

---

## SUMMARY

---

### OVERVIEW

We are the leading wind power generation company in the PRC, one of the fastest growing wind power markets in the world. We design, develop, manage and operate wind farms, and sell the electricity generated by our wind farms to our sole customers — the local grid companies. BTM ranked us first in the PRC and Asia Pacific and fifth in the world in terms of total installed wind power capacity at the end of 2008, and we accounted for approximately 24.1%, 11.1% and 2.4% of the total installed wind power capacity of the PRC, Asia Pacific and the world, respectively, at the end of 2008. Our current wind power projects in operation and under construction are mainly located in six geographically diverse areas: the Three Northeast Provinces, Inner Mongolia, the Southeast Coastal Provinces, Xinjiang, Gansu and Hebei. In addition to our wind power business, we operate two coal power plants in Jiangsu. While historically we derived more than half of our revenue and profit from our coal power business, since 1999 we have shifted our focus to wind power generation. As a result of our strategy to expand our wind power business and to strengthen our leading position in the PRC wind power market, our wind power business grew substantially during the Track Record Period — its operating profit as a percentage of our total operating profit increased substantially from 13.3% in 2006 to 69.4% for the six months ended June 30, 2009.

We derive most of our revenue from the sales of electricity generated by our wind farms and coal power plants, which primarily depend on two factors: the net power generation and the on-grid tariffs of electricity. The net power generation of our wind farms or coal power plants is determined by the consolidated installed capacity and the average utilization hours. The consolidated installed capacity of our business increases as we expand, and the average utilization hours are calculated by dividing the consolidated gross power generation in a specific period by the average consolidated installed capacity in such period.

Assuming that a coal power plant or a wind farm operates at full capacity 24 hours per day throughout a year, its theoretical maximum utilization hours are 8,760 hours per year (365 days x 24 hours). However, in practice, the average utilization hours of our coal power plants are primarily determined by the planned output assigned by the local government, and the average utilization hours of our wind farms primarily depend on wind conditions at the relevant sites, in particular, wind speed and its daily, seasonal and other fluctuations. Wind turbines can only operate when wind speed falls within certain ranges, and if wind speed falls within these ranges but is below the rated wind speed at which a wind turbine is able to operate at full load, the average utilization hours of a wind farm will be affected. In addition, the average utilization hours of a wind farm are also influenced by repairs and maintenance, performance of wind turbines, other conditions such as wind direction, air density, extreme weather conditions and wake effect, as well as grid constraints. In contrast, coal power plants are largely unaffected by weather conditions, and are therefore generally able to operate continuously (subject to planned output and other restrictions). Therefore, the average utilization hours of our wind power business, which generally range from 2,000 to 3,000 hours per year, are lower than that of our coal power business, which generally range from 5,000 to 6,000 hours per year. Accordingly, with the same amount of consolidated installed capacity, a coal power plant will typically generate more electricity than a wind farm during the same period.

The on-grid tariffs applicable to power generation companies in the PRC are determined by the relevant pricing authorities based on various factors, including the type of energy, cost structure, economic life of the facilities and applicable tax rates. Accordingly, different on-grid tariffs apply to electricity generated by different energy sources. Due to the PRC government’s encouragement of the development of renewable energy sources, our large portfolio of wind farms are entitled to higher on-grid tariffs as compared to our coal power plants.

Our operating expenses primarily consist of costs of coal consumption and depreciation and amortization. Cost of coal consumption used in the generation of electricity and steam from our coal power business have been the most significant component of our operating expenses, accounting for 61.2%, 59.6%, 58.8% and 41.3% of total operating expenses (excluding service concession construction costs) for the years ended December 31, 2006, 2007 and 2008 and for the six months ended June 30, 2009, respectively.

---

## SUMMARY

---

Depreciation primarily relates to our property, plant and equipment and investment properties. Amortization primarily relates to the concession rights granted to us under concession agreements of our concession projects as well as other in tangible assets. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our total depreciation and amortization accounted for 16.9%, 19.8%, 20.3% and 31.2% of our total operating expenses (excluding service concession construction cost), respectively. As a percentage of our total depreciation and amortization (before inter-segment elimination), the proportion attributable to our wind power business was 18.2%, 34.9%, 52.0% and 61.9%, to our coal power business was 78.4%, 62.1%, 45.3%, and 35.9%, and to our other business was 3.4%, 3.0%, 2.7% and 2.2% during the same periods, respectively.

Given our strategic focus on developing our wind power business and the highly regulated environment of the PRC power industry, our business model carries certain specific features, including, among others, (i) we benefit from and rely on the current preferential PRC government policies for renewable energy sources; (ii) our sole customers are the local grid companies to which our wind farms and coal power plants are connected; (iii) the on-grid tariffs and planned output of our coal power plants and the on-grid tariffs of our wind farms are determined by the PRC government; (iv) the cost of coal consumption represents a significant proportion of our operating expenses; and (v) we only have two coal power plants which we have undertaken not to expand in the Non-competition Agreement. There are certain risks attributable to the above features of our business model. Please see “Risk Factors — Risks Relating to Our Wind Power Business,” “Risk Factors — Risks Relating to Our Coal Power Business” and “Risk Factors — Risks Relating to Our Overall Business” for details of the relevant risks.

### **Wind power business**

As of September 30, 2009, our wind power plants had 3,032.0 MW of consolidated installed capacity, representing 61.4% of the consolidated installed capacity of our total portfolio, which includes wind power, coal power and other renewable energy power projects. As of September 30, 2009, we operated 80 wind power projects and were constructing 26 wind power projects through subsidiaries, and we also operated 14 wind power projects and were constructing one wind power project through associated companies. As of September 30, 2009, we had a consolidated capacity under construction of 1,760.6MW.

