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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### HISTORY AND DEVELOPMENT

We have nearly 20 years of operating history in the PRC power generation industry. Our Company was established as a joint stock limited company in the PRC on July 9, 2009, converting from our predecessor CLEPG. Our Company is the primary entity of Guodian, our Controlling Shareholder, for renewable energy business with main focus on wind power business. Following the Reorganization, we retained substantially all the assets, liabilities and equity interests of our predecessor which comprise substantially all of our current lines of business.

The predecessor of the Company was established by the former Ministry of Energy (“能源部”) in January 1993 as a wholly state-owned enterprise and operated under the name Longyuan Electric Technology Development Company. Since our establishment in January 1993, we have been primarily engaged in the research and development of energy-saving technology, environmental protection technology and new energy technology. In 1994, we changed our name to CLEPG and became a wholly-owned subsidiary of the former Ministry of Power (“電力工業部”) primarily engaging in technology development and upgrade of power systems, and sale of related equipment.

We were one of the first companies to develop wind power business in the PRC. Our wind power business history can be traced back to 1991 through several entities which invested in various wind power projects and subsequently became our subsidiaries after the PRC power industry restructuring. In 1991, Xinjiang Wind Power Plant (“新疆風力發電廠”) began the construction of our earliest wind farm, comprising four units of 300kW turbines, which became operational in 1992. Xinjiang Wind Power Plant was then merged into CLEPG in 2004. In addition, the first wind farm in Gansu Province was built in 1997, and was subsequently merged into CLEPG in 2004. China Fulin, which became our subsidiary in 1999, was first established by the former Ministry of Energy in 1992 and invested in Shantou Fuaowind Power Plant (“汕頭福澳風力發電廠”) as early as 1995.

We also invested in the coal power business. In 1994, our Company, through Hero Asia (BVI), our wholly-owned subsidiary, issued US\$110.5 million corporate bonds to finance our equity contribution in Jiangyin Xiagang Power Plant and Tianshenggang Power Plant. The corporate bonds were rated BBB- by Standard & Poor’s and A3 by Moody’s at the time of issue. The corporate bonds were redeemed in full on October 15, 2001.

The operation of our coal power business through Jiangyin Xiagang Power Plant and Tianshenggang Power Plant had, throughout the years, continuously provided a stable source of cash flow, funding the growth of our wind power business at the early stage when we invested in the wind power business. Therefore, the existence of two coal power plants in our business is a result of our operating history.

In 1996, we were transferred to the then newly formed State Power Corporation as a wholly-owned subsidiary for nil consideration. The State Council designated the former State Power Corporation as the principal investor, operator and manager of state-owned electric power assets in the PRC. It was responsible for the investment, development, construction, management, operation and ownership of power plants, the inter-connection of interprovincial and interregional power grids, and the transmission of power across regions.

In 1999, we merged with two other wholly-owned subsidiaries of the former State Power Corporation, Zhongneng Power-Tech and China Fulin, both of which then became our wholly-owned subsidiaries. China Fulin had focused its business on wind power generation since 1992 and was the holding company of several wind power companies in the PRC. Zhongneng Power-Tech’s primary businesses included the development, transfer, consultation and service of electric technology.

From 1999 to 2002, we shifted our focus to wind power business and started to explore wind resources in many provinces, municipalities and autonomous regions in the PRC.

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In 2002, the State Council further restructured the governing and administration system of the PRC power industry; as part of such restructuring, the former State Power Corporation was reorganized into two power grid companies and five large independent power generation groups. One of such power generation groups is Guodian, our parent company. All of the assets relating to wind and tidal power generation owned by the former State Power Corporation, including the entire equity interest in CLEPG, were transferred to Guodian, and we became Guodian’s wholly-owned subsidiary in December 2002.

In 2003, Guodian inherited all 144 MW wind power assets from the former State Power Corporation, which also marked the start of our management of those wind power assets on behalf of Guodian.

In June 2004, Guodian transferred to us nine wind farms comprising all of its assets relating to wind power generation as well as the Zhejiang Wenling Tidal Trial Power Station. Our total wind power capacity reached 231 MW, accounting for 40% of China’s total wind power which was 571 MW<sup>(1)</sup>, at the end of 2003.

