

CONNECTED TRANSACTIONS

Our Company has entered into certain agreements with entities that will become our connected persons (as defined under Chapter 14A of the Listing Rules), and such agreements will constitute connected transactions or continuing connected transactions of our Company under the Listing Rules.

The definition of connected persons under Chapter 14A of the Listing Rules is different from the definition of related parties under International Accounting Standard 24, “Related Party Disclosures”, and its interpretations by the IASB. Accordingly, connected transactions set out in this section, which are described and disclosed in accordance with Chapter 14A of the Listing Rules, differ from the related party transactions set out in Note 34 to Appendix I — “Accountants’ Report”.

The following is a summary of our connected transactions, and the relevant waivers sought:

Transaction	Our Group member	Connected persons	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)	
Exempt continuing connected transactions							
1	Trademark License Agreement	the Company	Guodian	Our controlling shareholder	Exempted	N/A	N/A
2	Provision of products and services by our Company	the Company	Zhongneng Power-Tech	Our non-wholly-owned subsidiary with 20% voting rights held by an associate of Guodian	Exempted	For the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the total revenue we received amounted to approximately RMB1.1 million, RMB3.6 million, RMB6.1 million and RMB2.6 million respectively	For the three years ending December 31, 2009, 2010 and 2011, the annual caps are RMB6.6 million, RMB7.4 million and RMB7.9 million respectively
Non-exempt continuing connected transactions							
3	Provision of products and services by our Company	the Company	Guodian	Our controlling shareholder	Announcement requirement	For the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the total revenue we received amounted to approximately RMB45.2 million, RMB39.6 million, RMB127.0 million and RMB28.0 million respectively	For the three years ending December 31, 2009, 2010 and 2011, the annual caps are RMB115.1 million, RMB126.1 million and RMB136.0 million respectively
4	Electricity Sale to State Grid Company	the Company	State Grid Company	An associate of a substantial shareholder of our subsidiaries	Announcement and shareholders’ approval requirements	For the three years ended December 31, 2006, 2007 and 2008 and six months ended June 30, 2009, the total revenue we received amounted to approximately RMB3,906.8 million, RMB4,333.1 million, RMB5,320.3 million and RMB2,730.3 million respectively	For the three years ending December 31, 2009, 2010 and 2011, the annual caps are RMB8,000 million, RMB11,400 million and RMB14,800 million respectively

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Transaction	Our Group member	Connected persons	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)	
5	Provision of products to our Company	the Company	Guodian	Our controlling shareholder	Announcement and shareholders’ approval requirements	For the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the total amount we paid amounted to approximately RMB0, RMB36.2 million, RMB10.3 million and RMB558.0 million respectively	For the three years ending December 31, 2009, 2010 and 2011, the annual caps are RMB2,103.7 million, RMB3,800 million and RMB3,800 million respectively ^(Note 1)
6	Provision of products and services to our Company	the Company	Zhongneng Power-Tech	Our non-wholly-owned subsidiary with 20% voting rights held by an associate of Guodian	Announcement and shareholders’ approval requirements	For the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the total amount we paid amounted to approximately RMB16.7 million, RMB41.2 million and RMB70 million and RMB60.1 million respectively	For the three years ending December 31, 2009, 2010 and 2011, the annual caps are RMB379.3 million, RMB438.0 million and RMB505.7 million respectively

Note 1: The current annual caps do not include the provision of services by Guodian to the Group.

OUR RESTRUCTURING

1 Reorganization Agreement

Our Company was established on July 9, 2009 as a joint stock limited company under the PRC law. Pursuant to the Reorganization Agreement entered into between Guodian, Guodian Northeast and the Company on July 10, 2009, Guodian has made various representations and warranties in relation to the assets, liabilities and interests injected to us under the Reorganization. Guodian has agreed to be responsible for all tax liabilities associated with such injected assets, liabilities and interests incurred prior to the Reorganization. Guodian has also agreed to indemnify our Company against all claims, losses or expenses incurred by us in connection with or arising from the Reorganization. For further details regarding the terms of the Reorganization Agreement, please see “Reorganization” of the “History, Reorganization and Corporate Structure” section of this document.