We also had a portfolio of pipeline wind power projects suitable for future development with an estimated consolidated installed capacity of approximately 43 GW as of September 30, 2009, including approximately 290MW of Tier 1 pipeline projects, approximately 5,690MW of Tier 2 pipeline projects, and approximately 37,000MW of Tier 3 pipeline projects. See “Business — Our Wind Power Business — Pipeline Projects.” We have the rights to develop these pipeline projects under our investment and development agreements with local governments in 17 provinces, autonomous regions and municipalities in the PRC. The actual timing for the development of these pipeline wind power projects varies, and will be determined by various factors, such as local wind resources, construction conditions, power transmission and dispatch, and on-grid tariffs. We also plan to prioritize the development of pipeline projects with greater potential based on the results of our feasibility studies.

We plan to strengthen our leading position in the PRC wind power sector by increasing our consolidated installed wind power capacity to approximately 6,500 MW by the end of 2010, representing an estimated CAGR of 82.4% from 2006 to 2010. To achieve this target, we expect the consolidated installed capacity of our wind power business to increase by approximately 1,500MW in the fourth quarter of 2009, and further increase by approximately 2,000MW in 2010. As of September 30, 2009, we estimated that we would incur capital expenditure of approximately RMB33.1 billion to complete construction of our additional projects in the fourth quarter of 2009 and in 2010. See “Business — Our Wind Power Business — Description of Our Wind Farms” for a breakdown of our estimated capital expenditure for these projects.

---

## SUMMARY

---

### *Preferential government policies*

The PRC government has provided various incentives to encourage the development of wind power. As the PRC’s leading wind power generation company, our wind power business has benefited, and we expect will continue to benefit, from regulatory support from the PRC government, including:

- *Mandatory grid connection and dispatch of 100% of electricity generation.* According to PRC law and regulation, grid companies generally must purchase all electricity generated from renewable energy projects in their grid areas, and must provide grid-connection services and related technical support. See “Regulatory Environment — Regulatory Requirements Relating to Renewable Energy — Mandatory Purchase and Dispatch Priority.”
- *On-grid tariff premiums.* The on-grid tariffs for wind power are generally higher than those for coal power within the same province. This premium is effectively borne by the end-users. Pursuant to the NDRC’s new wind power pricing policy issued on July 24, 2009, we believe that the on-grid tariffs of our wind power projects approved after August 1, 2009 are generally more favorable than those of our wind power projects approved in prior years. See “Regulatory Environment — Regulatory Requirements Relating to Renewable Energy — Tariff and Cost Sharing Program.”
- *PRC tax benefits.* PRC wind power companies are entitled to a refund of 50% of the VAT levied on electricity generation from wind power. In addition, a wind power project approved on or after January 1, 2008 is exempt from PRC income tax for three years starting from when the company starts to generate revenue from the sales of wind power, and a 50% reduction in such tax for the three years thereafter. See “Regulatory Environment — Taxation,” “Financial Information — Significant Factors Affecting Our Results of Operations and Financial Condition — PRC tax incentives” and “Risk Factors — Risks Relating to Our Overall Business — Any preferential tax treatment currently or previously available to our subsidiaries in the PRC could be discontinued.”

While the on-grid tariff premiums are included in the sales of electricity of our wind power business and the preferential income tax benefits are included in our net income tax, the preferential VAT tax benefits we received are included in our other government grants as a part of other net income. For the three years ended December 31, 2006, 2007 and 2008 and for the six months ended June 30, 2009, our other government grants primarily attributable to preferential VAT tax benefits were RMB61.7 million, RMB94.6 million, RMB207.7 million and RMB136.4 million, respectively, accounting for 9.5%, 13.3%, 33.8% and 17.1% of our net profit during those periods.

While the PRC government has publicly stated its intent to continue to encourage the development of wind power projects and our Directors are not aware of any indication of any potential changes to the existing wind power policies in the PRC that may materially and adversely affect us in the foreseeable future, we cannot assure you that the PRC government will not change or eliminate the current incentives and favorable policies at any time. See “Risk Factors — Risks Relating to Our Wind Power Business — Our wind farms’ commercial viability and profitability depend on the PRC government’s policies and regulatory framework supporting renewable energy development, which the PRC government could change or eliminate.”

### *Sales of electricity*

We sell substantially all of the electricity generated from our wind farms to the local grid companies, such as Fujian Electric Power Company, Heilongjiang Electric Power Company, Northeast China Grid Company Limited and Liaoning Electric Power Company. Most of these local grid companies are wholly owned subsidiaries of the State Grid Corporation of China. Although the grid companies generally must purchase all the electricity generated from wind power projects according to the Renewable Energy Law, the output of our wind farms, in particular the wind farms located in remote areas, may be curtailed as a result

---

## SUMMARY

---

of grid congestion or other limitations on a grid’s maximum transmission capacity. As electricity generated from our wind farms is not stored and must be transmitted or used once it is generated, some or all of the wind turbines of a wind farm will be turned off and stop producing electricity during the period when electricity is unable to be transmitted due to grid congestion or other grid constraints. Such events could reduce the actual net power generation of our wind farms. See “Risk Factors — Risks Relating to Our Wind Power Business — We rely on local grid companies for grid connection and electricity transmission and distribution services” and “Business — Our Wind Power Business — Electricity Sale.”

The PPAs that our wind farms enter with local grid companies typically include standard terms such as on-grid tariff, metering and payment. However, the PPAs do not specifically provide any compensation from the respective local grid companies for any financial loss caused by grid congestion or other shortfalls in purchasing the full amount of electricity generated by our wind farms. As of September 30, 2009, our operating wind farms had 39 PPAs with the relevant local grid companies. The on-grid tariffs provided for under PPAs are reviewed and determined by the relevant pricing authorities, and therefore may vary significantly among our wind power projects according to the time of approval, location and other conditions of each project. See “Financial Information — Significant Factors Affecting Our Results of Operations and Financial Condition — Changes in on-grid tariffs.”