In 2004, we won the bids for Jiangsu Rudong and Jilin Tongyu concession projects, which is the beginning of our large-scale construction of wind power projects.

In 2006, we proposed the development plan of six major wind areas. During the same year, we commissioned the largest wind turbine in Asia — single unit with installed capacity of 2 MW.

After the restructuring of the PRC power industry, we increasingly focused on the development of wind power business. We have also developed other renewable energy businesses including a biomass power plant which became operational in January 2008, a geothermal power plant which was under test and solar business as of the Latest Practicable Date.

Through a rapid development of our wind power business, our total installed wind power capacity has increased significantly. As of December 31, 2008, we were ranked first in the PRC in terms of total installed capacity of wind power, with approximately 24.1% of the PRC’s total installed wind power capacity.

### REORGANIZATION

The Reorganization was implemented by converting the Company from a wholly state-owned enterprise to a joint stock company with substantially all the original businesses being retained. The conversion did not affect the businesses originally undertaken by the Company, save for the transfer of interests in certain entities (including four coal power plants) in which the Group did not have any controlling interest to Guodian pursuant to the Reorganization. Certain businesses which operate in the same field of business as that of the Company were retained by Guodian both prior to and following the conversion.

Prior to the Reorganization, the predecessor of the Company was CLEPG. Upon the completion of the Reorganization, our Company was converted to a joint stock company with limited liability under the PRC Company Law on July 9, 2009 with a registered capital of RMB5,000 million. Guodian and Guodian Northeast, a wholly-owned subsidiary of Guodian, were our Promoters. Pursuant to the Reorganization Agreement which became effective on July 9, 2009, we retained substantially all of the assets, liabilities and equity interests of CLEPG as at September 30, 2008, save for the businesses retained by Guodian described in the sub-section headed “Businesses retained by Guodian” in this section. As Guodian injected to us all the assets, liabilities and equity interests it owned through CLEPG, Guodian became one of our Promoters and our Controlling Shareholder. In addition, Guodian Northeast contributed RMB130,808,000 by way of cash as capital contribution to the establishment of the Company. As consideration for such contribution, we issued 4,900 million Domestic Shares of RMB1.00 each to Guodian and 100 million Domestic Shares to Guodian Northeast. We had in aggregate 5,000 million Domestic Shares in issue upon our establishment.

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<sup>(1)</sup> According to International Wind Energy Development — Mode in China November 2008 (BTM)

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### Assets, liabilities and equity interests we retained from CLEPG

- related fixed assets, intangible assets, constructions in process, inventories, receivables and payables, bank savings, etc., and related liabilities as set out in the assets valuation report, owned by Guodian through CLEPG;
- contractual rights and obligations relating to the assets, liabilities and equity interests we retained from CLEPG;
- rights and interests under qualifications, licenses, approvals and similar documents relating to the assets, liabilities and equity interests we retained from CLEPG;
- rights to claim and set-off against third parties and any other similar rights in connection with the assets, liabilities and equity interests we retained from CLEPG;
- business and financial records, books and data and technological data and know-how relating to the assets, liabilities and equity interests we retained from CLEPG;
- employees (including their personnel files and records and data with respect to their remuneration and other benefits and related liabilities) associated with the assets, liabilities and equity interests we retained from CLEPG; and
- assets, liabilities and equity interests we held since September 30, 2008.

### Assets, liabilities and equity interests injected by our Promoters

- substantially all assets, liabilities and equity interests owned by Guodian through CLEPG, save for the businesses which are described in the sub-section headed “Businesses retained by Guodian” in this section; and
- cash in the amount of RMB130,808,000 which was fully paid by Guodian Northeast on July 1, 2009.

