completed
		<u>869,334,766</u>	<u>89.74%</u>		

(c) As of June 30,2011, no prepaid in prepayments of our company hold above 5% (including 5%) voting shares' Shareholders funds:

(d) Prepayments to related parties as follows:

Relationship with the Group	December 31,2010			June 30, 2011		
	Amount	Proportion (%)	Provision f	Amount	Proportion (%)	Provision f
Fuel supply Associate and under common control by Yudean	396,810,766	59.35%	-	540,630,766	55.81%	-

(e) As of June 30,2011 and December 31, 2010, no prepayments balances are dominated in foreign currencies.

## (5) Inventory

(a) Inventory categories are listed as follows:

	December 31,2010			June 30,2011		
	Book Balai	Provision fo r inventory	Book va	Book Balai	Provision fo r inventory	Book va
Fuel	606,778,427	-	606,778,427	598,892,398	-	598,892,398
Spare parts	241,105,399	(8,630,653)	232,474,746	232,593,961	(8,630,653)	223,963,308
Other	12,994,678	-	12,994,678	37,429,878	-	37,429,878
	<u>860,878,504</u>	<u>(8,630,653)</u>	<u>852,247,851</u>	<u>868,916,237</u>	<u>(8,630,653)</u>	<u>860,285,584</u>

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(b) Movement of inventory provision is as follows:

	December 31	Addition	Reduction		June 30,2011
			Reversal	Write off	
Spare parts	<u>(8,630,653)</u>	-	-	-	<u>(8,630,653)</u>

(c) Inventory provision is analysed as follows:

Reason of accrual		Inventory provision reversal during year	Reversal accounting for ypear end toal balance%
Spare parts	The difference of the net realizable value lower than the carrying amount	N/A	N/A

**(6) Available-for-sale financial assets**

	December 31,2	Sold in 2011	Change of fair (NotesV(32))	June 30,2011
<b>Available-for-sale financial assets</b>				
Shenzhen Energy (i)	70,630,001	-	(7,294,001)	63,336,000
Shenergy(ii)	<u>282,474,044</u>	-	<u>(925,536)</u>	<u>281,548,508</u>
	<u>353,104,045</u>	-	<u>(8,219,537)</u>	<u>344,884,508</u>

(i) As at June 30,2011, The Company hold Shenzhen Energy A share amounted to 8,400,000 shares and the investment cost is RMB 15,890,628. The Company states this investment at fair value determined by reference to the quoted price in an active market. During the year, a fair value loss of approximately RMB 7,294,001, Was recognized in equity..

(ii) The company purchased 37,021,500 shares of Shenergy on 11 June 2007, this investment was stated at fair value determined by reference to the quoted price in an active market.

During the year, a fair value loss of approximately RMB 925,536, Was recognized in equity..

The Company purchased 37,021, 500 shares of A share without restrictive selling conditions from Shanghai Electric Power Company and East China Power Grid Co., Ltd. with the investment cost of RMB 235,837,988. with buying every 10 shares getting e xtra 5 shares stock, the company held 55,532,250 shares.

**(7) Long-term receivable account**

	December 31,2010	June 30,2011
Deposit of financial lease	17,746,446	63,848,676



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Entrust loans(a)	15,580,000	428,780,000
	<u>33,326,446</u>	<u>492,628,676</u>

The long-term receivable balances are all entrust loans that the Group provides to associates, details are listed as follows:

Trustee	Borrower	Principal	Annual interest rate	Due date	Annual interest	June 30,2011	Accumulative accrued interest	Provision
Yudean Finance Industry	Shanxi Energy	153,200,000	6.72%	29/05/2014	915,115	153,200,000	-	-
Bank ,Guangzhou Branch	Weixin Yuntou	260,000,000	6.41%	03/03/2014	5,237,867	260,000,000	-	-
Industry	Linchang Yuntou	2,500,000	6.65%	27/10/2012	79,560	2,500,000	-	-
Bank ,Guangzhou Branch		2,500,000	6.65%	27/10/2013	79,560	2,500,000	-	-
		3,280,000	6.65%	27/10/2014	104,383	3,280,000	-	-
		2,500,000	6.65%	29/11/2012	79,560	2,500,000	-	-
		2,500,000	6.65%	29/11/2013	79,560	2,500,000	-	-
		2,300,000	6.65%	29/11/2014	73,195	2,300,000	-	-
		<u>428,780,000</u>			<u>6,648,800</u>	<u>428,780,000</u>	<u>-</u>	<u>-</u>

(8)Long-term equity investment

	December 31,2010	June 30,2011
Associates(a)	4,991,865,647	5,345,188,841
Other long-term equity investments(b)	<u>477,303,707</u>	<u>477,303,707</u>
	5,469,169,354	5,822,492,548
Less: Provision for impairment of long-term equity investments	<u>-</u>	<u>-</u>
	<u>5,469,169,354</u>	<u>5,822,492,548</u>

The long-term investments of the Group are not subject to restriction on conversion into cash on restriction on remittance of investment income.

The associates of the group are without quoted prices.

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(a) Associates

Accounting method	Original investment cost	December 31, 2010	本年增减变动				June 30, 2011	Interest held	Voting rights held	Impairment provision	Current year accrual impairment provision	
			Addition or reduction	Net profit adjusting by equity method (Notes V(40))	Cash dividends declared this year	other equity movement						
Guangqian	Equity method	412,117,000	619,994,288		91,765,597		711,759,885	40%	40%	-	-	
Huizhou Natural gas	Equity method	308,160,000	550,598,195		54,462,148		605,060,343	32%	32%	-	-	
Red Gulf	Equity method	687,437,500	745,213,406		25,518,527	(62,985,277)	215,000	707,961,656	25%	25%	-	-
Fuel supply	Equity method	339,234,300	383,058,799		22,742,574	(33,678,914)		372,122,459	35%	35%	-	-
Yunnan Baoshan Binlangjiang	Equity method	223,858,100	227,320,553		1,000,770			228,321,323	29%	29%	-	-
Shanxi Energy	Equity method	400,000,000	455,397,500		26,686,964			482,084,464	40%	40%	-	-
Yudean Finance	Equity method	375,000,000	433,063,516		26,196,584			459,260,100	25%	25%	-	-
Yudean Western	Equity method	150,124,000	166,900,461		(3,185,676)			163,714,785	26%	26%	-	-
Yudean Shipping	Equity method	863,030,000	912,818,731		15,500,092			928,318,823	35%	35%	-	-
Guangdong Yudean Shibeishan	Equity method	69,510,000	71,322,774		906,038	(1,560,422)		70,668,390	30%	30%	-	-
Linchang Yuntou	Equity method	62,034,000	57,925,467					57,925,467	49%	49%	-	-

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Weixin Yuntou	Equity method	494,000,000	303,952,215	190,000,000			493,952,215	40%	40%	-	-
Huaneng Shantou Wind Power	Equity method	48,547,500	50,714,660	5,113,725	6,048,592	(10,792,500)	51,084,477	25%	25%	-	-
Jiangyuan Hydroelectric station	Equity method	5,000,000	5,997,810			(630,628)	5,367,182	25%	25%	-	-
Zhongxinyuan Power	Equity method	6,060,000	7,587,272				7,587,272	40%	40%	-	-
		<u>4,991,865,647</u>	<u>195,113,725</u>	<u>267,642,210</u>	<u>(109,647,741)</u>	<u>215,000</u>	<u>5,345,188,841</u>			<u>-</u>	<u>-</u>

### (b) Other long-term equity investments

	Accounting method	Original investment cost	December 31, 2010	Current year movement	June 30, 2011	Interest held	Voting rights held	Impairment provision	Current year impairment provision	Cash dividends declared this year (NotesV(40))
Sunshine insurance Group Co., Ltd.	Cast method	356,000,000	356,000,000	-	356,000,000	6.99%	6.99%	-	-	
Shenzhen Chuangxin Investment Co., Ltd.	Cast method	115,000,000	115,000,000	-	115,000,000	3.67%	3.67%	-	-	11,025,000
Maomeng Energy-saving coral water Co., Ltd.	Cast method	1,800,000	1,800,000	-	1,800,000	19.35%	19.35%	-	-	
Maoming Electric water supply Co., Ltd.	Cast method	903,707	903,707	-	903,707	15.00%	15.00%	-	-	
GMG Internatinal Tendering Co., Ltd.	Cast method	3,600,000	3,600,000	-	3,600,000	1.97%	1.97%	-	-	
			<u>477,303,707</u>	<u>-</u>	<u>477,303,707</u>			<u>-</u>	<u>-</u>	<u>11,025,000</u>

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(9) Investment properties

	December 31, 2010	Increased in current period	Decreased in current period	June 30, 2011
House and Building—				
Cost	20,135,165	-	-	20,135,165
Accumulated depreciation	(7,391,319)	(316,315)	-	(7,707,634)
Book value	<u>12,743,846</u>	<u>(316,315)</u>	<u>-</u>	<u>12,427,531</u>

As of June 30, 2011, directors of the Group considered that no need to provide provision for impairment for investment properties .