- For wind power projects approved after December 31, 2005 and before August 1, 2009, the on-grid tariff is known as the “government guided price.” The pricing authorities generally considered various factors in approving the on-grid tariffs, including the wind resources of the sites, the size of the proposed projects, construction conditions and previous approved prices for other wind power projects in the same or neighboring areas.
- For wind power projects approved after August 1, 2009, the previous on-grid tariff as determined by “government guided price” is replaced by the geographically unified tariff, a form of “government fixed price.” Specifically, the PRC is categorized into four wind resource zones, and the same standard on-grid tariff (including VAT) (RMB0.51 per kWh, RMB0.54 per kWh, RMB0.58 per kWh or RMB0.61 per kWh) applies to all wind power projects in the same zone. The new on-grid tariffs continue to be subsidized by on-grid tariff premiums enjoyed by renewable power projects in general.

The table below sets forth our weighted average on-grid tariff (excluding VAT) for electricity from our wind power projects for the periods indicated.

	Year ended December 31,			Six months ended June 30,	Nine months ended September 30,
	2006	2007	2008	2009	2009
	(RMB per kWh)				
Weighted average on-grid tariff (excluding VAT) <sup>(1)</sup> .	0.5744	0.5114	0.4799	0.4613	0.4653

*Note:*

- (1) Weighted average on-grid tariff (excluding VAT) is calculated by dividing the revenue from electricity sales of our wind power business by our consolidated net power generation of our wind power business.

---

## SUMMARY

---

The net power generation of our wind power business is equivalent to our gross power generation excluding auxiliary electricity and the electricity generated during the construction and testing period. Our wind farms begin commercial operation after the construction and testing period, and after such period, the net power generation typically accounts for approximately 96-97% of the gross power generation. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the net power generation of our wind power business was 529.4 GWh, 1,418.7 GWh, 3,406.8 GWh and 2,871.0 GWh, respectively. Revenue contribution from our wind power business accounted for 6.9%, 14.9%, 25.8% and 37.3% of our total revenue (excluding service concession construction revenue) during the same periods, respectively. However, as a result of our shift of focus to wind power and the fact that our wind power business enjoys a higher profit margin than our coal power business, our wind power business’s operating profit accounted for 13.3%, 39.6%, 75.7% and 69.4%, respectively, of our total operating profit, and its adjusted operating margin (as defined below) amounted to 32.9%, 45.8%, 53.9%, and 56.5% during those periods.

### *Concession projects*

While most of our existing and pipeline wind power projects were acquired pursuant to the investment and development agreements which we entered into with the local governments, as of September 30, 2009, we had also been awarded and operated ten concession projects with approximately 670.4MW of consolidated installed capacity, accounting for 22.1% of our wind power project portfolio by consolidated installed capacity. The PRC government awards through a competitive bidding process, to both domestic and international investors, the rights to develop concession projects on government-selected sites. Pursuant to the concession agreements we entered into with the relevant local governments, we are entitled to build and operate concession projects on an exclusive basis for a term ranging from 22 to 25 years. The local governments are responsible for the construction of ancillary structures such as access roads from the grid to the sub-station, the local grid companies are responsible for the construction of transmission lines and we are responsible for the construction, operation and maintenance of our wind farms during the term of the concession agreement. Our wind power concession projects sell all electricity to the local grid company at a fixed on-grid price approved by the NDRC. Historically, the concession projects that the NDRC awarded us are important to our business as such projects generally have large installed capacities and are thus an indication of our business strength and competitive standing compared to other wind power producers in the PRC. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, sales of electricity from our concession projects accounted for 0.7%, 17.0%, 20.6% and 20.2% of the total revenue of our wind power business, respectively.

In addition to the revenue from sales of electricity generated by our concession projects, we also record service concession construction revenue and service concession construction cost in connection with the construction of our concession projects. We recognize the service concession construction revenue at fair value in respect of the construction work completed for concession projects pursuant to the relevant concession agreements between us and the relevant local government authorities. As we subcontract substantially all construction activities of our concession projects to third parties, we recognize total construction costs as the fair value of the construction services. As a result, the service concession construction revenue is equal to the service concession construction cost recorded during the relevant period, and thus has no net effect on our operating profit or profit for the relevant period. For a discussion of service concession construction revenue or service concession construction cost, see “Financial Information — Critical Accounting Policies — Intangible assets.”



---

## SUMMARY

---

### *Sales of CERs and VERs*

We derive other net income from sales of carbon credits, known as CERs, from our wind farms that have been registered as CDM projects with the CDM EB. We started applying for the registration of CDM projects in 2005, and have been generating profit from CDM projects since 2007. As of September 30, 2009, we had registered 21 CDM projects which have generated other net income. We also sell VERs, generated from the electricity output from our CDM projects before they were registered as CDM projects. For the years ended December 31, 2007, 2008 and the six months ended June 30, 2009, our income from the aggregate sales of both CERs and VERs was RMB29.6 million, RMB117.5 million and RMB116.9 million, respectively, accounting for 4.2%, 19.1% and 14.6% of our net profit during those periods.

### **Coal power business**

As of September 30, 2009, our two coal power plants had 1,875.0 MW of consolidated installed capacity, representing 38.0% of the consolidated installed capacity of our total portfolio. Historically, our coal power business has provided a stable source of cash flow funding the growth of our wind power business. Going forward, we intend to continue to increase the efficiency and profitability of our coal power business by lowering our coal consumption costs. We also plan to install larger units to replace the decommissioned small units, which is in line with the recent PRC government policies requiring coal power generators to shut down their small units to reduce emissions and enhance operational efficiency.