### Businesses retained by Guodian

We carved out the following equity interests to Guodian:

- equity interests in two companies in which CLEPG had interests, namely Guodian Science Technology Environmental Protection Group Co., Ltd. (“國電科技環保集團有限公司”) and GD Power. We transferred our equity interests in these two companies to Guodian for nil consideration as we had no control over these two companies.
- equity interests of four entities relating to the coal power generation business, namely Anhui Anqing Wanjiang Power Generation Co., Ltd. (“安徽安慶皖江發電有限責任公司”), Zhejiang Zheneng Leqing Power Generation Co., Ltd. (“浙江浙能樂清發電有限責任公司”), Jiangxi Jingdezhen Power Generation Co., Ltd. (“江西景德鎮發電有限公司”) and Guotou Beibuwan Power Generation Co., Ltd. (“國投北部灣發電有限公司”), CLEPG held minority interests in all of the four entities. We transferred our interests in the four entities back to Guodian because the coal power business is not our strategic development goal and we had no control over these companies.

Since these equity interests were held by CLEPG during the Track Record Period and the carve-out is part of the Reorganization, these equity interests were included in the consolidated financial information of the Company in accordance with the accounting policies set out in Appendix I to this document and the carve-out was accounted for as an equity transaction with Guodian upon the carve-out in September 2008.

Any businesses, assets and liabilities of the subsidiaries and affiliates of Guodian other than CLEPG that were not transferred to us were retained by Guodian.

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### Representations and warranties

Pursuant to the Reorganization Agreement, Guodian has provided certain representations and warranties in our favor, including:

- the assets and interests injected by Guodian to us were lawfully owned or beneficially owned by Guodian. The asset injection is not restricted by any liens, mortgages, pledges, leases, licenses or third party rights, save for any liens, mortgages and pledges made by Guodian for our loans, or made by Guodian for third parties which has been disclosed;
- full compliance with its articles of association, business license and other constitutional documents;
- all relevant government approvals, licenses, authorization, third party consents, confirmation, exemption and registration required for the Reorganization have been obtained;
- no breach of any laws, regulations, court judgments, arbitral awards and administrative rulings that may result in serious financial loss of our Companies;
- all the information provided by Guodian is complete, true and accurate in all material aspects;
- there is no material and adverse change in the financial status of the businesses Guodian injected to us pursuant to the Reorganization Agreement during the period from September 30, 2008 to July 9, 2009 (the date of our establishment); and
- there are no litigation, claims, arbitration or other proceedings against Guodian that may have material adverse effect on our operation, assets and/or equity interests injected by Guodian to us pursuant to the Reorganization Agreement.

### Indemnities

Pursuant to the Reorganization Agreement, Guodian has agreed to indemnify us against, among other things:

- tax liabilities on the assets and interests injected to us that arose before our incorporation;
- tax liabilities and related claims arising from the assets and interests injected to us;
- tax liabilities on all the assets and interests that Guodian retained;
- tax liabilities due to the increase in asset value arising from the asset valuation of the assets injected to us;
- losses incurred as a result of claims relating to the assets injected to us which arose before September 30, 2008 unless estimates of such expenditure has been disclosed and provision has been made in the accountants’ report; and
- losses incurred as a result of breach of any clause of the Reorganization Agreement by Guodian.

### Non-Competition Agreement

We have entered into the Non-Competition Agreement with Guodian on July 30, 2009. Guodian also issued further clarifications on the non-competition undertakings in July 2009 and November 2009. Please see the section headed “Relationship with Guodian Group” in this document for details.

### Approvals

The Reorganization required approvals from the relevant PRC government authorities, including, among others, SASAC. SASAC approved our Reorganization on July 3, 2009. Our PRC legal advisors confirmed that we have obtained all the necessary approvals from the relevant PRC government authorities with respect to the Reorganization.

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### OUR CORPORATE STRUCTURE

#### Concert Party Agreements

The Group entered into concert party agreements with certain other equity owners (“Other Equity Owners”) of 16 non-wholly owned subsidiaries to confirm the Group’s control in the management of the relevant subsidiaries.

