BUSINESS

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. 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 unique 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.

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 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)[(1)].	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.

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 2,871.0GWh, 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 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."

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.

BUSINESS

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."

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)[1]	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 period, 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 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)		
Key Operational Data					
Total installed capacity	**3,078.2**	**4,059.3**	**4,826.8**	**5,078.3**	**5,274.8**
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	**3,014.8**	**3,727.1**	**4,405.7**	**4,788.9**	**4,935.9**
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	**1,079.1**	**1,691.6**	**2,566.4**	**2,860.0**	**3,012.7**
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

	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)	**13,377.6**	**13,962.4**	**16,360.0**	**7,929.3**	**11,952.6**
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)[(1)]	**12,515.8**	**13,063.8**	**15,292.9**	**7,431.8**	**11,171.4**
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
Key Financial Data				
Revenue (RMB in millions)	**5,445.4**	**6,963.1**	**8,554.7**	**3,912.3**
Service concession construction revenue	975.5	2,073.8	2,200.4	364.5
Revenue excluding service concession construction revenue (RMB in millions)	**4,469.9**	**4,889.3**	**6,354.3**	**3,547.8**
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)[2]	**1,575.3**	**1,896.7**	**2,503.7**	**2,185.8**
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[3]	(61.1)	(90.6)	(65.4)	(49.9)
Operating profit (RMB in millions)	**966.3**	**1,118.4**	**1,420.8**	**1,446.5**
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[3]	(61.1)	(90.6)	(58.8)	(41.3)
Adjusted operating profit (RMB in millions) [4]	**902.3**	**951.7**	**1,134.4**	**1,170.8**
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[3]	(61.1)	(89.6)	(56.4)	(36.1)
Adjusted operating margin (%)[5]	**20.2**	**19.5**	**17.9**	**35.0**
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.

(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 believe that our leading position in the wind power business is underpinned by our 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 ranked first in the PRC in terms of total installed wind power capacity at the end of 2008 with a market share of 24.1%, according to BTM. In addition, our total installed wind power capacity grew at a CAGR of 112.1% from 2006 to 2008. In 2008, we were one of the few wind power companies in the PRC whose annual wind capacity growth exceeded 1,000 MW.

Through our long operating history in the PRC's wind power industry which can be traced back to 1991, we have an early mover advantage. Our early market entry gives us competitive advantages such as access to desirable locations with abundant wind resources, a comprehensive wind database, an experienced and stable team, an established reputation, strong relationships with suppliers as well as in-depth knowledge of the wind power sector and its regulatory regime in the PRC. Furthermore, we have secured a portfolio of pipeline projects suitable for our future development with an estimated consolidated capacity of approximately 43 GW as of September 30, 2009. We have the rights to develop wind power projects under our investment and development agreements with local governments in 17 PRC provinces, autonomous regions and municipalities.

Our wind power projects are strategically located in geographically diverse areas in the PRC and are primarily concentrated in the Three Northeast Provinces, Inner Mongolia, the Southeast Coastal Provinces, Xinjiang, Gansu and Hebei, all of which have abundant wind resources. In addition, some of these areas are highly developed industrial zones with strong GDP growth rates and increasing demands for electricity. According to the Monthly Report of Power Industry issued by China Electricity Council in September 2009, we had a market share in terms of total installed wind power capacity of more than 40% in each of Heilongjiang, Fujian, Xinjiang and Gansu, and a market share of more than 30% in each of Zhejiang and Jiangsu, as of September 30, 2009.

Our sizeable wind farm operations allow us to benefit from a variety of economies of scale and cost advantages. In particular, our centralized wind turbine procurement process increases our negotiating power, allowing us to buy wind turbines less expensively and minimize our total wind farm construction cost.

Reflecting our brand's strong market position, in 2008 our "Long Yuan Wind Power" was awarded "The 500 Most Valuable Brands in Asia" by Certification, Supervision and Management Center for Asia Internal Reputed Brands, Economic Research Center of the SASAC, other research institutes and Chinese media.

We operate in the PRC's rapidly growing wind energy sector, which benefits from regulatory support and increasing demand for electricity

Our wind power business has benefited, and we expect will continue to benefit, from regulatory support from the PRC government. With the growing awareness of environmental pollution and the desire to encourage sustainable development, the PRC government has promulgated laws and regulations to reduce emissions from electricity generation by promoting the utilization of renewable and clean energy sources, including wind power. According to BTM, by the end of 2008 the total installed capacity of wind power in the PRC already exceeded the PRC government's 2010 target of 10 GW, reaching 12.1 GW. Benefiting from both the favorable government policies and the growth in demand, the PRC's wind power industry has grown rapidly in recent years. According to BTM, from 2000 to 2008, the total installed capacity of wind power in the PRC grew from 352 MW to 12,121 MW, representing a CAGR of 55.6%. According to BTM, from 2007 to 2008, the growth rate in installed wind power capacity in the PRC was 106.3%, compared to the average growth rate in installed wind power capacity from 2007 to 2008 of approximately 26.6% for the top ten countries. From 2006 to 2008, our own total wind installed capacity grew at a CAGR of 112.1%, in line with industry growth. See "Industry Overview — The Renewable Power Generation Industry — Regional Wind Power Markets — China."

The PRC government has provided incentives to encourage the development of wind power. As the PRC's leading wind power generation company, we believe that we are well positioned to take advantage of these incentives, 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."

In addition, electricity consumption in the PRC is increasing rapidly, largely due to the PRC's fast economic growth. According to BP Statistical Review of World Energy June 2009, from 2001 to 2008, the total electricity consumption in the PRC grew from 1,480.8 TWh to 3,433.4 TWh, representing a CAGR of 12.8%.

Our comprehensive capabilities in the wind power business allow us to enhance our operational efficiency and profitability

We have extensive wind power project management experience, including pre-construction services, design, equipment procurement, construction, operation, repair and maintenance.

- Our experienced service team provides various pre-construction services to our wind farms, such as wind tests and wind resource assessment, as well as timely technical support in the development of our wind pipeline projects.
- Our centralized procurement system manages the procurement and bidding process, such as the selection of wind turbines, as well as construction cost analysis and supplier relationship management, allowing us to buy wind turbines less expensively and control quality.
- We are one of the few wind power generation companies in the PRC with the professional qualifications to offer both wind farm consulting and construction design services. Our two consulting institutes engage in the preliminary development of most of our wind farms, enabling us to streamline the wind farm development process and optimize the wind farm design based on our accumulated knowledge and experience allowing us to be more competitive in securing new projects.
- Our professional and dedicated repair and maintenance team and our centralized spare parts inventory management center help us reduce our maintenance costs and minimize the downtime of our wind turbines to increase their availability level.

We benefit from our long-standing relationships with wind turbine suppliers

Due to our significant operating history and our increasing demand for wind turbines driven by our expansion, we enjoy long-standing relationships with the leading turbine suppliers, including both international suppliers such as Gamesa, GE and Vestas, and domestic suppliers such as Goldwind and Sinovel. According to BTM, in terms of global newly installed wind capacity in 2008, Vestas, GE and Gamesa were the top three, and Goldwind and Sinovel were among the top ten, largest turbine suppliers worldwide. Since 2005, we have increasingly sourced domestically manufactured wind turbines (including wind turbines manufactured by domestic suppliers and the domestic subsidiaries of international suppliers in the PRC), which are generally less expensive than the imported wind turbines. During the Track Record Period, our procurement of domestically manufactured wind turbines accounted for most of our total wind turbine procurement. Given the rapid increase in worldwide demand for wind turbines in recent years and limited number of qualified wind turbine supplies in the PRC, we believe our long-standing relationships with those leading international and domestic turbine suppliers help provide a reliable and prompt supply of high-quality wind turbines. It also allows us to negotiate favorable procurement terms including competitive pricing, high volumes, quality assurance, flexible delivery and a wide range of after-sales services.

The following table sets forth the years of cooperation between us and the top ten wind turbine suppliers in the world as well as their respective country of origin.

Top ten wind turbine suppliers in the world[1] (Country of origin)	Years of cooperation with us [2]
Vestas Wind Systems A/S (Denmark)	14
GE Energy (U.S)	6
Gamesa Corporación Tecnológica (Spain)	11
ENERCON GmbH (Germany)	—
Suzlon Energy Limited (India)	—
Siemens Aktiengesellschaft (Germany)	17
Sinovel Wind Co., Ltd. (PRC)	2
ACCIONA, S.A., (Spain)	3
Goldwind Science and Technology Co., Ltd. (PRC)	7
Nordex AG (Germany)	—

Notes:

(1) Top ten wind turbine suppliers in the world are ranked in terms of their newly added installed capacity in 2008, according to BTM.

(2) Years of cooperation means the number of years since the year of our first purchase of wind turbines from such supplier to 2009.

We have an experienced, professional and motivated management team supported by highly skilled employees to manage our operations effectively and enhance shareholder value

We have a dynamic and knowledgeable management team. Our senior managers have an average of over ten years of experience in the PRC's wind power sector and have the broad range of industry expertise necessary to develop and execute our strategy to capture market opportunities. For a more detailed description of our management team, please see the section entitled "Directors, Supervisors, Senior Management and Employees." Our management team is supported by highly skilled employees with extensive technical know-how and high levels of qualification and training. Our in-house training center provides professional training to our technicians and management to ensure they are equipped with necessary knowledge in the wind power sector and best practices of various aspects of our business.

OUR STRATEGIES

We aim to strengthen our position as the leading wind power generation company in the PRC with global prominence by executing the following strategies:

Continue to strengthen our leading position in the PRC wind power sector

We plan to strengthen our leading position in the PRC wind power sector by completing our wind power projects under development, increasing our consolidated installed wind power capacity to approximately 6,500 MW by the end of 2010 and maximizing our operational efficiency. In addition, we plan to apply the skills and experience we gained through our significant operating history to identify and develop new pipeline projects. Currently, almost all of our wind power project portfolio is onshore. We will continue to explore opportunities in developing tidal-flat and offshore wind farms in areas with abundant wind resources, such as tidal flats off the coast of Jiangsu and other areas in the Yellow Sea. In addition, we plan to supplement our organic growth and enhance the scale of our operations by selectively pursuing acquisitions of additional wind power businesses and wind farm assets.

Continue to develop our pipeline of solar power projects and expand our other renewable energy business

We believe the solar power market in the PRC has great development potential in light of recent legislation and policies promoting the use of renewable energy sources. We believe our wind power expertise and track record and our in-depth knowledge of local electricity markets give us a competitive advantage to

capture market opportunities in the solar power market. To implement this business strategy, we have established a dedicated working group to manage and coordinate the development of our solar power projects, and to provide technical services to support the feasibility study we conduct during the early stage of our solar power projects. In addition, we are focusing our development efforts on Xinjiang, Inner Mongolia, Gansu and Qinghai, which have abundant solar resources. As of September 30, 2009, we have entered into 13 investment and development agreements with local governments in the six major provinces identified to develop our solar power projects, with an estimated consolidated installed capacity of approximately 1,700 MW.

We are also exploring opportunities to expand our capabilities in electricity generation from other renewable energy resources, including tidal, biomass and geothermal resources. We launched a pilot biomass power project in Jiangsu in 2008 and a pilot geothermal power project in Tibet in 2009 to accumulate skills and experience in the commercial operation of other renewable energy power plants, develop our project pipelines in the other renewable energy sectors and train a highly qualified and experienced team. We intend to continue to develop and enhance our capabilities in operating other renewable energy projects, thereby allowing us to diversify our project portfolio and exploit new business opportunities.

Diversify financing sources and reduce financing costs

We operate in a capital intensive industry. The rapid growth of our wind power project portfolio requires adequate and stable financing. By leveraging our established credit history and close relationships with domestic and foreign financial institutions and centralizing our loan application process, we are able to obtain competitive terms to finance our project companies. We intend to continue to exploit a variety of financing options to diversify our sources of funding, such as through accessing the domestic and international capital markets, improve our capital structure and lower our financing costs. In July 2009, we received a credit rating of AA+ from China Chengxin International Rating Co. Ltd., which is one of the most reputable credit rating agencies in the PRC.