(10) Fixed assets

	December 31, 2010	Increased in current period	Decreased in current period	June 30, 2011
Book value	22,490,960,975	17,971,166	(497,438,869)	22,011,493,272
Building	5,892,659,235	2,737,741	(600,281)	5,894,796,695
Electric utilities in service	16,119,154,020	8,607,478	(491,326,784)	15,636,434,714
Motor vehicle	303,890,951	3,437,358	(2,327,400)	305,000,909
Other equipment	175,256,769	3,188,589	(3,184,404)	175,260,954
Accumulated Depreciation	(11,055,403,657)	(574,788,103)	454,648,734	(11,175,543,026)
Building	(2,149,196,713)	(104,151,799)	87,330	(2,253,261,182)
Electric utilities in service	(8,603,140,601)	(437,327,762)	447,327,090	(8,593,141,273)
Motor vehicle	(174,614,981)	(12,311,932)	3,595,826	(183,331,087)
Other equipment	(128,451,362)	(20,996,610)	3,638,488	(145,809,484)
Provision for impairment	(228,331,363)	-	-	(228,331,363)
Building	(84,289,158)	-	-	(84,289,158)
Electric utilities in service	(140,283,597)	-	-	(140,283,597)
Motor vehicle	(2,245,506)	-	-	(2,245,506)
Other equipment	(1,513,102)	-	-	(1,513,102)
Total book value	11,207,225,955			10,607,618,883
Building	3,659,173,364			3,557,246,355
Electric utilities in service	7,375,729,822			6,903,009,844

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Motor vehicle	127,030,464	119,424,316
Other equipment	45,292,305	27,938,368

(11) Constuction in progress

	December 31,2010			June 30,2011		
	Book balance	Impairme	Net took value	Book balance	Impairme	Net took value
Zhongyue Energy project	4,019,991,816	-	4,019,991,816	4,239,611,931	-	4,239,611,931
Jinhai 3#, 4# generate sets	4,424,392,334	-	4,424,392,334	5,247,785,829	-	5,247,785,829
Yuejiang 2x600MWLpgrade project	461,298,854	-	461,298,854	807,937,497	-	807,937,497
Zhenneng 600MW#7 Generate sets	193,894,437	-	193,894,437	276,862,044	-	276,862,044
Dapu Project	156,874,911	-	156,874,911	165,226,581	-	165,226,581
Technology improvement	155,668,694	-	155,668,694	295,417,872	-	295,417,872
Oil Shale power project	118,762,337	-	118,762,337	127,563,169	-	127,563,169
Humen Project	118,511,017	-	118,511,017	121,222,511	-	121,222,511
Jinghai 50KV output	116,230,328	-	116,230,328	-	-	-
Coal mixture project	79,207,245	-	79,207,245	81,170,079	-	81,170,079
Bohe Project	50,975,482	-	50,975,482	57,669,032	-	57,669,032
Zhangjiang Crossroad project	26,473,034	-	26,473,034	27,110,069	-	27,110,069
Xuwen Yongshi Wind power	17,229,026	-	17,229,026	89,682,755	-	89,682,755
Xuwen Yangqian Wind power	953,495	-	953,495	1,131,111	-	1,131,111
Other	23,603,595	-	23,603,595	34,089,324	-	34,089,324
	<u>9,964,066,605</u>	<u>-</u>	<u>9,964,066,605</u>	<u>11,572,479,804</u>	<u>-</u>	<u>11,572,479,804</u>

(12) Construction material

	Decembert 31,2010	Increased in current period	Decreased in current period	in June 30,2011
Special equipment	1,146,769,252	842,478,68	(416,977,609)	1,572,270,325
Tools	7,449,851	3,608,17	(3,388,009)	7,670,017
	<u>1,154,219,103</u>	<u>846,086,85</u>	<u>(420,365,618)</u>	<u>1,579,940,342</u>

(13) Disposal of fixed assets

	December 31,2010	June 30,2011	Cause
Electric utilities in service	<u>13,259,341</u>	<u>12,460,800</u>	Removed for technical transformation and not yet disposed

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**(14) Intangible assets**

	December 31,	Increased in current period	Decrease in current period	June 30,2011
Book value	947,659,382	36,126,562		983,785,944
Electric Transmission project	442,517,684	-		442,517,684
Land use rights	432,411,537	34,630,000		467,041,537
Sea use right	26,849,101	-		26,849,101
Transportation project	22,468,672	-		22,468,672
Softwares	23,412,388	1,496,562		24,908,950
Accumulated depreciation	(475,778,824)	(12,686,781)		(488,465,605)
Electric Transmission project	(374,442,819)	(5,481,867)		(379,924,686)
Land use rights	(63,998,845)	(5,075,582)		(69,074,427)
Sea use right	(2,149,524)	(290,413)		(2,439,937)
Transportation project	(20,218,248)	(3,780)		(20,222,028)
Softwares	(14,969,388)	(1,835,139)		(16,804,527)
Net Value	471,880,558			495,320,339
Electric Transmission project	68,074,865			62,592,998
Land use rights	368,412,692			397,967,110
Sea use right	24,699,577			24,409,164
Transportation project	2,250,424			2,246,644
Softwares	8,443,000			8,104,423

As of June 2011, directors of the Group considered that no need to provide provision for impairment of intangible assets.

**(15) Other Non-Current assets**

	December 31,2010	June 30, 2011
Unrealized losses leaseback	-	38,704,377

**(16) Short-term borrowings**

	December 31,2010	June 30, 2011
Credit loans(a)	8,327,500,000	8,969,800,000
Mortgage loans	-	-
	<u>8,327,500,000</u>	<u>8,969,800,000</u>

(a) As at 30 June 2011, Unsecured borrowings amounted to RMB 3,160,000,000 is from Yudean Finance (31 December 2010:RMB2,635,500,000)(NotesVII(5)(i)).

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As of June 30, 2011, There are no overdue short-term borrowings.  
 (17) Bill payable

	December 31,2010	June 30, 2011
Bank acceptance	110,000,000	365,000,000
Commecial acceptance notes	-	-
	<u>110,000,000</u>	<u>365,000,000</u>

(18)Account payable

	December 31,2010	June 30, 2011
Fuel payable	1,215,184,996	1,332,700,400
Construction and equipment payable	1,295,573,749	1,009,654,371
Materials payable	86,096,923	24,201,098
Other	39,777,385	86,032,894
	<u>2,636,633,053</u>	<u>2,452,588,763</u>

(a) As of June 30, 2011, no balances included in above accounts payable are due to the shareholders of the Company who hold over 5% (including 5%) shares with voting rights.

(b) Accoutns payable due to related parties:

	December 31,2010	June 30, 2011
Fuel supply	1,195,469,385	950,990,781
Maoming Thermal	42,726,239	54,958,270
Yudean environmental protection	3,228,894	5,564,678
Yudean XinfengJiang	524,881	257,873
Jinhui Power	90,582	90,582
	<u>1,242,039,981</u>	<u>1,011,862,184</u>

© As of June 30, 2011, the balance with ageing over than one year is RMB660,589,053, and it is mainly represent payables to construction, equipment suppliers. Because these projects have not been completed / accepted of completion, such balances have not been finally settled.

(d) As of June 30, 2011 and December 31, 2010, no accounts payable balances are denominated in foreign currencies.