### *Sales of electricity*

According to relevant PRC regulations, a coal power plant’s sole customer is the relevant grid company to which it is connected. Both of our coal power plants are connected to and sell electricity to Jiangsu Electric Power Company, which is a wholly owned subsidiary of the State Grid Corporation of China. The PPA that our coal power plants entered with Jiangsu Electric Power Company typically includes standard terms such as on-grid tariff, output and adjustments, metering and payment. Under the PPAs, Jiangsu Electric Power Company undertakes to purchase the entire amount of each of our coal power plants’ planned output, subject to adjustments to the purchase amount for the next year in the event that it purchases less electricity from us than originally agreed in the current year due to grid congestions or other reasons. As of September 30, 2009, each of our coal power plants has one PPA with Jiangsu Electric Power Company.

Our coal power business is directly affected by the planned output and on-grid tariff determined by the relevant PRC government authorities, which are beyond our control.

- The local government issues guidelines on the annual planned output of each coal power plant within its jurisdiction based on a number of factors, including power supply and demand in the region, dispatch priority for different coal power plants and the average utilization hours of comparable power plants. As planned output accounted for approximately 90% of total electricity sales volume of our coal power plants during the Track Record Period, the electricity sales of our coal power business are directly affected by the amount of planned output assigned to each of our coal power plants. Apart from our planned output, both of our coal power plants also sell electricity generated in excess of the planned output, by way of competitive bidding output and substituting generation output. See “Financial Information — Significant Factors Affecting Our Results of Operations and Financial Condition — Output and average utilization hours.”
- The on-grid tariffs of the planned output of our coal power plants are reviewed and determined by the relevant pricing authorities, taking into account various factors including the construction costs, cost of coal, and the size and configuration of the comparable coal power plants operating within the same province. The approved on-grid tariff for any coal power plant is subject to adjustments for material changes, such as a substantial increase in coal cost. See “Financial Information — Significant Factors Affecting Our Results of Operations and Financial Condition — Changes in on-grid tariffs.”

## SUMMARY

The table below sets forth our weighted average on-grid tariff (excluding VAT) for electricity from our coal power plants for the periods indicated.

	Year ended December 31,			Six months ended June 30,	Nine months ended September 30,
	2006	2007	2008	2009	
	(RMB per kWh)				
Weighted average on-grid tariff (excluding VAT) <sup>(1)</sup> . . . . .	0.3171	0.3153	0.3447	0.3604	0.3601

*Note*

(1) Weighted average on-grid tariff (excluding VAT) is calculated by dividing the revenue from electricity sales of our coal power plants by the consolidated net power generation of our coal power business.

For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the net power generation of our coal power business was 11,979.8 GWh, 11,638.3 GWh, 11,863.4 GWh and 4,536.1 GWh, respectively. Revenue contribution from our coal power business accounted for 90.1%, 82.2%, 68.8% and 59.1% of our total revenue (excluding service concession construction revenue) during the same periods, respectively. The operating profit of our coal power business accounted for 89.7%, 64.8%, 23.2% and 31.0%, respectively, of our total operating profit, and the adjusted operating margin of our coal power business amounted to 21.7%, 17.4%, 6.6% and 23.3% during those periods.

### *Coal consumption*

During the Track Record Period, cost of coal consumption represented the largest proportion of our operating expenses. As a result, our results of operations are affected by the cost of coal consumption and the volatility of its market price.

The table below sets forth our weighted average cost of standard coal per ton (excluding VAT) for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2006	2007	2008	2009
	(RMB per ton)			
Weighted average cost of standard coal (excluding VAT) . . . . .	525.9	586.3	775.9	635.3

We typically purchase our coal supplies through procurement agents from the major coal suppliers in the PRC, such as Shenhua Group Corporation Limited (神華集團有限責任公司). We procured our coal supplies through procurement agents as we believe that they are generally more resourceful in sourcing coal supply and enjoy favorable payment terms with the major coal suppliers in the PRC.

In response to the increases in coal prices from 2006 to 2008, our strategy to control our cost of coal consumption was to secure long-term coal supplies with major coal suppliers in the PRC and to increase coal consumption efficiency through technology improvements and equipment upgrades. We have directly entered into long-term framework coal supply agreements with Shenhua Zhunge'er Energy Company (神華集團准格爾能源有限責任公司) and former China National Coal Import and Export Corporation (中國煤炭進出口公司) (currently known as China National Coal Group Corporation) since 2004 to cover any shortfall in the coal supply procured by our procurement agents. These framework agreements generally have a minimum term of not less than five years, and contain provisions specifying the grade, quality and amount of coal to be purchased annually. We usually negotiate pricing and other contract terms with our

---

## SUMMARY

---

procurement agents each year before entering into annual coal supply contracts with them. According to our annual coal supply contracts, in the event of significant fluctuations in coal price or material changes in the government policy in respect of coal price, both parties have the right to propose changes to the coal price and amend the annual coal supply contracts.

In addition, to improve coal consumption efficiency in power generation, our coal power plants use a mix of various types of coal according to their coal heat value. During the Track Record Period, the average coal heat value of our coal supply was approximately 4,600 kcal/Kg.

As any adjustments to on-grid tariffs are subject to the review and approval of the NDRC, we have limited ability to pass on coal price increases through raising on-grid tariffs. If coal prices continue to rise or experience volatility, we expect that our operating profit margin will continue to be affected. See “Risk Factors — Risks Relating to Our Coal Power Business — Coal prices are volatile, and our ability to pass on any increases to our customers and/or end-users is limited,” “Financial Information — Significant Factors Affecting Our Results of Operations and Financial Condition — Coal consumption,” and “Regulatory Environment — Regulatory Requirements Relating to Coal Power — On-grid Tariff.”

### Other businesses

In addition to our wind power and our coal power businesses, we also:

- develop electricity generation pilot projects using other renewable energy sources including tidal, biomass and geothermal energy;
- provide consulting, repair and maintenance, training and other professional services to wind farms operated by us and by third parties; and
- manufacture and sell power equipment used in the power grids, wind farms and coal power plants.