Seek new opportunities in international markets

We currently see market potential in the development of future wind power projects in certain international markets. We believe that the expansion of our wind power business into international markets would help diversify our revenue base, increase our growth potential and enhance our brand. Accordingly, while we plan to continue to strengthen our leading position in the PRC wind power market, we seek opportunities to expand our wind power business into certain international markets by leveraging our wind power expertise and our existing relationships with leading wind turbine suppliers. We also intend to forge strategic alliances with local wind farm operators in certain international markets to identify and exploit synergies and other opportunities. We believe that our comprehensive capabilities in the development and management process of wind power projects and our cost advantages enable us to compete in the international markets we select.

Enhance the operational efficiency of our coal power business

Historically, our coal power business has provided stable cash flow to the growth of our wind power business. Going forward, we intend to continue to improve the efficiency and profitability of our coal power business. We manage the operation of our coal power plants by optimizing our performance parameters such as net generation standard coal consumption rate, lowering our coal consumption costs, centralizing our coal procurement to increase our negotiating power with our suppliers, maintaining lean staffing levels and motivating our managers with financial incentives to control costs. Our coal power business started to engage in coal supply activities from May 2009 through a newly established subsidiary which not only provides a reliable coal supply for our own use but also helps us to control our coal consumption costs and to realize additional income from sales of coal to third parties. In addition, to reduce emission and enhance operational efficiency as well as increase its steam extraction capacity, we plan to install a new 1,000 MW unit to replace the decommissioned units of Tianshenggang Power Plant.

BUSINESS

RECENT DEVELOPMENTS

On July 21, 2009, we submitted an application to the NDRC seeking the approval of a proposed issuance of unsecured bonds in an aggregate principal amount of RMB1,600 million due 2016 (the "Proposed Domestic Bond") exclusively to institutional investors in the PRC. We expect the Proposed Domestic Bond will bear a fixed interest at specific spread above the Shanghai Interbank Offered Rate ("Shibor") on issuance date. Within twenty business days before the end of the fifth year from issuance date, we have an option to increase the coupon by 0 to 100 basis points for the remaining two-year term. Within five business days after our announcement, bondholders have an option to put back to us any portion of their holdings at a cash redemption price equal to the par value, plus accrued and unpaid interest, if any, to the date of redemption. Any unredeemed portion of the Proposed Domestic Bond will remain outstanding for the two-year term at the revised interest rate. We intend to use the net proceeds from the issue of the Proposed Domestic Bond to expand our wind power business, to repay bank loans in the PRC and to fund our working capital. The issue of the Proposed Domestic Bond and its terms and conditions of the Proposed Domestic Bond are subject to the approval of the relevant PRC regulatory authorities. If we cannot obtain regulatory approval on a timely basis or at all, the issue of the Proposed Domestic Bond may be delayed or may not proceed at all.

OUR WIND POWER BUSINESS

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 power plants, and sell the electricity generated by our plants to 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 our total installed wind power capacity 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. As of December 31, 2006, 2007 and 2008 and September 30, 2009, our consolidated installed capacity was 586.6 MW, 1,298.2 MW, 2,502.8 MW and 3,032.0 MW, respectively, representing a CAGR of 106.6% from 2006 to 2008. 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 years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively.

Our existing wind power projects are mainly concentrated in six regions in the PRC: the Three Northeast Provinces, Inner Mongolia, the Southeast Coastal Provinces, Xinjiang, Gansu and Hebei. 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 wind pipeline projects suitable for future development with an estimated consolidated installed capacity of approximately 43 GW as of September 30, 2009, including approximately 290MW for Tier 1 pipeline projects, approximately 5,690MW for Tier 2 pipeline projects, and approximately 37,000MW for Tier 3 pipeline projects. See "— Pipeline Projects."

According to our expansion plan, we except 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, contributing to the estimated consolidated installed capacity of 6,500MW by the end of 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.

Standard wind farm development phases

A primary focus of our business has been and will continue to be the development and operation of greenfield projects. We also acquire wind farms in various stages of development from third parties, finalize their development and start operations. The average development period for a greenfield wind power project is approximately three years, although the actual development period may differ significantly between regions.

Although the process may differ depending on the specific project, our standard wind farm development generally involves the following key phases:

- entering into investment and development agreements and wind tests;
- internal approval and government approvals; and
- construction and commissioning.

A different process applies to the concession projects we obtain through a competitive bidding process. See "— Concession Projects" below.

Entering into investment and development agreements

The first phase in our standard wind farm development process is to identify a site and assess its potential to be developed into a wind farm. We evaluate potential sites based on a range of criteria including wind conditions, topography, proximity to and available capacity of grid systems, size of estimated installed capacity, transportation access, availability and ownership of land and environmental characteristics.

Once we have identified a potential site, we enter into an investment and development agreement with the relevant local government. Under these investment and development agreements, local governments usually agree to reserve specified sites for us and facilitate our wind farm development and construction process. In addition, we are granted exclusive rights to develop our wind farms at specified sites for a specified period. After we enter into the investment and development agreements, our development team conducts detailed site surveys and wind tests. We typically require a minimum of 12 months' wind data to assess the feasibility of constructing a wind power project.

Internal approval and government approvals

Internal approval

Based on the results of the wind tests, our development team will request internal approval from our management. Once our management approves the proposal, the development team will commence the preliminary work for establishing a wind farm including a feasibility study.

Government approvals

We are required to obtain a number of government permits, licenses and other approvals before we begin to construct a wind farm. This process generally involves the following major steps:

(1) receipt of the following preliminary government approvals and third-party consents:

  (a) approval from the state or local environmental protection agency for the environmental impact assessment of the construction of a wind power project;

  (b) preliminary approval for the wind farm's construction land from the Ministry of Land and Resources or its local counterpart;

  (c) approval for site-selection of the wind power project from the construction planning authorities;

(d) a memorandum of understanding with banks that agree in principle to provide project financing;

(e) the local grid company's consent to interconnect the proposed wind farm to their network, if required by local government; and

(f) other government approvals, if applicable, relating to matters such as forest reservation, water reservation, mineral resources reservation, earthquake risk assessment and historical relics protection;

(2) filing a project application report, together with the above preliminary government approvals, third-party consents and other required documents with, and obtaining the project approval (the "Project Approval") from, the NDRC at the state level for wind power projects with installed capacity of 50 MW and above or for foreign invested wind power projects with a total investment amount exceeding US$100 million, or from the relevant provincial DRC for other wind power projects;

(3) in the case of a foreign invested wind power project, obtaining approvals from the MOFCOM or its local counterpart for the relevant joint venture contract, articles of association and related matters; and

(4) obtaining the Electric Power Business License from the SERC within three months after a wind power project starts commercial operation.

Construction and commissioning

Construction and commissioning is the final phase in a wind farm's development. Construction generally involves engineering and design, the construction of access roads, tower foundations and other structures and buildings, the laying of connection cables, and the installation of transformers and wind turbines. Once we have installed a wind turbine, we generally proceed with commissioning, which is a testing period; after a successful test-run, our wind farms start commercial operation.

Concession Projects

While most of our existing and pipeline wind power projects were acquired pursuant to the investment and development agreements with which we entered into with local governments, as of September 30, 2009, we had also been awarded and operated ten concession projects. Since 2003, the NDRC has invited domestic and international investors to develop wind farms on government-selected wind power project sites through a competitive bidding process. We enter into service concession arrangements in connection with our concession projects. Historically, the concession projects that the NDRC awarded us pursuant to service concession arrangements 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.

As of September 30, 2009, our concession projects had 670.4MW of consolidated installed capacity, accounting for 22.1% of our wind power project portfolio by consolidated installed capacity. Of the ten concession projects we operate, three concession projects were organized and awarded by the NDRC, including the Baotou Bayin Concession Project in Inner Mongolia, Phase I of Jilin Tongyu in the Three Northeast Provinces and Phase II of the Rudong Concession Project in the Southeast Coastal Provinces. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, revenue contribution from our wind power concession business accounted for 0.7%, 17.0%, 20.6% and 20.2% of the total revenue of our wind power business, respectively.

The tender process for concession projects consists of various steps including tender invitation, assessment and submission of bid, evaluation of bids as well as result announcement. After the winning bidder is notified, the winning bidder will sign a concession agreement with the relevant provincial DRC, which generally provides that:

— the winning bidder is granted an exclusive right to design, build and operate a wind farm in the specified area during the concession period, which is normally for 22-25 years;

— the winning bidder is responsible for the construction and maintenance of its wind farms during the concession period;

— all the electricity generated from the wind power project must be purchased by the local grid company at a fixed on-grid price approved by the NDRC;

— at least 70% of wind turbines components (by purchase value) should be domestically manufactured;

— on-grid tariffs of concession projects are determined by two relevant periods during the project's lifetime: in the first period, the on-grid tariff is the bidding price proposed by the winning bidder up to an electricity generation level of 30,000 accumulative equivalent full load hours; thereafter, the on-grid tariff is set as the average electricity price of the local grid;

— during the concession term, the approved on-grid tariff may be adjusted by the NDRC upon submission of a written application by the project company, in the event that any material government policy change has a material adverse effect on the project company's results of operations;

— unless the concession term is extended according to the terms of the concession agreement, the developer should remove all facilities and infrastructure in the wind farm at its own expense or transfer its wind farms to the relevant local government without compensation upon expiration of the concession term; and

— local government authorities are responsible for building access roads to the wind farm sub-station, while the grid company is responsible for constructing transmission lines from the grid to the sub-station.

The NDRC or provincial DRC may decide to grant the winning bidder a follow-up wind power project or offer other non-winning bidders additional wind power projects of similar size in neighboring areas. These follow-up wind power projects are typically granted on the same tariff, terms and conditions as the concession projects granted to the winning bidder.

After we have won a concession project or a follow-up wind power project, we go through the same process of government approvals, construction and commission for non-concession projects, as discussed above. See "— Standard wind farm development phases."

Pursuant to a new pricing policy issued by the NDRC on July 24, 2009, the tariff setting mechanism for wind power projects has changed from "government guided price," which is determined by reference to the approved tariff of concession projects, to "government fixed price," which is a predetermined, geographically unified tariff. This makes the competitive bidding process in a concession project unnecessary. Accordingly, we expect that fewer concession projects will be awarded by the PRC government in the near future. However, other than concession projects, the PRC government also grants wind power generation companies rights to develop pipeline projects pursuant to investment and development agreements which constitutes the majority of our portfolio of pipeline projects. We believe that the decrease in the number of concession projects is a change of government strategy and that this will not limit the total number of new wind power projects available for development. We will continue to be able to obtain the rights to develop such wind power projects through the standard wind farm development phases. See "— Standard wind farm development phases."

BUSINESS

Pipeline Projects

We refer to our wind power projects reserved for future development as pipeline projects. We have acquired the rights to develop these pipeline projects pursuant to the investment and development agreements entered into with various levels of local governments. We classify our pipeline projects into "Tier 1," "Tier 2" and "Tier 3" based on the progress made and milestones achieved by each project in respect of each of the key phases in the project development prior to construction and commissioning. We believe our projects classification methodology reflects an objective approach and provides an indication regarding the maturity of our pipeline projects, which in turn helps us pursue our growth targets. We may elect not to proceed with pipeline projects that we deem unsuitable for development. See "Risk Factors — Risks Relating to Our Wind Power Business — 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."

Tier 1

Tier 1 pipeline projects are those that are closest to becoming operational. Tier 1 pipeline projects have completed all of the critical phases of development before construction and commissioning. Investment and development agreements have been entered into with local governments; wind tests have been conducted; internal approval has been received; and the Project Approval has been obtained from either NDRC or the relevant provincial DRC (depending on the size of the project and the government's approval authority). As of September 30, 2009, we had six Tier 1 pipeline projects, with an estimated consolidated installed capacity of approximately 290 MW.