(19)Employee benefits payable

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	December 31, 2010	Increased current period	in Decreased current period	in June 30,2011
Wages and salaries, bonuses,allowances and subsidies	94,419,843	362,741,081	(263,805,096)	193,355,828
Staff welfare	11,016,578	39,056,670	(38,564,437)	11,508,811
Social security contributions	1,427,860	80,905,583	(78,570,160)	3,763,283
Including: Medical insurance	1,414,642	10,822,897	(9,556,495)	2,681,044
Basic pensions	9,545	55,504,600	(55,504,600)	9,545
Unemployment insurance	3,673	1,828,196	(1,829,756)	2,113
Work injury insurance	-	2,184,753	(2,184,753)	-
Maternity insurance	-	1,072,669	(1,072,669)	-
Housing funds	124,408	70,229,401	(70,353,809)	-
Labor union funds and employee education funds	29,254,606	14,353,762	(12,450,300)	31,158,068
Early retirement obligation	109,554,011	468,504	(27,515,836)	82,506,679
Other	2,892,135	3,250,313	(3,250,313)	2,892,135
	<u>248,689,441</u>	<u>571,005,314</u>	<u>(494,509,951)</u>	<u>325,184,804</u>

**(20)Tax payable**

	December 31,2010	June 30,2011
Enterprise income tax payable(Prepaid)	109,229,563	30,651,546
VAT payable	(444,980,187)	(535,446,762)
Business tax payable	1,046,746	1,129,323
City maintenance and construction tax payable	357,838	3,442,762
Educational surcharge payable	573,779	2,072,445
Individual income tax payable	26,288,702	3,358,234
House tax payable	4,580,088	-
Other	6,039,748	9,657,876
	<u>(296,863,723)</u>	<u>(485,134,576)</u>

**(21)Interest payable**

	December 31,2010	June 30,2011
Interest payable for short-term borrowings	12,000,092	18,366,036



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Interest payable for long-term borrowings that interest are payable by installment and principal at maturity	7,141,453	6,393,303
Interest payable for corporate bond(NotesV(26))	89,205,479	34,205,479
	108,347,024	58,964,818

(22)Dividends payable

	December 31,2010	June 30,2011
Common stock dividend payable to the Company	7,112,530	220,279,848
Shaoguan Power Plant D	3,521,190	3,521,190
Qujiang Electric	1,408,476	1,408,476
Chaokang Investment Co., Ltd.	-	3,300,000
	12,042,196	228,509,514

(23) Other payable

	December 31,2010	June 30,2011
Performance guarantee deposits from construction	576,065,825	573,735,032
Construction and equipment payable	5,867,230	79,281,003
Advance from shaoguan Electric Power plant	224,760,861	16,586,460
Rent fee for shaoguan Plant D payable	1,750,737	1,752,591
Other	69,894,828	94,311,737
	878,339,481	765,666,823

(a)As of June 30, 2011, no balances included in above other payables are due to the shareholders of the Company who hold over 5% (including 5%) shares with voting rights .

(b)Other payables due to related parties are as follows:

	December 31,2010	June 30,2011
Shaoguan Electric Power plant	224,760,861	16,586,460
Guandong Yudean Environment Protection Company	2,561,138	7,350,360
Shaoguan Power plant D	1,750,737	1,752,591
Yudean Shipping	36,450	1,875,000

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Other	104,309	24,309
	<u>229,213,495</u>	<u>27,588,720</u>

(c) As of June 30, 2011, the balances with ageing over one year amounted to RMB261,609,419 are mainly represent the performance guarantee deposits from construction and equipment suppliers, and they have not been settled.

(d) As of June 30, 2011 and December, 31, 2010, no other payables balances are denominated in foreign currencies.

(24) Non-current liability due in 1 year

	December 31, 2010	June 30, 2011
Long-term <b>borrowings</b> due in 1 year	550,340,000	518,810,000
Long-term Account payable due in 1 year(Notes V(27))	<u>77,393,453</u>	<u>163,293,258</u>
	<u>627,733,453</u>	<u>682,103,258</u>

(a) Long-term **borrowings** due in 1 year

	December 31, 2010	June 30, 2011
Pledged borrowings	204,020,000	83,810,000
Credit borrowing	<u>346,320,000</u>	<u>435,000,000</u>
	<u>550,340,000</u>	<u>518,810,000</u>

(b) The top five of long-term borrowings

	Beginning date	Expiring date	Currency	Interest Rate(%)	December 31, 2010	June 30, 2011
Agricultural Bank of China	2007-12-4	2012-6-3	RMB	5.94%	111,000,000	111,000,000
China Construction Bank	2006-5-9	2011-12-31	RMB	5.76%	100,000,000	97,000,000
ICBC	2006-4-25	2011-12-31	RMB	6.12%	90,000,000	65,000,000
Yudean Finance	2007-12-6	2012-6-5	RMB	5.35%	50,000,000	50,000,000
Bank of China	2009-7-21	2011-12-21	RMB	5.01%	87,060,000	43,530,000
					<u>438,060,000</u>	<u>366,530,000</u>

(25) Long-term borrowings

Currency	December 31, 2010	June 30, 2011
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Pledged borrowings	RMB	1,415,900,000	892,823,710
Credit borrowing	RMB	4,904,820,000	6,570,300,000
		<u>6,320,720,000</u>	<u>7,463,123,710</u>

(a) The top five of long-term borrowings

	Beginning date	Expiring date	Currency	Interest Rate(%)	December 31, 2010	June 30, 2011
Agricultural Bank of China	2007-12-4	2025-12-3	RMB	5.94%	2,109,000,000	2,028,500,000
China Construction Bank	2006-5-9	2021-1-12	RMB	5.76%	1,100,000,000	1,100,000,000
Yudean Finance	2007-7-17	2025-7-17	RMB	5.35%	950,000,000	950,000,000
ICBC	2006-4-25	2022-4-23	RMB	6.12%	910,000,000	910,000,000
China Construction Bank	2011-1-10	2014-1-9	RMB	5.27%	—	430,000,000
					<u>5,069,000,000</u>	<u>5,418,500,000</u>

(b) The maturity of the non-current borrowings is as follows:

	December 31, 2010	June 30, 2011
1-2 years	386,800,000	240,550,000
2-5 years	135,000,000	1,370,269,550
Over 5 years	5,798,920,000	5,852,304,160
	<u>6,320,720,000</u>	<u>7,463,123,710</u>

(26) Bonds payable

	December 31, 2010	Increased in current period	Decreased in current period	June 30, 2011
Company bonds	<u>1,988,739,874</u>	<u>1,351,215</u>	<u>-</u>	<u>1,990,091,089</u>

On 10 March 2008 after CSRC's approval, the Company successfully issued long term debts with an aggregate principal amount of RMB2,000,000,000. The term of long term debts is 7 years deducted by the issuance related expenses amounted to Rmb18,917,012, the total fund finance amounted to Rmb1,981,082,988. Interest is calculated from 10 March 2008 with annual interest rate of 5.5%.

Interest payable of the debentures is analysed as below:

	December 31, 2010	Interest accrued (Notes v(38))	Interest paid	June 30,
Interest payable(Notes V(21))	<u>89,205,479</u>	<u>55,000,000</u>	<u>110,000,000</u>	<u>34,205,479</u>

(27) Long-term payable

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	December 31,2010	June 30,2011
Finance leasing payable	<u>498,657,613</u>	<u>1,663,536,868</u>

Finance leasing payable is the balance of the minimum lease payments of the finance leasing rental expense of Zhongyue Energy Less the unrecognized financing charges (Notes 11), The company has provided guarantee for Zhongyue Energy's finance leasing .

The maturity of the Long-term payable is as follows:

	December 31,2010	June 30,2011
1-2 years	48,872,968	116,627,147
2-5 years	148,260,492	382,946,016
Over 5 years	<u>301,524,153</u>	<u>1,163,963,705</u>
	<u>498,657,613</u>	<u>1,663,536,868</u>

**(28)Deferred tax assets and liabilities**

(a) Deferred tax assets before offsetting:

	December 31,2010		June 30,2011	
	Deferred tax assets	Deductible temporary difference	Deferred tax assets	Deductible temporary difference
Tax deductible losses	63,222,706	252,890,826	69,340,910	277,363,638
Employee benefits payable	15,003,627	60,014,506	14,844,461	59,377,846
Provision for assets impairment	14,736,237	58,944,949	13,707,735	54,830,939
Nnet income from test run included in CIP	6,526,996	29,041,140	6,526,996	29,041,140
Govemment grants related to assets	6,153,846	24,615,385	6,153,846	24,615,385
Amortization of LUR	5,899,911	26,020,515	5,086,017	22,764,946
Accrued expenses	-	-	489,669	1,958,677
	<u>111,543,323</u>	<u>451,527,321</u>	<u>116,149,634</u>	<u>469,952,571</u>

(b) Deferred tax liabilities before offsetting:

	December 31,2010		June 30,2011	
	Deferred tax liabilities	Temporary difference	Deferred tax liabilities	Temporary difference
Available-for-sales	25,343,856	101,375,429	23,288,972	93,155,892

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investments(NotesV(32))				
Capitalised interest expenses	1,344,865	5,603,600	1,344,865	5,603,600
Included in the construction of the test run of net expense	1,196,466	4,785,860	1,103,234	4,412,935
	<u>27,885,187</u>	<u>111,764,889</u>	<u>25,737,071</u>	<u>103,172,427</u>

(c) Offsetting amount of deferred tax assets and deferred tax liabilities

	December 31, 2010	June 30, 2011
Deferred tax assets	22,633,766	22,540,535
Deferred tax liabilities	<u>22,633,766</u>	<u>22,540,535</u>

(d) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	December 31, 2010	June 30, 2011
Net value of deferred tax assets	88,909,557	93,609,099
Net value of deductible temporary difference	5,251,421	3,196,536

(29) Other non-current liabilities

	December 31, 2010	June 30, 2011
Government grants related with assets		
—		
Desulfurization project for 5# set (i)	24,615,385	23,076,924
Water-freshing project (ii)	2,000,000	2,000,000
Unacknowledged financial charges	<u>17,444,302</u>	<u>14,976,308</u>
	<u>44,059,687</u>	<u>40,053,232</u>

- (i) This represents the government subsidy granted for the 5# generation set desulfurization project of Shajiao Power Plant A, which is a branch of the Company in 2005. It is amortized over the useful lives, 13 years, of related assets.
- (ii) This represents the government subsidy granted for water-freshing project of Zhongyue Energy. Until to the approval of these financial statements, this project has not been finished, no amortization accordingly.