The table below sets forth our key operational and financial information relating to our business as of the dates or for the periods indicated:

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
	(MW)				
<b>Key Operational Data</b>					
Total installed capacity . . . . .	<b>3,078.2</b>	<b>4,059.3</b>	<b>4,826.8</b>	<b>5,078.3</b>	<b>5,274.8</b>
Wind power business . . . . .	650.0	1,630.4	2,923.9	3,175.4	3,370.9
Coal power business . . . . .	2,425.0	2,425.0	1,875.0	1,875.0	1,875.0
Other renewable energy . . . . .	3.2	3.9	27.9	27.9	28.9
Consolidated installed capacity	<b>3,014.8</b>	<b>3,727.1</b>	<b>4,405.7</b>	<b>4,788.9</b>	<b>4,935.9</b>
Wind power business . . . . .	586.6	1,298.2	2,502.8	2,886.0	3,032.0
Coal power business . . . . .	2,425.0	2,425.0	1,875.0	1,875.0	1,875.0
Other renewable energy . . . . .	3.2	3.9	27.9	27.9	28.9
Attributable installed capacity . . . . .	<b>1,079.1</b>	<b>1,691.6</b>	<b>2,566.4</b>	<b>2,860.0</b>	<b>3,012.7</b>
Wind power business . . . . .	361.4	973.2	2,000.9	2,294.5	2,446.1
Coal power business . . . . .	714.5	714.5	538.9	538.9	538.9
Other renewable energy . . . . .	3.2	3.9	26.7	26.7	27.7



## SUMMARY

	Year ended December 31,			Six months ended June 30,	Nine months ended September 30,
	2006	2007	2008	2009	2009
	Consolidated gross power generation (in GWh) . . . . .	<b>13,377.6</b>	<b>13,962.4</b>	<b>16,360.0</b>	<b>7,929.3</b>
Wind power business . . . . .	561.6	1,513.7	3,655.1	3,069.5	4,254.7
Coal power business . . . . .	12,809.2	12,441.7	12,670.1	4,830.0	7,657.2
Other renewable energy . . . . .	6.8	7.1	34.8	29.8	40.7
Consolidated net power generation (in GWh) <sup>(1)</sup> . . . . .	<b>12,515.8</b>	<b>13,063.8</b>	<b>15,292.9</b>	<b>7,431.8</b>	<b>11,171.4</b>
Wind power business . . . . .	529.4	1,418.7	3,406.8	2,871.0	3,956.5
Coal power business . . . . .	11,979.8	11,638.3	11,863.4	4,536.1	7,181.2
Other renewable energy . . . . .	6.6	6.8	22.7	24.7	33.7

  

	Year ended December 31,			Six months ended June 30,
	2006	2007	2008	2009
	<b>Key Financial Data</b>			
Revenue (RMB in millions) . . . . .	<b>5,445.4</b>	<b>6,963.1</b>	<b>8,554.7</b>	<b>3,912.3</b>
Service concession construction revenue . . . . .	975.5	2,073.8	2,200.4	364.5
Revenue excluding service concession construction revenue (RMB in millions) . . . . .	<b>4,469.9</b>	<b>4,889.3</b>	<b>6,354.3</b>	<b>3,547.8</b>
Wind power business . . . . .	306.2	726.8	1,638.1	1,324.5
Coal power business . . . . .	4,028.8	4,017.9	4,373.4	2,095.3
Others . . . . .	172.4	236.2	455.2	228.0
Elimination of inter-segment revenue . . . . .	(37.5)	(91.6)	(112.4)	(100.0)
Segment EBITDA (RMB in millions) <sup>(2)</sup> . . . . .	<b>1,575.3</b>	<b>1,896.7</b>	<b>2,503.7</b>	<b>2,185.8</b>
Wind power business . . . . .	238.9	714.7	1,642.2	1,466.7
Coal power business . . . . .	1,343.9	1,207.7	823.2	717.6
Other . . . . .	53.6	64.9	103.7	51.4
Adjustments <sup>(3)</sup> . . . . .	(61.1)	(90.6)	(65.4)	(49.9)
Operating profit (RMB in millions) . . . . .	<b>966.3</b>	<b>1,118.4</b>	<b>1,420.8</b>	<b>1,446.5</b>
Wind power business . . . . .	128.1	443.0	1,076.1	1,004.1
Coal power business . . . . .	866.5	724.3	329.6	449.1
Other . . . . .	32.8	41.7	73.9	34.6
Adjustments <sup>(3)</sup> . . . . .	(61.1)	(90.6)	(58.8)	(41.3)
Adjusted operating profit (RMB in millions) <sup>(4)</sup> . . . . .	<b>902.3</b>	<b>951.7</b>	<b>1,134.4</b>	<b>1,170.8</b>
Wind power business . . . . .	100.8	333.1	883.6	749.0
Coal power business . . . . .	872.4	698.5	286.7	442.3
Other . . . . .	(9.8)	9.7	20.5	15.6
Adjustments <sup>(3)</sup> . . . . .	(61.1)	(89.6)	(56.4)	(36.1)
Adjusted operating margin (%) <sup>(5)</sup> . . . . .	<b>20.2</b>	<b>19.5</b>	<b>17.9</b>	<b>35.0</b>
Wind power business . . . . .	32.9	45.8	53.9	56.5
Coal power business . . . . .	21.7	17.4	6.6	23.3
Other . . . . .	(5.7)	4.1	4.5	6.8

*Notes:*

- (1) Consolidated net power generation is the amount of consolidated electricity sales volume sold by our subsidiaries. It excludes (i) electricity consumed by the power plant in the course of electricity generation and transmission and (ii) the electricity generated during the construction and testing period. Income attributable to the sales of electricity generated during the construction and testing period is not included in the revenue of electricity sales, but is offset against the cost of property, plant and equipment.