2 Non-Competition Agreement

In connection with the Reorganization, the Company entered into a Non-Competition Agreement with Guodian on July 30, 2009. Under the agreement, Guodian has undertaken to our Company that except in certain limited circumstances, for so long as the agreement remains effective, it shall not, and shall procure its associates (excluding our Company) not to, directly or indirectly and in whatever manner, engage, participate or be interested in, or provide support to, any business or activity which competes or may compete with our core business, which is wind power business. Guodian has also granted us an option and pre-emptive right to acquire certain interests retained by Guodian following the Reorganization and certain future business. For details of the Non-Competition Agreement, please see the sub-section headed “Non-Competition Agreement and Undertakings” of the “Relationship with Guodian Group” section of this document.

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EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Company has entered into certain agreements and transactions which will constitute exempt continuing connected transactions of the Company. These transactions are entered into on normal commercial terms where each of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules will, as the Directors currently expect, not be more than 0.1% on an annual basis. By virtue of Rule 14A.33(3)(a), these transactions are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. These transactions include:

1. Trademark License Agreement

Parties: Guodian (as the licensor); and

The Company (as the licensee)

Reasons for the transaction: As a major subsidiary of Guodian, the Company is the main platform for Guodian to develop the wind power generation businesses.

Material terms: The Company entered into a trademark license agreement with Guodian on July 24, 2009, pursuant to which, Guodian agreed to grant to the Group a non-exclusive licence to use certain trademarks of Guodian on the Group's products and services as well as related documentation. The licensed trademarks include eight registered trademarks. As for those trademarks pending registration, Guodian may, upon the Company's reasonable request, grant to the Group a non-exclusive license to use those trademarks once registered.

The trademark license agreement is for a term of ten years commencing from the date of incorporation of the Company (i.e. July 9, 2009) and may be renewed for a further term of three years upon the written notice by the Company and the written confirmation by Guodian at least one month prior to the expiry of this agreement.

Pricing policy: The trademark license is granted for nil consideration.

Historical transaction value: The Company did not pay any royalty fee to Guodian for the use of the licensed trademarks for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009.

Annual Caps: The Company will not be required to pay any amount to Guodian for the use of the licensed trademarks in respect of the years ending December 31, 2009, 2010 and 2011.

2. Provision of products and services by the Group to Zhongneng Power-Tech

Parties: The Company; and

Zhongneng Power-Tech

Material terms: The Company entered into a master agreement on the mutual supply of products and services with Zhongneng Power-Tech* on July 30, 2009. Pursuant to this master agreement, the goods and services to be provided by the Group to Zhongneng Power-Tech include spare parts, equipment, training services, property leasing services and other products and services, and the goods and services to be provided by Zhongneng Power-Tech to the Group include construction materials, accessories, spare parts, equipment, wind power testing services, bidding services and other products and services.

* The master agreement also covers those transactions to be entered into by subsidiaries and associates of Zhongneng Power-Tech with the Group. Currently, besides Zhongneng Power-Tech, Beijing Zhongneng Lianchuang Wind Power Technology Co., Ltd., in which Zhongneng Power-Tech holds 50% of the equity interests, also provides products and services to the Group.

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If the terms and conditions of similar products and services offered by an independent third party are no better than those offered by one party, the other party shall give priority in sourcing the requisite products and services from the first party.

The Group and subsidiaries and associates of Zhongneng Power-Tech will enter into separate agreements which shall set out the specific scope of services, products, terms and conditions of providing such services and products according to the principles laid down by this master agreement.

This agreement is for a term of three years ending on July 8, 2012. Either party may terminate the master agreement upon giving the other party three months' written notice.

Pricing policy: The products to be provided under this agreement will be based on the following pricing policy:

- (1) the price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
- (2) where there is no state-prescribed price but there is a state-guidance price, then the state-guidance price;
- (3) where there is neither a state-prescribed price nor a state-guidance price, the market price; or
- (4) where none of the above is applicable or where it is not practical to apply the above pricing policies, then the price agreed between the relevant parties shall be the reasonable costs incurred in providing the products plus reasonable profits.

The services to be provided under this agreement will be based on the following pricing policy:

- (1) the bidding price where the bidding process is required; or
- (2) where no bidding process is involved, the market price.