(30) Provision for asset impairment

	December 31, 2010	Increased in current period	Decreased in current period	June 30, 2011
			Reversal      Write-off	
Provision for bad debts	(1,971,217)	-	-	(1,971,217)
—Other receivable				

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Provision for declines in the value of investories	(8,630,653)	-	-	-	(8,630,653)
Provision for impairment of fixed assets	(228,331,363)	-	-	-	(228,331,363)
	<u>(238,933,233)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(238,933,233)</u>

(31) Share capital

	December 31, 2010	Increased in current period	Decreased in current period	June 30, 2011
Shares subject to sale restrictions-				
Shares held by state-owned Companies	138,189,742	-	-	138,189,742
Other Domestic shares	5,307,223	-	(27,450)	5,279,773
Incl: Non-state owned domestic legal person shares	5,254,555	-	-	5,254,555
Domestic nature person shares	52,668	-	(27,450)	25,218
	<u>143,496,965</u>	<u>-</u>	<u>(27,450)</u>	<u>143,469,515</u>

Shares with unconditional subscription

Common shares in RMB	1,988,646,923	-	-	1,988,646,923
Foreign shares in domestic market	665,307,250	27,450	-	665,334,700
	<u>2,653,954,173</u>	<u>27,450</u>	<u>-</u>	<u>2,653,981,623</u>
	<u>2,797,451,138</u>	<u>27,450</u>	<u>(27,450)</u>	<u>2,797,451,138</u>

With the implementation of the share reform scheme on 17 January 2006, the formerly legal person shares were converted into A shares but subject to restrictions of one to three years in their sales. As of June 30, 2011, there are 5,254,555 shares are non-tradable.

According to the Reply of Approval for Non-public Issuance of Stocks by Guangdong Electric Power Development Co., Ltd. (Issued by CSRC<2010>No.376) and the signed share purchase agreement between the company and Yudean. The Company issued 138,047,138 shares to the Group. With RMB 5.94 per share, the total amount is 820,000,000. Deducting the issuance fee of RMB 10,193,047, the net value is RMB 809,806,953; Equity premium is RMB 671,759,815. These shares are published at Shenzhen Stock Exchange on May 25, 2010, and are subject to restrictions of 36 months non-tradable period.

(32) Capital surplus

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	December 31, 2010	Current year changed	June 30, 2011
Capital premium	1,667,638,988	-	1,667,638,988
Revaluation reserves	119,593,718	-	119,593,718
Other capital surplus—			
Change in fair value of available-for-sale financial assets	101,375,429	(8,219,537)	93,155,892
Tax on change in fair value of available-for-sale	(25,343,856)	2,054,884	(23,288,972)
Transfer from the balance of capital surplus recognised under previous accounting	20,474,592	-	20,474,592
Other (a)	687,300	215,000	902,300
	<u>1,884,426,171</u>	<u>(5,949,653)</u>	<u>1,878,476,518</u>

(a) In 2011, the associate company of the Group. Red Gulf, has received a subsidy from government for energy conservation, amounted to RMB 860,000. The Group adopts the surplus according to investment portion.

(33) Surplus reserve

	December 31, 2010	Statutory surplus reserve	Current year Decrease	June 30, 2011
Statutory Surplus reserve	1,451,672,700	100,068,569	-	1,551,741,269
Arbitrariness Surplus reserve	1,973,568,341	250,171,422	-	2,223,739,763
	<u>3,425,241,041</u>	<u>350,239,991</u>	<u>-</u>	<u>3,775,481,032</u>

(34) Undistributed profits

	December 31, 2010 Amount	June 30, 2011 Amount
Beginning balance of undistribute profits	2,117,942,715	2,058,635,851
Add: net profit attributable to the stockholders of the parent company	765,806,461	317,648,740
Less: appropriation to surplus reserves	(75,892,313)	(100,068,569)
Surplus reserves used to offset accumulated losses	(189,730,784)	(250,171,422)
Commonstock dividends	(559,490,228)	(279,745,114)

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payable		
Ending balance of	2,058,635,851	1,746,299,486
undistributed profits		

According to the resolution at the shareholders meeting on 18 May 2011, the company should appropriate 10% of net profit for the year to the statutory surplus reserve of RMB 100,068,569 in 2010. the company should appropriate 10% of net profit for the year to the discretionary surplus reserve of RMB 250,171,422. and proposed cash dividend at RMB 1 per 10 shares to all shareholders.

(35)Minority interest in equity

	December 31,2010		June 30,2011	
	Intere	Owners' equity	Intere	Owners' equity
Zhanjiang Electric	24%	922,457,581	24%	925,751,474
Yuejia Electric	42%	397,327,073	42%	385,583,920
Yuejiang Electric	35%	167,951,250	35%	139,491,255
Zhongyue Energy	10%	79,197,884	10%	122,587,101
Zhenneng Power plant	46.72%	282,114,536	46.72%	277,041,197
Jinghai Electric	35%	900,553,074	35%	1,062,042,928
Zhanjiang Wind Power	30%	75,112,060	30%	89,252,695
Oil Shale power	16.34%	35,048,203	16.34%	34,602,659
Humen Electric	40%	58,861,014	40%	58,652,270
		2,918,622,675		3,095,005,499

(36)Operating revenue and operating cost

	January-June 2010	January-June 2011
Main operating revenue	6,236,855,683	6,419,956,038
Other operating revenue	14,155,717	50,805,647
	6,251,011,400	6,470,761,685
	January-June 2010	January-June 2011
Main operating cost	(5,351,663,654)	(5,769,299,387)
Other operating cost	(9,189,446)	(27,948,721)
	(5,360,853,100)	(5,797,248,108)

(a) Revenue and cost from main operations

Analysis by products is as follows:

	January-June 2010		January-June 2011	
	Main	Main	Main	Main operating



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	operating revenue	operating cost	operating revenue	cost
Electricity income	6,220,158,314	(5,341,810,198)	6,405,066,896	(5,754,454,210)
Service income	16,697,369	(9,853,456)	14,889,142	(14,845,177)
	<u>6,236,855,683</u>	<u>(5,351,663,654)</u>	<u>6,419,956,038</u>	<u>(5,769,299,387)</u>

The electricity transmission and distribution in Guangdong Province, the PRC, were controlled and managed by GPGC, GPGC is the solitary customer of the electricity generated by the Group, and the Group entered into electric sales contracts with GPGC.

Electricity prices of the Group's individual entity were approved by the price Bureau of Guangdong Province, As of June 30, 2011, the volume of electricity purchased by GPGC and the corresponding unit selling prices were summarized as follows:

	Electricity volume MillionKWH		Uunit electricity prices RMB per MWH	
	January –June 20	January-June20	Before ( November 20,2009 to December 31,2010	After (January 1, 2010TO June 30, 2011)
The Company–Shajiao A				
- 1#-4# Genators	2,8	2,9	424.10	425.64
- 5# Generators	1,0	9	424.27	425.81
Zhanjiang Electric				
-- 1#-4# Genators	3,6	3,4	440.85	442.39
Yuejia Electric				
- 3#-4# Genators	6		431.37	444.19
- 5#-6# Genators	6	6	424.10	436.92
Yuejiang Electric				
- 10# Generators	7	7	469.15	481.97
- 11# Generators	7	8	441.20	454.02
Zhenneng Electric	1,7	1,6	424.10	425.64
Jinghai Electric	2,2	3,1	424.10	425.64
Zhanjiang Wind Power			588.88	588.88

According to Yue Jia (2011) No. 93 Document of Guangdong Price Bureau, the on-grid electricity rate of #10-#11 units of Yuejiang Electric Power and #3-#6 units of Yuejia Electric Power shall be raised by RMB 15/ megawatt hour (including tax), which came into force from January 1, 2010. The income from electricity charge for 2010 increased after the said adjustment shall be accounted for as gains and losses for 2011 from the day of receipt.