---

## SUMMARY

---

- (2) Segment EBITDA is the segment’s operating profit plus depreciation and amortization for such segment after adjustment for elimination of inter-segment depreciation and amortization. Segment EBITDA is not a standard measure under IFRSs. Segment EBITDA is included because it is a widely used financial indicator of a company’s ability to service and incur debt. However, segment EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. Segment EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. [●] should not compare the Company’s segment EBITDA to EBITDA presented by other companies because not all companies use the same definitions.
- (3) Adjustments include elimination of inter-segment profits and unallocated head office and corporate expenses.
- (4) Total adjusted operating profit is total operating profit (excluding operating profit from our coal supply business) less total other net income, and adding back any one-off, non-recurring impairment losses of the Group.

Adjusted operating profit of each business segment is the operating profit of the segment (in case of the coal power business segment, operating profit from our coal supply business in the amount of RMB5.3 million for the six months ended June 30, 2009 is excluded for the purposes of calculating the coal power business segment’s adjusted operating profit and adjusted operating margin) less other net income attributable to such segment, and adding back any one-off, non-recurring impairment losses attributable to such segment.

Other net income attributable to our wind power business mainly included sales of CERs and VERs and other government grants related to VAT rebate and refund, and amounted to RMB27.3 million, RMB109.9 million, RMB296.3 million and RMB255.1 million in 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively. We recorded a provision of RMB103.8 million for a non-recurring impairment loss on construction in progress in our wind power business in 2008.

Other net income attributable to our coal power business mainly included other government grants relating to VAT rebate and disposal gains related to plant, property and equipment, amounted to RMB25.9 million, RMB25.8 million, RMB42.9 million and RMB1.5 million in 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively. Our coal power business recorded a non-recurring impairment loss of RMB31.8 million in 2006.

Other net income attributable to our other business mainly included rental income from investment properties, and amounted to RMB43.4 million, RMB34.2 million, RMB53.4 million and RMB19.0 million in 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively. Our other business recorded a non-recurring impairment loss of RMB0.8 million, RMB2.2 million and RMB0.03 million in 2006, 2007 and 2008, respectively.

- (5) Adjusted operating margin of the Group is calculated by dividing (i) total adjusted operating profit by (ii) total revenue (excluding service concession construction revenue and revenue from our coal supply business) for the year or period.

Adjusted operating margin of each business segment is calculated by dividing (i) adjusted operating profit of the segment by (ii) revenue from such segment for the year or period (in case of the coal power business segment, revenue from our coal supply business in the amount of RMB199.1 million for the six months ended June 30, 2009 is excluded for the purposes of calculating the coal power business segment’s adjusted operating profit and adjusted operating margin).

Each segment’s adjusted operating profit and adjusted operating margin are results before elimination. Adjusted operating margin and adjusted operating profit are not standard measurements under IFRSs, but we present them here because our management believes that they provide useful indicators of our profitability. [●] should be aware that adjusted operating profit and adjusted operating margin presented in this document may not be comparable to similarly titled measures reported by other companies, due to different calculation methods.

## PRINCIPAL STRENGTHS

- We are the PRC’s leading wind power generation company, with a long track record and operations in geographically diverse areas with abundant wind resources.
- We operate in the PRC’s rapidly growing wind energy sector, which benefits from regulatory support and increasing demand for electricity.
- Our comprehensive capabilities in the wind power business allow us to enhance our operational efficiency and profitability.
- We benefit from our long-standing relationships with wind turbine suppliers.
- We have an experienced, professional and motivated management team supported by highly skilled employees to manage our operations effectively and enhance shareholder value.

## SUMMARY

### OUR STRATEGIES

- Continue to strengthen our leading position in the PRC wind power sector.
- Continue to develop our pipeline of solar power projects and expand our other renewable energy business.
- Diversify financing sources and reduce financing costs.
- Seek new opportunities in international markets.
- Enhance the operational efficiency of our coal power business.

### SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary consolidated financial information of our Group. We have derived the consolidated financial information for the years ended December 31, 2006, 2007 and 2008 and for the six months ended June 30, 2008 (unaudited) and 2009 and as of December 31, 2006, 2007 and 2008 and June 30, 2009 from our audited consolidated financial statements set forth in the Accountants’ Report in Appendix I to this document. The summary consolidated financial information should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes.

Our consolidated financial information was prepared in accordance with IFRSs.

	Year ended December 31,						Six months ended June 30,			
	2006		2007		2008		2008		2009	
	(RMB in millions)	(%*)	(RMB in millions)	(%*)	(RMB in millions)	(%*)	(RMB in millions)	(%*)	(RMB in millions)	(%*)
							(unaudited)			
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</b>										
Revenue . . . . .	5,445.4	100.0	6,963.1	100.0	8,554.7	100.0	3,753.9	100.0	3,912.3	100.0
Other net income . . . . .	96.6	1.8	168.9	2.5	390.2	4.6	178.3	4.8	270.4	6.9
Operating expenses . . . . .	(4,575.7)	(84.1)	(6,013.6)	(86.4)	(7,524.1)	(88.0)	(3,204.7)	(85.4)	(2,736.2)	(69.9)
Operating profit . . . . .	966.3	17.7	1,118.4	16.1	1,420.8	16.6	727.5	19.4	1,446.5	37.0
Finance income . . . . .	68.3	1.3	93.7	1.3	145.6	1.7	105.5	2.8	19.2	0.5
Finance expenses . . . . .	(345.4)	(6.3)	(457.4)	(6.6)	(1,003.1)	(11.7)	(407.7)	(10.9)	(545.4)	(13.9)
Share of profits less losses of associates and jointly controlled entities . . . . .	16.9	0.3	18.1	0.3	52.7	0.6	17.8	0.5	29.1	0.7
Profit before taxation . . . . .	706.1	13.0	772.8	11.1	616.0	7.2	443.1	11.8	949.4	24.3
Income tax . . . . .	(59.5)	(1.1)	(60.4)	(0.9)	(2.1)	—	(11.1)	(0.3)	(150.7)	(3.9)
Profit for the year/period . . .	646.6	11.9	712.4	10.2	613.9	7.2	432.0	11.5	798.7	20.4
Profit attributable to:										
Equity owner of the Company . . . . .	149.7	2.8	215.0	3.1	337.4	3.9	237.3	6.3	425.3	10.9
Non-controlling interests . . .	496.9	9.1	497.4	7.1	276.5	3.3	194.7	5.2	373.4	9.5
	646.6	11.9	712.4	10.2	613.9	7.2	432.0	11.5	798.7	20.4

\* Represents a percentage of each item to our total revenue.