Tier 2

Tier 2 pipeline projects are those that have achieved moderate progress on the critical phases of development before construction and commissioning. Investment and development agreements have been entered into with local governments; wind tests have been conducted; and internal approval has been received. As of September 30, 2009, our Tier 2 pipeline projects had an estimated consolidated installed capacity of approximately 5,690 MW.

Tier 3

Tier 3 pipeline projects are those in the earliest stage of development and for which only the investment and development agreements have been entered into with local governments. As of September 30, 2009, our Tier 3 pipeline projects had an estimated consolidated installed capacity of approximately 37,000 MW.

Description of Our Wind Farms

The table below sets forth the consolidated installed capacity of our wind power projects in each of the six main areas and their respective percentage of consolidated installed capacity as of the dates indicated.

	As of June 30, 2009		As of September 30, 2009	
	Consolidated installed capacity			
	(MW)	(%)	(MW)	(%)
The Three Northeast Provinces	974.7	33.8	974.7	32.1
Inner Mongolia	795.4	27.5	844.9	27.9
The Southeast Coastal Provinces	534.8	18.5	605.8	20.0
Gansu	307.8	10.7	307.8	10.1
Xinjiang	223.8	7.8	223.8	7.4
Hebei	49.5	1.7	75.0	2.5
Total	**2,886.0**	**100**	**3,032.0**	**100**

BUSINESS

For details of our wind power projects in operation or under construction in each of the major six main areas and other areas, please see "Appendix V — Project Portfolio Overview."

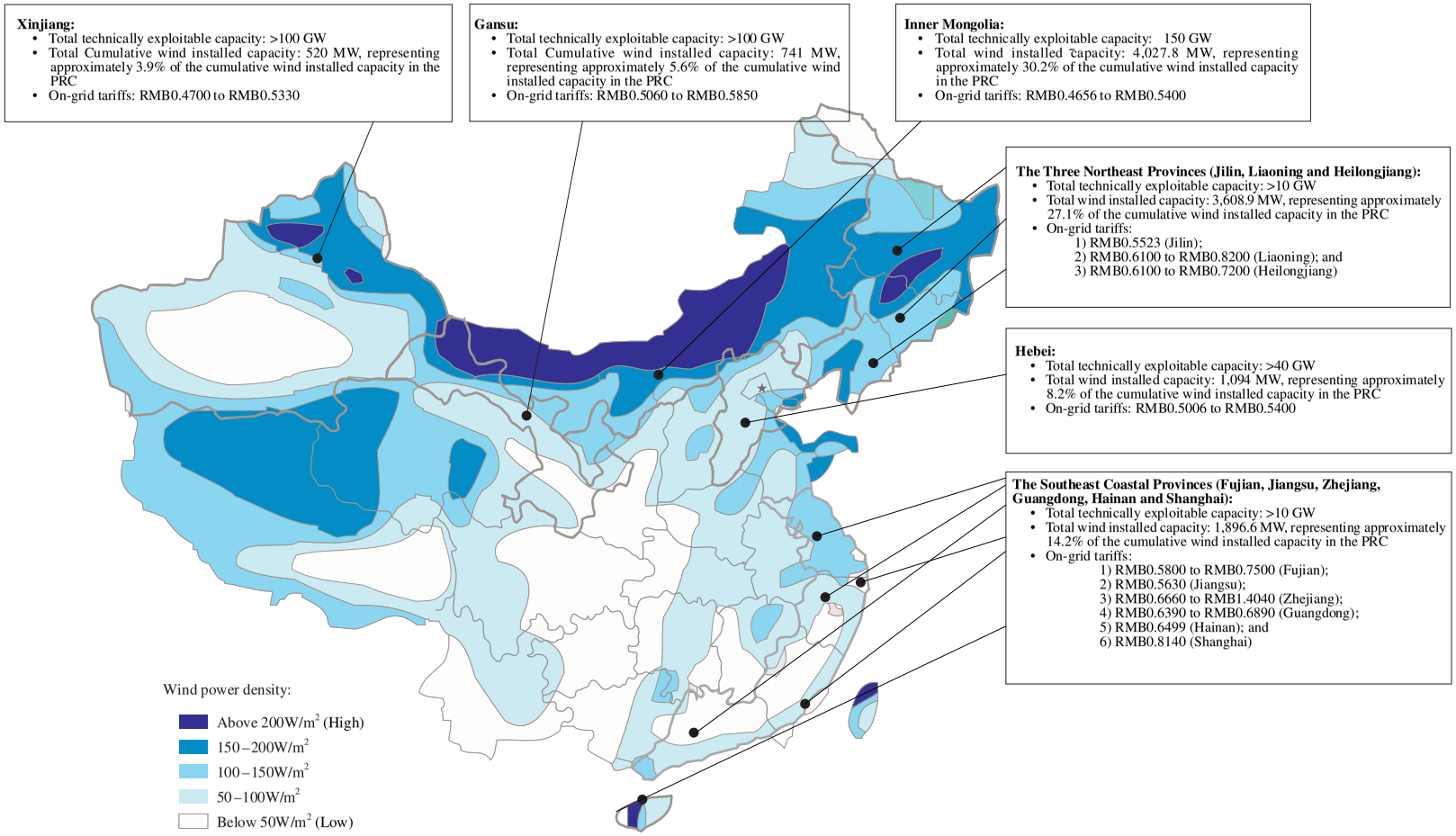
The table below sets forth the details of our projects under construction, Tier 1 and Tier 2 pipeline projects as of September 30, 2009, which we expect to complete construction prior to the end of 2010.

	As of September 30, 2009			
Project type	**Location**	**Project number**	**Estimated consolidated installed capacity[1]**	**Estimated capital expenditure**
			(MW)	**(RMB in millions)**
Projects under construction	The Three Northeast Provinces	6	296.6	2,520.3
	The Southeast Coastal Provinces	5	193.5	1,729.1
	Xinjiang	1	25.5	113.7
	Gansu	2	350.0	4,261.7
	Inner Mongolia	5	247.5	2,224.2
	Hebei	6	348.0	2,672.4
	Other regions	1	49.5	447.4
Tier 1 pipeline projects	The Three Northeast Provinces	1	49.3	483.1
	Inner Mongolia	3	148.5	1,209.7
Tier 2 pipeline projects	The Three Northeast Provinces	22	1,158.3	10,495.5
	The Southeast Coastal Provinces	3	127.5	1,307.1
	Xinjiang	4	198.0	1,572.9
	Inner Mongolia	4	198.0	1,758.9
	Hebei	2	99.0	895.9
	Other regions	2	99.0	1,409.8
Total	Six main areas and other regions in the PRC	67	3,588.2	33,101.70

Note:

(1) Assumes that these projects under construction, Tier 1 and Tier 2 pipeline projects could complete construction before the end of 2010.

The following map sets forth the wind resources of the six main areas where our wind power projects are primarily located and the on-grid tariffs (including VAT and based on per kWh unit) for our wind power projects, as of September 30, 2009.[1]



[1] *Total technically exploitable capacity is obtained from 2008 China Wind Power Report and total wind installed capacity is obtained from the Monthly Report of Power Industry by China Electricty Council (September 2009). Information on the on-grid tariffs is based on the approved on-grid tariffs of our wind power projects in each area. For our wind power projects approved after August 1, 2009 which we expect to become operational in the near future, the applicable on-grid tariff previously 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 our wind power projects located in the same zone.*

Wind Farms in the Three Northeast Provinces

Projects in operation or under construction

As of September 30, 2009, we had 29 wind power projects in the Three Northeast Provinces with a consolidated installed capacity of 974.7 MW, which gives us a market share of approximately 19.6%, 21.5% and 46.5% in Jilin, Liaoning and Heilongjiang, as of the same date.[1]

We commenced construction work of Phase I of a large concession project in Tongyu county, Jilin ("Phase I of Jilin Tongyu") in April 2006 and it became operational in December 2006 and had a consolidated installed capacity of 100.3 MW as of September 30, 2009.

To take advantage of the abundant wind resources and generate significant economies of scale, we applied for NDRC approval to develop a new phase with an additional consolidated installed capacity of 100.3 MW at the project site of Phase I of Jilin Tongyu in 2006 ("Phase II of Jilin Tongyu"). As a result, we had a total installed capacity of 200.6 MW in two phases of Jilin Tongyu as of September 30, 2009. Both Phase I and Phase II of Jilin Tongyu are connected to the Northeast grid and sell electricity to Jilin Electric Power Co., Ltd.

The table below sets forth operational data of our operating wind farms in the Three Northeast Provinces as of the dates or for the periods indicated:

	As of or for the year ended 31 December,			As of or for the six months ended June 30,	As of or for the nine months ended September 30,
	2006	2007	2008	2009	2009
Consolidated installed capacity (MW)	88.2	436.9	774.5	974.7	974.7
Average consolidated installed capacity (MW)	39.7	124.6	485.6	793.7	843.0
Capacity under construction (MW)	—	—	—	—	296.6
Consolidated gross power generation (MWh)	84,668.0	287,927.0	1,112,356.7	920,247.0	1,254,561.2
Consolidated net power generation (MWh)	84,310.0	279,448.7	1,063,647.9	876,201.0	1,179,049.2
Average utilization hours	2,132.7	2,310.3	2,290.7	1,159.5(1)	1,488.2(1)

(1) As this number is calculated based on the amount of consolidated gross generation for the six or nine months period rather than a year, it is not directly comparable to the average utilization hours in 2006, 2007 and 2008.

Pipeline projects

As of September 30, 2009, we had 10,229 MW of pipeline projects in the Three Northeast Provinces, of which 49.3 MW or 0.5% of our total pipeline are categorized as "Tier 1," 2,229.7 MW or 21.8% are categorized as "Tier 2" and 7,950 MW or 77.7% are categorized as "Tier 3."

Wind Farms in Inner Mongolia

Projects in operation or under construction

As of September 30, 2009, we had 19 wind power projects in Inner Mongolia with a total installed capacity of 844.9 MW, which gives us a market share of approximately 21% in Inner Mongolia as of the same date. Our largest wind power project in Inner Mongolia is a concession project awarded by the NDRC, with an installed capacity of 201.0 MW in Bayin, Baotou City (the "Baotou Bayin Concession Project").

[1] *In this section, all discussions of our market share in terms of installed capacity in each province are based on the Monthly Report of Power Industry by China Electricity Council (September 2009).*

The table below sets forth operational data of our operating wind farms in Inner Mongolia as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the six months ended June 30,	As of or for the nine months ended September 30,
	2006	2007	2008	2009	2009
Consolidated installed capacity (MW)	100.5	248.8	760.9	795.4	844.9
Average consolidated installed capacity (MW)	0.2	104.6	299.7	760.9	760.9
Capacity under construction (MW)	—	—	—	—	247.5
Consolidated gross power generation (MWh)	653.0	290,438.0	842,617.0	968,799.0	1,316,952.6
Consolidated net power generation (MWh)	—	265,990.0	811,794.7	864,431.6	1,205,869.2
Average utilization hours	2,800.0	2,776.0	2,811.1	1,273.2[(1)]	1,730.8[(1)]

(1) As this number is calculated based on the amount of consolidated gross generation for the six or nine months period rather than a year, it is not directly comparable to the average utilization hours in 2006, 2007 and 2008.

Pipeline projects

As of September 30, 2009, we had 13,506 MW of pipeline projects in Inner Mongolia, of which 198.0 MW or 1.5% are categorized as "Tier 1," 1,446.5 MW or 10.7% are categorized as "Tier 2" and 11,861 MW or 87.8% are categorized as "Tier 3."