Under the respective articles of association of these 16 subsidiaries, more than half of, two-thirds of, or unanimous vote (as the case may be) at the board/shareholders meeting are required to approve any matter relating to the financial and operating policies of the respective subsidiary. Neither the Group nor the Other Equity Owners of these 16 subsidiaries has sufficient equity interests reaching the aforementioned controlling threshold as stipulated under the articles of association to control such subsidiary. However, since the date of the establishment of each of these 16 subsidiaries (in respect of one subsidiary, Gansu Xin’an Wind Power Generation Co., Ltd., since January 4, 2009, the date on which the concert party agreement was entered into with the other equity owners), the Group had the power to control the operation of these subsidiaries and the Group’s control has been accepted by the Other Equity Owners as they lack the necessary expertise and experience in developing, managing and operating wind power business. During the Track Record Period, the Group had the power to control the operation of each of these 16 subsidiaries in the following manners: approving the annual production plan and annual budget, approving the financial management, appointing the senior management (including the general manager and/or the chief financial officer) as well as approving their remuneration package and approving any new projects etc.

The Group entered into concert party agreements with the Other Equity Owners of these subsidiaries to confirm in writing the agreement and arrangement in respect of the Group’s control. Under these concert party agreements, the Other Equity Owners confirmed that they have voted, since the date of establishment of the subsidiary (in respect of one subsidiary, Gansu Xin’an Wind Power Generation Co., Ltd., since January 1, 2009, the date on which the concert party agreement was entered into with the other equity owners), and will continue to vote, and procure to vote, unanimously with the Group in respect of any decision relating to the project development, operations plans, budgeting, investment, and all other financial and operating decisions for so long as they are equity owners of the respective subsidiary. The Other Equity Owners have also undertaken that when transferring their equity interests in the respective subsidiary, they will procure the transferees to assume the obligation under the concert party agreements by re-entering the concert party agreements with the Group.

The PRC legal adviser to the Company has confirmed that each of these concert party agreements is legal, valid and binding on the parties to the agreement. As we have the power to control these non-wholly owned subsidiaries during the Track Record Period, accordingly, their financial results were consolidated into the consolidated financial statements of the Group.

The following table sets forth the details of the concert party agreements:

Subsidiary	Effective date of the concert party agreement	Parties	Individual shareholding	Aggregate shareholding
1. JSPG	November 10, 2007	The Company Hero Asia (BVI) Jiangyin Electric Power Investment Co., Ltd. (江陰電力投資有限公司) Jiangsu Sanfangxiang Group Co., Ltd. (江蘇三房巷集團有限公司) Jiangyin Maoyuan Investment Co., Ltd. (江陰茂源投資有限公司)	2% 25% 25% 16.7% 5.3%	74%*

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Subsidiary	Effective date of the concert party agreement	Parties	Individual shareholding	Aggregate shareholding
2. NTPG	October 10, 2007	The Company	0.65%	100%
		Hero Asia (BVI)	31.29%	
		Jiangsu Communication Holding Company (江蘇交通控股有限公司)	31.08%	
		Nantong Tianshenggang Electric Power Investment Service Co., Ltd. (南通天生港電力投資服務有限公司)	29.98%	
		Jiangsu Costal Highway Management Co., Ltd. (江蘇沿海高速公路管理有限公司)	3.5%	
		Jiangsu Suhuaiyan Highway Management Co., Ltd. (江蘇宿淮鹽高速公路管理有限公司)	3.5%	
3. Fujian Wind Power Generation Co., Ltd. (福建風力發電有限公司)	January 10, 2008	The Company	30%	100%
		Shandong Luneng Development Group Co., Ltd. (山東魯能發展集團有限公司)	30%	
		Fujian Hoshing Group Co., Ltd. (福建和盛集團有限公司)	30%	
		Fujian Electric Power Company Limited (福建省電力有限公司)	10%	
4. Longyuan Pingtan Wind Power Generation Co., Ltd (龍源平潭風力發電有限公司)	October 8, 2007	The Company	55%	90%*
		Shandong Luneng Development Group Co., Ltd. (山東魯能發展集團有限公司)	30%	
		Fujian Wind Power Generation Co., Ltd. (福建風力發電有限公司)	5%	
5. Fujian Pingtan Chang Jiang Ao Wind Power Generation Co., Ltd (福建省平潭長江澳風電開發有限公司)	October 8, 2007	The Company	60%	100%
		Fujian Pingtan Power Supply Co., Ltd. (福建省平潭縣供電有限公司)	40%	
6. Fujian Putian Nanri Wind Power Generation Co., Ltd (福建省莆田南日風電有限公司)	October 10, 2007	Fujian Wind Power Generation Co., Ltd. (福建風力發電有限公司)	46%	100%
		Hero Asia (BVI)	25%	
		Fujian Putian Lineng Group Co., Ltd. (福建莆田荔能集團有限責任公司)	12.1%	
		Fujian Nanping Nandian Hydro Power Equipment Manufacturing Co., Ltd. (福建南平南電水電設備製造有限公司)	12.1%	
		Wei Jiufu (魏九富)	4.8%	