Historical transaction value: For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the total value of products and services provided by the Group to Zhongneng Power-Tech amounted to approximately RMB1.1 million, RMB3.6 million, RMB6.1 million and RMB2.6 million respectively.

Annual Caps: Based on the historical transaction values and on the assumptions of the continuing growth in the Group's business and demand for the Group's products and services, it is estimated that the annual amount payable by Zhongneng Power-Tech to the Group in respect of the years ending December 31 2009, 2010 and 2011 will be approximately RMB6.6 million, RMB7.4 million and RMB7.9 million respectively.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Company has also entered into certain other agreements and transactions with Guodian and Zhongneng Power-Tech which will constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules. These transactions include:

A Continuing connected transactions subject to announcement requirement

The following transaction is made on normal commercial terms where each of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules will, as the Directors currently expect, exceed 0.1% but not be more than 2.5% on an annual basis. By virtue of Rule 14A.34 of the Listing Rules, the transaction will constitute a continuing connected transaction for the Company exempt from the independent shareholders' approval requirement but subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

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3. Provision of products and services by the Group to Guodian

Parties: The Company; and

Guodian

Material terms: The Company entered into a master agreement on the mutual supply of materials, products and services with Guodian on July 24, 2009 as amended by a supplementary agreement dated November 9, 2009 (collectively “Guodian Master Agreement”). Pursuant to the Guodian Master Agreement, the goods to be mutually supplied by each party include: spare parts, accessories, materials, water, power, equipment lease, raw materials, fuels, minerals and etc., and the services to be mutually supplied by each party include: design consulting services, technical consulting services, maintenance services, bidding agency services, training services, welfare distribution agency services and property services.

Currently, the goods and services being provided by the Group to Guodian mainly include spare parts, equipment, power, technical consulting services and CDM-related services, and the goods and services being provided by Guodian to the Group mainly include substituting generation and wind turbines.

If the terms and conditions of similar materials, products and services offered by an independent third party are no better than those offered by one party, the other party shall give priority in sourcing the requisite materials, products and services from the first party.

Relevant subsidiaries or associated companies of both parties will enter into separate agreements which shall set out the specific scope of services, products, terms and conditions of providing such services and products according to the principles laid down by the Guodian Master Agreement.

The Guodian Master Agreement is for a term of three years ending on July 8, 2012. Either party may terminate the agreement upon giving the other party three months’ written notice.

Pricing policy: The materials and products to be provided under the Guodian Master Agreement will be based on the following pricing policy:

- (1) the price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
- (2) where there is no state-prescribed price but there is a state-guidance price, then the state-guidance price;
- (3) where there is neither a state-prescribed price nor a state-guidance price, the market price; or
- (4) where none of the above is applicable or where it is not practical to apply the above pricing policies, the price agreed between the relevant parties shall be the reasonable costs incurred in providing the products plus reasonable profits.

The services to be provided under this agreement will be based on the following pricing policy:

- (1) the bidding price where the bidding process is required; or
- (2) where no bidding process is involved, the market price.

Historical transaction value: The Company mainly provided spare parts, equipment, power, technical consulting services and CDM-related services to Guodian in the past. For the years ended 31 December, 2006, 2007 and 2008 and the six months ended June 30, 2009, the total value of products and services provided by the Company to Guodian amounted to approximately RMB45.2 million, RMB39.6 million, RMB127.0 million and RMB28.0 million respectively.

Annual Caps: Based on the historical transaction values and the continuing growth of the Group’s wind power business, it is estimated that the annual amount payable by Guodian to the Group in respect of the years ending December 31, 2009, 2010 and 2011 will be approximately RMB115.1 million, RMB126.1 million and RMB136.0 million respectively.

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B Continuing connected transactions subject to announcement and independent shareholders’ approval requirements

The following transactions are entered into on normal commercial terms where each of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules will, as the Directors currently expect, exceed 2.5% on an annual basis. By virtue of Rule 14A.34 and 14A.35 of the Listing Rules, each of such transactions will constitute a non-exempt continuing connected transaction for the Company subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

4. Electricity Sales to State Grid Corporation of China and its subsidiaries

In the ordinary and usual course of business, we and our subsidiaries have been and will be selling electricity generated by our wind farms and coal power plants to local power grid companies in accordance with applicable PRC regulations.