Wind Farms in the Southeast Coastal Provinces

Projects in operation or under construction

As of September 30, 2009, we had 23 wind power projects in the Southeast Coastal Provinces with a consolidated installed capacity of 605.8 MW, which gives us a market share of approximately 43.7%, 39.7% and 38.1% in Fujian, Zhejiang and Jiangsu, respectively, as of September 30, 2009.

Our largest project in the Southeast Coastal Provinces is a concession project awarded by the NDRC in Rudong County of Jiangsu, with an installed capacity of 100.5 MW (the "Rudong Concession Project"). In 2007, we received the NDRC's approval for our expansion project to develop additional capacity of 49.5 MW at the project site of the Rudong Concession Project. This expansion project became fully operational in December 2007. We also have phase I of Fujian Fuqing Gaoshan Provincial concession project with an installed capacity of 20 MW which became operational in August 2009.

The table below sets forth operational data of our operating wind farms in the Southeast Coastal Provinces as of the dates or for the periods indicated:

	As of or for the year ended 31 December,			As of or for the six months ended June 30,	As of or for the nine months ended September 30,
	2006	2007	2008	2009	2009
Consolidated installed capacity (MW)	170.7	344.8	485.3	534.8	605.8
Average consolidated installed capacity (MW)	66.3	192.3	382.9	485.3	509.6
Capacity under construction (MW)	—	—	—	—	193.5
Consolidated gross power generation (MWh)	153,924.0	474,508.0	931,084.8	562,604.0	831,381.5
Consolidated net power generation (MWh)	146,728.7	446,063.0	872,612.7	542,268.7	763,778.4
Average utilization hours	2,322.5	2,467.0	2,431.8	1,159.4[(1)]	1,631.3[(1)]

(1) As this number is calculated based on the amount of consolidated gross generation for the six or nine months period rather than a year, it is not directly comparable to the average utilization hours in 2006, 2007 and 2008.

Pipeline projects

As of September 30, 2009, we had 7,705 MW of pipeline projects in the Southeast Coastal Provinces, of which 45.0 MW or 0.6% are categorized as "Tier 1," 776 MW or 10.0% are categorized as "Tier 2" and 6,884 MW or 89.4% are categorized as "Tier 3."

Wind Farms in Gansu

Projects in operation or under construction

As of September 30, 2009, we had 14 wind power projects in Gansu with a consolidated installed capacity of 307.8 MW, which gives us a market share of approximately 41.5% in Gansu as of September 30, 2009.

In 2006, we won the bids for two concession projects organized by the provincial DRC in Gansu through competitive tendering, namely Phase I of Gansu Diwopu Provincial Concession Project with an installed capacity of 49.3 MW and Gansu Xiangyang Provincial Concession Project with an installed capacity of 49.5 MW.

The table below sets forth operational data of our operating wind farms in Gansu as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the six months ended June 30,	As of or for the nine months ended September 30,
	2006	2007	2008	2009	2009
Consolidated installed capacity (MW)	110.0	110.0	208.8	307.8	307.8
Average consolidated installed capacity (MW)	53.2	110.0	184.1	208.8	241.8
Capacity under construction (MW)	—	—	—	—	501.0
Gross power generation (MWh)	102,352.0	163,207.0	277,387.0	175,319.0	246,687.7
Net power generation (MWh)	99,310.3	159,169.0	200,727.3	167,998.3	232,821.6
Average utilization hours	1,924.2	1,483.7	1,506.4	839.7[(1)]	1,020.2[(1)]

(1) As this number is calculated based on the amount of consolidated gross generation for the six or nine months period rather than a year, it is not directly comparable to the average utilization hours in 2006, 2007 and 2008.

Pipeline projects

As of September 30, 2009, we had 1,191 MW of pipeline projects in Gansu, of which approximately 99 MW or 8.3% are categorized as "Tier 2" and approximately 1,092 MW or 91.7% are categorized as "Tier 3."

Wind Farms in Xinjiang

Projects in operation or under construction

As of September 30, 2009, we had 12 wind power projects in Xinjiang with a total installed capacity of 223.8 MW, which gives us a market share of approximately 43% in Xinjiang as of September 30, 2009.

We started to develop our first wind farm in Xinjiang in 1991. Since 2005, we have developed and constructed Dabancheng No. 3 Wind Farm in four phases with a total installed capacity of 159.0 MW as of September 30, 2009.

The table below sets forth operational data of our operating wind farms in Xinjiang as of the dates and for the periods indicated:

	As of and for the year ended December 31,			As of and for the six months ended June 30,	As of or for the nine months ended September 30,
	2006	2007	2008	2009	2009
Consolidated installed capacity (MW)	117.3	157.8	223.8	223.8	223.8
Average consolidated installed capacity (MW)	94.8	121.7	175.7	223.8	223.8
Capacity under construction (MW)	—	—	—	—	25.5
Consolidated gross power generation (MWh)	219,965.0	297,598.0	412,019.4	355,064.0	492,023.6
Consolidated net power generation (MWh)	199,020.0	268,050.0	381,580.0	338,600.0	469,280.0
Average utilization hours	2,320.3	2,445.8	2,345.4	1,586.5[(1)]	2,198.5[(1)]

(1) As this number is calculated based on the amount of consolidated gross generation for the six or nine months period rather than a year, it is not directly comparable to the average utilization hours in 2006, 2007 and 2008.

Pipeline projects

As of September 30, 2009, we had 4,500 MW of pipeline projects in Xinjiang, of which 445 MW or 9.8% are categorized as "Tier 2" and 4,055 MW or 90.2% are categorized as "Tier 3."

Wind Farms in Hebei

Projects in operation or under construction

As of September 30, 2009, we had eight wind power projects in Hebei with a consolidated installed capacity of 75.0 MW, which gives us a market share of 6.9% in Hebei as of September 30, 2009.

The table below sets forth operational data of our operating wind farms in Hebei as of the dates or for the periods indicated:

	As of or for the year ended 31 December,			As of or for the six months ended June 30,	As of or for the nine months ended September 30,
	2006	2007	2008	2009	2009
Consolidated installed capacity (MW)	—	—	49.5	49.5	75.0
Average consolidated installed capacity (MW)	—	—	24.8	49.5	52.3
Capacity under construction (MW)	—	—	—	—	397.5
Consolidated gross power generation (MWh)	—	—	79,643.0	87,418.0	113,058.7
Consolidated net power generation (MWh)	—	—	76,392.1	81,525.0	105,704.7
Average utilization hours	—	—	3,217.9	1,766.0(1)	2,160.4(1)

(1) As this number is calculated based on the amount of consolidated gross generation for the six or nine months period rather than a year, it is not directly comparable to the average utilization hours in 2006, 2007 and 2008.

Pipeline projects

As of September 30, 2009, we had 3,468 MW of pipeline projects in Hebei, 448 MW or 12.9% are categorized as "Tier 2" and 3,020 MW or 87.1% are categorized as "Tier 3."

Other Areas

Other than the six main areas, we have entered into investment and development agreements to develop pipeline projects in five other areas in the PRC, including Yunnan, Shandong, Shanxi, Guizhou and Tianjin. Pursuant to these agreements, we have the rights to develop wind power projects of an estimated consolidated capacity of 2,390 MW as of September 30, 2009.

Our first project under construction in these five other areas is Qujing Luliang Yangmeishan Wind Power Project, located in Yunnan, and it has a capacity under construction of 99.0 MW as of September 30, 2009 and is due to commence operation in December 2009.

On-grid Tariffs

Pursuant to the Renewable Energy Law (《可再生能源法》) and the Price and Cost Sharing Regulation (《可再生能源發電價格和費用分攤管理試行辦法》), two sets of on-grid tariff are applicable to electricity from renewable energy: "government fixed price" and "government guided price." For wind power projects approved by the NDRC or provincial DRCs after December 31, 2005, the on-grid tariff is governed by the "government guided price." The on-grid tariffs for concession projects are determined through public tender and then approved by the government, while the on-grid tariffs for non-concession projects are approved by the relevant pricing authorities by reference to the approved prices of concession projects in neighboring areas. On-grid tariffs for other renewable energy projects, such as solar and hydro power, are governed by the "government gixed price" regime.

Generally, the pricing authorities will consider various factors in approving the on-grid tariffs for wind energy, including the wind resources of the sites, the size of the proposed projects, construction conditions, and approved prices for other wind power projects in the area. There are numerous factors affecting on-grid tariffs over which we may or may not have control, and there is a comparatively large variation of average on-grid tariffs for wind power projects from province to province.

Pursuant to the Renewable Energy Law and the Price and Cost Sharing Regulation, with respect to renewable energy projects, including wind power projects, approved after January 1, 2006, the price premium for on-grid renewable power over on-grid desulfurized coal power in the same province, together with the grid connection cost of on-grid renewable power, will be effectively borne by all the electricity end-users. Grid companies charge a tariff surcharge in the selling prices at the provincial and national levels to reflect their extra costs for purchasing and inter-connecting renewable power.

The NDRC has recently issued the "Circular regarding the Furtherance of On-grid Pricing Policy of Wind Power," which came into effect on August 1, 2009 and applies to all onshore wind power projects approved thereafter. In accordance with this circular, the on-grid tariff as determined by "government guided price" discussed above has been replaced by the geographically unified tariffs, 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/kWh, RMB0.54/kWh, RMB0.58/kWh or RMB0.61/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. See "Regulatory Environment — Regulatory Requirements Relating to Renewable Energy — Tariff and Cost Sharing Program."

Mandatory Grid Connection

According to the Renewable Energy Law and its implementation rules, grid companies generally must purchase the full amount of electricity generated from renewable power plants that are located under its coverage and must provide them grid-connection services and related technical support. Each of our operating wind farms has entered into a grid connection and dispatch agreement with the relevant local grid company.

Electricity Sale

Revenue of our wind power business is primarily derived from the sale of electricity generated from our wind farms. According to Renewable Energy Law, the grid companies generally must purchase all the electricity generated from renewable energy projects in their grid coverage, and our wind farms sell substantially all of the electricity that they generate to local grid companies, rather than directly to any industrial or residential end-users. We sell electricity based on the PPAs we enter into with local grid companies in accordance with the applicable PRC regulations. A PPA typically has various standard terms, such as on-grid tariff, metering and payment. The on-grid tariff for a PPA is reviewed and determined by the relevant pricing authorities and approved by the NDRC. The PPAs usually have a term of one to three years.

The output of our wind farms and other renewable energy power plants may be curtailed as a result 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. Since the second half of 2008, some of our wind farms in Gansu and Inner Mongolia have experienced temporary limitation on their electricity output due to underdevelopment of the local grids and the decrease in nationwide electricity demand attributable to the recent economic crisis (which resulted in surplus electricity overburdening the grid). Such events could reduce the actual net power generation of our wind farms. However, we cannot reliably estimate the possible financial impact of grid congestion because grid congestion often occurs concurrently with other factors (in particular, wind speed, wind direction and other wind patterns), and there is no established industry standard to quantify the potential loss of revenue arising from grid congestion alone. Currently, our wind farms do not maintain any compensation or indemnification arrangements with the local grid companies for our financial loss due to grid congestion. See "Risk Factors — We rely on local grid companies for grid connection and electricity transmission and distribution services." In addition, electricity transmission lines may experience unplanned outages due to system failures, accidents and severe weather conditions, or planned outages due to repair and maintenance, construction work and other reasons beyond our control. 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."

Taking into account the PRC government's support to develop wind power generation and its increasing capital investment in grid construction, as well as the recent increase in electricity consumption, we believe that grid congestion is a regional and temporary problem and it will not have a material financial or operational impact on our overall business. For example, the State Power Grid Company has started to construct ultra-high-voltage power transmission lines in Gansu, consisting of two 750Kv circuits that are expected to become operational in 2010. The transmission lines will connect the regions of Shaanxi, Ningxia, Hexi Corridor of Gansu and Hami in Xinjiang, with an aggregate transmission capacity of approximately 3 million kW. We expect that these transmission lines will significantly alleviate the grid congestion in Gansu. In addition, as our wind farms are located in six major areas and other provinces across the country, we believe our geographically diverse operations also help us mitigate part of our exposure to any regional risk relating to grid congestion or other grid constraints.