According to Yue Jia (2011) No. 130 Document of Guangdong Price Bureau, the on-grid electricity rate of #1-#5 units of Shajiao A, #1-# units of Zhanjiang Electric, #5-6# units of Zhenneng Power plant and #1-#2 units of Jianghai Power shall be raised by RMB 1.8/ megawatt hour (including tax), which came into force from January 1, 2010. The income from electricity charge for 2010 increased after the said adjustment shall be accounted for as gains and losses for 2011 from the day of receipt.

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(b) Revenue and cost from other operations

	January-June 2010		January-June 2011	
	Other operating revenue	Other operating cost	Other operating revenue	Other operating cost
Rental income	609,948	(264,307)	1,162,540	(57,047)
Coal ash income	1,653,329	-	41,010,566	(21,423,254)
Sale of material	7,911	(7,911)	903,539	(903,539)
Other	11,884,529	(8,917,228)	7,729,002	(5,564,881)
	<u>14,155,717</u>	<u>(9,189,446)</u>	<u>50,805,647</u>	<u>(27,948,721)</u>

(c) Particulars of revenue from the top five customers of the Group

Revenue from the top five customers with aggregate amount of RMB6,432,350,675 accounted for 99.40% of the Group's total revenue. Details are as follows:

	Revenue	Total revenue of the Group%
GPGC	6,405,066,896	98.98%
Shenzhen Minglonhui Industry Development Co., Ltd.	12,565,578	0.19%
Shajiao C	10,672,100	0.16%
Huizhou Natural gas	2,416,443	0.04%
Guangqian Electric	1,629,658	0.03%
	<u>6,432,350,675</u>	<u>99.40%</u>

(37) Business Tax and surcharges

	January-June 2010	January-June 2011	Accrual basis
City maintenance and construction tax	9,059,253	19,374,279	Notes III
Surcharge for education	4,159,105	15,915,692	Notes III
Business tax	824,283	1,646,108	Notes III
	<u>14,042,641</u>	<u>36,936,079</u>	

**(38) Financial expense**

January-June 2010      January-June 2011

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Interest bond(Notes V(26))	55,305,556	55,000,000
Interest loans	324,111,348	491,461,247
Less :		
counted into interest for construction in progress	(148,621,250)	(245,980,759)
Interest expenses	230,795,654	300,480,488
Long-term bond Amortization (Notes V(26))	1,351,215	1,351,215
Less : Interest income	(9,208,965)	(17,066,627)
Less :		
counted into poundage and saving deposit allowance	203,086	1,739,089
Interest from trading cash	-	2,126,596
Net exchange loss	-	(239,362)
Bank charges and other	329,615	6,679,616
	<u>223,470,605</u>	<u>295,071,015</u>

**(39) Impairment losses**

	January-June 2010	January-June 2011
Impairment losses(reversal)	230,665	-
Reversal of write-off bad debt provision	(1,838,934)	-
Provision for impairment of fixed assets	25,000,000	-
	<u>23,391,731</u>	<u>-</u>

**(40) Investment income**

	January-June 2010	January-June 2011
Share of profit of investees under equity method of accounting	215,853,476	267,642,210
Profit/cash dividends declared by investees under cost method of accounting	-	11,025,000
Entrusted Loan interest income	11,977,276	15,615,373
Income from available-for-sale financial assets	7,404,300	4,402,150
	<u>235,235,052</u>	<u>298,684,733</u>

There is no significant restriction on the remittance of investment income to the Group.

**(41) Non-operating income and expenses**

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(a) Non-operating income

	January-June 2010	January-June 2011
Government subsidy amortization	3,663,107	2,497,487
Other	59,726	4,322,252
	<u>3,722,833</u>	<u>6,819,739</u>

(b) Non-operating expenses

	January-June 2010	January-June 2011
Loss on disposal of aoliyou machine set	537,830	4,300
Loss on disposal of fixed assets	979,936	2,605,159
Penalty and late fee	4,565	1,025
Other	859,190	2,648,771
	<u>2,381,521</u>	<u>5,259,255</u>

(42)Income tax

	January-June 2010	January-June 2011
Current income tax	127,554,059	71,547,849
Reversal of the in previous years	281,930	340,304
Deferred income tax	720,661	(6,754,427)
	<u>128,556,650</u>	<u>65,133,726</u>

(43)Other comprehensive income

	January-June 2010	January-June 2011
Profits/(losses) arising from available-for-sale financial assets	(164,519,120)	(8,219,537)
Less: Income tax relating to available-for-sale financial assets	41,129,780	2,054,884
	<u>(123,389,340)</u>	<u>(6,164,653)</u>

(44)Supplementary information of cash flow statements

(a)Reconciliation from net profit to cash flows from operating activities

January-June 2010	January-June 2011
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Net profit	484,049,327	323,684,298
Add: Provisions/(reversal) for assets impairment	23,391,731	-
Depreciation of fixed assets and Amortisation of intangible assets	630,803,818	575,104,418
Losses on scrapping of fixed assets	11,106,812	12,686,781
Financial expenses	1,517,766	2,609,459
Investment income	223,470,605	295,071,015
Investment income	(235,235,052)	(298,684,733)
Increase/(Decrease) in deferred tax assets	720,661	(6,754,427)
Increase(decrease) in inventories	(25,306,751)	(8,037,733)
Increase(decrease) in operating receivables	(784,164,062)	269,968,274
Increase/(Decrease) in operating payables	672,782,494	(108,338,748)
Net cash flows from operating activities	<u>1,003,137,349</u>	<u>1,057,308,604</u>

(a) Net increase in cash and cash equivalents

	January-June 2010	January-June 2011
Cash at end of year	2,361,285,817	2,981,800,221
Less: Cash at beginning of year	(1,738,834,186)	(1,894,021,204)
Net increase in cash	<u>622,451,631</u>	<u>1,087,779,017</u>

VI. Segment information

The reportable segments of the Group are the business units that provide different products or service, or operate in the different areas, Different businesses or areas require different technologies and marketing strategies, the Group therefore , separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified 8 reportable segments, which are generating and saling electricity in different areas in Guangdong.

The management of the Company assesses the operating performance of parent company and subsidiaries. Inter-segment transfers are measured by making reference to the sales to 3<sup>rd</sup> parties

The assets are allocated based on the operations of the segment and the physical

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location of the asset. The liabilities are allocated based on the operations of the segment.

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(a) Segment information as at and for the year ended June 30, 2011 is as follows:

	The Company	Zhanjiang Electric	Yuejiang Electric	Yuejia Electric	Zhongyue Energy	Zhenneng Electric	Jinghai Electric	Other	Elimination	Total
Revenue	1,681,819,565	1,550,054,078	808,915,153	329,265,732	-	697,106,958	1,361,386,575	67,667,239	(25,453,615)	6,470,761,685
Including : Revenue from actual customers	1,681,819,565	1,549,977,078	808,915,153	329,265,732	-	697,106,958	1,361,386,575	42,290,624	-	6,470,761,685
Inter-segment revenue	-	77,000	-	-	-	-	-	25,376,615	(25,453,615)	-
Operating expenses	(1,702,777,297)	(1,391,583,414)	(888,272,259)	(357,205,969)	(23,166,657)	(710,909,587)	(1,277,502,435)	(66,805,893)	36,034,633	(6,382,188,878)
Investment income	579,587,353	13,179,583	-	-	-	-	3,583,125	-	(297,665,328)	298,684,733
Operating profit	558,629,621	171,650,247	(79,357,106)	(27,940,237)	(23,166,657)	(13,802,629)	87,467,265	861,346	(287,084,310)	387,257,540
Assets	16,861,251,301	4,321,981,577	2,719,296,018	1,147,654,751	5,448,698,232	2,462,519,358	12,133,222,957	1,356,102,990	(8,629,485,584)	37,821,241,600
Liabilities	(7,011,900,171)	(464,683,769)	(2,320,749,574)	(229,597,798)	(4,222,827,227)	(1,869,538,677)	(9,098,814,591)	(507,894,782)	1,197,478,662	(24,528,527,927)
Depreciation and amortisation	(87,087,262)	(126,333,507)	(88,483,138)	(37,054,076)	(1,545,645)	(58,974,165)	(174,831,558)	(13,481,848)	-	(587,791,199)
loss on asset impairment	-	-	-	-	-	-	-	-	-	-
Other non-cash expenditures other than depreciation and amortisation	468,504	-	-	-	-	-	-	-	-	468,504