We and/or our subsidiaries will enter into written agreements (i.e. PPAs) with relevant local power grid companies in respect of the sales of electricity when the on-grid tariff has been determined by the relevant pricing authorities and approved by the NDRC.

A PPA typically contains various standard terms, such as on-grid tariff, metering and payment. The PPAs usually have a term of one year.

Pricing Mechanism: According to applicable PRC laws and regulations, all on-grid tariff of electricity sold or to be sold to the power grid companies, are reviewed and determined by the relevant pricing authorities and approved by the NDRC, which the Directors understand this normally takes place at around March each year, and which will take retrospective effect from January 1, of each year. Different on-grid tariffs are applicable to planned output, excess output and output subject to competitive bidding. Please see “Industry Overview — On-grid Tariffs” for details.

Historical transaction amount: For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the consolidated electricity sales to subsidiaries of State Grid Corporation of China from our wind power business amounted to RMB304.1 million, RMB725.5 million, RMB1,508.9 million and RMB1,163.2 million respectively.

For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the consolidated electricity sales to subsidiaries of State Grid Corporation of China from our coal power business amounted to RMB3,588.2 million, RMB3,591.1 million, RMB3,783.8 million and RMB1,547.0 million respectively.

We also sold electricity generated from other renewable energy projects to relevant subsidiaries of State Grid Company for the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009. The revenue contribution from these businesses is immaterial compared to that of our wind farms and coal power plants.

Based on the above, for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the total electricity sales to State Grid Corporation of China amounted to RMB3,906.8 million, RMB4,333.1 million, RMB5,320.3 million and RMB2,730.3 million respectively.

Annual Caps: For the years ending December 31, 2009, 2010 and 2011, the annual amount payable by the Group to associates of State Grid Company for the electricity sales will be approximately RMB8,000 million, RMB11,400 million and RMB14,800 million respectively.

The Company sets the above annual caps by taking into account:

- (1) the historical transaction amounts and our historical total revenue. Revenue generated from the electricity sale represents over 90% of total revenue of the Group (excluding the service concession construction revenue) for the Track Record Period;

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- (2) the estimated growth in our revenue based on the rapid expansion of our wind power business and other renewable energy businesses;
- (3) the projected increase in the average consolidated installed capacity from 2009 to 2011;
- (4) the relevant government policies on on-grid tariff, assuming the average on-grid tariff is without material change as of the Latest Practicable Date.

Implication under the Listing Rules: Most power grid companies in the PRC are directly or indirectly controlled by State Grid Corporation of China (“State Grid Company”). State Grid Company is the controlling shareholder of State Grid Xin Yuan Company Limited which, in turn, is the substantial shareholder of our three non-wholly-owned subsidiaries, namely Chifeng Xinsheng Wind Power Co., Ltd., Xinjiang Tianfeng Wind Power Co., Ltd. and Gansu Xinan Wind Power Co., Ltd. by virtue of its shareholdings of 33%, 35.02% and 35% respectively therein. Therefore, the State Grid Company is an associate of State Grid Xin Yuan Company Limited and will be deemed to be a connected person of the Company under Chapter 14A of the Listing Rules. All electricity sales by the Group to the local grid companies in the PRC constitute non-exempt continuing connected transaction of the Company under the Listing Rules subject to the reporting, announcement and independent shareholders’ requirements.

5 Provision of products by Guodian to the Group

Parties: The Company; and

Guodian

Material terms: The Company entered into the Guodian Master Agreement on the mutual supply of materials, products and services with Guodian. Please refer to the disclosures under Paragraph (1) under the sub-section headed “Non-exempt Continuing Connected Transactions” of this section for the material terms of this master agreement.

Pricing policy: Please refer to the disclosures under Paragraph (1) under the sub-section headed “Non-exempt Continuing Connected Transactions” of this section for the pricing policy of the Guodian Master Agreement.

Historical transaction value: We did not purchase any product from Guodian for 2006. Our subsidiary, NTPG, purchased substituting generation output* for an aggregate value of approximately RMB36.2 million and RMB10.3 million respectively for the year of 2007 and 2008 from two subsidiaries of Guodian which are also located within Jiangsu. NTPG did not purchase any substituting generation output from subsidiaries of Guodian during the six months ended June 30, 2009.