Electricity sales volume of our wind power business is equivalent to our consolidated net power generation of our wind power projects operated by our subsidiaries. The difference between the gross power generation and the net power generation of our wind farms includes auxiliary electricity and the electricity generated during the construction and testing period. Auxiliary electricity of our wind farms generally accounted for approximately 3-4% of the gross power generation of our wind farms during the Track Record 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. 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.

The table below sets forth the electricity sales volume of our wind power projects in the six main areas for the periods indicated:

	Year ended December 31,			Six months ended June 30,	Nine months ended September 30,
	2006	2007	2008	2009	2009
			(MWh)		
The Three Northeast Provinces	84,310.0	279,448.7	1,063,647.9	876,201.0	1,179,049.2
Inner Mongolia	—	265,990.0	811,794.7	864,431.6	1,205,869.2
The Southeast Coastal Provinces	146,728.7	446,063.0	872,612.7	542,268.7	763,778.4
Gansu	99,310.3	159,169.0	200,727.3	167,988.3	232,821.6
Xinjiang	199,020.0	268,050.0	381,580.0	338,600.0	469,280.0
Hebei	—	—	76,392.1	81,525.2	105,704.7
Total	**529,369.0**	**1,418,720.7**	**3,406,754.7**	**2,871,014.8**	**3,956,503.1**

Suppliers

Turbine suppliers

Our primary operating equipment in our wind power business are the turbines used in our wind farms. On average, turbine costs represent approximately 60% to 70% of our wind farm investment costs. Currently, there is a limited number of qualified turbine suppliers in the world, but turbine supply has increased over the past few years. See "Risk Factors — Risks Relating to Our Wind Power Business — We depend on a limited number of qualified wind turbine suppliers and other suppliers."

We have established long-term relationships with leading international turbine suppliers, such as Gamesa, Vestas and GE, and their joint venture companies established in the PRC. We also have strong relationships with domestic turbine suppliers, such as Goldwind and Sinovel. According to BTM, in terms of global newly installed capacity in 2008, Vestas, GE and Gamesa were the top three, and Goldwind and Sinovel were among the top ten, worldwide largest turbine suppliers.

Like other wind energy developers in the PRC, we initially relied primarily on imported turbines. To promote domestic turbine manufacturing, a localization requirement was adopted in the Notice of Relevant Requirements in the Administration of Wind Farm Construction (《國家發改委關於風電建設管理有關要求的通知》) issued by the NDRC in July 2005, which required developers in a newly constructed wind power project to use at least 70% (by purchase value) of wind turbine components domestically manufactured in the PRC, and prohibited developers from constructing any wind power projects that fail to satisfy the localization requirement. As a result, since 2005, we have increasingly sourced domestically manufactured turbines to satisfy this requirement as well as for cost savings.

Our turbine procurement strategy is to leverage our scale and our relationships with leading turbine suppliers to secure our supply needs at the best possible terms and to allow us access to the latest technical features. We generally select our turbine suppliers through a bidding process based on factors such as product quality, price, technologies, production capabilities and after-sales support. For the bidding of concession projects issued by the NDRC, we may be required to work with one or more turbine suppliers. We believe that our sizeable presence in the PRC wind power sector provides us with a competitive advantage in turbine procurement and in negotiating favorable terms in turbine supply contracts.

Our contracts with turbine suppliers usually cover the production, transportation, installation and commissioning and include a warranty period of typically two years, unless otherwise negotiated. As of September 30, 2009, we have entered into supply agreements to secure the full supply of wind turbines for the estimated total installed capacity by the end of 2009.

Other suppliers

Other important suppliers include plant equipment suppliers and third party contractors who supply construction and installation services during the construction phase of our wind farms. For the supply of step-up transformers, switchgear and cables, we usually obtain competitive bids for high quality products from nationwide suppliers.

Operation and Maintenance

We continually strive to improve our operational efficiency, in particular by increasing the average utilization hours of our wind farms, performing repair and maintenance with our in-house resources and enhancing our monitoring systems. We aim to achieve and maintain high levels of average utilization hours, principally by utilizing a systematic approach to monitor the different drivers for wind farm and wind turbine availability, conducting subsequent reviews of periods of non-availability and implementing corrective initiatives to mitigate systemic failures.

Each of our wind farms has a timetable for routine maintenance, regular inspections and repairs. With our extensive operational experience and technical know-how, we have developed a self sufficient in-house operation and maintenance team to conduct a large number of the operation and maintenance activities. We aim to continue to increase our control of key operation and maintenance activities rather than outsourcing operation and maintenance services from turbine manufacturers. This enables us to reduce our overall operation and maintenance costs and increase the utilization hours of our wind farms.

Carbon Credit Transactions

In addition to selling electricity generated from our wind farms and other renewable projects, since 2007 and 2008, we have also started to generate other net income from the sale of CERs and VERs, respectively, for the emission reductions attributable to the electricity output of our certain wind and other

renewable projects. For the years ended December 31, 2007 and 2008 and the six months ended June 30, 2009, aggregate sales of CERs and VERs generated other net income of RMB29.6 million, RMB117.5 million and RMB116.9 million, respectively.

To centralize the management of our carbon credit transactions, our subsidiary, Carbon Asset Management Company, manages the application and registration of our CDM projects and the sale of CERs and VERs, including finding and negotiating with potential CER or VER buyers, preparing necessary documentation, and coordinating the government approvals, registration, verification, issuance and delivery of CERs as well as the verification and sale of VERs.

Clean Development Mechanism and Sale of CERs

CDM is an arrangement under the Kyoto Protocol to the UNFCCC. Each of the countries listed in Annex I to the UNFCCC ("Annex I Countries"), which include certain developed countries, is assigned an emission reduction target. Non-Annex I Countries, which include certain developing countries, have no emission reduction targets but are encouraged to adopt environmentally friendly technologies to reduce greenhouse gas emissions. The CDM arrangement allows Annex I Countries to invest in emission reduction projects in non-Annex I Countries in order to earn CERs. CERs can be used by investors from Annex I Countries to satisfy domestic emission reduction targets or sold to other interested parties, and therefore it provides an alternative to emission reductions in their own countries, which is generally more expensive than investing in emission reduction projects in developing countries. The PRC government ratified the Kyoto Protocol in 2002, as a non-Annex I Country. The first commitment period of the Kyoto Protocol is five years from 2008 to 2012. See "Risk Factors — Risks Relating to Our Wind Power Business — 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."

In order to issue and sell CERs, a CDM project in the PRC generally has to:

- obtain the approval of the NDRC, the designated national authority for the PRC;
- validate the project design by a third party agency accredited by the CDM EB, referred to as a Designated Operational Entity (the "DOE"), to ensure the project results in real, measurable and long-term emission reductions;
- register the project with the CDM EB;
- periodically obtain verification and certification by the DOE of the emission reductions attributable to electricity output of the project after the project is registered with the CDM EB;
- obtain CERs issued by the CDM EB with respect to the emission reductions verified and certified by the DOE (after deduction of 2% of the CERs by the CDM EB to cover its administrative expenses); and
- deliver CERs to the buyers according to the agreed delivery schedule with the buyers and receive payment from the buyers for CERs purchased.

According to the Measures for Operation and Management of Clean Development Mechanism Projects (《清潔發展機制項目運行管理辦法》, the "CDM Measures") jointly issued by the NDRC and other ministries, only companies wholly-owned or controlled by Chinese parties may carry out CDM projects in the PRC. All of our wind power project companies meet this requirement. See "Regulatory Environment — Regulatory Requirements Relating to Renewable Energy — CDMs."

According to the CDM Measures, for CDM projects approved on or after October 12, 2005, the PRC government imposes a levy on the proceeds from sale of CERs under a CDM project at various levels depending on the type of project. With respect to wind and other renewable projects that develop and utilize renewable energy and are encouraged as a matter of the government policy, only 2% of the proceeds from sale of CERs are payable to the PRC government.

In accordance with the requirements of the Kyoto Protocol, the following renewable energy projects cannot be registered as CDM projects:

- projects without additionality. A CDM project activity is additional if anthropogenic emissions of greenhouse gases are reduced below those that would have occurred in the absence of the registered CDM project activity.
- a project that faces no "barriers" preventing implementation if such project was not registered as a CDM project. Such barriers can be financial barriers, technological barriers, or other barriers.
- project that is funded by public funding from parties included in Annex 1 Countries and causes a diversion of the official development assistance of those parties;
- projects which were not developed with a view to registering them as CDM projects before the commencement of the projects.

Prior to 2004, we had limited knowledge about CDM, and did not consider registering our wind power projects as CDM projects. After 2005, substantially all of our wind power projects were developed with a view to be registered as CDM projects, and are thus eligible to be registered as such projects.

As of September 30, 2009, we had applied for registration of 116 CDM projects, 75 of which have obtained the approval of the NDRC and 21 of which have been successfully registered with the CDM EB. Among the 116 CDM projects, 115 are wind power projects while the other is a biomass project, namely the Longyuan Donghai Pilot Straw-Fired Biomass Power Project.

To reduce transaction costs, we usually include several projects into a single CER purchase agreement when negotiating with potential CER buyers. As of September 30, 2009, we have entered into emission reduction purchase agreements with six buyers, who are independent third parties from us, including two governmental buyers and four corporate buyers from Europe. The estimated total amount of CERs to be delivered under these CER purchase agreements totals approximately 26 million metric tons. The first CERs of our registered CDM projects were issued on September 27, 2007. As of September 30, 2009, 21 registered CDM projects have generated other net income. For the years ended December 31, 2007 and 2008 and the six months ended June 30, 2009, our income from sales of CERs was RMB29.6 million, RMB108.0 million and RMB109.5 million, respectively.

Sale of VERs

VERs are reductions that are not mandated by any law or regulation but originate from a purchaser's desire to take active part in climate change mitigation efforts. The VER market is an emerging market for carbon credits outside the Kyoto Protocol regime. In addition to CERs, we also sell VERs which are attributable to electricity output from our CDM projects before being registered as CDM projects with the CDM EB or from other wind power projects which are not eligible for being registered as CDM projects.

We typically source potential VER buyers through agents and pay the agents a commission fee based on the actual amount of VERs sold. As of September 30, 2009, we have commissioned two agents, including a UK company and Hong Kong company, to source potential VER buyers for us. These two agents are independent third parties at the time when we transacted with them. Both agents engage in the development of greenhouse gas reduction projects and the purchase of CERs/VERs, and are global financial service providers to the environmental and energy markets. The buyers include companies and entities from Europe and the United States. We started to sell VERs in 2008, and as of September 30, 2009, ten projects have sold VERs, which generated RMB9.5 million and RMB7.4 million for the year ended December 31, 2008 and the six months ended June 30, 2009, respectively.

BUSINESS

OUR COAL POWER BUSINESS

The operating history of the Company first began with the operation of Jiangyin Xiagang Power Plant and Tianshenggang Power Plant as early as 1994 which had, throughout the years, continuously provided stable cash flows to the Group to invest in our wind power business during its early stage. The existence of these two coal power plants is a result of our operating history and a natural and organic development of the business of the Group. The Directors confirmed that the Company has no intention or plan to dispose of the two coal power plants.

Jiangyin Xiagang Power Plant and Tianshenggang Power Plant had a total installed capacity and attributable installed capacity of 1,875.0 MW and 538.9 MW, respectively, as of September 30, 2009. Both coal power plants also produce steam as part of the power generation process. Both coal power plants are located in Jiangsu, which has recently enjoyed strong economic growth with a rapid increase in demand for electricity.