(b) Segment information as at and for the year ended June 30, 2010 is as follows:

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	The Company	Zhanjiang Electric	Yuejiang Electric	Yuejia Electric	Zhongyue Energy	Zhenneng Electric	Jinghai Electric	Other	Elimination	Total
Revenue	1,660,327,049	1,613,004,324	661,950,594	575,720,139	-	733,086,263	962,290,400	64,173,489	(19,540,858)	6,251,011,400
Including: Revenue from external customers	1,660,327,049	1,613,004,324	661,950,594	575,720,139	-	733,086,263	962,290,400	44,632,631	-	6,251,011,400
Inter-segment revenue	-	-	-	-	-	-	-	19,540,858	(19,540,858)	-
Operating expenses	(1,559,994,562)	(1,391,502,345)	(765,383,427)	(553,961,387)	(15,105,664)	(657,759,451)	(905,899,797)	(69,074,627)	43,699,473	(5,874,981,787)
Investment income	376,755,247	13,563,748	-	-	-	-	-	-	(155,083,943)	235,235,052
Operating profit	477,087,734	235,065,727	(103,432,833)	21,758,752	(15,105,664)	75,326,812	56,390,603	(4,901,138)	(130,925,328)	611,264,665
Assets	14,894,345,163	4,351,850,014	2,288,089,847	1,342,722,228	3,489,738,368	2,212,583,409	9,176,646,303	1,117,857,474	(6,926,482,636)	31,947,350,170
Liabilities	(5,870,576,364)	(451,844,523)	(1,683,018,734)	(173,749,907)	(2,681,628,401)	(1,596,173,166)	(6,901,530,180)	(402,418,390)	594,386,552	(19,166,553,113)
Depreciation and amortisation	(104,361,964)	(137,750,263)	(88,418,193)	(62,170,667)	(1,359,836)	(60,585,702)	(174,892,296)	(12,371,709)	-	(641,910,630)
Loss on asset impairment	1,838,934	(25,229,669)	(996)	-	-	-	-	-	-	(23,391,731)
Other non-cash expenditures other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-

The group's main operation income largely comes from power plants in China engaged in the development and operation, and all of the assets are in China.



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**VII. Related party relationships and related party transactions**

**(1) General information of the parent company**

**(a) General information of the parent company**

	Place of registr ation	Legal representa tive	Nature of business
Yudean Group	State-own ed zhou enterprise	Guang Pan Li	Power plant operating,electricity assets management, electricity generation

**(b) Registered capital and changes in registered capital of the parent company**

	December 31, 2010	Current year	Current year	June 30,2011
Yudean Group	<u>20,000,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000,000</u>

**(c) The proportion of interests and voting rights in the Company held by the parent company**

	December 31, 2010		June 30,2011	
	Interest held%	Voting rights %	Interest held%	Voting rights %
Yudean Group	<u>48.99%</u>	<u>48.99%</u>	<u>48.99%</u>	<u>48.99%</u>

**(2) Information of subsidiaries**

The general information and other related information of the subsidiaries is set out in Note 4.

**(3) Information of associates**

Name	Type	Place of Registration	Nature	Held proport ion	Voting proportion
Guangqian Electric	State	Shenzhen	Generate electricity	40%	40%
Hui LNG	State	Huizhou	Generate electricity	32%	32%
Red Gulf	State	Shanwei	Generate electricity	25%	25%
Fuel supply	State	Guangzhou	Fuel supply	35%	35%
Binglang jiang	State	Foshan	Generate electricity	29%	29%
Shanxi Energy	State	Taiyuan	Coal mining	40%	40%
Yudean Finance	State	Guangzhou	Financing	25%	25%

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Yudean Wwstem	State	Guangzhou	Generate electricity	26%	26%
Yudean Shipping	State	Guangzhou	Shipping	35%	35%
Shibeishan Wind pow	State	Guangzhou	Generate electricity	30%	30%
Lingchang Yuntou	State	Linchang	Generate electricity	49%	49%
Wenxin Yuntou	State	Zhaotong	Generate electricity	40%	40%
Shantou Wind Power	State	Shantou	Generate electricity	25%	25%
Jiangyuan Hydropow	State	Qingyuan	Generate electricity	25%	25%
Zhongxinyuan Electri	State	Qingyuan	Generate electricity	40%	40%

**(4) Information of other related parties**

Name of party	Relationship with the Company
Guangdong Power Development Corporation	Controlled by Yudean Group
Guangdong Yudean Property Investment Co., Ltd	Controlled by Yudean Group
Yudean Information Technology Co., Ltd.	Controlled by Yudean Group
Guangdong Yudean Zhanjiangsheng Matter Power Co., Ltd.	Controlled by Yudean Group
Guangdong Yudean Property Management Co.,Ltd.	Controlled by Yudean Group
Guangdong Yunfu Electric Co., Ltd.	Controlled by Yudean Group
Chaokang Company	Controlled by Yudean Group
Maoming Thermal	Controlled by Yudean Group
Shaoguan Power plant	Controlled by Yudean Group
Shaoguan Power plant D	Controlled by Yudean Group
Shajiao Power plant C	Controlled by Yudean Group
Xinfengjiang	Controlled by Yudean Group
Zhuhai Power plant	Controlled by Yudean Group
Zhuhai Jinwan	Controlled by Yudean Group
Yudean Environment Protection	Controlled by Yudean Group
Jinhui Electric	Controlled by Yudean Group

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(5) Related party transactions

(a) Purchase and sale of goods, providing and receiving services

Related parties	Type of related-party transaction	Content of related-party transaction	Pricing policy and decision-making process	January-June 2010		January-June 2011	
					Proportion		Proportion
Yudean Environment Protection	Sale of goods	Sale of Material	Agreement price	-	-	997,584	2.43%
Fuel Supply	Purchase of goods	Fuel purchase	Agreement price	3,189,984,045	76.30%	3,449,201,656	80.03%
Shaoguan Electric	Purchase of goods	Purchase fuel and material	Agreement price	563,768,442	13.49%	613,467,998	14.23%
Maoming Thermal	Purchase of goods	Fuel purchase	Agreement price	4,465,700	0.11%	-	-
Yudean Environment protection	Purchase of goods	Purchase material	Agreement price	15,334,019	0.37%	24,853,415	16.38%
Shajiao C	Providing services	Providing maintenance services	Agreement price	5,456,400	14.36%	10,672,100	26.50%
Zhuhai Power	Providing services	Providing maintenance services	Agreement price	435,575	1.15%	-	-
Zhuhai Jinwan	Providing services	Providing maintenance services	Agreement price	157,365	0.41%	-	-
Guangqian Electric	Providing services	Providing maintenance services	Agreement price	1,906,700	5.02%	1,629,658	4.05%
Huizhou gas	Providing services	Providing maintenance services	Agreement price	2,240,317	5.89%	2,416,443	6.00%
Shaoguan Power	Providing services	Acceptance of management services	of Agreement price	103,151,328	76.62%	195,512,319	86.09%
Maoming Thermal(i)	Providing services	Acceptance of management services	of Agreement price	30,000,214	22.28%	29,457,555	12.97%
Yudean shipping	Providing services	Acceptance of tugboat services	of Agreement price	5,330,000	100%	5,405,000	100.00%
Xinfengjiang	Providing services	Acceptance of management services	of Agreement price	671,469	0.36%	232,500	0.21%

(i) Pursuant to the related agreement, Shaoguan Electric Power plant Allocatedthe

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actual general administrative expenses occurred.

- (ii) The 5# generation set of Maoming Ruineng is managed by Maoming Thermal. According to the written agreement, the management fee for the whole year is RMB 20,360,000, and an additional charge for other fluctuated expenses at RMB 4 for each KKWH electricity generated; In addition, the 6# generation set of Maoming Zhenneng is also managed by Maoming Thermal. According to the written agreement, the management fee for the whole year is RMB 25,556,300, with additional charge at RMB 4 for each KKWH Electricity generated for other fluctuated expenses.