## SUMMARY

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)
<b>CONSOLIDATED BALANCE SHEETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment . . . . .	9,863.3	14,937.3	24,290.2	31,065.8
Investment properties . . . . .	293.1	265.6	171.9	151.5
Lease prepayments . . . . .	362.1	461.1	556.7	639.3
Intangible assets . . . . .	974.4	2,997.0	5,083.5	5,683.0
Investments in associates and jointly controlled entities . . . . .	309.6	585.7	526.5	599.8
Other financial assets . . . . .	889.9	897.2	349.8	482.0
Deferred tax assets . . . . .	80.2	91.7	190.3	167.0
<b>Total non-current assets</b> . . . . .	<u>12,772.6</u>	<u>20,235.6</u>	<u>31,168.9</u>	<u>38,788.4</u>
<b>Current assets</b>				
Trading securities . . . . .	—	0.2	—	0.2
Inventories . . . . .	131.6	205.1	279.3	389.0
Trade debtors and bills receivable . . . . .	563.3	865.9	1,240.9	1,770.5
Prepayments and other current assets . . . . .	489.5	974.0	1,804.8	1,246.8
Tax recoverable . . . . .	11.5	6.9	0.5	1.2
Restricted deposits . . . . .	483.3	228.6	500.0	470.5
Cash at bank and on hand . . . . .	102.4	808.8	1,055.0	1,250.5
<b>Total current assets</b> . . . . .	<u>1,781.6</u>	<u>3,089.5</u>	<u>4,880.5</u>	<u>5,128.7</u>
<b>Current liabilities</b>				
Borrowings . . . . .	2,766.0	6,156.0	4,686.2	8,924.3
Obligations under finance leases . . . . .	104.7	—	—	—
Trade creditors and bills payable . . . . .	2,311.3	1,779.4	2,728.7	2,733.3
Other payables . . . . .	1,183.3	1,541.9	1,918.0	3,570.2
Tax payable . . . . .	11.6	28.5	80.0	90.3
<b>Total current liabilities</b> . . . . .	<u>6,376.9</u>	<u>9,505.8</u>	<u>9,412.9</u>	<u>15,318.1</u>
<b>Net current liabilities</b> . . . . .	<u>(4,595.3)</u>	<u>(6,416.3)</u>	<u>(4,532.4)</u>	<u>(10,189.4)</u>
<b>Total assets less current liabilities</b> . . . . .	<u>8,177.3</u>	<u>13,819.3</u>	<u>26,636.5</u>	<u>28,599.0</u>

## SUMMARY

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)
<b>Non-current liabilities</b>				
Borrowings . . . . .	3,890.8	7,845.1	17,345.0	18,612.9
Obligations under finance lease. . . . .	—	—	50.0	50.0
Provision for supplementary pension subsidies and early retirement benefits. . . . .	34.0	32.9	—	—
Deferred income . . . . .	38.0	386.5	2,145.3	2,158.9
Deferred tax liabilities . . . . .	13.8	26.8	23.3	29.4
<b>Total non-current liabilities</b> . . . . .	<u>3,976.6</u>	<u>8,291.3</u>	<u>19,563.6</u>	<u>20,851.2</u>
<b>NET ASSETS</b> . . . . .	<u>4,200.7</u>	<u>5,528.0</u>	<u>7,072.9</u>	<u>7,747.8</u>
<b>CAPITAL AND RESERVES</b> . . . . .				
Paid-in capital. . . . .	992.9	1,662.9	3,162.9	3,162.9
Reserves . . . . .	971.3	1,202.5	712.4	1,140.3
<b>Total equity attributable to the equity owner of the Company</b> . . . . .	1,964.2	2,865.4	3,875.3	4,303.2
<b>Non-controlling interests</b> . . . . .	2,236.5	2,662.6	3,197.6	3,444.6
<b>TOTAL EQUITY</b> . . . . .	<u>4,200.7</u>	<u>5,528.0</u>	<u>7,072.9</u>	<u>7,747.8</u>

### PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

Forecast consolidated net profit attributable to equity holders of our Company<sup>(1)</sup> . . . . . not less than RMB[●] (approximately HK\$[●])

*Note:*

(1) The forecast consolidated profit attributable to equity holders of our Company for the year ending December 31, 2009 is extracted from the section headed “Financial Information — Profit Forecast for the Year Ending December 31, 2009” in this document. The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III to this document.

### DIVIDEND POLICY

We may distribute dividends by way of cash or by other means that we consider appropriate. Any proposed distribution of dividends shall be formulated by our Board and will be subject to our shareholders’ approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, future prospects and other factors that our Directors may consider important.

According to the PRC law and our Articles of Association, we will pay dividends out of our after-tax profits only after we have made the following allocations:

- recovery of accumulated losses, if any;



---

## SUMMARY

---

- allocations to the statutory common reserve fund equivalent to 10% of our after-tax profit, as determined under PRC GAAP; and
- allocations, if any, to a discretionary common reserve fund that are approved by the shareholders in a shareholders’ meeting.

The minimum allocations to the statutory funds are 10% of our after-tax profit, as determined under Company Law. When the statutory common reserve fund reaches and is maintained at or above 50% of our registered capital, no further allocations to this statutory fund will be required.