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	Effective date of the concert party agreement	Parties	Individual shareholding	Aggregate shareholding
7. Gansu Jieyuan Wind Power Generation Co., Ltd (甘肅潔源風電有限責任公司)	September 15, 2007	The Company Gansu Province Electric Power Investment Group Corporation (甘肅省電力投資集團公司) Gansu Xinmiao Energy Resource Development Co., Ltd. (甘肅鑫淼能源開發有限公司)	61% 30% 9%	100%
8. Jilin Longyuan Wind Power Generation Co., Ltd (吉林龍源風力發電有限公司)	October 11, 2007	The Company Jilin Jineng Electric Power Group Co., Ltd. (吉林省吉能電力集團有限公司)	56.58% 18.42%	75%*
9. Yichun Xinganling Wind Power Generation Co., Ltd (伊春興安嶺風力發電有限公司)	September 10, 2007	The Company Suihua Fengyuan Investment Co., Ltd. (綏化豐源投資有限公司) Hero Asia (BVI)	30% 45% 25%	100%
10. Yichun Longyuan Wind Power Generation Co., Ltd (伊春龍源風力發電有限公司)	September 10, 2007	The Company Suihua Fengyuan Investment Co., Ltd. (綏化豐源投資有限公司) Hero Asia (BVI)	5% 30% 35%	70%*
11. Huanan Longyuan Wind Power Generation Co., Ltd (樺南龍源風力發電有限公司)	September 10, 2007	The Company Suihua Fengyuan Investment Co., Ltd. (綏化豐源投資有限公司) Hero Asia (BVI)	15% 30% 25%	70%*
12. Hebei Weichang Longyuan Jiantou Wind Power Generation Co., Ltd (河北圍場龍源建投風力發電有限公司)	September 17, 2007	The Company Hebei Construction & Investment Group Co., Ltd (河北建投新能源有限公司)	50% 50%	100%
13. Chifeng Xinsheng Wind Power Generation Co., Ltd (赤峰新勝風力發電有限公司)	September 30, 2008	The Company GD Power State Grid Xin Yuan Company Limited (國網新源控股有限公司)	34% 33% 33%	100%

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Subsidiary	Effective date of the concert party agreement	Parties	Individual shareholding	Aggregate shareholding
14. Gansu Xin'an Wind Power Generation Co., Ltd (甘肅新安風力發電有限公司)	January 4, 2009	The Company	35%	100%
		State Grid Xin Yuan Company Limited (國網新源控股有限公司)	35%	
		Gansu Power Mingzhu Group Co., Ltd. (甘肅電力明珠集團有限公司)	30%	
15. Longyuan Jiantou (Chengde) Wind Power Generation Co., Ltd (龍源建投(承德)風力發電有限公司)	September 7, 2009	The Company	30%	100%
		Hero Asia (BVI)	25%	
		Hebei Construction & Investment Group Co., Ltd (河北建投新能源有限公司)	45%	
16. Longyuan Jiantou (Chengde Weichang) Wind Power Generation Co., Ltd (龍源建投(承德圍場)風力發電有限公司)	September 7, 2009	The Company	30%	100%
		Hero Asia (BVI)	25%	
		Hebei Construction & Investment Group Co., Ltd (河北建投新能源有限公司)	45%	

\* Under the articles of association of this subsidiary, more than half of or two-thirds of vote or unanimous vote (as the case may be) at the board/shareholders meeting was required to approve any matter relating to the financial and operating policies of this company. Therefore the aggregate shareholding has reached the controlling threshold to control this subsidiary.