Guodian United Power Technology Company Limited (“GUPTC”), a subsidiary of Guodian, has commenced to manufacture wind turbines in 2008 and started to provide wind turbines and spare parts to us in 2009. The total amount paid by us to GUPTC as of June 30, 2009 was approximately RMB550 million.

* Please see the sub-section headed “Our Coal Power Business” of the Business section for an introduction of the substituting generation output.

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In the first half of 2009, the Group also purchased other related products from other subsidiaries of Guodian with the transaction value amounting to approximately RMB8 million.

Based on the above, for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the total value of products provided by Guodian to the Group amounted to approximately RMB0, RMB36.2 million, RMB10.3 million and RMB558.0 million respectively.

Annual Caps: For the years ending December 31, 2009, 2010 and 2011, the annual amount payable by the Group to Guodian for the purchase of substituting generation will be approximately RMB43.2 million, RMB 300 million and RMB300 million respectively, and the annual amount payable by the Group to Guodian for the purchase of wind turbines will be approximately RMB2,013.7 million, RMB3,500 million and RMB3,500 million respectively.

Basis for the calculation of annual caps for the purchase of substituting generation:

As a result of PRC governmental regulations requiring coal power producers/companies to shut down small coal power plants to reduce emissions and enhance operational efficiency, NTPG recently shut down four 137.5 MW units, resulting in a need for substituting generation of 2,365 million kWh per year for each of the three years ending December 31, 2009, 2010 and 2011. Based on the current average purchase price of RMB0.27/ kWh, the total substituting generation transaction amount will be approximately RMB640 million per year for each of the three years ending December 31, 2009, 2010 and 2011.

NTPG’s purchase of substituting generation is market-oriented and based on the principle of price priority. Theoretically speaking, if the price offered by subsidiaries of Guodian is lower than that offered by other power plants, NTPG may purchase all the substituting generation from subsidiaries of Guodian.

In Jiangsu Province, the total installed capacity of those coal power plants qualified to provide substituting generation is approximately 14 GW, approximately 24% of which is operated by the power plants of Guodian in Jiangsu. Furthermore, one of the power plants of Guodian, i.e. Guodian Taizhou Power Plant (“**Guodian Taizhou**”), is the only coal power plant in Jiangsu that owns and operates two 1 GW units, which has advantages in fuel efficiency and operating efficiency, and therefore, pricing competitiveness.

Taking into account the above considerations and based on prudent predictions on future market trends as well as to give NTPG more flexibility to purchase substituting generation at low cost, the Company estimates that NTPG is likely to purchase approximately 45% of the substituting generation from subsidiaries of Guodian in both 2010 and 2011 amounting to approximately RMB300 million and RMB300 million in these two years.

On the other hand, given that the two 1GW units of Guodian Taizhou are relatively new operational units and that the price offered by it in the first three quarters of 2009 was not lower than other power plants in Jiangsu, the actual transaction amount with Guodian was relatively small. Based on the small actual transaction amount, the annual cap for the year of 2009 is expected to be relatively low, or approximately RMB43.2 million.

Bases for the calculation of annual caps for the purchase of wind turbines:

Although the transaction amount paid by the Group to GUPTC is only RMB550 million for the six months ended June 30, 2009, the aggregate contract sum under the purchase agreements entered into by the Group and GUPTC with wind turbines to be delivered within 2009 amounts to RMB2,500 million. Pursuant to the relevant payment arrangements under such agreements, the total amount payable by the Group to GUPTC for the year of 2009 will be approximately RMB2,013.7 million.

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The annual amounts payable by the Group to Guodian for the purchase of wind turbines for the years of 2010 and 2011 are expected to increase to approximately RMB3,500 million and RMB3,500 million respectively for the following reasons:

- (1) the Group generally selects the wind turbine suppliers through a bidding process based on factors such as product quality, price, technology, production capability and after-sales support. We have adopted fair and reasonable bidding procedures in selecting the wind turbine suppliers;
- (2) the demand for wind turbines is expected to increase due to the continued expansion of the Group’s wind power business, and the increase in the installed capacity of the Group’s wind farms from approximately 2,990 MW as at 30 June 2009, to 4,500 MW by the end of 2009 and to 6,500 MW by the end of 2010 (representing an increase of approximately 117% from 30 June 2009 to 2010 and 44% from the end of 2009 to 2010);
- (3) in accordance with international standard classifications, wind turbines are grouped into Category I to III, primarily depending on maximum wind speed and the turbine’s ability to withstand turbulence. GUPTC is one of the few wind turbine suppliers that is able to produce a broad range of wind turbines from Category I to III, while most other domestic turbine suppliers do not have such broad product coverage. Therefore, GUPTC has advantages in providing a broad range of wind turbines compared to other domestic wind turbine suppliers; and
- (4) our purchase amount from GUPTC is relatively small in 2009 since this is the first year we start to purchase turbines from them. However, during the short cooperation history, GUPTC has already demonstrated advantages in pricing as well as after-sales support.

As such, it is expected that the Group may purchase more wind turbines from GUPTC (although the purchase of wind turbines from GUPTC will only account for approximately 20% to 30% of the Group’s overall purchase portfolio), via the public bidding process based on the actual needs of the Group’s expansion.

Based on the above, it is estimated that the annual amount payable by the Company to Guodian in respect of the years ending December 31 2009, 2010 and 2011 will be approximately RMB2,056.9 million, RMB3,800 million and RMB3,800 million respectively. As Guodian and its subsidiaries did not provide any services to the Group during the Track Record Period, the current annual caps do not include the provision of services by Guodian to the Group. In the event that the annual cap in respect of the provision of services by Guodian to the Group exceeds the de minimis threshold under Rule 14A. 31(2) of the Listing Rules, the Company will comply with the relevant requirements under the Listing Rules.

6 Provision of products and services by Zhongneng Power-Tech to the Group

Parties: The Company; and

Zhongneng Power-Tech

Material terms: The Company entered into a master agreement on the mutual supply of products and services with Zhongneng Power-Tech on July 30, 2009. Please refer to the disclosures under Paragraph (3) under the sub-section headed “Exempt Continuing Connected Transactions” of this section for the material terms of this master agreement.

Pricing policy: Please refer to the disclosures under Paragraph (3) under the sub-section headed “Exempt Continuing Connected Transactions” of this section for the pricing policy of this master agreement.

Historical transaction value: For the years ended 31 December, 2006, 2007 and 2008 and the six months ended June 30, 2009, the total value of products and services provided by Zhongneng Power-Tech to the Group amounted to approximately RMB16.7 million, RMB41.2 million, RMB70 million and RMB60.1 million respectively.

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Annual Caps: Although the transaction amount paid by the Group to Zhongneng Power-tech for the six months ended June 30, 2009 was only approximately RMB60.1 million, the aggregate contract sum under the purchase agreements signed by the Group and Zhongneng Power-Tech for the first three quarters of 2009 amounted to approximately RMB270 million, all of which are expected to be performed and fully settled within 2009. Given that the Group will enter into more purchase agreements with Zhongneng Power-Tech in the fourth quarter and that most of the purchase agreements will be performed within one month after execution, the Group estimates that the annual cap in respect of the purchase from Zhongneng Power-Tech for the whole year of 2009 will be approximately RMB379.3 million.

Due to the continued expansion of the Group’s wind power business, and the increase in the installed capacity of the Group’s wind farms from approximately 4,500 MW by the end of 2009 to 6,500 MW by the end of 2010 (representing an increase of approximately 44% from the end of 2009 to 2010), the demand for related products (e.g. spare parts and accessories) and related services (e.g. wind testing services and technical services) is expected to increase. Given the over 40% growth rate of the installed capacity of the Group’s wind farms over 2010, the annual growth rate of transaction amounts between the Group and Zhongneng Power-tech for 2010 is expected to be approximately 15%, amounting to RMB438.0 million.

Given the estimated continued expansion of the Group’s wind power business over 2011, the Company estimates that the transaction amount between the Group and Zhongneng Power-tech is likely to increase by the same growth rate as that over 2010, i.e. 15%, amounting to RMB505.7 million.

Based on the above, it is estimated that the annual amount payable by the Group to Zhongneng Power-Tech in respect of the years ending December 31 2009, 2010 and 2011 will be approximately RMB379.3 million, RMB438.0 million and RMB505.7 million respectively.