Revenue of our coal power business is primarily derived from the sale of electricity and steam generated by these two coal power plants. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, segment revenue of our coal power business was RMB4,028.8 million, RMB4,017.9 million, RMB4,373.4 million and RMB2,095.3 million, respectively, representing 90.1%, 82.2%, 68.8% and 59.1% of our total revenue (excluding service concession construction revenue) over those periods. For details of our coal power plants, please see "Appendix V — Project Portfolio Overview."

Jiangyin Xiagang Power Plant

Jiangyin Xiagang Power Plant is located in Xiagang Town, Jiangyin City, Jiangsu. Jiangyin Xiagang Power Plant is a coal power plant operated by our foreign invested joint venture company, JSPG. As of the date of this document, we directly or indirectly own 27.0% of the equity interests in JSPG, making us the largest shareholder.

As of September 30, 2009, Jiangyin Xiagang Power Plant has consolidated installed capacity of 1,215 MW and attributable installed capacity of 328.1 MW. The coal power plant has six coal power generation units which were installed in three phases. The first two 125 MW units were installed in phase I and became operational in 1995. The capacity of the two units was upgraded to 137.5 MW in 2002. The second two 140 MW units were installed in phase II and became operational in 2003. The last two 330 MW units were installed in phase III and became operational in 2004.

All six units of Jiangyin Xiagang Power Plant produce steam simultaneously during the power generation process. The net steam extraction for the years ended December 31, 2006, 2007 and 2008 and the nine months ended September 30, 2009 was 3,003.9 KGJ, 3,375.0 KGJ, 3,481.4 KGJ and 2,544.1 KGJ, respectively. As the two 137.5 MW units and the two 140 MW units were recognized as Type B Units by SERCs, each was granted approximately 500 extra planned output hours by Jiangsu Electric Power Company. For details of the Type B units, please see "Industry Overview — The PRC Electricity Generation Industry — On-grid Tariffs."

All six generating units were manufactured by domestic manufacturers in the PRC, and are equipped with desulphurization equipment, which reduces the emission of sulphur dioxide. According to the relevant environmental protection regulations of the PRC, a discharge fee is levied by local authorities based on the actual amount of sulphur dioxide emission from each power plant.

In addition, the PRC government recognized each of the two 137.5 MW units of Jiangyin Xiagang Power Plant as a Resource Comprehensive Utilization Unit ("資源綜合利用機組") for each year from 2001 to 2008, due to the plant's technique of using coal sludge as fuel and blending coal fuel with coke. As a Resource Comprehensive Utilization Plant, Jiangyin Xiagang Power Plant enjoys various incentives, such as higher dispatch priority than conventional coal power plants as well as a reduction of 50% of the VAT levied on the sales of electricity if certain conditions are met.

The following table shows certain operating data for Jiangyin Xiagang Power Plant as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the six months ended June 30,	As of or for the nine months ended September 30,
	2006	2007	2008	2009	2009
Consolidated installed capacity (MW)	1,215.0	1,215.0	1,215.0	1,215.0	1,215.0
Attributable installed capacity (MW)	328.1	328.1	328.1	328.1	328.1
Average consolidated installed capacity (MW)	1,215.0	1,215.0	1,215.0	1,215.0	1,215.0
Consolidated gross power generation (GWh)	6,791.6	7,414.1	7,261.7	2,933.4	4,763.2
Consolidated net power generation (GWh)	6,370.2	6,947.8	6,781.5	2,740.3	4,447.2
Availability factor (%)	93.4	93.5	95.9	92.5	94.1
Average utilization hours (Hours)	5,589.8	6,102.1	5,976.7	2,414.3[(1)]	3,920.3[(1)]
Gross generation standard coal consumption rate (g/kWh)	308.7	301.5	298.1	295.5	295.5
Net steam extraction (KGJ)	3,003.9	3,375.0	3,481.4	1,687.3	2,544.1
Steam extraction standard coal consumption rate (Kg/GJ)	42.6	42.9	43.7	43.9	43.5

(1) As this number is calculated based on the amount of consolidated gross generation for the six or nine months period rather than a year, it is not directly comparable to the average utilization hours in 2006, 2007 and 2008.

Tianshenggang Power Plant

Tianshenggang Power Plant is located in Tianshenggang Town, Nantong City, Jiangsu. Tianshenggang Power Plant is a coal power plant operated by a foreign invested joint venture company, NTPG. As of the date of this document, we directly or indirectly own 31.94% equity interests in NTPG, with the remaining equity interests owned by other third parties.

Tianshenggang Power Plant has undergone construction in seven phases and a series of expansions and technological upgrades, and has two 330 MW units as of September 30, 2009, which were installed in phase VII and became operational in 2005. As required by a recent governmental regulation to shut down small coal power plants to reduce emissions and enhance operational efficiency, we have recently decommissioned four 137.5 MW units and planned to install a new 1,000 MW unit with advanced desulphurization technology (the "Capacity Replacement Plan"). As a result, the operational generating units of Tianshenggang Power Plant had a total installed capacity of 660.0 MW and attributable installed capacity of 210.8 MW as of September 30, 2009.

As a remedy for the financial losses resulting from the shutdown of low capacity generating units, relevant authorities continue to grant planned output to coal power plant operators for their decommissioned units during a transition period, and such planned output can be transferred to larger units in the form of substituted generation. The transition period is generally no more than three years. We are entitled to continue to receive planned output for our four decommissioned units from 2009 to 2011.

We have submitted the Capacity Replacement Plan to the relevant authorities for approval to install a new 1,000 MW unit. As of September 30, 2009, the Capacity Replacement Plan has passed the preliminary review by the designated power design institutes, pending other review procedures and the NDRC's approval. Based on the relevant laws and regulations and informal discussions with NDRC's representatives, our PRC adviser is of the view that there will be no material legal impediment to obtaining the approval for the Capacity Replacement Plan. However, the timing for obtaining the approval is beyond our control.

The two 137.5 MW units of phase V, which ceased operations in 2008, were not equipped with desulphurization equipment. The remaining two 137.5 MW units of phase VI which ceased operations in 2008 and the two 330 MW units of phase VII are all equipped with desulphurization equipment.

In addition to electricity, Tianshenggang Power Plant also extracts and sells steam, and is now undergoing various stages of technological and equipment replacement plans to increase its steam extraction capacity. Our net steam extraction for the years ended December 31, 2006, 2007 and 2008, and the nine months ended September 30, 2009 was 140.0 KGJ, 154.5 KGJ, 161.6 KGJ and 1,185.7 KGJ, respectively.

The following table shows certain operating data for Tianshenggang Power Plant as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the six months ended June 30,	As of or for the nine months ended September 30,
	2006	2007	2008	2009	2009
Consolidated installed capacity (MW)	1,210	1,210	660.0	660.0	660.0
Attributable installed capacity (MW)	386.5	386.5	210.8	210.8	210.8
Average consolidated installed capacity (MW)	1,210.0	1,210.0	888.4	660.0	660.0
Consolidated gross power generation (GWh)	6,017.6	5,027.6	5,408.4	1,896.6	2.894.1
Consolidated net power generation (GWh)	5,609.6	4,690.5	5,081.9	1,795.8	2,734.0
Availability factor (%)	92.5	93.4	97.7	94.6	94.2
Average utilization hours (hours)	4,973.2	4,155.0	6,087.8	2,874.0(1)	4,386.0(1)
Gross generation standard coal consumption rate (g/kWh)	326.3	321.7	315.9	297.8	299.5
Net steam extraction (KGJ)	140.0	154.5	161.6	829.0	1,185.7
Steam extraction standard coal consumption rate (Kg/GJ)	—(2)	38.1	38.0	44.0	39.1

(1) As this number is calculated based on the amount of consolidated gross generation for the six or nine months period rather than a year, it is not directly comparable to the average utilization hours in 2006, 2007 and 2008.

(2) Tianshenggang Power Plant began to sell steam in 2006. It did not maintain a separate record for coal consumption in its steam extraction in 2006.

Electricity Sale

According to relevant PRC regulations, a power plant's sole customer is the relevant grid company to which it is connected. Both of our coal power plants are connected with and sell electricity to Jiangsu Electric Power Company. 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, fuel cost, and the size and configuration of the comparable 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. Since 2005, the NDRC has approved a few increases in on-grid tariffs, allowing some coal power generation companies to pass on 70% of certain increases in coal prices to customers through the increases of on-grid tariffs, if the increase in coal price within a six-month period exceeds 5%. However, as any increase of on-grid tariff (including the increase of tariff due to an increase in coal price) is subject to review and approval of the NDRC, we have limited ability to pass on coal price

increases through on-grid tariff increases. See the section headed "Financial Information — Significant Factors Affecting Our Results of Operations and Financial Condition — Changes in on-grid tariffs — Coal" and "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."

Each year the relevant provincial authorities issues guidelines on the planned output for each of our coal power plants with reference to the average utilization hours of comparable generating units in Jiangsu. Pursuant to these guidelines, each of our coal power plants and each of their respective customers reach agreements on the amount of the current year's planned output, which is subject to the on-grid tariffs approved by the relevant pricing authorities. In addition, on-grid tariffs differ depending on whether the power plant has installed desulphurization equipment. Our coal power plants are equipped with desulphurization devices, and therefore are subject to a guideline on-grid tariff that is generally higher than that for coal power plants without desulphurization devices.

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. Competitive bidding output is an excess output mechanism to meet increased demand for electricity within a specific area covered by a particular grid company whereby a grid company invites electricity generation companies to tender bids to sell their excess output, which the grid company purchases from the winner and sells to customers. Substituting generation allows an electricity generation company to sell its excess electricity to other power generating companies (substituting the seller's excess output as the buyer's planned output). Due to the shutdown of generating units in our Tianshenggang Power Plant, beginning in 2008 we purchased substituting generation from other power generation companies and sold it to our customers.

The electricity sales is the consolidated net power generation of the two coal power plants, which generally accounted for approximately 93-95% of the gross power generation of our coal power business during the Track Record Period. The difference between the gross power generation and the net power generation of our coal power plants include electricity consumed by the coal power plants in the course of electricity generation and transmission. The table below sets forth the electricity sales volume of both coal power plants for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
			(GWh)		
Jiangyin Xiagang Power Plant					
Planned Output	5,559.8	5,419.4	5,499.0	3,252.4	2,466.5
Excess Output	810.4	1,528.4	1,282.5	264.6	273.8
Total	6,370.2	6,947.8	6,781.5	3,517.0	2,740.3
Tianshenggang Power Plant					
Planned Output	5,252.3	4,343.0	4,998.8	2,634.6	1,701.3
Excess Output	357.3	347.5	83.1	83.1	94.5
Total	5,609.6	4,690.5	5,081.9	2,717.6	1,795.8

Fuel Supply

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 those 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 supply 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 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 Periothe, our average coal heat value of our coal supply was approximately 4,600 kcal/Kg.

Due to increasing coal prices in the PRC during the Track Record Period, our weighted average cost of standard coal per ton (exclusive of VAT) increased by 11.5% from approximately RMB525.9 in 2006 to approximately RMB586.3 in 2007, and by 32.3% to approximately RMB775.9 in 2008.

We recently started a new coal supply business through Jiangsu Sulong Energy Co., Ltd. ("Sulong Energy"), a wholly-owned subsidiary of JSPG, to provide a reliable coal supply for our own use or to sell to third parties. Sulong Energy was incorporated on March 13, 2009 and holds a license to trade coal. Sulong Energy purchases coal from coal mines and coal trading intermediaries, processes and blends various types of coal according to its intended use, and supplies the coal to Jiangyin Xiagang Plant or to third party customers. From start of operations to June 30, 2009, Jiangyin Xiagang Power Plant accounted for approximately 35%, and third party companies (including steel companies and cement companies), accounted for approximately 65%, of Sulong Energy's coal sales by volume.

Steam Sale

Our two coal power plants also sell steam to customers. Most of our steam is sold for industrial and commercial use, including to hotels and other enterprises. Our coal power plants enter into and renew supply contracts with their steam customers on an annual basis. Steam prices are negotiated between the customers and the plants with reference to pricing guidelines issued by local governments.