(b) Rental expense

	January-June 2010	January-June 2011
Yudean Property	<u>1,649,091</u>	<u>1,610,304</u>
Percentage	72.87%	48.60%

(c) Common expense allocation

The Company's branches Shajiao A and Shajiao C agreed to allocate certain common expenses according to agreed allocation basis. For the year January-June 2011, the expense reimbursement received from Shajiao C amounted to approximately RMB 1,554,830 (January-June 2010: RMB1,482,633).

(d) Guarantee

Gurantor	Guarantee	Amount	The starting date	The maturity date	Whether fulfilled the guarantee or not
The Company	Lincang Yuntou	34,300,000	25/12/2006	25/12/2021	No
The Company	Lincang Yuntou	13,720,000	29/07/2008	29/07/2020	No
The Company	Weixin Yuntou	88,000,000	19/03/2009	19/03/2012	No
The Company	Weixin Yuntou	200,000,000	22/09/2009	22/09/2014	No
The Company	Weixin Yuntou	120,000,000	10/01/2010	10/01/2014	No
The Company	Binglangjiang	29,000,000	30/11/2007	30/11/2021	No
The Company	Binglangjiang	13,050,000	30/11/2007	30/11/2018	No
The Company	Binglangjiang	14,500,000	30/11/2007	30/11/2015	No

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The Company	Binglangjiang	43,500,000	25/12/2007	25/12/2022	No
The Company	Binglangjiang	43,500,000	19/12/2007	18/12/2024	No
The Company	Binglangjiang	120,000,000	20/03/2008	20/03/2028	No
The Company	Binglangjiang	58,000,000	31/10/2008	30/10/2025	No
The Company	Binglangjiang	72,500,000	14/11/2008	14/11/2020	No
The Company	Binglangjiang	72,500,000	27/05/2009	27/05/2023	No
The Company	Binglangjiang	93,670,000	25/08/2009	25/08/2029	No
The Company	Binglangjiang	72,500,000	23/06/2010	23/06/2015	No
The Company	Binglangjiang	145,000,000	16/12/2010	15/12/2020	No
The Company	Yudean Shipping	205,800,000	27/09/2008	(i)	No

(i) The period of validity of this ship manufacturing payment deposits will be expired at the first when the ship is received and accepted by buyer, or all the payment for second, third, fourth contracts and related late fee have been settled.

(e) Loan of capital

The First half year of 2011 , considering the actual capital requirement, Yudean Finance lent the Group borrowings with aggregate amounted to RMB2,720,000,000 (January-June 2010: RMB3,601,500,000), the Group paid interest for such borrowing at RMB92,587,444 (January-June 2010: RMB77,318, 689).

(f) Interest income

	January-June 2010	January-June 2011
Interest income from cash in Yudean		
Finance	7,515,606	8,681,929
Weixin Yuntou	7,059,000	8,990,867
Yudean Western	1,528,133	1,747,015
Lincang Yuntou	595,997	654,938
Shaxi Energy	4,425,523	4,849,770
	<u>21,124,259</u>	<u>24,924,519</u>
Percentage	92.62%	74.70%

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The interest rate of cash in Yudean Finance is the same as the interest rate of cash in bank for the same period.

(g) Interest expense

	January-June 2010	January-June 2011
Interest paid to Yudean for the entrust loan	3,610,800	13,585,129
Interest paid to Yudean Finance for Discount	10,732,358	-
Interest paid to Yudean Finance for borrowing	77,318,689	92,587,444
	<u>91,661,847</u>	<u>106,172,573</u>
Percentage	31.23%	19.43%

(h) Joint investment

As of June 30, 2011, the Group invested in the following subsidiaries and associates jointly with Yudean:

	Yudean Group Attributable equity interest owned by yudean %
Yudean Finance	65%
Fuel Supply	65%
Shanxi Energy	60%
Guangqian Electric	60%
Shibeishan	40%
Red Bay	40%
Yudean Westm	35%
Yudean Shipping	45%
Huizhou Natural gas	35%

(i) Receivables from and payables to related parties

	December 31, 2010	June 30, 2011
Monetary fund		
Yudean Finance	<u>758,007,039</u>	<u>1,400,602,858</u>
Account receivables		
Shajiao C	14,171,438	4,538,419
Guangqian Electric	6,534,224	2,985,812
Huizhou Natural gas	2,400,177	2,643,440
Zhuhai Electric	1,802,225	-

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	Zhuhai Jinwan	-	2,563,622
	Yudean Environment Protection	-	300,215
		<u>24,908,064</u>	<u>13,031,508</u>
Other receivables	Wenxin Yuntou	260,701,555	-
	Shanxi Energy	204,333,143	59,516,388
	Yudean Westm	72,114,584	73,861,599
	Linchang Yuntou	5,009,946	5,169,066
	Shajiao C	1,635,277	3,190,108
	Yudean Environment Protection	766,176	1,274,545
	Yudean Property	-	536,768
	Yudean Property	-	180,320
	Guangqian Electric	-	55,000
		<u>544,560,681</u>	<u>143,783,794</u>
Advances to suppliers	Fuel supply	<u>396,810,766</u>	<u>540,630,766</u>
Long-term receivable	Linchang Yuntou	15,580,000	15,580,000
	Wenxin Yuntou	-	260,000,000
	Shanxi Energy	-	153,200,000
		<u>15,580,000</u>	<u>428,780,000</u>
		December 31, 2010	June 30, 2011
Account Payable	Fuel supply	1,195,469,385	950,990,781
	Maoming Thermal	42,726,239	54,958,270
	Yudean Environment Protection	3,228,894	5,564,678
	Xinfengjiang	524,881	257,873
	Jinhui Electric	90,582	90,582
		<u>1,242,039,981</u>	<u>1,011,862,184</u>
Other payables	Shaoguan Electric	224,760,861	16,586,460
	Shaoguan D	1,750,737	1,752,591
	Yudean Environment Protection	2,561,138	7,350,360
	Yudean Information	88,000	8,000

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	Technology		
	Yudean Shipping	36,450	1,875,000
	Xinfengjiang	16,309	16,309
		<u>229,213,495</u>	<u>27,588,720</u>
Interest payable	Yudean Finance	-	2,860,007
Dividends payable	Shaoguan D	3,521,190	3,521,190
	Yudean Group	-	137,044,590
	Development		
	Company	-	7,863,945
	Chaokang	-	4,271,390
		<u>3,521,190</u>	<u>152,701,115</u>
Short-term borrowings	Yudean Finance	2,635,500,000	3,160,000,000
	Yudean Group	600,000,000	450,000,000
		<u>3,235,500,000</u>	<u>3,610,000,000</u>
Non-current liability due in 1 year	Yudean Finance	50,000,000	50,000,000
Long-term borrowings	Yudean Finance	<u>950,000,000</u>	<u>950,000,000</u>

### VIII. Contingent liability

As disclosed in Note 7(5)(d), as of June 30, 2011, the group provided a guarantee for accounts payable of Yudean Shipping amounted to RMB205,800,000; the group provided a Financing guarantee for accounts payable of Binglangjiang Amounted to RMB560,220,000, and provides joint and several liability guarantee for bank borrowings amounted to RMB217,500,000, RMB48,020,000 And RMB408,000,000, which belong to Binglangjiang, Lincang Yuntou and Weixin Yuntou respectively.

### IX. Commitments

The 11th meeting of the sixth board of directors of the Company held on April 12, 2010 adopted the Proposal for Investing the Project of Coal-fired Unit of Shaoguan Power Plant for Constructing New Big Power Units While Closing Small Ones. According to the proposal, the Company will participate in investment in and



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construction of the coal-fired unit project of Shaoguan Power Plant for "Constructing New Big Power Units While Closing Small Ones" and increase the capital of Yuejiang Electric Power by RMB 690.69 million by installment at shareholding ratio of 65% according to the construction progress of the project. After such injection, the shareholding percentage of the company to Yuejiang Electric will not change. As of June 30, 2011, The company can not increase the capital of Yuejiang Electric .

The 3rd Meeting of the Sixth board of directors of the Company held on July 26, 2010, A capital injection of RMB 250,000,000, which is at shareholding percentage of 25% to Yudean Finance. After such injection, the shareholding percentage of the company to Yudean Finance will not change. As of June 30, 2011, The Company has injected fund amounted to RMB 125 million.

The 2nd meeting of the seventh board of directors held on June 28, 2011 adopted the Proposal for Increasing the Capital of Maoming Zhenneng Thermal Power Co., Ltd. According to the proposal, the Company will increase the capital of Zhenneng Power Plant by RMB 263.7360 million at shareholding ratio. The capital increased in 2011 is RMB 124.36 million. The Company and Guangdong Electric Power Development Company accepted the share of additional capital abandoned by Guangdong Yudeanlian Investment Development Co., Ltd. in respective proportion of capital contribution. The newly increased amount of capital contribution is RMB 42.7084 million. The capital increased in 2011 is RMB 20.1385 million. As of June 30, 2011, The company can not increase the capital of Zhenneng Power Plant.