In accordance with the Articles of Association of the Company, dividends may be paid only out of distributable profits as determined under PRC GAAP or IFRSs whichever is a lower amount. Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. In the future, we expect to distribute no less than 15% of our annual distributable earnings as dividends.

There is, however, no assurance that we will be able to declare dividends of such amount or any amount each year or in any year. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by financing agreements that we may enter into in the future.

Under current PRC tax laws and regulations, dividends paid by our Company to a Non-PRC Resident Enterprise shareholder are subject to a 10% withholding tax while the dividends paid to an individual holder of [●] Shares outside the PRC are currently exempted from PRC income tax.

### SPECIAL DISTRIBUTION

According to the Interim Provisions on the Management and Financial Treatment of State Owned Capital in Enterprise Corporate Restructuring (企業公司改制有關國有資本管理財務處理的暫行規定) issued by the Ministry of Finance and effective on August 27, 2002, it is a mandatory requirement for our Group to declare and pay a special distribution to Guodian in an amount equal to our Group’s net profit from September 30, 2008, the date on which our state-owned assets were valued, to July 9, 2009, the date of our incorporation (the “Special Distribution”). Pursuant to an ordinary resolution passed by our shareholders on July 17, 2009, we declared the Special Distribution payable to Guodian. Such Special Distribution, in the amount of approximately RMB600 million based on our net profit generated from September 30, 2008 to July 9, 2009, is expected to be paid to Guodian from our available cash and cash equivalents on hand.

### RISK FACTORS

We face certain risks, many of which are beyond our control. These risks can be categorized into: (i) risks relating to the wind power business; (ii) risks relating to the coal power business; (iii) risks relating to our overall business; and (iv) risks relating to the PRC.

#### Risks relating to our wind power business

- Our wind farms’ commercial viability and profitability depend on the PRC government’s policies and regulatory framework supporting renewable energy development, which the PRC government could change or eliminate.
- Our wind farms’ commercial viability and profitability depend on wind and associated weather conditions, as well as our ability to assess such conditions when selecting new wind farm sites.
- The weighted average on-grid tariff of electricity generated from our wind farms has decreased during the Track Record Period.
- We rely on local grid companies for grid connection and electricity transmission and distribution services.

---

## SUMMARY

---

- Our electricity generation and, in turn, our financial condition and results of operations, depend on the operating performance of our wind turbines.
- Sales of CERs depend on the CDM arrangements under the Kyoto Protocol, and any change or expiration of these CDM arrangements could limit our income from the sales of CERs and VERs.
- We may encounter difficulties and delays when constructing new projects.
- We depend on a limited number of qualified wind turbine suppliers and other suppliers.
- We face competition from other wind power developers, as well as other renewable energy companies.
- We may need to purchase and install additional equipment to comply with grid safety and stability requirements.
- To expand our wind power business, we must find, and obtain land use rights for, suitable wind farm sites.
- The basis and underlying assumptions we use to classify our wind power projects are internally developed, and have not been audited or verified by any third party.
- Renewable energy sources face competition from conventional energy sources.
- Nearby objects may interfere with our wind farms.
- We may fail to keep pace with technological changes in the rapidly evolving renewable energy industry.

### **Risks relating to our coal power business**

- Coal prices are volatile, and our ability to pass on any increases to our customers and/or end-users is limited.
- Reductions in tariffs or planned output may adversely affect our results of operations.
- Further increase in the supply of coal power in the PRC may adversely affect the average utilization hours of our coal power plants.
- Our coal power business is vulnerable to competition from new generation capacity.
- Coal supply disruption or unavailability may adversely affect the operation of our coal power plants.
- Our coal supply business is influenced by coal prices, which are cyclical and subject to significant fluctuations.
- Our limited operating history in the coal supply business may not serve as an adequate indicator of its future results of operations.

### **Risks relating to our overall business**

- We may not be able to execute our business strategy successfully or to manage our growth effectively.
- We rely heavily on our sole customers, the local grid companies, and they may fail to meet their obligations under the PPAs.
- We operate in a capital intensive business, and a significant increase in capital costs could have a material adverse effect on us.
- Our business may be affected by fluctuations in interest rates and the general availability of credit.
- Our borrowing level, significant interest payment obligations and net current liabilities could limit the funds available to us for various business purposes.
- Our business operations are vulnerable to any significant downturn in the PRC’s general economy.

---

## SUMMARY

---

- We do not possess the title certificates or construction permits in respect of certain land and buildings we own and occupy.
- We may fail to comply with laws and regulations in the PRC relating to the development, construction and operation of power plants.
- We may breach current environmental laws, and should the PRC government adopt stricter environmental laws, we may struggle to control our costs.
- We may fail to manage successfully the assets, projects and subsidiaries in which we do not have majority interests, or our relationships with local partners.
- We rely on third-party suppliers and our in-house team to maintain our key equipment.
- Future acquisitions may be expensive and may ultimately fail.
- Any preferential tax treatment currently or previously available to our subsidiaries in the PRC could be discontinued.
- We depend on certain senior managers and key employees.
- Our assets and operations are subject to hazards customary to the electricity generation industry, and we may not have adequate insurance to cover all these hazards.
- We are party to certain legal proceedings.
- We may face labor disputes that could interfere with our operations and business.
- We will continue to be controlled by Guodian, whose interests may differ from yours or those of our other shareholders.

### **Risks relating to the PRC**

- Adverse change in the PRC’s economic, political and social conditions, as well as government policies, could affect our business and result of operations.
- The slowdown of the PRC’s economy caused in part by the recent challenging global economic conditions may adversely affect us.
- The global credit and capital markets have been, and may continue to be, subject to significant disruption.
- The PRC legal system is not fully developed, and has inherent uncertainties that could limit the legal protections available to you and adversely affect our operations.
- Fluctuations in exchange rates and government control of currency conversion may adversely affect our business and results of operations.