The table below sets forth the total steam sales of 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	2008	2009	2009
Net Steam Extraction (KGJ)	3,143.9	3,529.5	3,643.0	1,977.2	2,516.3	3,729.8
Weighted Average Price (RMB/KGJ)	24.3	25.6	33.1	27.4	43.4	[44.2]
Total Sales Amount (RMB in millions)	76.3	90.4	120.5	54.2	109.3	[164.9]

The steam sales of our coal power plants accounted for 1.7%, 1.8%, 1.9% and 3.1% of our total revenue (excluding service concession construction revenue) during the the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively.

Repair and Maintenance

Both of our coal power plants have timetables for routine maintenance, regular inspections and repairs. Such timetables and the repair and maintenance are established by each plant pursuant to the relevant regulations. Our maintenance procedures are reasonably scheduled and coordinated to support stable power

generation and high standards of maintenance and safety while minimizing our coal power plant shutdown periods. The total cost of repairs and maintenance expense of our coal power plants for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 was RMB69.2 million, RMB86.9 million, RMB57.9 million and RMB17.2 million, respectively, representing approximately 1.9%, 2.2%, 1.1% and 0.7% of our total operating expenses (excluding service concession construction cost) for those periods.

We manage repair and maintenance at our Tianshenggang Power Plant primarily through our own maintenance teams, while for Jiangyin Xiagang Power Plant we outsource certain critical repair services to independent repair companies on an ongoing basis.

OUR OTHER BUSINESS

Sales of Power Equipment and Provision of Services

We have two subsidiaries, Zhongneng Power-Tech and Zhongneng Wind-Power, both incorporated as high technology companies in the Beijing Zhongguancun Science and Technology Park, which manufacture and sell equipment used in the operation and maintenance of wind farms and coal power plants as well as provide wind farm related services.

Zhongneng Power-Tech primarily manufactures and supplies specialized equipment, such as lightning rods, insulators, and online transformer monitoring systems as well as other power equipment used in electricity generation and transmission. Zhongneng Power-Tech also offers various pre-construction services to wind farms and manages our tender process of wind power equipment.

Zhongneng Wind-Power specializes in equipment maintenance, technical supports, and spare parts supply for wind farms operated by us and by third parties.

Other Renewable Energy

In addition to our wind energy project portfolio, we have also started a number of experimental and pilot projects to generate electricity from other renewable energy resources (including tidal, biomass and geothermal) for future commercial development. We also intend to develop our pipeline of solar power projects.

As other renewable energy projects currently function as pilot or experimental projects, they have a limited scale and capacity, and revenue contribution from these facilities is currently immaterial compared to that of our wind farms or coal power plants.

Zhejiang Wenling Experimental Tidal Power Project

We have an experimental tidal power project in Zhejiang which started operations in 1980 as an experimental facility to develop and research power generation from tidal resources. This experimental project is currently ranked first in Asia and third in the world based on its consolidated installed capacity of 3.9 MW as of September 30, 2009, and it sells all of its electricity to Zhejiang Power Grid Company, an independent third party of the Group.

Longyuan Donghai Pilot Straw-Fired Biomass Power Project

We have a pilot straw-fired biomass power project with a consolidated installed capacity of 24.0 MW as of September 30, 2009. It generates electricity using straw and sells electricity to a local grid company. The electricity output is transmitted to the Jiangsu Provincial Power Grid which is part of the East China Power Grid.

Yangbajing Pilot Geothermal Power Project

We have a pilot geothermal power project in Yangbajing, Tibet, with a consolidated installed capacity of 1.0MW as of September 30, 2009, and it supplies electricity to Lhasa and its surrounding areas through the local grid company.

Development of Solar Power

We are focusing our development efforts on Xinjiang, Inner Mongolia, Gansu and Qinghai which have abundant solar resources. As of September 30, 2009, we have entered into 13 investment and development agreements with local governments in these six major provinces to develop our pipeline of solar power projects, with an estimated consolidated installed capacity of approximately 1,700 MW.

TOP FIVE CUSTOMERS AND SUPPLIERS

Our revenue is primarily derived from the sale of electricity generated by the wind farms and coal power plants we control and operate. Our wind farms and coal power plants sell substantially all of their electricity to the local grid companies to which they are connected pursuant to PPAs.

In 2006, our five largest customers were Jiangsu Electric Power Company, Xinjiang Electric Power Company, Gansu Electric Power Company, Fujian Electric Power Company and Zhejiang Electric Power Company, contributing approximately 80.3%, 2.0%, 1.2%, 1.2% and 1.2%, respectively, of our total revenue (excluding service concession construction revenue). For the same period, our five largest customers in aggregate accounted for 85.9% of our total revenue (excluding service concession construction revenue).

In 2007, our five largest customers were Jiangsu Electric Power Company, Fujian Electric Power Company, Xinjiang Electric Power Company, Northeast China Grid Company Limited and Heilongjiang Electric Power Company, contributing approximately 75.1%, 2.5%, 2.4%, 2.3% and 2.0%, respectively, of our total revenue (excluding service concession construction revenue). For the same period, our five largest customers in aggregate accounted for 84.3% of our total revenue (excluding service concession construction revenue).

In 2008, our five largest customers were Jiangsu Electric Power Company, Fujian Electric Power Company, Heilongjiang Electric Power Company, Northeast China Grid Company Limited and Liaoning Electric Power Company, contributing approximately 62.6%, 3.6%, 3.4%, 3.1% and 3.0%, respectively, of our total revenue (excluding service concession construction revenue). For the same period, our five largest customers in aggregate accounted for 75.7% of our total revenue (excluding service concession construction revenue).

For the six months ended June 30, 2009, our five largest customers were Jiangsu Electric Power Company, Liaoning Electric Power Company, Heilongjiang Electric Power Company, Inner Mongolia Power (Group) Co.,Ltd and Northeast China Grid Company Limited, contributing approximately 47.5%, 5.4%, 4.8%, 4.5% and 4.4%, respectively, of our total revenue (excluding service concession construction revenue). For the same period, our five largest customers in aggregate accounted for 66.6% of our total revenue (excluding service concession construction revenue).

The primary procurement of our wind power business includes spare parts for wind turbines, and our coal power business primarily purchase coal for fuel. During the Track Record Period, our coal procurement represented the largest portion of the total purchase of our Group and our five largest suppliers were all coal suppliers during the same periods.

In 2006, our five largest suppliers were Nantong Suyuan Fuel Company Limited, Jiangyin Sulong Electricity Fuel Company Limited, Nantong Surun Industrial Group Company Limited, Huainan Mining Group Company Limited, Pingdingshan Tian An Coal Stock Corporation Limited, each contributing 44.3%, 38.4%, 4.1%, 2.9% and 1.3%, respectively, of our total coal supply (by purchase value). The total coal supply provided by these top five suppliers in aggregate amounted to 91.0% of our coal purchases in 2006.

In 2007, our five largest suppliers were Jiangyin Sulong Electricity Fuel Company Limited, Nantong Suyuan Fuel Company Limited, Nantong Surun Industrial Group Company Limited, Jiangyin Shengda Power Fuel Company Limited, China Shenhua Fuel Stock Corporation Limited Coal Sales Centre, each contributing 45.2%, 33.8%, 2.6%, 2.4% and 1.7%, respectively, of our total coal supply (by purchase value). The total coal supply provided by these top five suppliers in aggregate amounted to 85.7% of our coal purchases in 2007.

In 2008, our five largest suppliers were Jiangyin Sulong Electricity Fuel Company Limited, Nantong Suyuan Fuel Company Limited, Zhongneng Fuel Logistics Company Limited, Jiangyin Shengda Power Fuel Company Limited, Jincheng Lanyan Coal Industry Stock Corporation Limited, each contributing 45.9%, 34.9%, 5.5%, 3.3% and 1.5%, respectively, of our total coal supply (by purchase value). The total coal supply provided by these top five suppliers in aggregate amounted to 91.1% of our coal purchases in 2008.

For the six months ended June 30, 2009, our five largest suppliers were Jiangyin Sulong Electricity Fuel Company Limited, Nantong Suyuan Fuel Company Limited, China Shenhua Fuel Stock Corporation Limited Coal Sales Centre, Shanghai Shenhua Coal Trading Company Limited, Beijing Huate Anke Economics and Trading Company Limited, each contributing 34.3%, 20.5%, 10.4%, 8.4% and 6.2%, respectively, of our total coal supply (by purchase value). The total coal supply provided by these top five suppliers in aggregate amounted to 79.8% of our coal purchases for the first six months in 2009.

All of the above five largest suppliers are independent third parties. None of the Directors or Supervisors, their respective associates or any shareholders of our Company holding more than 5% of our issued capital, to the knowledge of our Directors, held any interest in any of the above five largest suppliers as of the Latest Practicable Date.

ENVIRONMENTAL REGULATION

We are committed to conducting our operations in a manner that complies with applicable environmental laws and regulations, and endeavor to mitigate the adverse effect of our operations on the environment. Our operations are currently subject to environmental laws and regulations relating to the construction and operation of renewable energy generation facilities and coal power plants, noise control, air and water emissions, water and ground protection, hazardous substances and waste management. We operate under a number of licenses and authorizations that are related to environmental regulations. We believe that we are in compliance with applicable environmental laws and regulations. As of the Latest Practicable Date, we were not subject to any material environmental claims, lawsuits, penalties or disciplinary actions. However, the PRC government is moving towards more rigorous enforcement of applicable environmental laws and regulations and the adoption of more stringent environmental standards. The future imposition of stricter environmental legislation could have a material adverse effect on our financial conditions and results of operations. See "Regulatory Environment — Environmental Protection" and "Risk Factors — Risks Relating to Our Overall Business — We may breach current environmental laws, and should the PRC government adopt stricter environmental laws, we may struggle to control our costs."

Wind Power Business

Wind power is a renewable energy source which causes lesser environmental pollution than fossil fuels. Environmental requirements relating to emissions, hazardous substances and waste management do not have material effect on the operations of our wind farms. Construction and operation of wind farms are subject to national and local PRC environmental laws and regulations, including Interim Administrative Measures on Utilization of Construction Land of Wind Farm and Environmental Protection. Typically, environmental laws

and regulations require an environmental impact assessment to be submitted to the relevant environmental protection authorities for approval. Environmental impact studies are conducted throughout the design and construction phases to determine the most appropriate configuration of the facility based on its location. See "Regulatory Environment — Environmental Protection."

Coal Power Business

Construction and operation of coal power plants are subject to numerous national and local PRC environmental laws and regulations governing air and water emissions, waste management and hazardous substances processing. The national and local PRC environmental regulations generally set discharge standards for emissions into air and water for coal power plants. Coal power plants are required to comply with the stricter of the two compulsive standards. The applicable environmental regulations set forth schedules of base-level discharge fees for various pollutants and specify that, if such level is exceeded, the polluting entity will be required to pay an excess discharge fee to the local governments. Once the discharge volume reaches a certain level, local governments may order the plant to cease or reduce such discharge level. We conduct environment impact assessment for all new production, expansion or reconstruction of our coal power plants. Before new facilities in each power plant may be put into operation, the emission control and waste processing facilities are inspected by the relevant environmental protection government authorities and must be commissioned simultaneously with the new facilities. Once commissioned, the power plant is subject to continuous government monitoring.

Both of our coal power plants have adopted measures to control different emissions into the atmosphere. All the power generation units of our operating power plants have installed desulphurization equipment to substantially reduce emissions of air pollutants, such as sulphur dioxide. Each power plant has a waste water treatment facility to treat water used by the power plant. We pay discharge fees based on measurements made at the discharge points of each plant where waste is released.