The 2nd meeting of the seventh board of directors held on June 28, 2011 adopted the Proposal Concerning the Investment in Offshore Wind Power Project by Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd. According to the proposal, the Company will increase the capital of Zhanjiang Wind Energy by RMB 140 million to invest in Xuwen offshore wind power demonstration project and make investment by installment according to the actual progress of the project. As of June 30, 2011, The company can not increase the capital of Yudean Zhanjiang Wind Powe.

#### X. Subsequent Event on the Balance Sheet Date

According to the Announcement of Failure to Obtain Approval of the Company's Issue of Shares to Purchase Assets and Related Transaction from Merger, Acquisition and Reorganization Committee of CSRC issued by the Company on July 6, 2011. On July 5, 2011, the 22nd work meeting of Listed Company Merger, Acquisition and Reorganization Committee (hereinafter referred to as "Merger, Acquisition and

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Reorganization Committee") of China Securities Regulatory Commission in 2011 examined and conditionally approved the matters concerning the issue of shares to purchase assets and related transaction of Guangdong Electric Power Development Co., Ltd..

According to the announcement of the resolutions of the 3rd meeting of the seventh board of directors issued by the Company on August 6, 2011, the board of directors of the Company decided to continue promoting the significant asset reorganization concerning issuing shares to Yudean Group Company to purchase assets. to revise, supplement and perfect the application materials concerning reorganization plan according to relevant opinions of CSRC and resubmit them to CSRC for examination as soon as possible.

XI. Lease

The Group leaseback generation equipments and the future rental expense is listed as follow:

	December 31, 2010	June 30, 2011
Within 1 year	77,393,453	163,293,259
1-2 years	78,325,657	246,539,246
2-3 years	78,325,657	246,539,246
Over 3 years	528,158,185	1,709,360,968
	<u>762,202,952</u>	<u>2,365,732,719</u>

As at June 30, 2011, the unamortized balance of unrecognized financing charges is RMB 538,902,539 (December 31, 2010: RMB 186,151,886).

XII. Assets measured at fair value

	December 31, 2010	Current year fair value changes in profit or loss	Current year fair value changes in equity	Impairment provisions	June 30, 2011
Financial assets -			Notes v(32)		
Available-for-sales financial assets	353,104,045	(8,219,537)	93,155,892	-	344,884,508

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XIII. Notes to the Company's financial statements

(1) Long-term equity investments

	December 31,2010	June 30,2011
Subsidiaries(b)	6,705,377,308	7,437,761,308
Associated	4,991,865,647	5,345,188,841
Other long-term equity investment	477,303,707	477,303,707
	<u>12,174,546,662</u>	<u>13,260,253,856</u>
Less: Provision for impairment of long-term equity investments (a)	<u>(35,557,877)</u>	<u>(35,557,877)</u>
	<u>12,138,988,785</u>	<u>13,224,695,979</u>

(2) No significant restriction on the receipt of the Company's Long-term equity investments

No quoted value of the company's associates.

a) Impairment of long-term equity investments

	Decemger 31, 2010	Increased in current period	in Decreased in current period	June 30,
Investment in subsidiaries				
— Yuejia Electric	<u>(35,557,877)</u>	<u>-</u>	<u>-</u>	<u>(35,557,877)</u>

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(b)Subsidiaries

	Accounting method	Original Investment cost	December 31, 2010	Current year movement	June 30,	Interest held %	Voting rights held %	Impairment provision	Current year accrual impairment provision	Cash dividends declared this year
Zhanjiang Electric	Cost method	2,185,334,400	2,185,334,400	-	2,185,334,400	76%	76%	-	-	86,241,034
Yuejia Electric	Cost method	701,279,338	701,279,338	-	701,279,338	58%	58%	(35,557,877)	-	-
Yuejiang Electric	Cost method	500,500,000	500,500,000		500,500,000	65%	65%	-	-	-
Zhenneng Electric	Cost method	288,561,587	288,561,587		288,561,587	53.28%	53.28%	-	-	-
Jinghai Electric	Cost method	1,930,395,668	1,485,381,668	445,014,000	1,930,395,668	65%	65%	-	-	186,961,586
Oil shale power	Cost method	196,398,200	196,398,200		196,398,200	83.66%	83.66%	-	-	-
Zhanjiang Wind Power	Cost method	205,044,000	166,544,000	38,500,000	205,044,000	70%	70%	-	-	7,700,000
Anxin	Cost method	20,000,000	20,000,000		20,000,000	100%	100%	-	-	-
Humeng Electric	Cost method	90,000,000	90,000,000		90,000,000	60%	60%	-	-	-
Zhongyue Energy	Cost method	1,532,578,100	921,378,115	228,870,000	1,150,248,115	90%	90%	-	-	-
Bohe Coal Electric	Cost method	170,000,000	150,000,000	20,000,000	170,000,000	100%	100%	-	-	-
			<u>6,705,377,308</u>	<u>732,384,000</u>	<u>7,437,761,308</u>			<u>(35,557,877)</u>	<u>-</u>	<u>280,902,620</u>

(3) Investment Income

	January-June 2010	January-June 2011
Share of profit of investees under equity	215,853,476	267,642,210

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method of accounting

Profit/ cash dividends declared by investees

under cost method of accounting	141,520,195	291,927,620
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Entrusted Loan interest income	11,977,276	15,615,373
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Income from available-for-sale financial

assets	7,404,300	4,402,150
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	<u>376,755,247</u>	<u>579,587,353</u>
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No significant restriction on the receipt of the Company's investment income.

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**(4) Supplemental information of cash flow statements**

(a) Reconciliation from the net profit to the cash flow operating activities

	January-June 2010	January-June 2011
Net profit	449,697,688	559,240,226
Add: Provisions for assets impairment	(1,838,934)	-
Depreciation of fixed assets and Amortisation of intangible assets	102,622,570	85,347,868
Amortisation of intangible assets	1,739,394	1,739,394
Financial expenses	114,497,407	157,262,297
Investment losses	(376,755,247)	(579,587,353)
Decrease in deferred tax (increase)	-	(2,054,884)
Increase/(Decrease) in inventories	17,723,346	(37,534,870)
Decrease/(Increase) in operating receivables	(90,983,490)	42,216,953
Increase/(Decrease) in operating payables	(16,078,092)	5,546,952
Net cash flows from operating activities	<u>200,624,642</u>	<u>232,176,583</u>

(b) Net changes of Cash and cash equivalent

	January-June 2010	January-June 2011
Cash at end of year	693,469,527	603,138,069
Less: Cash at beginning of year	(287,691,522)	(659,395,980)
Net increase/(decrease) in cash	<u>405,778,005</u>	<u>(56,257,911)</u>

**XIV. Breakdown of extraordinary gains and losses**

	January-June 2010	January-June 2011
Net profit	484,049,327	323,684,298
Add: Non-operating Expenses	1,793,935	3,945,337
Less: Non-perating income	(3,089,576)	(5,239,477)
Entrusted loans investment income	(8,982,957)	(11,711,530)
Recovery of bad debts written off	(1,379,200)	-
Net profit after deducting non-recurring gains and losses	<u>472,391,529</u>	<u>310,678,628</u>

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Including: Net profit attributable to Parent company	418,989,163	305,271,640
Minor shareholders' equity	53,402,366	5,406,988

XV. Return on equity and earnings per share

	Weighted average return on equity(%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2010 January -June	2011 January -June	2010 January -June	2011 January -June	2010 January -June	2011 January -June
Consolidated net profit attributable to shareholders of the Company	4.42%	3.08%	0.16	0.11	0.16	0.11
Consolidated net profit excluding non-routine items attributable to shareholders of the Company	4.30%	2.96%	0.15	0.11	0.15	0.11

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VIII. Documents for reference

1. Text of Semi-annual report carrying the signature of Chairman of the Board;
2. Financial statements bearing the seal and signature of legal representative, financial controller and the person in charge of the accounting organ;
3. All original copies of official documents and notices, which were disclosed in Securities Times, China Securities and Hong Kong Commercial Daily (Both English and Chinese version);
4. The article of association of the Company;
5. English version of the semi-annual report.

The documents mentioned above are kept in office, and are ready for reference at any time (except public holidays, Saturday and Sunday).

Guangdong Electric Power Development Co., Ltd.

Chairman of the board of directors: Pan Li

August 31, 2011