HEALTH AND SAFETY COMPLIANCE

Our business operations, particularly our coal power plants, involve risks and hazards that are inherent in such activities. These risks and hazards could result in damage to, or destruction of, property or production facilities, personal injury, environmental damage, business interruption and possible legal liability. See "Risk Factors — Risks Relating to Our Overall Business — We may breach current environmental laws, and should the PRC government adopt stricter environmental laws, we may struggle to control our costs." All of our wind farms and coal plants have adopted various internal policies and taken protective measures to prevent the health and safety risk and hazards. As of the Latest Practicable Date, our wind farms or coal power plants have not encountered any material unplanned outages due to health and safety issues.

As of the Latest Practicable Date, we have complied with the applicable PRC laws and regulations on health and safety, including Safety Production Law of the PRC, Supervision Measures on Safety Power Generation issued by the SERC, Measures on Supervision and Administration of Work Safety of Electric Power Industry (《電力安全生產監督管理辦法》), and implementation rules on safety production issued by various local governments in the places where we operate. As of the Latest Practicable Date, we have not been subject to any fines or administrative actions involving non-compliance with any relevant regulations, nor are we required to take any specific compliance measures.

INTELLECTUAL PROPERTY

Our intellectual property consists primarily of industry know-how and trade secrets. We do not have any registered patents or trademarks in PRC. We entered into a trademark license agreement with Guodian regarding our use of its trademarks, and we believe we are in substantial compliance with the agreement. See the sub-section headed "Connected Transactions — Exempt Continuing Connected Transaction — Trademark License Agreement" for details.

We have applied for the registration of one trademark in PRC and four trademarks in Hong Kong. All applications are currently under consideration by the relevant government agencies.

We have not engaged in any litigation or legal proceedings for violation of intellectual property rights, and there is no material violation of the same. For further details of the intellectual property of the Company, please see "Appendix X — Statutory and General Information."

INSURANCE

Our Directors confirm that all assets of our Group are covered by insurance with Alltrust Insurance Company of China Limited (永誠財產保險股份有限公司), such as property all risks insurance, machinery breakdown insurance, contractors/erecting all risks insurance. Our insurance policies are reviewed on an annual basis.

Consistent with what we believe to be customary practice in the PRC, we do not carry any third party liability insurance to cover claims in respect of personal injury, property or environmental damages arising from accidents on our property or relating to our operations, nor do we carry any business interruption insurance. We believe that the insurance coverage of the wind farms and the coal power plants within our Group is adequate and is standard for the power industry in the PRC. See "Risk Factors — Risks Relating to Our Overall Business — 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."

LEGAL COMPLIANCE AND PROCEEDINGS

Except as described below, our management confirms that there are no pending or threatened litigation matters or other proceedings, and that we are not involved in any litigation or other proceedings, which we believe would have a material adverse effect on our business financial condition, results of operation as of the Latest Practicable Date.

In 1997, before China Fulin was transferred to our Group and became our wholly owned subsidiary in 1999, China Fulin provided financial guarantees of RMB24.0 million to a PRC commercial bank for a loan granted to an independent third party. After the borrower defaulted on its banking facility and a judgment against our subsidiary was rendered by the relevant PRC court, our subsidiary and the relevant parties subsequently entered into a settlement agreement under the conciliation and approval of the court during the enforcement of the judgment. Under the settlement agreement, the commercial bank discharged our subsidiary's joint and several guarantee obligation after we repaid an aggregate amount of RMB5.0 million on the banking facility. For the remaining RMB19.0 million unpaid portion, our subsidiary only has general guarantee obligation, for which our management believes would not have a material adverse effect on our business or cash flow. Based on and to the extent of the documents we provided, our PRC legal advisor is of the view that, the time period for enforcing the original judgment has expired, and thus the PRC commercial bank is no longer entitled to enforce the judgment originally rendered by the court or to bring another civil case against our subsidiary based on the same cause of action under PRC Civil Procedure Law and related regulation.

To our knowledge, we have not suffered any serious breakdown, failure, interruption or substandard performance of equipment, improper installation or operation of equipment, labor disturbance, natural disaster, environmental hazard and industrial accident during the past three years, which taken as a whole or individually could materially affect our business, financial condition or results of operations.

As of the Latest Practicable Date, our Directors confirmed that we have complied with all applicable PRC laws and regulations in all material aspects during the Track Record Period and have obtained all permits, licenses, qualifications, authorizations and approvals material for our business operations.

Our PRC legal counsel advised us that the licences and approvals we have not obtained as of the Latest Practicable Date will not have a material adverse effect on our business and operations.

BUSINESS

PROPERTIES

Land (excluding land for projects construction sites without proper land use right certificates)

Owned land

As of the Latest Practicable Date, we owned, held or occupied 728 parcels of land (excluding land for projects construction sites without proper land use right certificates) with a total site area of 6,836,197 m^2. We have proper land use rights to all land underlying our operational project sites except for 68 parcels of land with a total site area of 332,544 m^2. For further details on our owned land and risks involved in these title defects, see "Appendix IV — Property Valuation Report," and "Risk Factors — Risks Relating to Our Overall Business — We do not possess the title certificates or construction permits in respect of certain land and buildings we own and occupy."

In respect of the above mentioned 68 parcels of land, for which we do not have proper land use rights:

- we are currently in the process of applying for and obtaining proper land use rights certificates for 64 parcels of land with a total site area of 216,510 m^2, but the timing for obtaining these certificate is beyond our control;
- we are involved in a dispute over land ownership on one parcel of land with a total site area of 3,750 m^2; and
- we are applying for the land use rights certificates for three parcels of land with a total site area of 112,284 m^2 due to limited construction land quota in a certain period of time imposed by the local governments.

As of the Latest Practicable Date, the 68 parcels of land, for which we currently do not have proper land use rights, accounted for approximately 4.31% of the aggregate site area of the land we occupied (including land for projects construction). On the 68 parcels of land, we have operational sites of six wind farms with consolidated installed capacity of 221.4 MW, representing 4.6% of our total consolidated installed capacity as of June 30, 2009. In the event that these six wind farms were requested to close down and relocate as a result of not having proper land use rights, the estimated cost of relocation is expected to be approximately RMB50 million, and the possible loss of revenue due to such closure or relocation, which our Directors believe would take approximately one month, is not likely to exceed RMB18 million based on the historical average utilization hours of the six wind farms and current tariff level in the relevant provinces. The estimated cost of relocation, together with the possible loss of revenue, represents approximately 0.8% of our total revenue in 2008.

According to the Reorganization Agreement entered into by Guodian, Guodian Northeast and us on July 9, 2009, Guodian, as our controlling shareholder, has undertaken that it will indemnify us against all losses, claims, charges, or expenses arising from our failure to obtain the outstanding land use right certificates. Our PRC legal counsel has confirmed that the above undertakings given by Guodian are legal, valid and enforceable. For further details of the Reorganization Agreement, see "History, Reorganization and Corporate Structure — Reorganization." Given the small proportion of such land and the indemnities undertaken by Guodian, our Directors are of the view that the land without proper land use rights certificates will not have a material adverse impact on our results of operation.

Leased land

As of the Latest Practicable Date, we leased four parcels of land, with a total site area of approximately 59,774 m^2, which are used for industrial purposes and our landlords do not possess proper land use rights certificate. Given the small proportion of such land, our Directors are of the view that such leased land will not have a material adverse on our results of operation.

Buildings (excluding buildings under construction)

Owned buildings

As of the Latest Practicable Date, we owned, held or occupied 331 buildings and units (excluding buildings under construction) with a total gross floor area of 392,402 m^2. We do not hold the buildings ownership certificates for 38 buildings and units, excluding eight buildings which are expected to be demolished. The 38 buildings with defective titles have an aggregate gross floor area of approximately 25,830 square meters, representing only approximately 6.6% of the total gross floor area of the buildings we own. Among the buildings with defective titles, 28 buildings with an aggregate gross floor area of approximately 16,730 square meters are used for ancillary purposes, e.g. for warehouses and staff dormitory, and ten buildings with an aggregate gross floor area of approximately 9,100 square meters are used for operating purpose, representing only approximately 2.3% of the total buildings we own and use. For further details on these buildings, see "Appendix IV — Property Valuation Report."

For those buildings used for ancillary purposes, we can easily re-locate to other premises nearby. With respect to seven out of the ten buildings for operating purpose, the relevant buildings bureaus issued official statements to us, confirming that there is no legal impediment for obtaining the outstanding building ownership certificates if the necessary procedural requirements are satisfied and permitting us to continue to use and occupy such buildings for the current purposes before the building ownership certificates are being obtained. For the remaining three buildings used for operating purpose, we are currently in the process of applying for and obtaining its respective building ownership certificates and our PRC legal counsel has confirmed that there is no material legal impediment for obtaining such certificate if the necessary procedural requirements are satisfied. Our PRC legal counsel has also confirmed that there is no ownership disputes having material adverse effects on our business operation.

Guodian has also undertaken that it will assist us in obtaining the outstanding title certificates of these [38] buildings with defective titles and has further undertaken that it will indemnify us against all losses, claims, charges, or expenses arising from our failure to obtain such outstanding title certificates. One PRC legal counsel has confirmed that the above undertakings given by Guodian are legal, valid and enforceable. Based on the above, our Directors are of the view that our use and occupation of the owned buildings will not have a material adverse impact on our results of operation.

Leased buildings

As of the Latest Practicable Date, we leased 68 buildings in the PRC and an office unit in Hong Kong with a total gross floor area of 18,767.95 m^2. Among the 68 buildings in the PRC, the landlords of 31 buildings, with a total gross floor area of 9,924.4 m^2, have not obtained building ownership certificates. Our PRC legal counsel is of the view that the lack of building ownership certificates will not have a material adverse impact on our results of operations.

Land for projects construction sites (without proper land use right certificates) and buildings under construction

Land

As of the Latest Practicable Date, among the 28 parcels of land for project construction sites (without land use right certificates), with a total site area of approximately 871,559 m^2, we have construction land permits or other approvals for seven parcels of land, with a total site area of 336,598 m^2. Our PRC legal counsel is of the view that there is no material legal impediment for us to obtain certificate for the use of state-owned land for the seven parcels of lands if the necessary procedural requirements are satisfied.

For the remaining 21 parcels of land, with a total site area of 534,960 m^2, we have received their pre-review opinions from the relevant land administration bureaus in compliance with the relevant PRC law, and we are in the process of applying for and obtaining the construction land permits. In addition, as at the Latest Practicable Date, we have obtained written confirmations from the relevant land administration

bureaus on our current use of the 21 parcels of land for project construction. However, according to PRC laws and regulations, in addition to the pre-review opinions, we are also required to obtain the construction land permits prior to the commencement of construction. As at the Latest Practicable Date, we have obtained the written confirmations for project construction issued by the local governments in respect of the 21 parcels of land. As per such written confirmations and also as advised by our PRC legal counsel, upon obtaining such written confirmations for construction, we will not face any risk of penalty or sanction, including an order to cease construction from the relevant PRC authorities. Our PRC legal counsel also advises us that, besides injunctive relief, confiscation and other penalties, the relevant government authorities may impose fine on us due to our lack of construction land permits, up to an amount of approximately RMB16.37 million (representing approximately 2.7% of the our profit before tax in 2008).

Buildings

As of the Latest Practicable Date, among the 29 buildings under construction, with a total actual gross floor area of 44,905 m^2, we have proper construction licenses for all our buildings, except for buildings with a total actual gross floor area of 26,043 m^2, for which we do not have or are in the process of applying for and obtaining proper construction licenses. Our PRC legal counsel is of the view that there will be no material legal impediment for us to obtain the building ownership certificates if proper construction licenses are received.

We have taken steps to obtain the necessary land use rights certificates or building ownership certificates before the relevant wind farms commence operations. According to the Reorganization Agreement, Guodian has undertaken to indemnify us against all losses, claims, charges, or expenses arising from our failure to obtain any construction related certificates or license for our land for project construction sites and buildings under construction.